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MOBILIZATION'S IMPACT ON THE INDUSTRIAL ECONOMY

15 May 1953

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Mr. Leo Cherne, Executive Director, Research Institute of America, was born on 8 September 1912 in New York City. He was graduated from New York University and the New York Law School. He was awarded an honorary degree of Doctor of Laws from Parsons College, June 1951. Before he reached the age of 21, he was both newspaperman and member of the bar. For several years, he was economic analyst and commentator for the Mutual Broadcasting System and more recently covered the 1952 political conventions, the election and the 1953 Inauguration for the American Broadcasting Company. From 1940-1943, he was a member of the faculty of the Georgetown University School of Foreign Service. During the period of 1939-1943, he lectured at the Army Industrial College. In 1941 he wrote a study for the War Department on English and German economic mobilization, and he has also written a study on the economic problems to be involved in the reoccupation in the Pacific Islands. At the joint request of General MacArthur and the War Department, he went to Tokyo in April 1946 to prepare a program for the revision of the Japanese tax and fiscal structure. His writings include: "Adjusting Your Business to War," 1939; "M-Day and What It Means to You," 1940; "Your Business Goes to War," 1943; and "The Rest of Your Life," 1945. His articles have appeared in the "Saturday Evening Post," "Colliers," "Look," "Saturday Review," "Harpers," and the "Atlantic Monthly."

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COLONEL BARTLETT: Admiral Hague, General Greeley, gentlemen: We are really giving you a double-barreled shotgun this morning. I think both of our speakers are going to give you pearls of wisdom that you can really use in your final thesis.

It is rather unusual to have both speakers here at one time and we are very happy that they want to hear each other, because the subject they will discuss are, in fact, complementary.

You have already met Dr. Somers who will talk during the second period. Our first speaker is very familiar to this platform also. He lectured here frequently in the days when it was the Army Industrial College and more recently he has lectured to your predecessors in the Classes of 1951 and 1952. Mr. Cherne was a newspaperman and a member of the bar before he was 21. I am sure you have seen him on television because he has been a member of forums and panels and is often called upon as an expert. He is the author of several books and his articles have appeared in "Colliers," "The Saturday Evening Post," and other national magazines. He was a special adviser to General MacArthur with respect to setting up taxation and fiscal programs for Japan. He formed and is Executive Director of the well-known Research Institute of America. Recently he has been concerned with the plight of the Iron Curtain Refugees as Chairman of the International Rescue Committee. For your information in that connection, he arranged the recent visit of Mayor Reuter of Berlin, whom you heard in the War College auditorium, and accompanied him on this visit.

Mr. Cherne, it is a great pleasure to introduce you to this class.

MR. CHERNE: Thank you, sir. Admiral, this is an extraordinary occasion for me--one which will, for fairly obvious reasons, shape my remarks. This is the fifteenth anniversary of my association with the Industrial College. My observations will reflect something of an examination of the problems of industrial mobilization and the problems of organizing, planning, directing mobilization for war in a democratic peacetime community as I have had occasion to observe them over these 15 years.

A number of you know what planning looked like in 1938. I was a brash youngster at the time that planning for a possible war was also a brash youngster. At that time the Office of the Assistant Secretary of War, which was primarily concerned with industrial mobilization planning,

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occupied a more modest footage in the old Munitions Building than even the most minor and unimportant section of the operations which occupy the Pentagon. And yet the year which first brought me in contact with the problems of industrial mobilization was only one year prior to war.

I would like to mention a few of what seem to me the key experiences of industrial mobilization during these 15 years, only because I think they illustrate the problems involved in planning and the problems involved when the hour for mobilization is upon us. We make an occasional mistake in assuming history offers an infallible teacher. It doesn't. But I think we would make a greater mistake in discounting that which is available to us in retrospect.

At the request of the then Assistant Secretary of War, Louis Johnson, in the spring of 1939, having spent some nine months in daily contact with the planning for industrial mobilization, with the preparation of what became in 1939 the Industrial Mobilization Plan (IMP) and Annexes, I became sufficiently acquainted with the content of the M-day plan and the problems involved for industry, that I was requested to deliver a closed lecture to one of the most respected groups of industrialists in the country, the New England Council. That was 14 years ago. I don't think I will ever forget the occasion.

In a sleepy New Hampshire town the cream of New England manufacture was assembled. Under the IMP, a great deal was expected of this group. It was my assignment to explain the nature of industrial mobilization to them and to indicate what might be expected of them. I fulfilled my assignment to the best of my ability.

Then, at the conclusion of my talk, one of the most eminent members of the New England Council, a very successful, skillful industrial executive, rose, addressed the Chair, and moved that the officers of the New England Council be censured for having invited a talk so un-American in its content, so unrealistic in its purpose, so undesirable to a free society.

I sat on that platform for 25 minutes while that motion was debated. The year, gentlemen, was 1939. Industrial mobilization planning had been in existence, had been required by law for 18 previous years. But in the spring of 1939 an indispensable segment of industry, required to perform under industrial mobilization, was debating the American character of M-day plans.

Several months passed. We began to approach a fateful September. The Secretary of Labor got wind of the content of one of the Annexes of the 1939 IMP, the Labor Annex, with its very modest suggestions for wage stabilization, prevention of strike, hints of mobilization of manpower. In an atmosphere in which the Congress of that year was wholly preoccupied with the fantasy of a world at peace, the Secretary of Labor brought

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before a Cabinet meeting the "undemocratic" character of the secret plans being hatched in the secrecy of a military department and at the same time leaked the information to Congress.

I am afraid I played an unfortunate role in that connection. I had just completed the first book available to the public on industrial mobilization, a book called "Adjusting Your Business to War." The book was prepared at the suggestion of the War and Navy Departments. Its primary purpose was to acquaint the 12,000 manufacturers concerned with military production with the details of industrial mobilization. For three days the Congress debated the contents of that book. On the fourth day, the President of the United States at his press conference repudiated all industrial mobilization planning to end the debate in Congress. The year 1939 was 18 years after industrial mobilization planning began, 19 years after it was required by law, and the year in which World War II had its beginnings.

You know as well as I do the history of industrial mobilization in the months that followed September 1939. You know the incredible sequence of events which led us to repudiate, to ignore almost everything which had previously been conceived, planned, scheduled, and to proceed as though the whole concept of planned economic mobilization had never previously been conceived or thought necessary. You know the succession of steps, halting, faltering, compromising steps which were taken by the Government to meet the requirements, first, of "the Arsenal of Democracy" and, later, to meet the needs of a nation completely at war.

It is a little difficult to recall now but in the months which followed Pearl Harbor the most intense debate still raged as to the desirability of price control and wage control. As a matter of fact, the one person, who more than any other symbolizes everything which was "unpleasant" in the period 1941 to 1943, was a man whose name will have automatic meaning to you as soon as I mention it. I have known him well for many years. He has been associated with me in the Research Institute from time to time in the course of these years. I came to know him as a result of his preoccupation with industrial mobilization planning as early as 1939.

I can recall a conversation in which perhaps the world's greatest authority on industrial mobilization, Bernard Baruch, said to this gentleman when he first received news of his appointment, "Within six months you will be the most hated man in America." He was. The man is Leon Henderson. Hardly a moment passed from his appointment to office before he found both industry and organized labor on his head. Several of the organized segments in the American community have never forgiven him for it. Because Henderson was the symbol of price control. The year was 1942, 22 years after legislative requirements for industrial mobilization and three years after the beginning of World War II, one year after American involvement in total war; and price and wage controls were still the emotional football, the most debated aspect of American life.

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Curiously, only one person identified with industrial mobilization has emerged genuinely unscathed. I have already referred to him as the one most intimately connected with it, Bernard Baruch, who now is in his thirty-fifth year of preoccupation with industrial mobilization, starting as he did three years prior to the National Defense Act of 1920.

I had the privilege of spending some time with him two years ago and we reminisced about many things, among them my own subornness to accept in 1938 the concept which he tried so hard to make me understand. It was the simple concept that, it is impossible to control any segment of the economy without controlling every other segment to which it is jointed; there can be no priorities without price control; there can be no price control without wage control; there cannot be wage controls without profit control; there cannot be industrial mobilization without the power to commandeer; and there cannot be preparation for defense without industrial mobilization, a simple almost irrefutable thesis. I can recall the stubbornness with which I refused to accept it in 1938. Therefore, I have some sympathy for the members of the New England Council when they were first confronted with it in 1939 or the members of the American community when first confronted with these unprecedented demands upon a free society when they were first unveiled in 1940 and 1941.

I think there are certain conclusions which emerge, but before we examine the conclusions I would like to move a step further in these 15 years of industrial mobilization with which I have had contact.

Three years ago we found ourselves in a war, the nature of which we had never previously confronted; in a conflict, the nature of which we had never previously planned for. We found ourselves nevertheless at war. We didn't call it that. We still hesitate to call it that. We call what we are seeking "peace" but not what we are in "war." We found ourselves totally unprepared for that emergency.

Examining industrial mobilization in the light of the developments of the last three years, I think it is an inescapable conclusion that, had World War III occurred at the time that the Korean war occurred, our industrial mobilization would have been totally inadequate, our capacity to resist would have been close to meaningless, the functioning of our industrial society would have been haphazard at best, and our capacity to survive questionable indeed.

It was as a result of the Korean war that I tried to articulate in a lecture here at the Industrial College several principles which I said must govern the economic action enjoined on us by events. The "events" I referred to were the then new emergency actions we called the "Korean War." In my judgment these principles obtain today. I believe they have some validity in any emergency which requires any degree of industrial mobilization. I hope you will forgive me for reading remarks which are several years old. I will intersperse my current observations.

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"We must now, and without a moment's further delay, strengthen every aspect of America's economic life. We see no prospect for peace with the Soviet Union in the years ahead. We see merely the possibility of avoiding war. Therefore, our industrial apparatus must be so expanded and strengthened that it can provide the weapons to build military might while satisfying the basic needs of a civilian community."

Using that as a measure, I think we have in some respects done remarkably well. We have expanded our basic economy probably to the extent it is required in toto. We have not done quite so well in meeting the military needs of the community.

In my judgment, the following five principles must govern economic action enjoined on us by events:

1. Convert whatever industry is required to make arms, regardless of difficulty and dislocation.
2. Expand our inadequate resources, whatever the temporary deprivation.
3. Control the inflation that is here, with whatever restraint of our enjoyment and our consumption is entailed by courageous, adequate action.
4. Pay the giant cost of these urgent undertakings, whatever the sacrifice to our own standard of living.
5. Expand our available military manpower, whatever the wrench to the heart of America.

"No concern about transition unemployment, of injured business, disrupted homes, a diminished standard of living, curtailed profits, or inhibited labor--no concern must stop our march toward strength so long as the alternative is a war that destroys all values.

"In a civilian community it is normal for us to seek painless ways toward any responsibility. That is the normal response of a free man. It is not always pleasant. It is not always dignified or responsible behavior; it is the normal behavior. But there is no painless way toward peace today, no comfortable way toward military and diplomatic strength. No convenient scapegoat can shorten the road."

I had no thought when I first used these words how great a consequence or how important the meaning of that one phrase itself could be in the light of subsequent events: "No convenient scapegoat can shorten the road."

"No impatience with an ally alters the need for his support." Now this was not a statement I wrote in response to yesterday's headlines;

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nor do two rather dangerous speeches in England alter the meaning of that phrase: "No impatience with an ally alters the need for his support." "No one group can remain immune from the difficulties we confront at home."

"I think, in all candor, if those estimates of the job which lay ahead in December, 1950, are in any sense accurate, if they in any sense describe the nature of the problem we faced approximately a year and a quarter ago"--now almost three years ago--"I think in a very real sense it can be said that in a very substantial way we have failed; that an evaluation of our current state of economic mobilization, and of the current aspect of our total economy indicates substantial failure on several of the levels of economic and industrial mobilization with which you are concerned."

I went on detailing, in the light of experience of these first two years of the Korean war, what in my judgment were the critical areas of failure. Again I prefer to examine them in retrospect because it is by that process that I think we can determine how much better we have done within the last year, year and a half, or the last six months, or even the last three months.

I don't have a great deal of patience with the process of facing the future by belaboring the past. It is one of the deficiencies of national life of which I think we have been particularly guilty in the last few years. I think that examining the past for the purpose of finding error which can enable us to avoid danger in the future is indispensable in the democratic system, but examining the past for the purpose of finding merely a reason for past mistakes can frequently divert us from facing the future. Two years ago I said the following:

"There is one aspect of our society which disturbs me, I think, more than any other, and which I think is probably giving the Soviet Union more comfort than any other. It is very clear from our present actions that the Soviet Union must conclude that we have never really taken the possibility of war seriously; and that consequently, even at the moment at which our foreign policy and our expressions of opposition to the Soviet Union have been the most intense, there has been at least the implication that, even though we said it, we didn't mean it."

Now from the view of the Soviets do we mean it now? Let us see.

"As a people we have honestly never more than played verbally with the concept of being prepared for possible war with the Soviet Union. We have given the name 'Civil Defense' to the industrial dispersal involved in the preparation for this genuine possibility of involvement with the Soviet Union.

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"We have taken many necessary actions. The armed forces have been doubled. Well, we have done better than that since I made those remarks. In the next six months the assembly lines in America's armament industry will begin pouring out the volume of arms which the American people have been looking for these last six months and have not found."

Well, we have not done quite as well as the last phrase would have suggested we were going to do.

"Yet at the point at which we reach a visible level of armament production which will satisfy both the American people and our allies abroad that our armed preparation is paying off, at that very moment we are still virtually no further ahead in terms of civil defense and industrial preparation for the possibility of attack than we were the day the Korean war started. [Are we now?]"

"Curiously enough, until we have taken those steps which will assure us of the possibility of the continuation of our industrial establishment should war begin, many of the steps we are taking to prepare for the possibility of that war remain meaningless. Let me put it another way. All the training and preparation for war remain inadequate if the apparatus you are forming will in substantial measure collapse once the event starts."

All of the process which goes into assembling an industrial apparatus minimumly required to produce adequate defense becomes meaningless if there is even the marginal possibility that the apparatus will be paralysed by an event which can be foreseen.

In terms of the preoccupation of the Industrial College with the staggering responsibility placed upon industry to operate without substantial disruption, not in the event of half war, not in the event of continued peace, but in the event of war, industrial mobilization planning is planning for the contingency of a war we dread and seek to avoid; and industrial mobilization plans must of necessity contemplate the existence of a war for which we are planning.

"But in at least one important aspect of industrial preparation we are really preparing for a re-enactment of World War II, not for World War III."

This is a little lesson I learned at the Industrial College. Many of you have learned it long before your first contact with the Industrial College. I think it was von Clausewitz who emphasized that a victorious nation fundamentally prepares for the next war. Is our planning for the realities probable in a World War III or are we planning to recapture the glory of the victory of World War II?

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I am aware of the fact that there is a guided missile program. There is supersonic aircraft. I am aware of the fact that push button warfare is not just a magazine phrase. I know there are bacteriological weapons; and it is wholly true that the atomic weapon is fundamentally a weapon of World War III, not World War II, although it was first used in World War II. But in any fundamental sense is the planning we are engaged in for the period ahead of us or are we building a more modern edifice upon the foundation of the events we have come through?

For example--and I think this point stands belaboring--let us assume we complete the requirements for armament; let us assume the day of danger is not 1954, as I was told it was, but we will give it a convenient two-year stretch, as MIT indicates might most optimistically be the case, to 1956. How much closer will we be in 1956 than we are in 1953 to the capacity of American industry to withstand attack? How much actual preparation is there in American industry for the consequence of bombing? How much actual planning is there today for the ability of and industry to reassemble its resources and at the earliest moment again being functioning? How much closer are we today than we were five years ago to plant dispersal? Is it inconceivable that we are not only no closer but, if anything, further away?

We have recently added basic industrial capacity as a result of the shock we received in the Korean war. Where were these facilities placed? Were they placed away from existing concentrations of industrial power or in the midst of them? The steel industry has been building very substantial additional capacity in the East. I think you will find a good deal of it is located near Philadelphia. Is its location part of the process of plant dispersal, protection against the vulnerability we seek to avoid or are we further increasing our vulnerability?

Is there actually at this moment one fraction more interest in civilian defense than there was two years ago? As a matter of fact, in this room I can really raise fundamentally the question: Is there any Civil Defense? Is there a Civil Defense apparatus of any character anywhere in the country? Is there anyone in this room who honestly believes we could withstand atomic attack and emerge from it functioning? And do you believe the Soviet Union does not draw any conclusions from this? Do you think the Soviet Union believes we would risk war in the light of these facts? And the willingness of risk war is an essential element in the existence of power behind the demands you make.

I said that some of my remarks would reflect the sum total of 15 years of observation. Perhaps less than on any other occasion, I am not trying to give a balanced presentation. You are at the conclusion of a year's preoccupation with industrial mobilization. There is not one of you in this room who does not know more about the state of mobilization today than I do. It is virtually impossible for a layman to come in from the outside and have momentary contact with you and have anything

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approaching the equivalent knowledge you have sitting with these problems day after day and having it through the information at your disposal. What purpose, whatever the years of my contact with industrial mobilization, do I have in standing before you? I think there is only one purpose--to stimulate, if possible; to irritate, which I think is a great deal more possible--to raise some question, for which perhaps there are very good answers that escape the layman; if successful, compel an application of the knowledge at your disposal--not at the speakers disposal--in response to the problems raised.

I gave several illustrations of the things which have occurred at different intervals within this 15-year period. There was one common denominator among those difficulties: Has the need for industrial mobilization and the content of it ever been sold to the American community? Very obviously it was not sold in the year 1939, which I described, not even in the community of top industrialists. Do you honestly believe it has been sold to the American community now?

I think the facts of life of World War II have done a certain amount of educating. But there is no fundamental understanding of the need for and the content of industrial mobilization. I am aware of the short courses. I am aware of the probably now close to 20,000 important men throughout the American community who have been trained. I have great respect for those courses. Incidentally, that is paying them a great compliment because my great respect for those courses is entirely an act of blind faith. I have never so much as heard one session of them. I was one of the first 20 civilians in the country to have any contact with industrial mobilization planning and I haven't received an invitation to attend one of those courses in my own city, not once within the last 10 years. You can understand how blind is the act of faith that I render.

Lest you think I made this expression out of pique, let me suggest that if General Motors wants to sell me something--or sell the community something--I will find myself on a list of somewhere between 3,000 and 5,000 people who are what public relations experts call "opinion makers." The opinion makers consist of a certain strategic, sensitive group of businessmen, government people, labor leaders, clergymen, journalists, editors, radio and television figures, and so forth. According to Edward Bernay's thesis, there are 3,000 of these men who have more effect on the total opinion of the American people than can be achieved by any very much larger group of people. How many of these so-called "opinion makers" have had any contact with the industrial mobilization courses or the plans they are going to sell or unsell? I can tell you that in 1939 they had never even heard the phrase.

Their first reflex, the first reaction, the response may well be "To h--- with it; kill it dead; it's fascist; unnecessary; un-American." Are we in a fundamentally different position today? Remember that most

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people loathe a change. Are we planning for a totally involved community? Because I have a sneaking suspicion--I know very little about military problems--that the next war is going to find a totally involved community. I don't think it requires very much imagination to reach that conclusion.

But I also have recollection that there were at least rumors recently emanating from the Defense Department that the direction we might take would involve an even more limited base of industrial mobilization rather than a totally involved community. I trust these rumors are ill-founded. I think industrial mobilization today involves too small a fraction of the industrial community, not that the section currently involved could not turn out the requirements of military goods--with only one proviso, if there were no war. If there were no war, I think the experience of industry would prove adequate to turn out any conceivable requirement for armament. But if there is war--and we have had some experience with this, the mobilization proved inadequate in 1940, and mobilization proved inadequate in 1950; and in neither year did we find ourselves suddenly catapulted into full war involving our soil and our structure.

What happens if several industrial cities are knocked out by one process or another? And to what degree have we an industrial management capable of coping with the most serious circumstances?

Have we ever planned for the kind of war we are in? That is a very fundamental question because my guess is that this is the kind of war we are going to be in for the most part in the generation to come or a variant of this one,--not the kind of war we have planned for and not the kind of peace we have ever enjoyed, but this kind.

Now to pass, for example, to such things as price control and wage control. Take today's simple discussions: "Controls are unnecessary in anything short of war." What's war? Whether or not they are necessary, at what point does mobilization, particularly economic mobilization come into play?

I know the American people are conditioned to the kind of war which has a definable end and the shortest possible duration. But it is not inconceivable that American interests may be best served in a war which does not have a definable end and in which the shortest interval of the existence of that war is not the major test. It is entirely conceivable that a truce reached in Korea, for example, may not be to our benefit. It is entirely conceivable that a protracted Korean war--leaving out the consideration of human life, which is the most urgent consideration, particularly in a democratic community--is most undesirable to the enemy and not necessarily undesirable to us.

We are left then with the most awesome balancing problem though there are no easy answers to this one. How do you balance the requirements of political reality against military or strategic desirability in

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a democratic society? How do you balance the requirements for sacrifice and restraint with political reality which benefits from the absence of both? How do you balance the people who demand the easy answer to complex problems and the professionals who know that there is no easy answer for any complex problem?

Industrial mobilization, as a matter of fact, unhappily suffers as a result of two consequences which have been particularly true within the last 10, 15, or 20 years. You are planning in an environment which is averse to planning. Let us not kid ourselves--planning is a very unpleasant word in the American society. Second, you are planning government action because fundamentally the plans which you are involved with are plans for government action in an environment which is averse to such action.

Now in my judgment there are no voluntary or automatic mechanisms which will provide effective industrial mobilization. The free market will not produce the best defense, and quite apart from the best defense, the free market will not produce the cheapest defense. Your purpose is not to change the operation of the free market; your purpose is to make sure that the Government gets the maximum arms it requires at the earliest possible moment. I am not even concerned with the price the Government must pay. As a result of economic controls, the Government will pay the lesser price, but I am more concerned with the Government getting the results than with the price it pays.

You face the most difficult political problem of all in a democratic society. You must find the marriage that is compatible between purpose and politics. It is not easy. But you will never find it unless you are aware of the inconsistent demands of both and take recognition of them and prepare the community so that it recognizes the purpose.

There, perhaps may be our only fundamental failure, the failure that it has been consistent throughout our 30 years of industrial mobilization planning. The planning has been adequate but the community has never been prepared to accept its need or recognize its adequacy.

Gentlemen, if apology is required for an imprecise and rambling discussion of the problems of industrial mobilization, then my plea is haziness induced by 15 years of contact with the problem you have been looking at for a number of months. You face one of the most challenging aspects of organized community life in a free society. In a large sense, the planning you do is designed to educate that free society for the purpose of enabling it to survive. I know very clearly that most of the things I have said today should undoubtedly not be said to you because you know them at least as clearly as I do. I wish there was some way of saying some of these things to others, even within the Government--perhaps most of all within the Government.

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But I hope I have stimulated you some. I am sure I have irritated you some. I am especially grateful that I have either talked loud enough or you were refreshed enough to have been as alert as you are at this ungodly hour. I thank you.

COLONEL BARTLETT: Mr. Cherne will now answer your questions.

QUESTION: All your remarks, I think, point up the necessity of education of the country--I am using that in the broadest sense. We just completed a tour last week to various cities and it was my observation from the plants and industrial managers that I talked to that they are not only not aware of mobilization, they don't give a care about mobilization. They are concerned, of course, with making dollars for the stockholders. I think we all agree that education is required. So far, I think the country has done little about it. How you are going to get top industrialists as well as the country at large to hold still for some education?

MR. CHERNE: I don't know how useful my comments will be on that level but I will make a few.

I think you know that all segments of the civilian community will hold still, as you appropriately put it, for uniformed brass more rapidly than for any other single segment of the total community. You have this great advantage. An invitation of any character which comes from the military is accepted and respected. You start off with that advantage. That doesn't mean you will be able to communicate what it is you want or have to sell, but you get them there.

I have learned this from interesting experience with civilian activities, most recently the International Rescue Committee. It is amazing, for example, what a name like General Clay, Admiral Byrd, or General Spaatz will do. The leverage those names have in the entire civilian community--in labor as well as in industry--is enormous.

Now it well may be that you are not making use of the most glamorous and compelling names that might perhaps be available to you and that might be willing to take the offensive in conveying to a total community the realities of possible war and the steps which must be taken. That is the answer on one level.

The second level I discussed at very great length because I felt it was illustrative as well as very important. I think the Soviet Union does not take seriously many of the things we have done and many of the things we have said because of this great conflict between protests and what we are willing to do with the alteration of our own life, notably Civil Defense. Without thinking it out, it is also true that the American community does not take seriously our protestations and our actions because it is also aware that there has been no alteration of American life, except

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for the one direction, the very unhappy withdrawal of the men who were required for military service. Except for that, life is as it was.

I think Civil Defense could be sold to the American people. I think Civil Defense can now be sold to the American people. I think if there were no reason for Civil Defense other than to give the American people day-by-day contact with the possibility of war, it would be wholly justified.

If there were adequate apparatus for the protection of America from possible atomic attack, you would have America listening to you. I think the average American is bright enough to know that if the country is as vulnerable as it seems it would be to atomic attack, why fool around with such matters as industrial mobilization? I may be wrong, but it is my belief. Who is responsible? It is the combined responsibility of military and civilian leaders of the community. I wait impatiently for them to convey those facts of life to the American people.

We have been through some eight years in which leadership has been exercised inadequately. I have seen no dramatic suggestions in the last four months that this is about to change. I think it would be tragic if the new Administration, with the talent and particularly the knowledge at the top which is available on this level, would collapse into as unsatisfactory an illusion of national leadership as that through which we have been.

If I had the opportunity to convey those views or if it were requested where it counts, believe me I would give them. I think some of you have that opportunity or will have it. I think we will have no national environment favorable to industrial mobilization unless it is made clear to the leaders that such steps must make inroads on the habitual patterns of our peacetime lives.

QUESTION: You have stated that Russia does not believe our protestations on being ready for war. Suppose we do change our line and prove to them that we may be ready to take the risk, and so do we not then risk the holding of our allies on our side at this present state of their rearmament and of their regaining economic stability? I have heard time and time again that many of our allies would rather accept an invasion without fighting it than to be invaded by force of arms and again be occupied by an unsympathetic power.

MR. CHERNE: I can't see where the expenditure of anywhere between 5 and 20 billion dollars total--such as has been estimated by MIT as necessary for the preparation of adequate industrial and civilian protection against bombing vulnerability--and the steps which would flow from it would have any effect upon England, France, Italy, or Germany other than to persuade them that we mean business. I do not believe on the basis of anything I know in relation to our allies within the last few

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years that we have lost them when we have given an indication that we do mean business. I think it is our tendency to think so.

I think here is what happens. We lose our allies when they believe, correctly or not, that we are indulging in certain courses of action which have no fundamental relationship to a war between the United States and the Soviet Union. To be very concrete and wholly undiplomatic and increase in one blow the number of those I may irritate, I know what the attitude is in Germany, France, and England today, or was at least 60 days ago.

On the subject of McCarthy, right or wrong, I do know why that attitude exists fundamentally among the most informed sources. It is because they believe that we are--rather than facing the realities of the existence of a war between the United States and the Soviet Union-- spending vast amounts of energy in some curious kind of deterrent which has no relationship to that war. I think an expenditure of that kind of energy on the erection of combined bomb shelters and parking spaces would both satisfy America's peacetime urgency and also earn for us respect in England, France, and Germany.

Take Germany, for example, and I know what the committed anti-Communists think on this level, Reuter and Adenauer, I think it is a mistake to believe for a moment that either Reuter or Adenauer would prefer an occupation to a battle on their soil. Certainly in the case of Berlin, we have seen the opposite. Berlin could have much more comfortably buckled than to have resisted. The Germans chose to resist and starve. I think they have earned an accolade.

But they look at us with some amazement and wonder what the relationship is of our current emotional activity to a war between the United States and the Soviet Union. Rightly or wrongly--this, as much as anything, in my judgment is a major reason for our irritation with the allies and their irritation with us.

Now there is another more fundamental reason. It applies to Great Britain more than to any other area. In the case of France, it is a very different problem. In the case of France the problem is that the people have lost the capacity to have an organized society. That happens somewhere between the stages of maturity and old age in many civilized communities. In the case of England there is a problem other than the problem of old age in a civilized community.

England has always been accustomed to retaining its status and stature by compromise and barter and England's attitude toward Germany must of necessity be fundamentally different from ours, not because England is trying to avoid World War III but because England is trying to retain its national status for itself--not an unlikely attitude it seems to me; not so uncommon for us.

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Now if we devoted our energy in the direction I talked of, communicating to the American people the realities of the demands for World War III and protection against atomic attack, I believe you could only serve to increase the respect we would get from England and France, not diminish it.

QUESTION: I was particularly interested in your remark that we should prepare for World War III and not for the reenactment of World War II. This appears to be a sound thesis and you have hinted at some of the things that we should do. I wonder if you would like to expand on that a little bit, please, sir?

MR. CHERNE: World War III in my judgment is a war in which within the first days, if not months, will involve total manpower and total industrial capacity. World War III is a war which, if correctly anticipated, within the first hours will completely involve our total economy. World War III is a war in which we see no prospect of our own soil remaining immune. World War III is a war which will have fundamentally different demands upon the total manpower than any war we have had contact with, even World War II in its last stages.

If those four conclusions are true, we would have to take a look at current practice and see to what extent either planning or action has any relationship to it. If there will be within minutes, hours, days, months total involvement of the American community, where is the preparation for that involvement? If there will be total demand upon American manpower, where in either military or civilian terms, is there at present any approach to manpower which has any relationship at all to such a war? Universal military training is a perfect illustration of it. I am aware of the fact that it has been advocated. I am equally aware of the fact that it has no present prospect of acceptance, but universal military training is the most modest possible approach to the possibility of World War III. Our present approach has no possible validity in anticipation of a possible World War III.

If within a matter of hours the total economy will be involved, it is in my judgment utterly fantastic that there is not in existence-- and this is what Mr. Baruch wanted me to hit hard, as hard as I could hit--any legislative authority which could at an hour's notice set into operation those controls, those barriers, those restraints which must be in operation within a matter of hours of an emergency. Now we have no such legislative grant. It is fantastic, if what I have described is the case, that there is not in existence a skeleton at least of the apparatus which would have to move within a matter of minutes in all phases of civilian and industrial life. And yet, very honestly, I don't think we are any closer at all to the kind of apparatus which would be required to administer industrial mobilization for a World War III than we were in 1940 to the kind of apparatus which was required to administer industrial mobilization for World War II.

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I may be wrong or have exaggerated in my emphasis but that is to illustrate our tendency to do again what we have done so well rather than face what we know so poorly.

QUESTION: I don't think many Americans will take issue with you over the question of preparedness, Civil Defense, broad industrial base, adequate armed services, and everything, but all this costs money. We have been told by the last Administration as well as by this one that there is a chance we will spend ourselves into bankruptcy and as a result Russia will accomplish what it is aiming for without going through war. Would you like to comment?

MR. CHERNE: I don't know by what process we go bankrupt and the Russians don't. This, to me, is the most acid test of all. Do we really contemplate the possibility of another war? I have said all along that I don't think we do at all. If we really contemplate the possibility of another war, let us assume we will go bankrupt by the process. We would have no alternative. It is no longer a subject for debate. The moment a war begins, no one ever mentions bankruptcy. There is no debate about it. You spend as much as five times more if it is necessary. I used five as a very modest multiplier.

Now today, I wholly agree with you, in principle there is no objection to any of these things. There is agreement, yes, we must have Civil Defense; we must have world-wide propaganda; we must defeat the Soviet, at no cost; and we must have Civil Defense, with no sacrifice, nobody getting chilly on a winter night on a roof when he knows there is no airplane.

I would hesitate to say this to a group of civilians because it further buttresses their complacency, but war is unlikely. There may be only slight possibility of World War III. But if there is even the most remote possibility of a World War III and we accept that possibility emotionally as well as rationally, then we know what we must do. We do whatever is necessary to do the job, bankruptcy or not. And I repeat we will, even at the maximum, spend a very small fraction of our national income on our defense as compared with what the Soviet Union does. I see no evidence of their going bankrupt; I doubt that we should.

Thank you, gentlemen.

(12 June 1953--250)S/ss

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