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INDUSTRY VIEWS ON MILITARY PROCUREMENT

24 May 1948

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THE INDUSTRIAL COLLEGE OF THE ARMED FORCES  
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COLONEL WEIS: Gentlemen, we have had the privilege of hearing from representatives of the various agencies of Government in respect to economic mobilization. We had a very excellent presentation this morning that gave us an idea of what the National Security Resources Board thinks. We have also had an opportunity occasionally to hear from individuals from industry as to an individual industry's views.

This afternoon we have the privilege of listening to a representative of an entire group of industries. Colonel Codd, as you know, is the head of the American Ordnance Association. In that capacity he is in frequent contact with practically all of the industries that normally would be engaged in the production of ordnance. Undoubtedly, he has acquired from those contacts some very definite ideas of their thinking in the field of economic mobilization. I think we are extremely fortunate this afternoon in having Colonel Codd here with us. Colonel Codd.

COLONEL CODD: Mr. Chairman, gentlemen, it is always a pleasure to receive an invitation to speak to the students of the Industrial College of the Armed Forces. Some of us of the Ordnance fraternity have been extremely close to this college from its earliest beginnings. As a matter of fact, I always become conscious of how time is marching on when I think of the days when the Army Industrial College was located on the second floor of the sixth wing of the Munitions Building where we listened to the great leaders of industry and economics who had been responsible for a great deal of our effort in World War I. There is a close allegiance and a long-time connection between the Ordnance fraternity, as represented by the Ordnance Association, and this college. We had much to do with its foundation!

First of all, I want to tell you in a few brief words about the American Ordnance Association, why it is, what it has been trying to do, and how it has been trying to perform its mission.

The Army Ordnance Association, as it was called for more than twenty-eight years, had and, under its new name The American Ordnance Association, still has only one principal function: to stimulate and assist in all matters of industrial preparedness in every possible way.

The Association was founded in 1919 as a rather novel venture. The men who were at the top of the industrial effort in World War I were so deeply conscious, when that effort was completed, of the lack of organization and of understanding of the problems which modern war brings to a great industrial nation that they made up their minds that they would do something in an informal and private way to try to

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type devoted exclusively to ordnance, to the scientific, economic, and industrial problems that are inherent in the assurance of an adequate supply of superior ordnance in time of war.

I would like to talk shop a little; to tell you how we try to do the things I have described.

Our association is organized into geographical units and into product units. Every member of the association is eligible to serve in both capacities or to participate in the activities of both types of units. Consequently we have, from Seattle to Birmingham and from Boston to Los Angeles, 30 local chapters of the association which are usually headed by an outstanding business man of the area and manned by a board of directors of other business men of the area. Their function is to present constantly, not only before members of industry but before all the American people a description of the problems and of the steps which would be required to solve those problems connected with industrial preparedness.

Those units follow the pattern that most local units of any large national organization follow. Some have monthly meetings, some have quarterly meetings, some have semi-annual meetings, and some annual meetings. They are entirely autonomous. The scope of their respective programs, the degree of activity and participation in them, is left entirely in the hands of those who are responsible for them within the chapters themselves.

In addition, we have a product-wise type of organization. There within the association today 28 technical divisions and committees. They are composed principally of industrialists and of engineers in industry who, during World War II, obtained priceless information regarding the production engineering of ordnance equipment. These committees, devoted exclusively to ordnance subjects, are constantly available in an advisory capacity to help any of the representatives of the Armed Services or of Government with any of the problems which especially relate to our field of activity.

I would like to emphasize as strongly as I know how the fact that in operating the American Ordnance Association our policy, first of all, is never to conflict with or to trespass upon the domain of any other organization devoted to the national defense of the United States. If you examine a roster of our technical divisions and committees you will find that they relate to "Rocket and Bomb Committee," "Artillery Committee," "Artillery Ammunition," "Bomb," "Small Arms and Small Arms Ammunition," and so on. In those cases, when there is in existence another organization which has all the equipment and all the organization to advise the Armed Services in fields where others are better qualified, we leave the job entirely to them.

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Ordnance Magazine, after twenty-nine years, has quite a following, not only in this country but in other countries as well. We are constantly striving to increase its readability, again having in mind that we want the American people to be constantly alerted to the seriousness of the ordnance problem.

We also publish several other publications. One is a Monthly Washington Newsletter, called "The Common Defense," which presents the editors' point of view on happenings on the defense front as they appear from where they sit here in Washington. We find that the reader interest for that little publication, which is one of the least expensive things we do, probably surpasses the interest in other publications that sometimes cost many times that of the Newsletter.

We also publish the "American Ordnance Association Business Letter." It is a monthly letter on economic conditions, written for us by a well known manufacturer and economist, Mr. Edwin B. Gallaher of Norwalk, Connecticut. It is mailed at the same time as our Newsletter. I venture to say that that letter of Mr. Gallaher's surpasses in reader interest and in fan mail, in one year, anything that the Ordnance Association has done.

The association holds regional meetings and national meetings. Our thirtieth national meeting will be held in Detroit on the 9th of June and at Selfridge Air Base on the 10th of June. The first day will be devoted to seminars, discussions, and reports of the various committees I have just described to you. There will be an industrial preparedness session at noon and there will be further conference meetings and committee meetings in the afternoon. There will be the Thirtieth National Dinner in the evening at which there will be outstanding speakers and for which there is a demand already of nearly twice as many places as we can possibly accommodate in the three large ballrooms of the Book-Cadillac Hotel in Detroit. The next day we will journey to Selfridge Air Base for demonstrations of equipment and tactics. The program will be participated in by the Army, the Navy, and the Air Force. Through this type of meeting, sometimes at Aberdeen Proving Ground, this year at Selfridge Field, and another year, we hope, at one of the Navy installations, we constantly try to keep alert the interest of a great segment of American industry in ordnance affairs, in industrial preparedness matters, and in any allied topics which, without too great a stretch of the imagination, would be helpful in mobilizing the industrial strength of America quickly in time of emergency. So much for the method.

I have been asked to speak briefly about what one might call opinion or attitude among this group of 40,000 industrialists and engineers throughout the United States. It is my lot to be riding the airways practically every week to confer with members, attend meetings and assist committees here, there, and everywhere. I imagine I am thus enabled to keep my finger on the pulse of developments in that field and maybe,

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in the past. As late as December 1944 we embarked upon a program of plant expansion costing more than a half billion dollars--for plant alone--to produce artillery ammunition! Think of that for sheer waste of our national substance.

The second thing that I think the American business man has on his mind in his desire to cooperate--is a concern for the vastness of organization which seems to go with anything and everything that has any connection with Government these days.

He craves simplicity. Every time a suggestion is made to get something done in government it means the establishment of a tremendous additional agency in Washington, with vast additional requirements for facilities and personnel and always a big section of bright lads devoted to the drawing of organization charts and the blueprinting thereof.

The American business man is more accustomed to getting things done at less cost. He keeps his mind on the balance sheet. He is determined that there be an end to publication and bureaucracy. If he is given some assurance that there will be greater simplification, I think you will get his cooperation and you will hold it much more durably than you will if there is any doubt on that score.

I think we all must strike our breasts and admit to guilt in loving to draw up organization charts and make the most elaborate plans for accomplishing what sometimes are rather simple objectives. That is really an American habit. We are all bitten by the same bug. When the cost thereof is borne by a private purgator that is not of public concern; but when it is charged to the American taxpayer, that is something else again.

If the American business man could be given some assurance--if this College is the place from which it should emanate, let it do so here. If it should come from organizations like the American Ordnance Association, let us be given the facts and we will do the job. Or whether it should come from higher echelons of Government, I am not prepared to say. But I think there is a growing realization and fear among business men throughout the country that possibly the academic point of view is taking precedence and that there is a tendency too often to make things complex which, of their nature if they are to succeed the way American business has succeeded--and American business, after all, is the basis of our ability to produce these weapons or these things with which men fight--then there should be more of that point of view in Government and less of the bureaucratic point of view which has the constant and uninterminable desire of prolonging things that could be brief, and of making complex things that are in their very nature simple.

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Whether we realize it or not, an important segment of the American people, in the form of a number of Congressional parties that were taken abroad last summer and a great many American business men who have been abroad, have seen the tragic effects of air power upon a modern industrial state. They know the stark danger that is threatening our great industrial establishment if we do not have immediate and constant control of the air over the United States. They realize fully the need for a Navy second to none that can accomplish all the objectives that await a navy in any war in which we may be engaged. They have had their own flesh and blood, with rifle in hand, go forward foot by foot and yard by yard--the final arbiter of all battle.

They contest none of these basic things. They want to help with the last ounce of their strength. That help, I am convinced, as tremendous as the volume is, would be longer lasting--at times somewhat more detailed--if there were assurances given that the types of objection that I have tried to indicate were being thought about solved.

Thank you.

COLONEL NEIS: Gentlemen, Colonel Codd has consented to entertain some of your questions.

QUESTION: I would like a little more light on this matter of how business gets things done without commands and without orders. I don't see how it can be done. I would like specifically your comments on the operations of the War Production Board during the war and their exercise of controls. Is that the sort of thing that business objects to, or just what is it? Is it the manner of doing things?

COLONEL CODD: Frequently it is in the manner.

In talking about the War Production Board I have no desire to minimize anything it achieved, but there was a tremendous amount of haphazard, touch-and-go in its type of operation which was not so much its fault as the fault of the people who wouldn't follow the original industrial mobilization plan which had been worked on so laboriously. The trouble with the War Production Board was it was not permitted to follow the Industrial Mobilization Plan of 1939.

I think probably the best answer I can give is the word "cooperation." As I observe some of the leaders of industry I find their great element of success is a very cooperative point of view. There are certain things on which they won't give in; they will hold the line, and rightly so. Certainly everybody is to be admired for that. But there is the tendency of bringing what I would call a command point of view into what ought to be or could just as well be a cooperative point of view.

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Army and Navy Munitions Board had worked out an allocation program whereby capacity in particular plants, or total plants, depending on the nature of the operation, went to particular services or particular bureaus or technical purchasing agencies and some 50 percent of the normal capacity of a plant was reserved for the essential civilian economy.

I wonder whether, in view of the uncertainty as to the strategic plans which might be developed in wartime, whether there is not some danger in having an allocation program worked out on that basis. We do know that when the World War II emergency came, back in 1939-40, and the British and French were putting in their orders many of the facilities that had been allocated to the Services went over to manufacturers of foreign autos. Also, within the military establishment, facilities allocated to Ordnance went to Air Force or Navy and the entire allocation system was knocked into a cocked hat.

Now I wonder whether in the light of that experience, and also, as I say, in view of the fact that we have no definite strategic concept, and in view of the fact that in wartime there are so many uncertainties as to how the war may go and the type of materiel you need to fight a particular operation, whether the Munitions Board is wise in working out an allocation program pretty much on the same principle as they did prior to World War II?

COLONEL CODD: First of all, I think there are two schools of thought about an allocation system because of the difficulties that were run into in World War II.

There are some pretty important people in industry, and I know some of them have stood here on this platform and have said they are not so much interested in seeing facilities allocated as they are in seeing a close contact with industry on an entirely mobile basis. It is better, they hold, that the head of a given facility knows with whom he should consult and what the possibilities are from month to month or year to year rather than making up an elaborate allocation plan and keeping it in a very fluid state. I believe you will find most business men would agree with that point of view.

On the other hand, I do think that the allocation system and the decentralized procurement of ordnance, as I knew it where you had 14 districts under civilian control, men who knew industry and knew individuals in that area worked wonderfully well. The allocated ordnance load was assigned to them and they took care of assigning it to specific plants. It proved to be a very successful and efficient method of industrial mobilization. I would favor very strongly getting back as quickly as possible to that local level of contact and understanding.

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