ROLE AND PROBLEMS OF THE DEPARTMENT OF THE INTERIOR IN AN ATOMIC WAR

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Publication No. L54-137

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

The Honorable Douglas McKay, Secretary of the Interior, was born in Portland, Oregon, on 24 June 1893, and graduated from Oregon State College with a degree in agriculture. He served in World Wars I and II. Following World War I, he became an automobile salesman in Portland and in 1927 established his own business in Salem, Oregon. For the past 25 years he has been a dealer for Chevrolet and Cadillac in Salem. With the exception of the time spent in Army service, he was a member of the Oregon State Senate from 1935-49; Mayor of the city of Salem from 1933-34; elected governor in November 1948 and reelected for a four-year term in November 1950. Since then, he has been chairman of the Western Governors' Conference and served as a member of the Executive Board of the National Governors' Conference in 1951. Secretary McKay is a member of the VFW, the Disabled American Veterans, the Military Order of the Purple Heart, and other fraternal organizations. In 1935 he was named chairman of the Willamette River Basin Commission and served until he became governor. In January 1953 he was appointed by President Eisenhower as Secretary of the Interior.

ROLE AND PROBLEMS OF THE DEPARTMENT OF THE INTERIOR IN AN ATOMIC WAR

19 May 1954

GENERAL GREELEY: Gentlemen, we are honored today in having with us The Honorable Douglas McKay, Secretary of the Interior. Secretary McKay will speak on the "Role and Problems of the Department of the Interior in an Atomic War." This is the second time that the Secretary has spoken before the college, having spoken last year--as a matter of fact, just a year ago yesterday he was here.

Mr. Secretary, it is a great pleasure and privilege to welcome you back and to present you to this year's class.

SECRETARY McKAY: Admiral Hague and gentlemen: It is an honor to appear before this group to discuss the problems of industrial mobilization and the responsibilities of the Department of the Interior in an atomic war.

The Department's peacetime role is to provide Government leadership in the conservation and development of the Nation's natural resources. The importance of attaining these goals is accentuated by the demands placed upon the Nation's resource base by national defense and an expanding economy.

For more than a century the Department has been concerned with the basic resources of land, water, minerals, and forests. In the development of these rich resources, the American people have joined their Government and from their combined efforts has come the America of today, with its productive farms, great cities, and industrial concentrations.

I might say in passing that at the time the Department of the Interior was created the man who was to be its first head asked for two stenographers to assist him but Congress would allow him only one. I wonder what he would think today of our 51,000 employees. Times do change.

It is a somber thought that an enemy attack could wipe out, possibly in a few hours, large segments of the industrial capacity upon which our defense and our way of life depend. Much worse is the thought that such an attack might take the lives of thousands, depriving the Nation of the knowledge and skills so essential to our economy.

These grim possibilities impose the necessity to maintain and increase our military and industrial might. If this is great enough, it may prevent an atomic attack, but there is a chance that despite our strength the enemy might take the desperate gamble of attacking. We must be in a position to thwart such an effort.

If the attack succeeds, however, we must be able to marshal swiftly the facilities and resources which remain and to rebuild quickly those we need for fighting back to victory.

The job of getting adequately prepared to do those things is the job of the whole Nation. The Federal Government has responsibility for doing some parts of the job entirely and for providing leadership for other parts.

The Department of the Interior, through its regular operations as well as through work on its assignments in specific phases of defense mobilization, is contributing to the Nation's preparedness.

I want to discuss our programs, outline some of the problems, and indicate how we are approaching the problem of continuity of operations under attack conditions.

First, I should like to give a few examples of parts of our normal operations, which in the past several years, have assumed the role of either direct defense or defense-supporting activities.

Interior, through the Bureau of Mines, is the exclusive producer of helium, which has important military and defense-related industrial uses. The Bureau's pioneer work in producing hafnium and zirconium makes it the major, and until recently the only, source of these metals. Most of the zirconium is going into the construction of atomic submarines, and some, to research on atomic reactors. The hafnium is delivered to the Atomic Energy Commission (AEC). The Bureau's early and continuing research on titanium, as well as current production of this metal as one of the contractors supplying it for military applications, has advanced technology in the production, development, and use of this metal. As a matter of fact, there are several people and several companies now manufacturing it.

The Bureau is also conducting research for the Department of Defense on chromium, molybdenum, and other ductile metals. In cooperation with the AEC, the Bureau is carrying on a substantial program in the search for rare earth minerals and their coproducts. The results have greatly lessened, or perhaps overcome, our dependency on foreign sources of supply, and the information on thorium resources has been substantially advanced.

Both the Geological Survey and the Bureau of Mines continually add to the store of knowledge concerning mineral resources at home and abroad. This knowledge is invaluable in measuring current production and capacity for production of minerals, assessing potential future supplies, and assisting industry in the development and production of minerals. Their technical competence has been of value on stockpiling and other problems considered by the Interdepartmental Commodity Advisory Committees of the Office of Defense Mobilization (ODM).

In addition to its normal resource work the Geological Survey is carrying on extensive explorations for uranium in continental United States, Alaska, and friendly foreign lands. The success of this program has been a major factor in assuring the supplies of fissionable materials needed in the atomic energy program. The Survey is also doing important defense-related work in research on water supplies for defense installations; AEC facilities; industrial, municipal, and domestic use; and on the disposal of radioactive wastes, particularly with respect to the effect on ground water. Its mapmaking facilities are producing maps for the military.

As custodian of the public lands, we are responsible for the issuance of oil and gas and other mineral leases. The Bureau of Land Management, the Geological Survey, and, where Indian lands are involved, the Bureau of Indian Affairs administer this program. Each year substantial quantities of minerals, oil, and gas flow into our economy from the resources covered by the thousands of these leases, embracing millions of acres. Also, we make withdrawals of public lands, when necessary, for use of the military. Many large tracts of land in the Western States and Alaska are thus reserved for defense installations.

Through the Bureau of Reclamation dams and the power marketing administrations, we generate and market large quantities of electric power, much of which is used by direct defense or defense-supporting industries.

The Alaska Railroad and the Alaska Highway System--both of which are administered by the Department of the Interior--are vital to the military defense of the territory and the continental United States.

Food and its production are vital factors in the successful conduct of war. On the irrigated farms in the West, many supplied from Reclamation projects, huge quantities of food are grown. Another important food source is the commercial fisheries, with which the Fish and Wildlife Service has important responsibilities. In an all-out emergency, there would be special problems involved in maintaining or expanding production from these two sources of food.

In the event of war, the Department's programs can be so adjusted to concentrate on the responsibilities in certain industrial fields which have been assigned to Interior under the Defense Production Act of 1950, as amended, and related legislation.

The Department has been delegated--by Executive order under the Defense Production Act of 1950, as amended, and by ODM order, and by redelegation or interagency agreement from other agencies--certain responsibilities in the following industrial areas:

1. Petroleum and gas, including pipelines.

2. Electric power.

3. Solid fuels.

4. Metals and minerals exploration.

5. Production and processing of fish and fishery products.

In addition, it is anticipated that the Department will soon receive an assignment to perform certain defense mobilization functions with respect to the production and processing of mineral raw materials. The precise scope of that assignment has not yet been determined.

After the enactment of the Defense Production Act in the fall of 1950, certain delegations of powers under that act were made to the Secretary of the Interior with respect to these industrial areas. A defense administration was established for each of these areas.

These administrations were the Petroleum Administration for Defense (PAD),Defense Electric Power Administration (DEPA), Defense Solid Fuels Administration (DSFA), Defense Minerals Exploration Administration (DMEA)--originally the Defense Minerals Administration, which had a broader range of functions--and the Defense Fisheries Administration (DFA).

The primary job of these agencies, except DMEA and DFA whose functions were less comprehensive than the others, was to encourage the expansion of capacity to assure adequate supplies of products to meet national defense and the essential civilian needs. They served as recommending agencies in connection with the use of financial aids and incentives to expansion, including accelerated tax amortization. They allotted to these industries the steel, copper, and aluminum allocated under the Controlled Materials Plan (CMP). Problems of transportation and manpower were handled with the appropriate agencies. Priority and allocation powers in connection with the production or distribution of petroleum products, electric power, and coal were used in a few instances.

As materials came into more generous supply, the fighting in Korea was stopped and the CMP was terminated; there was no longer a need for maintaining defense agencies of the size they had been. It was recognized, however, that an important part of the defense mobilization job still lay ahead. We have continued to work at that job.

All the defense administrations in the Department, except the DSFA and the DMEA, have been abolished. The responsibilities of those terminated have either been assigned to staff units attached to the offices of the assistant secretaries or absorbed in one of the regular bureaus.

We do not, however, regard these responsibilities as having lessened or that our task has been completed. We have in each of these areas a nucleus of experienced staff members which could be expanded if a real need arises. Also, we have a large number of industry men who served earlier in the defense administrations, and they constitute an experienced reserve.

We have continued to emphasize the task of accomplishing official expansion goals set by the ODM for industries within Interior's purview. Some have been attained, but others remain open.

The closer we get to the completion of these goals, the larger should be the margins of reserve electric power generating capacity and petroleum capacity available for mobilization, and the more adequate will be the supplies of coke to support all-out production of steel.

Furthermore, although economic factors make unavoidable the building of some additional plants in these categories in or near industrial concentrations, a number will be built away from such concentrations. Therefore, we should chalk up an increase in the substantial number of such plants already placed in relatively dispersed locations. That will help to distribute our eggs in even more baskets and thus lessen the vulnerability of the individual baskets.

In a specific discussion of the programs and progress in each of the industrial areas, I will summarize first the activities in petroleum and gas.

Production of aviation gasoline, which had been running about 110,000 barrels a day at the outbreak of the Korean War on 25 June 1950, has more than doubled, reaching an estimated 258,000 barrels a day late in 1953. This is adequate to meet present and prospective peacetime military and civilian requirements. We still need more alkylation facilities, however, to meet wartime requirements for high octane aviation gasoline.

From 1 January 1950 to 1 January 1953 crude refining capacity increased by nearly 1 million barrels a day--from 6.7 million to more than 7.6 million. It is now more than 8 million barrels. There has been a corresponding increase in oil transportation facilities and crude oil production capacity. Drilling, which in 1950 hit a new peacetime record of 43,279 wells, reached a new all-time high of over 49,000 wells last year.

Fortunately, jet fuels can be produced by basic refining facilities common throughout the petroleum industry. We do not anticipate difficulty in meeting the rapidly growing requirements for such fuels, but the output of the tremendous quantities needed in time of war would require a sharp cutback in the production of other refinery products. The expansion goal for basic refining capacity remains open.

On 1 January 1950 there were about 281,000 miles of natural gas lines in the United States; on 1 January 1953, about 368,000 miles. Natural gas utility sales increased from approximately 3,658 billion cubic feet in 1950 to an estimated 5,200 billion cubic feet in 1953.

In addition to expansion of petroleum and gas supplies and distribution of materials, the PAD made major studies on wartime petroleum supply problems for the National Security Council (NSC). It

sponsored the establishment of the Foreign Petroleum Supply Committee and supervised its activities, including the plan of action which played a vital part in keeping the free world supplied with petroleum products after the shutdown of the world's largest refinery in Iran.

One of PAD's final jobs--undertaken at the request of the NSC through the ODM--was the exploration of the possibilities of interesting private industry in the construction of additional pipeline capacity from the Texas-Gulf area to the east coast as insurance against loss or impairment of crude oil tanker service in the event of war. That has been carried out and all the plans and research are available for such time as they want to do it and they may do it yet, of course. That remains to be seen.

On 30 April 1954 PAD was terminated and its functions are being carried on by the Oil and Gas Division. I am confident that the full cooperation of the industry through the National Petroleum Council, the Gas Industry Advisory Council, and the Foreign Petroleum Supply Committee which PAD enjoyed will continue.

If I might digress, I think that was one of the greatest cooperative movements between Government and industry in the United States. The petroleum industry was very cooperative. It sent top-flight people from their ranks to Washington. In 1950, when this was set up, the petroleum industry sent its best people and each year they have come down here--they come for a year--and it sends some of the biggest men in the industry and they work with no pay, too, by the way, in many cases. The industry worked out a very, very fine organization of cooperation. Now the Petroleum Council continues and we absorbed the large organization. At the present time, as you all know, for peacetime operations there is a surplus of petroleum products on the market, so at the moment the situation is all right. The peculiar thing is that we only produce about one-third of the petroleum products in the world, but we use two-thirds. So that is what makes the problem difficult in the event of an emergency. That is the reason, last time, civilians got only three gallons a week.

We have reactivated the Military Petroleum Advisory Board, consisting of 21 representatives of the petroleum industry. The purpose of this Board is to advise the Assistant Secretary of Defense (Supply and Logistics) and the Assistant Secretary of Interior (Mineral Resources) on oil and gas matters relating to national security and defense.

The National Petroleum Council, at our request, has made a number of comprehensive and valuable studies on oil and gas problems related to the defense mobilization program. We have recently requested the Council to undertake a study encompassing the facilities' protection problem and also that of postattack industrial rehabilitation and the continuity of industry operations.

The Council has accepted the assignment, and I am confident that this study will give us the best thinking of the industry on these matters, and that the recommendations will be practical and operable from the viewpoint of industry. After all, it is making them.

Similarly, the Foreign Supply Committee, which is comprised of American oil companies operating abroad and which works in close collaboration with representatives of the British Oil Supply Advisory Committee, has made periodic petroleum supply demand surveys on a forward basis covering the free world outside the North American Continent.

The latest of these surveys covers a period extending through 1955. At present, the committee, at my request, is compiling a comprehensive report on deep-water petroleum storage and terminal facilities devoted to civilian use throughout the free world. These studies are of inestimable value to the military in its strategic planning.

In the electric power field the expansion goal, as revised and issued on 26 August 1952, called for the installation of 41 million kilowatts of new generating capability in class I utility systems by the end of 1955, and 1 million kilowatts for certain defense-related projects in 1956. Attainment of the goal would increase the national generating capability of class I systems from 75 million kilowatts at the end of 1951 to 116 million kilowatts at the end of 1955.

The magnitude of the increase required to meet that goal should be fully appreciated. It amounts to an addition--in four years--of generating capability more than one-half of all that existed at the close of 1951: There have been slippages in scheduled installations for various reasons, but nevertheless great progress has been made.

In 1952, 6.5 million kilowatts of capability were installed and in 1953, 9.5 million, bringing total installed generating capability to 91 million kilowatts.

Additions of 13.5 million kilowatts have been scheduled for 1954 and 11.5 million for 1955. If the schedules are met, the expansion goal will be attained. Although the loads for the first quarter of this year are well above those for the corresponding period of last year, they have not developed at the higher rate of increase previously estimated.

The net reserve in the Nation's total generating capability, exclusive of an allowance for that needed for maintenance and regulation, over that required to meet peak loads has risen from practically zero at the end of 1951 to an estimated 6 percent at the end of 1953. It is anticipated that there will be a more comfortable reserve by the end of 1954.

One of the important functions of the former DEPA, now being carried on by a staff unit in the Office of the Assistant Secretary for Water and Power Development, is the allotment of materials to utilities constructing power plants associated with firm, interim, and backup power supply to AEC installations.

This is now being done under the Defense Materials System, the AEC serving as the claimant agency for the materials and Interior as the allotting agency. There are 87 power units, which will have a total name plate generating capacity of over 10 million kilowatts, receiving this priority assistance. Latest construction schedules indicate that 24 of the units will be in operation by 30 June 1954; a total of 78 units by 30 June 1955; and the entire 87 units by 30 June 1956.

In the field of solid fuels, in which the DSFA operates, our main effort has been directed at increasing the production of byproduct coke, metallurgical coal for byproduct coke, and coal in Alaska. Expansion goals were established for these three, and they remain open. The Alaska coal goal is presently being restudied in cooperation with the military in the light of a recent survey made by the Department.

While the coke-oven construction program will not reach its expansion goal--85.8 million tons of capacity--on schedule, it does not necessarily follow that we shall be faced with shortages of coke for essential uses. The coke expansion program is designed to support the blast-furnace expansion program, and a shortage of coke would develop only if blast-furnace capacity should expand more rapidly than coke production capacity.

Like our other defense agencies and units, DSFA has participated in the full mobilization requirements studies requested by the ODM, and it has now initiated special studies reviewing the metallurgical coal production capacity of the Nation and coke supplies.

The DMEA is operating a program to encourage domestic exploration for strategic and critical metals and minerals, including uranium. Under this program, the Federal Government shares with private operators in the cost and risk of exploration projects.

Through April 1954 a total of 637 contracts had been executed. Of these, 374 had been terminated or canceled and 263 remained in force. Reports indicate that 180 DMEA projects have encountered ore. In the case of 113 of these, formal certifications of the discovery or development of deposits have been made. This program is contributing to the knowledge sources of metals and minerals. This kind of knowledge is vital in mobilization. That is not a bad percentage when you think there were 637 original contracts and 113 of them have formal certifications of the discovery of metal. In the drilling of oil wells, you have to drill 10 holes to get one producing well. It is quite a gamble in the case of oil. Not quite as much of a gamble in the case of metals.

By delegation from the Secretary of Agriculture, we have responsibilities under the Defense Production Act for the production and processing of fish and fishery products. Our task in this field has been to see that a healthy fishing industry was maintained during the Korean conflict, and to assist in planning for conditions which would confront the industry under full mobilization. Not the least of these problems might be the transfer of many commercial fishing vessels to direct defense service.

I have outlined our areas of responsibility and the progress made in building the mobilization base in these industrial areas. Now, what kind of problems would we face if Washington and industrial centers should be hit by atomic bombs? What has been done, and what must be done, to prepare to meet such a situation?

First, we would hope that, by that time, all of the working arrangements between the Federal agencies--civilian and military--and between Federal agencies and State and local government agencies will have been fully developed, so that each one knows its job and the limits of that job. Interior's representatives serving on interdepartmental groups have been wrestling with many facets of this problem.

We would hope, too, that advance warning systems would be developed to the point where the people in these cities could be evacuated and saved for the task of fighting and rebuilding which would follow. If that can be done, the highly important problem of assuring continuity of functions of Government with respect to them will be simplified.

An attack of the sort assumed would destroy a number of petroleum refining and storage facilities, gas distribution systems, electric power plants, and coke plants. It would also destroy industrial facilities in proximity, and make useless those which are outside the zone of destruction but which are dependent on sources of fuel and energey within the target area.

It is necessary that power service and deliveries of fuel be restored at the earliest possible time for any essential, operable industrial facilities and essential community needs which may remain. Planning should be directed to these ends.

The petroleum, gas, and electric power industries--because they are always faced with the possibility of natural disaster--are well equipped to deal with immediate postattack measures such as the establishment of emergency connections or deliveries to undamaged fringe areas.

Preparedness for such measures and planning for the continuity of management and direction of operations should be done by individual company managements. Much of this has already been done by individual companies working with Federal Civil Defense Administration (FCDA) field officials and local governments.

The defense mobilization agencies of the Federal Government--including Interior--first would have to assemble personnel, and men from industry, at relocation centers. Assessment of losses of capacity and supplies would be a major initial job. In this connection, data assembled by the Industry Evaluation Board would be helpful. Allocation of supplies from stockpiles and undamaged plants for urgent, military, defense-supporting and civilian relief activities would have to be initiated immediately. Next would come the problem of deciding which industrial facilities should be restored or rebuilt.

I believe that industries are generally aware that measures such as the dispersal of facilities, provision for continuity of management, advance designation of alternate sources of supply, and safe storage of essential records, improve our ability as a nation to pick ourselves off the floor after an enemy attack.

In presenting the problem, Government has encouraged industry to take these actions on a voluntary basis. I believe that is the proper course. But we should recognize that industry has a tough problem in determining how far it can and should go in expending money to carry out plans for survival.

A number of companies in the industries with which we work have spent a great deal of time, money, and effort on nonmilitary defense measures. There are probably some which have not gone as far as they can go or should go in their own best interests. We are hopeful that the studies now being made on these problems, including the one undertaken by the petroleum industry, will furnish both industry and Government more adequate guides than those now available.

The project in which your group here in the Industrial College is currently engaged should be of great help in pointing up mutual problems and in developing such guides.

Like industry, Government must be ready to continue operations after an atomic attack. All agencies of the Federal Government are today making plans for this. Each of us must identify those segments of our agencies which will be essential to the operation of a full mobilization program. Many of the peacetime operations of the average agency will be drastically curtailed or cease to exist.

Plans must be made to assure a chain of command for the necessary continuing segment, not only for those engaged regularly in Government, but also to insure that industrial leaders in the different productive fields are available to Government immediately on the outbreak of hostilities.

Government must rely on industry to furnish the "know-how" in order to guide Government successfully in an industrial mobilization. Plans are made and persons identified in our areas of responsibility in order that those men necessary to a successful operation will be available.

If Washington is attacked, Interior, like other agencies, will have a new headquarters of operation. We are planning for this now in cooperation with ODM and FCDA.

Should an emergency arise, I hope we will be in a position to continue our operations with speed and with the assurance that we will be able to do our share and carry out our responsibilities in a mobilization effort.

As I see it, my primary defense responsibility under attack is to assure that the petroleum and gas, electric power, and solid fuels industries are able to the best of their ability to meet the military, defense-supporting, and essential civilian needs for their products.

This not only means the availability of supply but also the ability to deliver these products to those points where they are needed.

That concludes my formal lecture.

QUESTION: Mr. Secretary, what is the effectiveness of tax amortization in getting expansion of capacity beyond reasonable civilian needs and the dispersal of industry, which are the problems you face in petroleum? What other incentives could we use?

SECRETARY McKAY: Of course, I am of the opinion that industry should help itself as much as possible. It shouldn't be pampered by the Government. Tax amortization is always an incentive. People who pay big taxes are always trying to figure out how to make them less. People are always trying to save money on taxes under the law. Businessmen generally spend a lot of time and money in an effort to economize. We have a serious tax situation today. I have been in business all my life, so I know. I feel that tax amortization should speed up things.

There is an impression on the part of some people that we are giving business big breaks. We aren't giving it anything. We are speeding things up. It takes 50 years to amortize a building and you know it will be obsolete by then.

I happen to be in the automobile business. Tools and equipment are amortized from 10 to 20 years and they are obsolete in 7 years with everything written off. I know that if the tool business is to be stimulated, the individual shop should be given a fast writeoff.

In the petroleum business, of course, they are anxious to get writeoff's because it is a risky business. Now, that is the thing that expands the petroleum business in drilling wells. It is the 27.5 percent depletion allowance. But a lot of people criticize that. There must be an incentive to continue petroleum expansion which is vital.

I signed a lease up in Alaska for a million acres with the Phillips Petroleum Company. I thought people would criticize me for that, but I wouldn't put that much money up there for a million acres. If they find oil, the Government will get its money back. That is a wildcat operation and a proper incentive is necessary.

QUESTION: In Alaska, if and when it becomes a State, will your Department continue to operate that railroad up there or will you endeavor to turn it over to private interests?

SECRETARY McKAY: My own opinion is that I would endeavor to turn it over to private interests right now, but we have to get it on a paying basis. I'll tell you what happened on that railroad. You fellows who have been stationed up there know it better than I do. It never has been profitable. It had to be rebuilt and it is a very expensive operation.

When I came into office, I asked the Southern Pacific to pick out someone who would be on his way to a top management job to go up there and run that railroad. I got rid of the old management and sent this man up there.

(Record Closed)

We don't like to have Government in competition with private enterprise. The Alaska Railroad is very essential for military use. We have another operation in the Caribbean, in the Virgin Islands, which costs 1.5 million dollars a year. We would like to get out, but it is impossible when the economy is as it is there.

QUESTION: I remember reading about three or four years ago of plans to build a railroad generally up along the line of the west coast to connect the United States railroad net with the Alaska net. Will you tell us what the status of that is?

SECRETARY McKAY: I am not familiar with that proposal. Of course, that would be like the ALCAN highway which goes through Canada.

If you are interested, I would suggest that you call Bill Strand who is director of territories for the Department. I am sure that he would be able to discuss it as he spent much time in Alaska publishing a newspaper and knows the situation pretty well. If it is worth while to you, he will look it up for you.

QUESTION: Mr. Secretary, my question has to do with the powers that you, as the Secretary of the Interior, would have in the event of an emergency. Assuming that yesterday the United States was attacked and you survived, and you realized that it was important that the Texas-Eastern Transmission Company stop pumping natural gas through the Big Inch-Little Inch pipelines and start pumping high octane gasoline, do you have the authority to issue such an order?

SECRETARY McKAY: I think under the law we could take over. I believe the previous regulations and laws are still effective. I think we would have authority to do it. The President has a lot of latitude in an emergency like that.

You might have to go under martial law. That is what happened in Hawaii. I was there when Pearl Harbor was attacked. The first thing I knew I was down teaching people to shoot a Springfield rifle.

I have seen an attack on American property. Very few people have seen such an attack. We have been very fortunate. We have seen attacks on Britain and France, but never on our own soil. It is a terrifying thing. People are numb. They just can't believe it. I didn't believe it either. One of our own shells dropped out in the middle of the street and tore a hole that looked like a bomb had hit. That brought us to our senses. In about 12 hours we had settled down.

At a time like that, there is nothing the American people won't do for one another. Somebody has to know what. You must have a plan. Even if the plan is no good, or has become obsolete, the fact that you went through and organized a plan teaches you what you have to do.

In Hawaii, martial law went into effect right away. People didn't turn off their lights so the soldiers had to use physical force to make them comply with the regulations. That is what you have to do.

The President in such an emergency has sufficient authority and insight to take control of the situation immediately. It might be necessary to call on the military and impose martial law. The vital factor is for quick action and clear thinking. I am confident that we can meet any emergency with a minimum of confusion.

COLONEL BARTLETT: I have a friend in the Federal Civil Service. He carries a little card around with him which says: "If you are still alive after the all-clear sounds, go to such and such an address at such and such a place in Maryland. They will tell you how the Federal Civil Service is going to get going." Do you carry such a card? Do you know where you are to go after the all-clear sounds?

SECRETARY McKAY: I am not familiar with the details, I do not have such a card, but I know that the various departments are working on the problem. Under Secretary Ralph Tudor, before leaving recently on a trip, told me that I was going to be called to a conference on some of these questions related to the overall plan.

We will be assigned to a definite point and with a top staff we will set up an emergency organization. Certain operations will have to be abandoned immediately and the people put on some other job. In time of attack certain operations will be superfluous.

Life under attack conditions will necessarily be primitive. We will be without electricity or gas. These things are of course being taken into consideration. They are important and I am anxious to see the entire program developed and coordinated down to the last detail.

QUESTION: Some of us are concerned about the failure of Congress to pass war powers legislation and have it on the shelf ready in case the gong should ring. We have had speakers who have said that America has a great ability to grasp a situation and everything works out fine. Somebody is going to have to run the show. Do you have any comments on that?

SECRETARY McKAY: I do not agree with that attitude. If this country is attacked, there will be more confusion than you can imagine. I know, I have seen it before. In warfare we must have plans. They cannot wait. Furthermore, if we are attacked, it is my opinion that the attack will be made to exterminate us. We cannot wait for Congress or anybody else. Our plan must be perfected now. We must know that it is workable.

I am sure that President Eisenhower would not hesitate two minutes to do whatever is necessary in any case--martial law or whatever is necessary.

Civil defense is an unpopular thing. I was governor of Oregon from 1949 until I came here in 1953 and I know that it was one of the most difficult things to sell the people. Val Peterson has one of the toughest jobs in Washington, trying to get people to become interested in it.

In Oregon the first thing they wanted to do was to build bomb shelters. I opposed that idea. In the first place you can't get people into the bomb shelters. Shelters adapted to civilian use can be built in basements, underground parking garages, and such things; but no one knew where to build bomb shelters or how to get the people into them. So we didn't build any, although we were pressured by some very excitable people. They also wanted fire-fighting equipment from the Federal Government, of course without paying for it. People are glad to take things they can get for nothing, but they are not willing to do the things necessary to line up an effective organization.

In my opinion we are desperately in need of coordination. The military would have to take over; civilians are not much concerned.

They can't believe that there might be imminent danger. It might take a bomb dropped in the right place to stir the people into action.

QUESTION: Mr. Secretary, during World War II most of the war load was carried by special agencies; during the Korean War a large part was done by existing agencies like Interior's special sections. Which system is more efficient and why?

SECRETARY McKAY: I was not here during World War II and of course I have no personal knowledge how the situation was handled. During the Korean War several agencies were assigned to the Department of the Interior. They were in the process of liquidation when I came in as Secretary. But it seemed to me that the industries gave us top-flight people to man these agencies. Working with our career personnel, they made a good team. I do not think you can beat that setup. The petroleum industry was the most cooperative and enthusiastic of all in their contribution of personnel to the Government.

QUESTION: Mr. Secretary, in the event of an attack, it would be quite important to get electric power and transportation and similar services restored as quickly as possible. Who in the Government is responsible for pushing that and how well prepared are they to get prompt action after the attack?

SECRETARY McKAY: As far as petroleum is concerned, that would be our responsibility. During the Korean War electric power was assigned to the Department; so was coal, coke, and minerals. Transportation was assigned to the Office of Defense Transportation. I suppose some similar arrangement would be worked out in the event of an attack. At this point I have no definite information as to what a new emergency might bring. That is why there is the necessity for coordination.

We would have a horrible situation with transportation until it was stabilized for the emergency. The electric power industry is equipped and has experience in fighting the elements. I think I could restore service faster than the Government could. But it would be a colossal job. That is why we need to have a margin of safety between capacity and consumption of power.

The future of this industrial Nation depends upon power. Whether it is hydroelectric, steam, fired by gas or coal, atomic energy, whatever it is, the whole future of the country depends on power. The average person

does not realize how important electric energy is in our ordinary everyday lives.

One other thing, some people have become a little bit optimistic over the future of atomic energy. It has come a long distance in 10 years. It has made phenomenal progress because of the tremendous amount of money the Government has put into it from the defense angle. But it must be remembered that it took 50 years before the steam turbine could be used to develop power and it took 30 years before diesels and the airplane got any place commercially. Adoption of atomic energy for everyday use may be considerably slower.

We are told that atomic energy would supplement hydropower. It can't compete with the most efficient steam power. People frequently say to me: "Why are you building all those dams? They will be obsolete." I do not think that will happen in my lifetime. This country is expanding so rapidly. We have to build on what we can today, not on what we can do next year, or 10 years from now.

QUESTION: Mr. Secretary, my question has to do with the old adage of the military that discipline is the instilling in a man the will to obey orders and in the absence of orders to do the right thing. In this attack problem that we have, when target cities are hit, 29 States are untouched. Those States have State Governments. Why should a governor of such a State think that martial law would become necessary or that the military should take over when his State wasn't even hit? Why couldn't those States go without national specific guidance today?

SECRETARY McKAY: I think you are right on that. You would find the governors quick to act. What I was talking about before, regarding martial law, was when there was a direct attack on this area. If I were governor of Oregon and the attack area was in the East, I would not call for any help. We would run our own show except when we were incapacitated.

I am a States rights man. I believe the State should stand on its own feet until it is hurt. They want to shout for help too soon. That disturbs me. Unless we return to the philosophy of our forefathers and stop expecting the Federal Government to do everything for us, we will not survive. We have become soft. When anything goes wrong, we want to cry to Washington, when we ought to be helping ourselves.

QUESTION: Mr. Secretary, you mentioned the urgency of planning and having a purpose; you also mentioned something of the emergency relocation plan to reconstitute the various agencies. Would you have any objection as Secretary of the Department of the Interior in having the Department moved out of Washington some 50 miles or more, with the majority of your people there, and your records, and maintaining here in Washington only perhaps yourself and a nucleus?

SECRETARY McKAY: No, I wouldn't be here. I would be out there. The whole Cabinet would be there. I would not object at all. There are a lot of things I wouldn't move--a lot of records. The old Army sergeant waited for a war to clear his record of shortages. When I was in the Army in the First World War we didn't have many records; 23 years later, in 1942 I wangled my way back in the Second World War, Army regulations occupied three shelves. There were three sections alone about an officer's uniform. I thought it might be a good thing to take all those records and throw them into the ocean, start all over again. The same thing applies to the Department of the Interior, some records are worthless.

I would abolish some positions. We have to plan what to do with certain people and certain records. I would not bother hauling them out to the emergency headquarters. Records of lands, of course, must be protected at all cost because we have 300 million acres of land under the Department of the Interior. These records are very important to the people who own this land. But in time of war, many things can be discarded.

QUESTION: You said, sir, that you wouldn't object. Do you think it would be a good idea if we gradually moved agencies and Cabinet members outside Washington and got them dispersed where they could operate if the Capitol itself got blasted off the face of the earth?

SECRETARY McKAY: I don't think so. I do not see the necessity for too much dispersal. I would rather stay here where things are going on. For instance I dispersed last year--not for that reason--the operating department of the Bureau of Reclamation. This bureau operates in 17 Western States, so I moved the operating divisions to Denver, Colorado. The personnel always thought they had to be in Washington where Congress could ask questions. I think it is better for them to be out West where the job is, instead of sitting around Washington and looking at the job through a telescope.

My own viewpoint is, I would stay here as long as necessary because this is the seat of Government.

That is a good thing about the American Army; it doesn't lack initiative.

QUESTION: I would like to ask a question about the political feasibility of getting the public aware of the requirements for civil defense. Everybody who comes over here to talk to us admits that we have to do something before an attack. Studies we make indicate the same thing. Yet we all run up against the political feasibility. Is it so politically infeasible if the requirement exists? Is it impracticable because we don't have the people, except you mentioned in one question that you had some Reserve officers, or is it political suicide if anybody keeps pounding on the public that it has to get civil defense, it must have an organization plan in being before the first bomb drops?

SECRETARY McKAY: I don't think it is political. It is a question of getting the public interested in the problem. That is a tough job. I remember during the four years I was governor how difficult it was to do that. When the former Governor Caldwell of Florida headed Civil Defense I was much impressed with the progress he made. It is not a matter of waving flags and attempting to frighten people. If they are not interested in civil defense, you cannot arouse them.

Apathy is the big stumbling block to success for this program. Val Peterson has done an excellent job and has approached it in a realistic manner. In spite of this there are many persons who criticize his methods. I am sure they do realize the tensions that exist and fail to understand what may happen if we ignore them.

Frankly the only thing that we can do is to keep harping on the dangers, keep pounding away on the need for preparedness. I think the last information about the hydrogen bomb and the current situation in Indo-China may arouse people. But it takes quite a patriot to go out and do some of these things that are in the program and which are vital if we are to be prepared.

Perhaps I have not answered your question too well. I doubt that anybody else has all the answers. It's a big problem and I believe that we must keep trying, no matter how difficult and discouraging it may appear.

QUESTION: Mr. Secretary, in respect to one of the questions, you spoke of the lack of coordination at your level; in your prepared address I began to think there was quite a bit of coordination. You spoke of the responsibilities assigned to your Department under the Defense Production Act and of the responsibilities delegated to it by ODM, and of one responsibility delegated by the Secretary of Agriculture. What is the present status of the Department with ODM and the other agencies and Civil Defense with respect to coordination planning?

SECRETARY McKAY: The general mobilization plan is in fine shape. But the thing we must do now, and on which the Government is working, is the coordination of people and headquarters in the event of an attack and the coordination between industry and the Government. This coordination is vital and I believe we are making good progress on it.

I think however there is a lack of interest in civil defense in the cities and counties. The Administration's recent instructions on the Federal level are moving forward. But there is an apparent lag between the State governors and the county administrations. When the President's office gives us an order here, we carry it out. It is more difficult to get down to the State Governments and the local agencies.

QUESTION: Mr. Secretary, during the depression in the thirties there were several large hydroelectric developments in the West built by the Bureau of Reclamation and the Army engineers, and there was a power excess in that area at the beginning of World War II. But all of that power proved mighty handy to the AEC program, aluminum, and many other defense industries. It takes many years to develop that kind of power. I can understand the present Administration's desire to get power development into the hands of private industry, but I can't understand what seems to me to be a reluctance to undertake the full development of our potential power sites, particularly in the West. Would you care to comment on that?

SECRETARY McKAY: The Bonneville Dam was built by Presidential order, with an authorized capacity of 540,000 kilowatts. Then came Grand Coulee with 2 million kilowatts capacity with 18 generators. You mentioned the time element. It takes five years from the time you get the first appropriation, and the plans prepared, to build a hydroelectric plant. It took two years, pouring concrete around the clock to complete Bonneville and Coulee with every timesaving engineering technique used to overcome weather and climate.

The Owyhee Valley project took 14 years to build with artificial refrigeration. The laws of nature make it impossible to pour concrete without artificial cooling. The generators are custom-built and it is impossible to get deliveries on large generators in less than five years.

Many people thought when we had 2.5 million kilowatts in the Pacific Northwest we had reached the limit. Then came World War II and the demand for cheap power for the aluminum industry which the Government approved for location in that area. Immediately there was a power shortage instead of a surplus.

The aluminum industry, the shipbuilding industry, and other war industries attracted thousands of new people. At that time the Northwest was growing faster than any other area in the United States with the population increasing 40 percent in 10 years. The new population brought additional industry so the area is one of the regions in the United States which is short on power.

You have the wrong impression, as many others have, that this Administration is against building dams. It is not against building dams, but our primary requisite is adequate defense. The President issued an order that no new projects would be started when the Korean emergency arose.

The ODM gave the "go" sign for McNary and The Dalles to take care of aluminum expansion. The Dalles will come in last. These two dams will have a capacity of 3 million kilowatts.

With a full head Bonneville has 540,000 gallons of storage capacity, with an average of 300,000 gallons. Upstream development is needed for storage. The Corps of Army Engineers has the best potential at Libby Dam project with 5,885,000 acres of Federal storage, which will add 800,000 kilowatts to downstream dams now in service or under construction.

Libby is the best potential site in the Northwest for storage, in the amount of generation, and it will eliminate a serious and costly flood threat on the Kootenai River.

There has been some obstacles, first with the Great Northern Railroad on the matter of relocation, but now the only thing holding it up is a settlement with Canada on its equity in Kootenai. The dam will back the water up on Canadian lands. That is the first thing that

I want to see done as soon as there is an appointment of a new chairman on the International Boundary Commission.

Canada and the United States have so many problems in common, ranging from the St. Lawrence Seaway to natural gas in the Pacific Northwest. On the Kootenai for instance, the river flows down into Montana, then returns to Canada and then back into the United States. It is necessary to work out solutions satisfactory to both nations, and immediate negotiations that will permit the construction of Libby are necessary.

One difficult problem that is with us today is the staggering national debt of 275 billion dollars. Defense and foreign aid take between 65 and 70 percent of the national budget. We have not been able to balance the budget yet, although we have made substantial progress in that direction.

Our primary responsibility is to build up a satisfactory defense. Everything else must be shunted aside if necessary. If we are not able to get the local communities or private capital to develop our power resources, they will have to wait.

This follows right to the letter the policy announced by the President in Seattle in 1952. The people voted for a change and everything that we have done in the power program has been done with the approval of the President.

In our form of Government the Federal Government cannot assume the responsibility of providing power for all the people in the United States; and it shouldn't, in my opinion. You know the way this thing started. It was when reclamation was the important and most necessary undertaking. President Theodore Roosevelt started reclamation 50 years ago. The byproduct of reclamation is hydropower which must be sold, according to law, to public agencies.

But in the last few years, power has become glamorous. And the tail has been wagging the dog. I do not believe in monopolies, not even a monopoly by the Federal Government. If we have continued the policy in force for the past two decades, the Federal Government would have to take over the responsibility of all the power companies in America. I do not like monopolies by private enterprise, but we can clip their wings. It is much more difficult to clip the wings of the Government.

I believe in private enterprise; so does President Eisenhower. It is only when private enterprise cannot do the proper kind of job that the Government should step in. But if it can be done in partnership with local communities, that is the course that should be followed.

A few weeks ago I made a speech in Portland, my hometown. I talked about the partnership plan in the development of resources. Now the opponents are tearing me limb from limb. I still think that the majority of the people favor partnership development. They realize that this important problem cannot be decided by emotions. Such decisions are not accurate. Problems must be decided on facts.

In the development of resources, you will find that there are three parties--Democrats, Republicans, and public park people. The opponents of the partnership program in the Pacific Northwest have made it a political issue. They want conversational kilowatts not actual kilowatts. The only thing we are interested in is building up electric power, not political power. That is what goes into this thing, the public power group wants to defeat Senator Cordon.

As an example of the partnership program I might point to a project on the McKenzie River in Oregon. I started to support this project in 1947 but the Army engineers voted us down. I got them to come out and look the ground over. A large group of farmers attended the meetings and the engineers reversed themselves when they found that the local people wanted and needed the project. Flood control was authorized with an appropriation of 20 million dollars for construction--a small dam these days.

The Army engineers, however, did not approve the power development phases of the job. It wasn't feasible in a community of only 35,000 people. Then a few months ago, when the partnership program was launched, the city of Eugene applied for permission to develop the power features of the dam. They are willing to add 11 million dollars of their own money to the Federal appropriation so that the power will not be wasted. We are speeding it up, because the power is badly needed in the area.

This sort of development is right in line with one of President Eisenhower's remarks during the campaign. He said then that the demands of an area should not be at the whim of the political power in office, but rather at the demands of the area to use the power.

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I was successful in defeating a proposal to establish an agency similar to TVA in the Pacific Northwest. I am not against TVA and I am not against public power. But the people of Oregon did not want a TVA there. If the people vote for public power that is different. I am against bureaucrats trying to tell people what they should have. The people in the Northwest do not want anyone in Washington telling them to do this or to do that.

I cannot understand why some people can't understand this. To me it is a basic philosophy of our form of government. This Nation was built on the free-enterprise idea. You hear talk about the God-given water; the God-given soil. All of it was given by God. But if you are going to say that power should be generated from this water, and should be distributed by the Government, then why not the forests, sawmill production, or the farms.

I was talking recently to one of these public power advocates. He told me he was opposed to "this power policy." I told him that I expected he would be and I asked him if he thought all the power should be in the hands of the Federal Government. "Yes, sir." "All the utilities?" "Yes, sir." "All the farms?" "Oh! no." I asked him how are you going to force collectivization on one form of industry and not put it on every industry. You never get a sensible reply to that question.

The Declaration of Independence proclaims "Life, liberty and the pursuit of happiness." But the Federal Government doesn't promise anybody a living, nor does it provide us with happiness. The Government does give us an opportunity to make a living and while the hazards are great, if we are not willing to make the most of these opportunities, this country is through.

All the talk in the last few years in this country about security disturbs me. There is no such thing as financial security. In our industrial economy it is necessary to have social security and unemployment insurance compensation. But when we make total security the aim of the Federal Government, opportunity is lost.

I want my grandchildren to have the same opportunity I have had. I have been working since I was 13 years old. I want my grandchildren to have some incentive to provide themselves with their own security.

The Government has certain definite responsibilities. It should furnish some basic research and perhaps act as referee in others.

But when it gets into all things, does all things for us that we should be doing for ourselves, we should remember the Roman Empire. Everybody became rich, fat, and lazy. We certainly don't want that to happen to us.

The things that built this country were the sacrifices and the toil of the people. The thing that keeps us strong is the character of the people. We cannot afford to lose that, nor can we close the door on opportunity--which has made this country the envy of all the people of the world.

Thank you.

(21 July 1950--250)S/mmg

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