Copy of original script which was sent Mr. B. for corrections & changes

REMARKS OF MR. BERNARD M. BARUCH AT THE CONCLUSION OF ADDRESS BY MR. BENEDICT CROWELL, TO THE ARMY INDUSTRIAL COLLEGE.
January 14th, 1925.

There is very little more to be said after the very splendid outline given to you by the ~~ten~~ Acting Secretary of War, Mr. Crowell. I might say the position of Assistant Secretary of War became the great office it did because we had a great Assistant Secretary. I think we now have a good successor because he believes in most of the things I believe in.

It seems to me that there are two phases in this industrial problem, the one that Mr. Crowell has dealt with; first, an army that understands the complete story of what it needs. That was the trouble that the army itself had to meet and the industry of the country. There was much confusion and naturally so. The Army did not know what it wanted or needed. Its problem was to find out what it wanted, not only in numbers but in the matter of time. When the War Department found itself, as it did, it organized itself so as to know what it wanted and when.

Then came the second problem - how to get it? The first was to find out what it wanted and when, and the second where to get what it wanted. A plan had to be evolved by which the Army could go and get what it wanted. Therefore, there came into being the War Industries Board. They planned an organization to which the Army could go with its needs. In the World War we not only had the Army which was, of course, the major operation, but there was also the Navy, the Shipping Board, Railroad Administration, the Allies or the association governments, etc.,

each with their respective needs. The great question was always, "who could use the men, money, materials, food or maintenance to the quickest and best advantage in the winning of the war?". This board of strategy, or the War Industries Board, was the institution to which each could come with its various needs. It was so organized that certain kinds of supplies were in one place, the demands against them consisting of what the Army, Navy, Shipping Board, Allies, and so on, wanted. Then there was the problem of fitting the demands to the supply. Then there also is, to my mind, the very grave part of war, the manner in which you use the nation's resources and the morale of the people who stay at home. You can easily see what titantic conflicts there would be between a well organized Army, Navy, transportation, etc.

The Army, as Mr. Crowell stated, sometimes gave large orders in one place, thinking that was all that was necessary. But take, for instance, the question of the Bethlehem Steel Company. The Ordnance Department came to the War Industries Board saying "we cannot get anything". I brought Mr. Schwab and Mr. Gary down to Washington and faced them with representatives of the Army and Navy. These men said they had received commandeering orders from the Navy, various departments and the Allies. Mr. Schwab said, "I am so tied up I cannot wiggle. Will someone tell me how I can function? I ask for the order in which I should function; how to get an order for certain materials, transportation, fuel, etc. I cannot move coal to my factory even." That was the particular function of the industrial strategy board. This board had to say where orders could be placed to best advantage. In a great many districts like the Bethlehem district, Bridgeport, Philadelphia

and Pittsburgh, so many orders were placed therein that those districts could not function. There was a shortage of power, transportation, men, etc., and some strategy had to be used in order of priority. The Chairman of the War Industries Board always had the final determination as to priority and as a matter of fact, toward the end of the war, great authority was given the Chairman of the War Industries Board. No commandeering order could be issued without the approval of the Chairman of the Board, in order that a proper priority might be given. This was a tremendous power involving not only materials but money. Mr. McAdoo could give no money to the Allies without the approval of the War Industries Board. This board of strategy made it easier for the Army because always at the right of the Chairman sat a representative of the Army and at the left a representative of the Navy, and there was a representative of each of the great departments who were interested in these matters. They would sit by themselves around a table. I would say to them - "You must decide this question yourself as to the matter of priority". I never had to make one decision as to priority because these men always decided for themselves. Even the question of the Bethlehem Steel Company was settled right in my room.

And so, as I say, there are two plans - the planning within the Army and the planning of the country as a whole.

We cannot have reserves because we cannot get the money. However, there could be established an Alloy Committee, for instance, and this committee would keep the data as to the various alloyw, or on a commodity like Manganese - where they could get it in case of a war with any one country or combination of countries; if not outside, where inside.

We can get manganese in this country at a price, not only of money but men.

If my memory does not fail me, there is nothing that this country would need in a great war except rubber, tin, nitrate, and jute in sufficient quantities to take care of an enormous army program. I put nitrate in that list but I think that it is on the borderland now because of the increasing developments in the extraction of nitrates from the air. I left platinum out because there is a sufficient reserve in the country in the way of jewelry, etc., to be used in the manufacture of sulphuric acid in more than enough quantities. During the war we found a suitable substitute and were on the verge of extracting various amounts as a result when the need no longer existed.

The question of drafting of men seems to be a simple matter, but if we had to go into a major effort you can readily see that there would come the very great question of taking a man from certain work - perhaps a key man who is adapt at making fuses, or men from coal mines, railroads, or what not. I think that a part of your plans should be a list, changing from time to time, as to priority with regard to the use of men, describing the essentiality or non-essentiality of industries, so that men would not have to be inducted into the army and then taken out at a later date.

I might say that, in my opinion, the duties of the Assistant Secretary of War have become fully as important as the duties of the Secretary of War because to him alone is given the responsibility of industrial preparedness for war. There were two phases of the industrial problem that he had to meet - one was the organization within the army itself, and the other, organization of an industrial strategy board on the lines of the War Industries Board.