A R M Y I N D U S T R I A L C O L L E G E

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THE COUNCIL OF NATIONAL DEFENSE.

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by

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Gentlemen:

I hardly know how to begin a talk on the subject of the immediate pre-war conditions, the preparation of the United States for war and the final waging of war, because there are so many things that could be said and so many points of view from which the matter could be approached. However, I am going to talk very informally today with the hope that it may prove of interest and have some possible value as bearing on the solution of the problems of the future.

In 1916, Europe having been at war for nearly two years, a number of business men in the United States under the leadership of Howard Coffin felt that something should be done to prepare our industries against the possible time when America might be drawn into the conflict. These men who had been watching the situation in Europe, realized that this war was different from previous wars in that it was a war not only of fighting men but of fighting industries. They realized that in England and France it had been necessary to convert various industrial plants from peace-time industries into manufacturers of war supplies.

The Committee on Industrial Preparedness of the Naval Consulting Board, of which Mr. Coffin was Chairman, undertook to outline a plan for industrial preparedness. This Committee secured the cooperation of the personnel of the five large engineering societies, that is the Mechanical, Civil, Electrical, Mining and Chemical, and with their aid undertook an inventory of the industrial resources of this country - especially the manufacturing plants of the United States; where the factories were located and what they could produce in time of war, if needed. Approximately twenty-seven thousand plants were inventoried. These inventories

were ultimately sent to Washington. An attempt was made to group the plants as to type of production available for the Army and the Navy in case of war. An Ordnance officer of the Army was detailed to go over these inventories and to classify them according to type of machinery and equipment in the plants, as to what kind of materiel they could produce if needed. This preparedness undertaking aroused a great deal of general interest on the part of industry.

That interest undoubtedly aided the passage of legislation by Congress in the summer of 1916. This legislation was very important from the standpoint of preparedness. It provided, among other things, first, that in times of emergency the President, acting through the Secretary of War, could, if necessary, commandeer plants in cases where the plant refused to make material ordered by the Government or to deliver same at a fair price. That, in itself, was a considerable delegation of authority and power to the Secretary. Secondly, the Act provided that the Ordnance Department should prepare certain jigs, tools and dies, and place trial orders for certain munitions with manufacturing plants. Third, it provided for the creation of a very interesting piece of machinery, and, as it turned out, an extremely valuable and almost indispensable piece of machinery - namely, the Council of National Defense and an Advisory Commission.

The Council of National Defense was composed of six cabinet officers; the Secretary of War who was the chairman, and the Secretaries of the Navy, Agriculture, Interior, Commerce and Labor. In addition to the Council, this Act provided for an Advisory Commission to be made up of seven civilians. The seven civilians were to represent different factors in the life of the country; that is, manufacturing, finance, labor, medicine, etc.

The law defined a considerable number of specific duties for this organization but its main function was contained in the words of the section to the effect that it was to create relations which would render possible, in time of need, the immediate concentration and utilization of the resources of the Nation. Off hand, that sounded like high-flown language, but as I go on with the history I think you will see that that was exactly what was needed and what was attempted - the creation of relations which made it possible to utilize and mobilize the entire resources of the country when the emergency came.

The Council and the Advisory Commission were actually organized in December, 1916. The United States was still neutral and it was considered impolitic to show any signs of preparations for actual war-fare, so we were only to prepare for any trouble or emergency that might arise at some indefinite date in the distant future. We held several meetings in December and January and discussed theories - of how we might prepare if we had to. I do not think we got very far. When we broke off relations with Germany, early in February, the picture changed

very rapidly and we began to tackle a concrete job.

One of the first efforts of the Advisory Commission, which was composed of prominent men from civilian life, was to get in touch with the factors in the country that they represented. This work was largely carried out by the formation of committees.

Many committees were formed. Mr. Gompers, who was in charge of the Labor Section of the Advisory Commission, formed committees on hours of work, on working conditions, safety, sanitation, etc. Mr. Coffin, who was in charge of the Munitions and Manufacturing, formed committees under his section. Mr. Baruch, who had undertaken to look after raw materials, formed numerous committees on raw materials, running from alcohol to zinc. Mr. Rosenwald, who was in charge of the supply section of the Advisory Commission, formed committees on cotton goods, knit goods, woolen goods, leather, canned goods, shoes, etc. Dr. Hollis Godfrey formed committees on engineering and educational work, cooperating with the colleges and engineering schools throughout the United States. Dr. Franklin Martin formed a general medical board on which were represented the various sections of the medical world, with sub-committees on the manufacture of medical appliances and apparatus of different types. Mr. Daniel Willard, who became Chairman of the Advisory Commission, formed a committee on Railroad transportation. The leading men of several of the railroads were located here in Washington, as a committee to coordinate the work of the railroads. Mr. Willard also formed committees on electric railroad transportation, on telephones and telegraphs and on inland waterways. I have not begun to enumerate all of the many committees that were formed, but have listed enough to give you a picture of how we started out to get in touch with industry and with other activities of the country.

Our theory, which was, I think, right when we started, was this so far as mobilizing industry was concerned: to get all in an industry together in a room and say, "Gentlemen, we cannot deal with each and every one of you. We need to have the advice of your particular industry to go on. We must know what your industry thinks its difficulties and problems are. We would like to have you appoint a committee of, say, three representatives who will consult with us and give us the best advice available." It was, however, the eleventh hour and there wasn't time to get industry together on any such basis. The next best thing was to ascertain the leading men in an industry and to ask these men to serve on a committee. This was not as good as it might have been had the industries themselves taken the initiative, but it was the best that could be done in a hurry.

Action was also required here in Washington as well as getting in touch with the civilian population. For instance, the Army and Navy, in purchasing their supplies, were not cooperating nor were the separate bureaus within the Army or Navy cooperating. We had been going on the theory of a very small Army and a fixed Navy for several years. When these two departments were

enlarged, they immediately started in to compete with each other in the market, each trying to beat the other to it. The Council of National Defense and the Advisory Commission set up an organization, the General Munitions Board, which provided machinery for coordination between the Army and Navy and between the bureaus in each.

I am a little ahead of my story. The General Munitions Board was, to a certain extent, an outgrowth of the Munitions Standards Board. Before attempting to coordinate the supply bureaus of the Army and Navy, the Munitions Standards Board was formed with the object of gathering together and arranging for the standardization of specifications, drawings and designs so that they could be furnished manufacturers for quantity production. The whole situation was so chaotic and the time so short that relatively little could be accomplished by this board. It was, however, in existence and consisted of industrial leaders in various industries at the time we entered the war.

The General Munitions Board consisted of the representatives of different sections of the Advisory Commission, that is, raw materials, supplies, manufactures, etc., and, in addition, a representative from each of the supply bureaus of the War and Navy departments. Sub-committees were formed. Orders were cleared through a Clearance Committee; priorities were established when conflicts existed; and some thought was given to the question of prices and other problems arising in connection with obtaining supplies.

A little later on this General Munitions Board proved to be a somewhat inadequate organization. I think it was about July, 1917, some three months after we entered the war, that the General Munitions Board was changed into the War Industries Board. One difference between the two was that, while the General Munitions Board included representatives of industry, the civilians as well as the representatives from the Army and Navy on the War Industries Board were direct representatives of the Government. The War Industries Board included five civilians and one man representing the Army and one the Navy, for the various bureaus of those two departments so coordinated their various activities that each could be represented by one man. That is a very rough description of the way industry was mobilized in the beginning of the war.

I would like to point out that the preparations for munitions and supplies for the Ordnance, Quartermaster, etc., were only a part of the problem of mobilizing the country for war. We had labor, finance, education, engineering, medicine, and various other problems to deal with. We also had the problem of the general morale of the country. For instance, immediately upon breaking off relations with Germany, we were flooded in Washington with letters and telegrams from all over the United States, thousands of them, offering services to the government,

for the most part free service and in any capacity in which the Government wished. It was a very inspiring time. Now, what to do with all these offers of help. What we actually did was to answer all of them with considerable care, thanking the writers and stating that if an opportunity arose, we would be very glad to get in touch with them. This had a very stimulating effect on the attitude of the public toward the Government.

Out of the handling of these various offers for help arose clearly the necessity of decentralizing. A meeting of the governors of the states was called and they were each urged to form State Councils of Defense. State Councils of Defense or Committees of Safety were formed and after that anyone desiring to help who could not be used in Washington was referred to his or her own State Council. These Councils were, in turn, frequently organized into sub-councils - down to small towns or villages, and in that way the person who could not leave home, or was not fitted for any particular duty away from home, found an outlet for enthusiasm and willingness to help. The women of the country were very anxious to be of real aid so the Women's Committee of the Council of National Defense was formed by some of the leading women of the country, and they, in turn, organized state committees and community committees, thus helping the enthusiasm and moral e.

The question regarding the conservation of food arose very early. Large supplies were constantly needed in Europe and it was felt that when our Army was raised it would be difficult to obtain what would be required; profiteering would go on; prices would go up, etc. The Council of National Defense asked Mr. Hoover to return from Europe and consult with it. As an outgrowth of that conference, the Food Administration was formed. It worked very satisfactorily even before adequate legislation was provided.

The Shipping situation was very involved at that period. We had a Shipping Board but it was not on particularly cooperative terms with the shipping men of the country. The Council of National Defense formed a committee on shipping and had some success in bringing together the leaders in the field of shipping and the Government representatives with regard to operating and building ships.

The coal situation became serious. The need for production and the question of profiteering arose. A committee on coal production was formed, made up of representatives of labor, of employers and of the general public. That committee later was superseded by the Fuel Administration.

There were other important committees such as the Aircraft Production Board, the Commercial Economy Board, etc. By means of an Interdepartmental Advisory Committee, made up of representatives of all the Government bureaus, duplication of effort in the various departments on matters that related directly to the war work was avoided.

The National Research Council, an organization of distinguished scientists who were anxious to be of service, was adopted as our research organization and they cooperated with us through the war on problems of research. The Naval Consulting Board became a department of inventions. The Chamber of Commerce of the United States wanted to keep in touch so that it could advise its own members, as well as the Government, and a represnetative of the Chamber was made an assistant to the Director of the Council of National Defense and spent a great deal of his time in the Director's office - in that way tying in the Chambers of Commerce with the Government.

A very useful bureau of statistics was formed and, for a period of time, was in effect the Statistical Division of the War Department. Our man, in charge of that bureau, had an order from the Chief of Staff which permitted him to get information from the various departments of the War Department and we compiled figures and charts which showed the progress in production of war materials, etc. Later, as was quite proper, the chief statistician and a large part of his office force was taken over by the Army and he became the Chief Statistician of the War Department.

I have just touched on the various factors which entered into this problem of getting started. It was something like a picture puzzle. Everyone had an idea of something that ought to be done and done immediately. Over the period of the first few months, those pieces were made to fit into the picture and in a short time we had a semblance of an organization which created the relations that made possible the mobilization of the resources of the country.

Another thing that you perhaps know is that nearly every one in the United States who had a pet hobby was down here in Washington trying to ride that hobby as a means for winning the war. That was quite a problem with us, for while many of them were useful, others were disturbing factors.

In the fall a further step was taken by the War Industries Board and we got back to what we originally would have done had we had time. We dissolved all the committees of industry. There had been some criticism in Congress about them and I think that criticism was fair. I do not think for one moment that the relation was used unfairly, but fundamentally it was not the best; nobody could tell when someone might possibly have abused it, and that would have thrown a cloud of distruct on the whole situation. We went to the industries themselves, through the Chamber of Commerce of the United States, and got them to appoint war service committees of their own industries. Thereby representation of the industries and not the dual relationship of representing both

an industry and the government was obtained. That is what I consider the final, proper organization of industry in relation to the Government in time of trouble. I could go on indefinitely with this story of mobilization but it seems to me that the part I have covered, namely, the early part of the preparation, is the one which would be most interesting today.

I would like to point out the lessons, as they appear to me, of what I saw during that period. First, I would like to refer again to the situation between the Army and Navy and the lack of cooperation between the bureaus within the Army and Navy. That, of course, was quite a serious matter and should it exist again in time of trouble would be equally as serious. Second - and this particular thing is, I believe, the most important - the lack of information and knowledge on the part of the Army as to what it needed. In looking back, it is inconceivable that the Army knew as little as to its needs as it did.

We broke off relations with Germany early in February. On the 14th we requested the War Department for information concerning requirements. We asked for an estimate for equipping and maintaining an army of a million men in the field for a period of ninety days; what would be needed in the way of clothing, shoes, machine guns, rifles, ammunition, etc. On February 28th, two weeks later, we yet had no information. Finally, nothing forthcoming early in March, we got hold of a retired Army officer. We knew nothing about the requirements, but certainly we could not attempt to discuss matters intelligently with industry unless we knew what the Army wanted, so we sat in the office and made up an estimate of what we thought the Army ought to need - what it would take to equip and maintain an army in the field. That estimate was submitted to the War Department for correction, and came back about March 23rd with but a few minor corrections - OK'd by the Chief of Staff. I tell that story not to be critical as to what happened, but to impress upon you gentlemen the fact that it is perfectly hopeless to talk about preparing until you know what it is you want and what you are trying to get.

Now, when we come to the story of drawings and specifications, that situation was hopeless. There were no adequate drawings and specifications for even the Springfield rifle, because the Government arsenals had been making them for so long that they did not need drawings and there were, therefore, none to be turned over to outside manufacturers.

There are some other points that are helpful. One is that we made some mistakes on the interrelations of our committees. The Committee on Coal Production, for instance, was an independent committee and finally became an independent organization. There were long periods, when the Railroad Administration, the War Industries Board and the Committee on Coal Production, which later

became the Fuel Administration, could not agree on anything. The organization needs to be more closely coordinated under one control than we had it. It was not serious but it is something to be remembered in the future so that somehow all these agencies having to do with the production and transportation of materiel can be brought together.

Another thing is the question of policies on various matters. Some of these can be settled in advance; for instance, what are we going to do about prices? I hope that when you are thinking on this you will realize that some of the theories about prices and how people ought to do something for nothing, etc. will not work. After all, if you are in a war what you want is to win and not try out some theories. When we went into the war, one of the first things that happened was the sale of a large amount of copper for about 16 cents per pound to the Government, when the market price approximated double that. If such a procedure had been announced to the press by the President as a great patriotic act and all producers urged to do likewise, what do you suppose would have been the result? If the entire country had been notified that business men were expected to furnish supplies at half-price to the Government during the war, they would have been forced to shut down their factories. When we went into the war, we wanted production. It was not a question of patriotism but a question of making the machinery work. That means not excessive or profiteering prices, but those that will produce what the country must have. Some man is going to make more money than another, because he can produce more cheaply. Excess profits can be eliminated by taxation rather than reducing prices and cutting off production. There were many theories - one that everything should be bought on the basis of cost-plus ten percent. These theories, fortunately, were not adopted.

The price question is not so very complicated, but if there is not some study made of it and some plan worked out in advance, we will find some of these fallacies up again in case of an emergency and if they were adopted, they might do serious harm.

Then there is the need that some men in industry come into the Government service in time of war. I think you should figure on having to take into the War Department some experienced industrial men in time of war. You cannot expect to handle by yourselves all these industrial problems in a major emergency. You should have some plan in mind as to where you are going to get the men you will require.

Then another phase is the development of new apparatus and design, and improvements. I think many people in industry have the same experience with regard to that. If the engineers really have their full way, it is possible that nothing would ever be produced for they can always think of something better. The suggestion I would make is that you find out what

it is you want, in case of war, and then go ahead and order that. Then place the engineers in a building where they can continue to work out something better but not interfere with the production of what we must have and are ready to produce.

Another thing is the plans for procurement of supplies; plan as best you can and do not try to procure everything from one place. You will dam up the whole transportation system and get the neck of the bottle so small that it is perfectly useless - to say nothing of serious housing and labor problems.

It seems to me that there are some simple things that can be done in advance of an emergency. If you keep in mind at the offset that they are simple and relatively few but of great importance, I believe you can meet them. If, on the other hand, you try to mobilize in advance all of the things I have been talking about, you will fail.

Some suggestions have been made that the Council of National Defense and the Advisory Commission be revived. I have given serious thought to the suggestion and, in my judgment, it would not be effective during time of peace. It spreads over too much ground to be useful and would more likely be engaged in figuring on the cost of living, or some other general study rather than anything specific and down to brass tacks. I believe the Act should remain on the Statute Books and am convinced that, in another emergency, the organization should be revived promptly. That is the best means for providing the necessary contact of the civilian world with the Government.

I have been thinking that what you ought to have is a small Advisory Committee of leaders of industry, to advise with the Secretary of War and the Secretary of the Navy. That committee should consist of, say, five or seven men who have had some experience perhaps in the war, and to whom you can present your plans which you have underway and get their advice and assistance. You need these men not only because of their advice to you, but such an organization will create a relationship between the work you are doing and the industries of the country - it will gain their confidence and aid you in keeping in touch.

The most important thing is to plan definitely what it is you want. This plan is going to change constantly, but it must be kept up to date, together with the drawings and specifications necessary, and perhaps some of the jigs, tools and dies that are required. You should have some sort of contact with manufacturers and industry so that you will have a general idea of where to order the material required; forms of contract need to be established in advance and price policies established under which you are going to operate when you get into war.

It is true that you cannot make any such plan perfect, but if any of it had been done when we went into the World War the story of the early months of preparedness and the story of the early days of the war would have been quite different from what it actually was.

I had the privilege of being over in France on the Inter-Allied Munitions Board during the war and I can say, with considerable pride, that with all the stumbling of the United States, there is not a thing which she needs to be ashamed of during the World War.

Starting as we had to, we accomplished a remarkable work - a job the country can well be proud of. But at that, you cannot really be satisfied with any job that is not done the best it possibly can be, and in the event of another war we must start in better prepared.