

4/5/37

MAJ. GEN. W. H. TSCHAPPAT'S REMARKS
Introducing
COLONEL FRANK A. SCOTT, AUX. RES.
FIRST CHAIRMAN, WAR INDUSTRIES BOARD

This is the last of a series of lectures which has been given in the Ordnance Office every week during this winter.

We are fortunate today in having as our lecturer Colonel Frank A. Scott of Cleveland. Colonel Scott came to Washington in 1917 and was Chairman of the General Munitions Board, later on he was a member of the War Industries Board. Since the War he has continued to take an interest in the military affairs and was for a time Chief of the Cleveland Ordnance District.

Colonel Scott has taken for his subject this morning "Some Lost Opportunities of the World War". I take great pleasure in introducing -

Colonel Frank A. Scott

SOME LOST OPPORTUNITIES OF THE WORLD WAR

By Colonel Frank A. Scott, Ord. Res.
(Chairman, General Munitions Board,
War Industries Board, 1917)

The Army Industrial College
April 5, 1937

General Tschappat and Gentlemen.

I understood the General to say that I had taken as my subject (I did in the sense that he tendered it to me and I accepted it) the title "Some Lost Opportunities of the World War." The General assured me that I might confine myself to industrial mobilization of the war as a whole, and after I had accepted I pondered that - industrial mobilization relating to our own country, lost opportunities - and I saw that I had let myself in rather deeply because most of the things that I would have to discuss would probably be the creatures of my own brain. I was supposed to appraise and criticize my own children, so I decided the General probably believed that I knew enough of the Scriptures to have at least two things in mind: one, the Beatitude "Blessed are the merciful for they shall receive mercy", and the other "Now abideth faith, hope, and charity, and the greatest of these is charity " I came to the conclusion that after applying those two I might even go ahead with this appraisal of my own progeny.

In any endeavor to appraise "Lost Opportunities", we must first define "opportunity". Just how are we using that word? Is an

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opportunity merely something which, if embraced, would have produced beneficent results, or is it also that group of objectives which, after the event, appear to have been attainable, but the seizing of which at the time was impracticable because of momentarily insurmountable obstacles? When I say "momentarily" I do not mean just a moment - something that was temporary, could be seen by the men on the ground but could not be seen by us after the events. In this field we have scope for limitless criticism and argument. It is the happy hunting ground of the easy chair critic. Many an evening in my comfortable library - studying the ever fascinating subject of the Civil War, I have ended the war in 1863 (simplest thing in the world to do) by merely having Meade, at Gettysburg on the evening of July 3, move forward from his left, and then, throwing in his whole force from left to right, rout Lee's weary soldiers. Later, I have captured them all when the swollen Potomac held them on its north side for five hungry days. Now that is very easy to accomplish. If you will go up on Cemetery Ridge you will see how easy it was, remembering that over on the left there was only McLaws Division and Hood's Division, they had been badly cut up the day before, Lee's trains were just behind those two divisions to their left, then came the area from which Pickett had made his charge and the troops in that were badly cut up, then Hill's Corps, which had not charged, had been rather inactive, and then nothing more until you get way around to Johnson's Division at the foot of Culp's Hill, where they had been driven and pinned down. It is perfectly easy, in my library, to end the Civil War right there. General Meade evidently

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recognized difficulties not so apparent in my library, which made my counterstroke too hazardous. Now, from that point we could develop an argument as interminable as eternity. Were the obstacles he thought insurmountable really so difficult? Did he recognize them then and govern himself accordingly, or were they discovered later and used by his friends to defend an omission? And so on and so on.

For our purpose today, I seem compelled to confine my comments to those things which, if performed, would have assisted our industrial preparation, and which might have been attainable, but either were not recognized or were considered and not adopted. In review, it may appear that my opportunity as Chairman of the General Munitions Board in 1917 afforded limitless possibilities and I missed some of them. That may be so. As I recall it, however, it seems to me that my first reaction was that there was a crying need for coordination, and instinctively I struggled for those procedures that would contribute to progress, and even more, and much more important, would avoid a descent into chaos! It is very hard for you officers who may not have been here in 1917 to picture today just what began to happen in 1917. All the procurement departments of the Army and five of the bureaus of the Navy that had procurement powers instantly began to compete with each other, with the pressure of millions of appropriations behind each one, compete with our allies, and compete with civilian industry without any decision as to priority, and it was becoming chaotic faster than you can believe unless you just happened to be where you could participate in some of it at the time.

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Consider, seriously, just how we, as a nation, enter upon war.

In countries where conscription exists and mobilization is a mere matter of order, the declaration of war is followed instantly by positive, nationwide, thoroughly organized activity. In England and the United States it is very different. In our country our military services are restricted and governed in time of peace by numberless statutes which have no reference to war; and, when war is declared, these limiting statutes are not automatically repealed. It may be possible that today there is an act that repeals them, I do not know. There was no such legislation in 1917, so all those limiting statutes, and I had a list of them prepared by an Ordnance Officer, were still in effect after war was declared. Consider in addition, if you please, that in 1917 war was declared on April 6, the Selective Service Act was not passed until May. Now we marvel about the cantonments. Some people who know about such things marvel that we got cantonments ready as promptly as we did; other people who do not know about such things marvel that it took so long to prepare them. But also marvel at this fact we had ninety million dollars appropriated, we were ready to go, but Congress had not decided how the army was to be raised, whether by the volunteer system or by conscription, and it was impossible for the General Staff to tell where they wanted the cantonments until they knew how the men were to be drawn. You can see that deciding for the volunteer system would lead you to believe that the bulk of your army would come from certain areas, deciding it by conscription it would change that division, and so it was the second and possibly even the third week of May before we got

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direction as to where the first cantonment was to be located that was Camp Devens at Ayer, Massachusetts. And yet war had been declared on April 6. The appropriation bill to supply funds for war contracts was not passed until June. Meanwhile, it was a penal offense for a contracting officer to execute a contract involving expenditures for which no appropriation had been made.

To buttress my own views (my views of course being based on the experience of that time) at this point I give you the following from General Hagood's volume "We Can Defend America," page 173.

"During the years of peace we are afraid that somebody will take advantage of the Government - that is, munition makers, the trusts, the malefactors of great wealth, or even the Army officers themselves. We build up a hair-splitting system of administration and supply that befogs all of our war plans and involves us in such a tangle of red tape and impracticable procedure that the whole thing collapses the moment war breaks out."

That is largely due to these peace-time statutes that limit the activities of the War Department in various directions.

In 1917 I was told by the Secretaries of War and the Navy that I had been selected to be Chairman of the Munitions Board. We all knew what that meant - we had discussed that before. I left the White House for the Army-Navy State Department Building, Chairman of the General Munitions Board of this country, already about to enter the war. This was perhaps March 30, 1917. I did not have a dollar of the Government's money, fortunately I was able to take care of some of those things myself, but as to the Government I hadn't a dollar, I hadn't an office, I hadn't a lead pencil or scratch pad - I was Chairman

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of the General Munitions Board of this great country which was about to assail one of the greatest military powers the world had ever seen, and the preparation made for it was just the statement to me. I, fortunately, was wearing a derby hat, I wrote my first telegrams on the top of that hat. You can see, therefore, how amused I am when I read many of the criticisms I have read as to why we did not make greater progress and what was wrong with the General Munitions Board of the Army and Navy in those first few weeks. The marvel is on the other side I think the Army and Navy at that time did just what the nation always expects them to do - the impossible

The war-time organization of 1917 was built up step by step, starting with what war-making machinery we had within and without the two military services. If you study its development, I believe you will decide that if there had been no Council of National Defense there would have been no General Munitions Board, if there had been no General Munitions Board there would have been no War Industries Board of July 1917, if there had been no War Industries Board of July 1917 there would have been no War Industries Board of March 1918. Each of these forms of organization led by process of natural development into the next, until we secured the ultimate then attainable. That is the whole story of our preparation. You men who in this Army Industrial College may have studied the minute books of the old War Industries Board have seen there how one activity just naturally led to the next, and, of course, as it progressed it brought its experienced personnel with it.

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Our steps in the next emergency may be fewer and require less time. Those who think the country could have stepped (and I have read volumes which indicate this kind of thinking) from peace into the developed War Industries Board of 1918, can perhaps visualize a baby stepping out of its crib in the form of a middle-aged man with gold-filled teeth and eye glasses complete. Perhaps that could be if the Creator had chanced to plan it that way. It does not appear that He did.

There was one purpose (this is particularly interesting, I think, to men of the supply groups) underlying the organization of the General Munitions Board which should be emphasized if we are to appraise justly the value of its work. While, primarily, it was to coordinate the activities of the various departments and bureaus of the two military services, it was also designed to keep the work of those bureaus from bogging down because of the rapid increase in volume, or from becoming so chaotic that some other general form of organization would be demanded by the country. The theory, which turned out to be true, was that if the departments and bureaus were given help from the outside they would gradually strengthen themselves by accretions of regular officers and reserve officers, and later by additions of powerful civilian help, which would enable them successfully to meet the strain imposed by war conditions. The natural alternative was the organization of a great civilian munitions ministry such as England was forced to adopt; and this meant relegating to an obscure position the professional organizations upon which we depend in peace time and which must always be the nucleus of military technical knowledge and experience in war time.

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We all know, now, that the procurement branches of the two services bore the strain and emerged intact. When the War Industries Board came into power, it did not supersede the military organizations, it quite naturally found its functions in broader fields than those occupied by either the army or the navy procurement branches - it became, in fact, a super-control body governing national industrial activities at the time, whether of war or peace. That was one of the great satisfactions of that time that these departments and bureaus did come through and that the country did not develop an education to the effect "yes, these are all right in peace time but when we have war we have to scrap them, we have to get our citizens in there to do it " That was the impression that was left in England after their war and Mr. Lloyd George in his volumes (if you gentlemen have not read them I commend them to you) emphasizes that, makes it appear that if they had rested upon their professional services they probably would have been defeated.

Now I am going to enter the area suggested by the General - some of the things that perhaps might have been done better

Price Control

Many of the desiderata of war-time organization or war-time policy, which we now discuss with wonder that they were not then immediately recognized, adopted and applied, involve the problem of war psychology. They were too far ahead of the public thought and feeling to be instantly imposed even by a popular war-time government. As some of you men are young men and may be in positions of great power in the next war I would like, from that experience, to emphasize that point to you. You

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are in particularly grave danger of needing to have that point emphasized. If you have paper plans and are really ready to attempt to launch something, when war comes you may easily find yourselves launching something in which you get no support from a country that is already at war, because the country does not wake up to the fact of what war means by the mere declaration by Congress of a condition of war. Now, that is very hard to believe and you men who may have been out with the uniformed forces at the time may not understand it but had you been here, or, if they have preserved all the files, if you will go back into the files of the General Munitions Board and read the answers from men over this country that we wanted to come here to help us in the beginning and who six or eight months later begged for the chance to come and help, you will see that those answers were always like the answer in the Scripture: one had married a wife; another had bought a yoke of oxen, but they were not aware of the fact that war meant that they must serve. That comes later. The things, therefore, that I am mentioning were not done instantly. Everyone in authority recognized that the supply of essentials was bound to be less than the demand. The effect of this on prices was obvious. The ideal thing would have been to peg prices where they stood. Immediately collateral questions arose: how about goods which involve imported elements, rubber, manganese, etc.? How about our allies, are they to be granted the same scale of prices as our own government and people, and so on and so on. One of the great steel companies had a vast contract with Japan at the time, and the price to the Japanese government was

considerably higher than our government would have been willing to pay, much higher than we would have fixed. What were we going to do? Were we going to cancel the contract with Japan? have that steel company give Japan our arbitrary price in the United States? Academically, we would say yes, that was the fair thing to do, but try to do it practically, particularly try to do that kind of thing while Congress is in session, even at the outset of a war, and see what happens. And then keep in mind that what you are struggling for is not chaos, not strife, it is not struggle among your own people, it is progress, it is getting forward with your part of the business. Conceivably the war powers of the President were broad enough to have covered such action if he had deemed it vital to the winning of the war, (and he was much interested, by the way, in that subject - price fixing - he saw it very early and he continued his interest in it) but it involved our entire financial structure. It would dislocate many parts of the economic machinery. It would throw Congress into a difficult situation in relation to the interests of constituents. It would, academically have been the proper course, but it was more reasonable, more statesmanlike and in the end more influential toward success in the conflict to move slowly enough to secure the same result in cooperation with producers, after the war spirit had spread sufficiently to prepare the people to make sacrifices.

We did, eventually, recognize the stark necessity for price control. That is, as we were going to finance the Allies and finance ourselves we were going to do that by issuing bonds that had to be

sold to our people, and that volume was going to get too vast if we allowed price range to continue as it was - we had to stop there was no law nor machinery for it; it is, as I have said, an exceedingly sensitive subject and one difficult to cover by statute, history proves it can not be accomplished successfully through a long period, yet in war it must be undertaken. Here again, if you study the record, you will see that it passed through a process of development first, a representative committee of the Council of National Defense headed by myself as Chairman of the General Munitions Board, (and on it there were Secretaries Houston and Lane, Mr. Baruch, and one other person - I do not remember his name) then a series of cooperative movements of larger industries, lumber, steel, etc., the General Munitions Board acting under the war powers of the President in conducting those arrangements and those price agreements, and then a definite policy and organization under the War Industries Boards of 1917 and 1918, also acting under authority of the President We would have been the more justified in being drastic by our knowledge that any system established contrary to law would fall at the declaration of peace, just fall of its own weight as soon as peace was established. We must not, however, overlook the fact that the statutory authority limited our discretion to "fair and just prices." Demand and supply could not be ignored at the outset in interpreting those words. Now, those words, as I recall, and you probably have the documents and can look them up, are in the National Defense Act that was passed in the summer of 1916, giving

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the Secretary of War the right to declare an emergency and also to commandeer, etc., but the prices that he pays must be fair and just prices. From our point of view, if we are Army officers, we will say "That is Congress endeavoring to protect the Government against exorbitant prices by the seller", and the seller's lawyer says: "No, that is Congress endeavoring to protect us against an unreasonable attitude on the part of the Government " And so instead of making war you make some law suits, and those will not help you. You can do that sort of thing; we could have done it countless times. I am just introducing these things for you gentlemen to reflect upon, I do not know the answer. My own answer would be the one I gave - if I were doing it again I would go slowly enough to know that when I started I would not have countless obstacles to overcome that could perhaps be pushed out of the road, and if allowed to remain there would delay you longer than the voluntary delay that you would accept.

It may sound iconoclastic, but my personal view is that it is as impracticable to consider eliminating profit from industry at the beginning of a war, in a democracy such as ours, as it would be by fiat to provide that the war should be fought without anyone becoming too hot or too cold, or being allowed to go hungry or lose sleep. I think one is just as reasonable as the other to be established by law at the outset of war. The only effect, and I am saying this dogmatically because I want to impress you with it, of course, I may be wrong, of an effort to peg prices of material and labor at the outset of war would be seriously to disadjust the entire

economic structure, lead to an incredible amount of chiseling both by capital and labor, and, to the extent that these things would delay progress, menace the possibility of ultimate success. How could we enforce such a system without having, first, either established a spirit of cooperation, or second, provided some means of policing labor, industry and commerce? Think about that. How are we going to do it? Suppose we tomorrow might be required to undertake it? President Wilson submitted those very thoughts to me when I discussed with him price control in 1917. He said: "Scott, do you want a statute? Do you want us to pass a law?" Well, I did not because I do not know how you can draft a law to accomplish it. That is, I do not know how you can draft a law that is going to be so clear as to what is meant that nobody will dare to take you into court and try to hold you up while you are endeavoring to do it. And so the President, the two Secretaries, and myself fell back on the thought that we must have the cooperation of industry, which you can always get when there is a war because industry is just as patriotic as we are, and when you have their cooperation they police themselves. Say the men in this room agree to maintain certain groups of prices and somebody in this room begins to do something different, that immediately becomes known to their competitors, you do not have to have any police out to discover it, the competitors tell you "A, B, C, and D are breaking this rule"; you have only to deal with A, B, C, and D, you do not have to police the whole industry. I suggest that you reflect on that just now, because the other is so easy,

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pleasant, natural. Of course, we do not want people to make money out of war, I agree with that. It is our method of stopping it that is important

You will discover, it is always an advantage to fight only one war at a time, and, as I see it, to take on a fight with an enemy people and our own people at the same time might prove burdensome. When we fixed the steel prices some enthusiast suggested that, as I then had the steel group in hand, now we change that Pittsburgh base rate, which was one of the pieces of machinery of the steel industry from the time there has been a modern steel industry. He was an enthusiast of the Government and a patriot, he thought that would be a fine thing to do. I said to him "Let's fight one war at a time - we are fighting the Germans now, not the American steel industry." It was ten or twelve years after the war before they changed that. It would not have helped us, although academically the gentleman was right.

Priority

The need for establishing priority between the various departments and bureaus, and between the two services, was immediately recognized and quite effectively determined and enforced. We did not, however, undertake to enforce it as between war requirements and ordinary civilian needs until after the establishment of the War Industries Board in July 1917, and it was not thoroughly enforced by adequate organization until after the establishment of the War Industries Board of March 1918. Now, in that first group, priority between the departments of the Army, bureaus of the Navy, and generally

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between those services, I have no doubt we can pick up countless instances of little chiseling operations within the departments and bureaus - somebody thought it was clever to do that. We did not have time to bother with that kind of thing, we knew it could happen, it was not worthwhile to pick the man out and discipline him for it. We knew as long as the machinery was established in the larger sense, it would go over when there was anything of any real importance, that would be noticed, and priority would be established, but I haven't any doubt that men, moved by their desire to help their own particular part of their own special department, avoided those things, and it was not carefully policed. However, all the larger things were well done. President Wilson, for instance, wanted all steel sheets and boiler plate, etc., to go first of all to the destroyer program, (things like that) and that was attended to, that was important, there could be no chiseling on that.

As I see it now, at the outset we were too considerate of civilian industry. Perhaps our thinking was clouded by England's early motto - "business as usual" that has been proclaimed rather broadly, but, whatever the explanation, the proclamation of "essential industries", which I think was a proclamation of the War Industries Board of March, 1918, should have appeared earlier, and priority, based on that definition, enforced so far as necessary to expedite war requisitions. The decree of Revolutionary France in 1792 should have been our guide: "All France, and whatsoever it contains of men and resources is put under requisition." If we had had a simple

act of that kind, just those words, and the President to enforce it -- but then, of course, we are talking about defining the war powers of the President, which is an amusing thing, too, by the way. If you want an example of a thing that is indefinable and undefined, it is the war powers of the President of the United States, that is, we are talking about trying to put it into form of war. Such a broad decree might have helped us at the outset. The President, you will remember, did in an address say that he wanted "force without stint and without limit" - something to that effect, and we acted on that. That is, we acted on that theory, but this is quite definite "Whatever it contains of men and resources is put under requisition".

President Wilson would have been justified in issuing that decree in April 1917, in the United States. It stated the fact and the probable need, but, politically, it was difficult, perhaps impossible. Our people had not yet awakened to the significance of war. Now, I am telling you this from the point of view of a man who was right here on the inside of it, saw it day by day and hour by hour for the first ten months. It took months before the American public really absorbed the fact established by a declaration of war, namely, we had but two alternatives of which only one was thinkable - peace with honor or - defeat! You would be surprised at the number of people who came down apparently under the impression. "Well, Congress has declared war, yes, but of course they could adopt a resolution tomorrow and take it back again" - that kind of a haphazard attitude toward such a subject as a declaration of war, and yet as the war machine rolled on the spirit

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of war grew in our people, then those same people were as drastic as we wished them to be. It is of the beginning I am talking, because it is when war begins that you men who are here are going to have your difficulties, it is the first six weeks, say, that you should be thinking about and, if you wish to worry, worrying about.

Decentralization

The industrial procurement program was aided by the decentralization obtained by dividing the country into procurement districts. This might have been accomplished earlier, if we had possessed the personnel. Here again war psychology was an important factor. At the beginning, dollar-a-year men were all still too involved in their own affairs to respond as they did after their relatives and neighbors appeared in uniform. After the call was sent out in September, the scene changed very very fast and men who declined to come at first were petitioning those in power down here for an opportunity to serve. Their brothers, their cousins, their brothers-in-law, their sons were going out, if they were older they wanted to feel they were doing something.

War Credits Board and Capital Issues Commission

We may be charged with deliberation in the establishment of these agencies (I am admitting that we may be charged.) Now we review the occasion, it is obvious that private capital and credit could not alone bear the burden of war expansion. We encountered the problem, first, in making the contracts for rifles in May 1917. To

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have acted more promptly, or to have anticipated, conceivably might have been better, although I have no evidence of actual disadvantage to our program. Perhaps you gentlemen, in your studies have encountered this, nevertheless, it was so obvious that I think that was the thing we could just as well have omitted. But here again, we face the fact that no objectives had been stated. How could we plan in detail until we knew the problem? Even the President was probably uncertain as to just where and how to apply our force, until the situation created by America's entry clarified itself enough to determine strategical objectives. Yesterday, in this magazine of the New York Times, I noticed an interview with General Pershing and a general article about General Pershing, and in that I observed these things, apparently emanating from General Pershing. "When called to Washington, General Pershing had no inkling that he would command an army of two million men. It was not even certain that the United States would do more than help finance and supply the Allies. He was first informed that he was to lead a division in France - a mere symbol of America in the field. Out of a clear sky he was then told that we would send a vast army overseas as fast as divisions could be trained and transportation become available." Now, I do not know about that as applied to General Pershing, but I do know that that reflects the kind of thing that was said to those of us who were in authority here and who wanted to know what we were to do. That is, what was the program? what were we aiming at? This is another quotation from that same article. "We had to write our effort in France on a white sheet of paper. Secretary

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Baker said 'With our economic output already at full tide to supply the Allies before our entry, we had to meet their increased demand, paid for by our loans to them, we had to build the cantonments to train the two million men, and to equip and arm them and transport them and their supplies across the Atlantic'. You will observe that if you were told in March 1917 that you were to get ready eventually for an army of possibly four one-half millions, your attack on the problem would be very different from being told that perhaps we should figure the requirements of a million men, a part of whom would probably go overseas. I said to General Tschappat earlier this morning. "I could write a real criticism (not this kind of a friendly cousin, member of the family criticism), but it is no use. It wasn't anybody's fault. The President of the United States himself did not know clearly what was best for us to do, we were all just digging in the best we could, hoping that if something happened we would have shelter enough to protect us - that kind of an operation. Even the President (I want to repeat this to you) was probably uncertain as to just where and how to apply our force, until the situation created by America's entry clarified itself enough to determine strategical objectives. You will remember the French General, General _____, who was in our country, came to Washington in those early days and asked us just to send the manpower. They did not ask for arms, they wanted us to conscript our men, ship them to France, they would train and arm them to fight. Well, that is one phase that had to be considered at the moment - you see, nothing was clear. They made that clear to him

pretty quickly after they got at it, but nevertheless his mere presence here would react on men who were trying to plan something else.

Publicity

I do not know what you will think of this, I do not know what to think of it myself. One omission may have related to the use of publicity - we may have had an exaggerated idea of the harm it would do our cause to have enemy countries informed of our preparations, or our own people disappointed by over-optimistic prediction. We, therefore, gave little, comparatively, to the press. Our program might have been reversed. Perhaps one way to break the enemy morale was to emphasize, even exaggerate, the spectacle of America "rolling on her foe." We had the men, money, material, why not let the world know we would have a million and a quarter additional rifles by the end of the first year, five thousand guns from three inches up within sixteen months, artillery and small arms ammunition without limit, four and a half millions of men, and so forth? Those were all things that we could have published. It certainly would not have been likely to "give aid and comfort to the enemy." Instead, we all adopted a policy of silence, we did not tell the world much about what we were doing, and we retained our attitude of proud silence even when the world, because it was uninformed, proclaimed that we were not doing anything. Take my word for it, they did too. Now, as a matter of fact, no unprepared nation in the world's history ever took care of its allies and at the same time armed and equipped itself as promptly as did we. Yet, while we were right in the midst of the program, a great national

figure, an ex-President, in fact, came out in a contributed editorial on "Broom-stick Preparedness." Were we too timid; too modest, too sensitive of the appearance of vaingloriousness? In addition to all our other "experts," should we have had at least one P. T. Barnum?

I do not know

Ponder this, however, two subjects certainly received ample publicity - aircraft and standardized motor trucks. You men who were abroad perhaps do not remember what happened to those two subjects. Was that helpful or harmful? Were the enemy disturbed and our own people encouraged? Remember the attack that Congress made on the Secretary because of the failure to carry out the aircraft program, which had been so publicized?

Industrial mobilization bears a strong resemblance to the conduct of armies. When action has been decided on in the field, plans made, orders issued, and the troops have been put in motion, there is little a commander can do until contact is established and the action develops. It is merely for him a period of anxious waiting. Similarly, in the preparation of munitions, after specifications have been decided upon, quantities determined, contracts made, there is a period of time during which material, men, and machinery must be assembled or redistributed, jigs, tools and gages manufactured, and during this period, to the inexperienced, nothing seems to be happening - no finished article appears. It is while we are in this dead-water, and before the current of apparent progress is reached, that it is essential to maintain the interest and enthusiasm of the public by properly directed and sufficiently restrained publicity. All old-

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fashioned people in the room will remember that in the country, when the minister stopped in unexpectedly for dinner, after direction had been given that the family rooster be decapitated, scalded and plucked, and before he appeared as a chicken stew, there was little for the farmer host to do but endeavor to sustain the flagging hopes and anticipations of his minister guest. You can encounter a situation exactly like that in any great program of munition development, and the question is what you are to do with the minister during that period after the rooster has gone to the pot and before he is on the dining room table? I think that is a subject that will have to be interpreted when the circumstance arises.

Should we consider the possibility that we might, by too much publicity, even start a rivalry between departments or individuals which would create newspaper reputations not based on either efficiency or accomplishment, and yet with a degree of public support that could prove embarrassing? That is serious. I said to Mr. Baker (I happened to be sitting beside him in a meeting) that I was going to come down here, that I had a little paragraph on publicity, and that I thought on another occasion I would be for it. He was shocked, immediately said "Oh mercy, that is terrible! Why no, no, I would not be for it." Then he suggested this thought "Build up cheap newspaper reputations of men who have a flare for advertising, and no other flare, and the substantial people will be overlooked. "No, no", he said, "I am terribly against that." So here is the thought. Should we consider the possibility that we might, by too much publicity, even start a

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rivalry between departments or individuals which would create newspaper reputations not based on either efficiency or accomplishment, and yet with a degree of public support that could prove embarrassing? Without going outside our own history, we can recall Generals Gates and Wilkinson of the Revolution, and General Butler of the Civil war. Those men were well publicized. Did their accomplishments justify the degree of acclaim and public confidence which their publicity programs produced? Did their temporary popularity aid the cause or did it injure more efficient officers who were not good advertisers? I am afraid if I were deciding it today, except in that period that I illustrated by the farmer, I would still be against a wide publicity. In other words, I would still want to scrutinize that very closely, and apparently I am a little more liberal on that point than Mr. Baker. I do not know the attitude of you gentlemen, of course, so perhaps I am displeasing you.

The Assistant Secretary of War

I have studied the program published by authority of the Assistant Secretary of War, entitled "Industrial Mobilization Plan, Revised 1936 " (I assume that is the last revision of the program) It evidences much painstaking study and labor, and the organization plans and outlines will, without doubt, save time and avoid waste of energy and much working at cross purposes in the next emergency. To be of greatest service, of course, it should be kept flexible in certain of its sections, until the nature of the problem and the means available are known.

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You gentlemen, being of the regular service, of course most of you know how much I love the two regular services so I may say things frankly to you, not as coming from a civilian but as a man who tries to look at your problems as you look at them. You are having great disadvantages in everything that you do compared with civilian industry, primarily because you are not entirely your own governors in the sense that Congress has to supply you with means. You cannot, as a board of directors could, vote and establish your own financial program. That is one disadvantage. The other disadvantage is that in military organization we have to proceed from rank to rank, and rank to rank, and, therefore, as you are under no pressure of competition except when it comes to war, those of you that happen to make up your mind dogmatically can shut off everything from the organization below you if you let your minds operate that way. In industry that may not be done because competition forces a showdown and that showdown has to come every year when the balance sheet is published to the stockholders, so you do not find industry becoming too dogmatic because its competitors would presently put them out of business. Therefore, when we in the Army and the Navy begin to make paper plans we have to remember what I am now saying that if having once made the plan, even though the kaleidoscope has rolled over two or three times in the meantime, we will not change it, then a paper plan would be worth nothing, then you would be very much better off to start just as you saw the world the day war was declared. I do not know which of you gentlemen may be working on those plans, but

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take my word for it (I am telling you what the fact will be), if your paper program does not fit the world on the morning that war is declared you will be worse off than if you had no program, because you will have machinery set up to do the wrong thing. Of course, I do not mean I would not make a paper program, I would make it, I would be afraid I had not made it quite right and I would watch it every day of my life, as long as I had anything to do with it, to see if the changing time required the plan to be changed. As Lowell said: "New occasions teach new duties."

I venture to quote a few sentences to show you how at one is the opinion expressed in this document with opinions, formed from experience, which I had written into this address before I read the "Mobilization Plan."

"Army and navy procurement planning must be coordinated " That is a quotation from this plan of The Assistant Secretary's Office.

"Plans must be practical rather than theoretical."

"Emergency measures become effective primarily through the support of public opinion." I think that is very well said.

If it is anticipated that in this discussion I will undertake to set up an ideal organization to direct and control industrial requirements for the next war, I must relieve that expectation. I am not even thinking of that approach to the problem. So far as I know, the simple formula of growing warriors by the process of sowing dragon's teeth became obsolete some time ago. War, now, is

just a bitter business to be driven with incredible force and velocity, but still just a business, controlled and limited by its resources; handled wisely or recklessly by its management, and succeeding in the end by reason of vision, courage and industry directed by common sense. That is as I see it, and that is all business is. Assuming I am right, we will enter the next war, as we did the last, from the platform we then occupy, and that platform will be formed of the laws, military procurement agencies, customs and prearranged system as then developed. We will never spring full armed from the brow of Jove, as Germany tried to do. We seem able to do that only in the books written after each war by the wise, silent ones who, while we make our first struggles, stand by with pencil and notebook to record our ungraceful antics. Right in this book (copy in hand) I encountered the name of a man to whom we appealed in the first few weeks of the war and who sidestepped the question, yet here he is now telling us how to go to war. I will not mention his name because there is no use. He was one of the wise, silent ones who, while we were making our first struggle stood by with pencil and notebook to record our ungraceful antics, and he has so well recorded them that he is quoted in this book. Doubtless there were many shortcomings of our early war organizations, but if I had to cite one subject only which would have contributed most to progress I would say it was a definite statement of our first overall requirements, (if we could have had that, that would have been the most important thing) giving principal items, approximate

quantities and the time schedule desired. When I say "overall" I mean the larger matters, not the details, not: how are we going to arm and equip a battalion down to the last button? - I do not mean that, I mean the big things: how many cantonments are we really going to want? where are they going to be for twenty-seven or forty thousand men? As it turned out there had to be questions like that that could have been approximately accurate and promptly answered. I have been told, in recent years, such a table existed. General Tschappat did not tell me that, but another Major General of the Army did. If it did, it was well hidden, for during the first ten months of strenuous endeavor I never heard of it. However, the Major General said there was a program of requirements for a million men that had been in existence for some time prior to the war. It is rather amusing if our organization is such that we can get up a document as important as that, go to war, and be unable to find anybody who knows there is such a document or where it is. In its absence our attack was piece-meal, as is the case with green troops. That cannot be charged to anybody. Keep in mind that even these things I am saying critically here cannot be charged against an individual. You cannot say. "General So and So", or, "Mr. So and So was responsible for this or that." It is in the situation. It is Uncle Sam's way of casually getting into a big day's work. We pinch and starve our military services in peace time and then, in a war emergency expect them to pick results out of the blue.

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And we do - I mean, we civilian population. It is the way of all unarmed nations, conspicuously England and the United States. Personally, I would not change it if the alternative had to be a nation armed and prepared for aggressive warfare, for instance, Italy or Germany. However, there is a sensible, safe and economical middle course which our people should be encouraged to take. The Assistant Secretary of War's office is making a notable contribution toward this end.

The National Defense Act, with broad powers assigned to The Assistant Secretary of War, the division of our country into procurement areas organized by departments, with a definite assignment of available facilities; and many advances in the detail of organization, will help us in the next emergency, if we do not grow too dogmatic now. Even so, take my word for it, you will be astonished to witness the improvisation that will still be demanded and the crying necessity for coordination as soon as the machine starts to roll.

Will there be a complete and prompt determination of requirements as to design, quantity and priority? Will naval requirements be coordinated with army requirements from the outset? Etc., Etc. In those days we had an Army-Navy Joint Board. I appealed to it immediately - let's see your minute book, what have you been doing, what is it we are to coordinate here? There had been no meetings of the Joint Board. The Joint Board had existed on paper; gentlemen

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had been appointed and were serving in the District of Columbia, but the Chairman had never had them together. As you looked at the table, there was something that was getting ready, but was not ready. That is one of the dangers, of course, of paper organization. Plan as well as we may, we will still be forced to improvise. "For war, least of all, conforms to fixed rules, but itself in most cases has to form its plans to suit the occasion as its own resources allow." If you will permit, I would like to give you that sentence again: "For war, least of all, conforms to fixed rules, but itself in most cases has to form its plans to suit the occasion as its own resources allow." I think all of us that are trained will agree to the truth of that, and, by the way, it is from Thucydides, Chapter 122, Book 1.

It sounds quite up to date, but was probably written about 420 B.C. The principal reason for our inability to plan the next war probably rests in the very nature of war. That I had written before I happened to find amongst some notes that I had made (had them in a paper portfolio in my library, made evidently years ago) that sentence from Thucydides I decided I would use it here, but before I noticed that I had written this. "The principal reason for our inability to plan the next war probably rests in the very nature of war" - just the thing that he defines for us. It demands such expansion of thought, such superhuman expression of thought in action, that adequate plans made in peace time, or at the beginning of a war, would seem fantastic. So, in peace time, we are really never making

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adequate plans for the next war, we are merely replanning the last war in the light of that experience plus a part of the general progress made in the meantime. One thing to ponder is the fact that after appraising all the accomplishments of war time and the possibilities of the future, we have provided a piece of organization machinery under The Assistant Secretary of War, and the Army and Navy Munitions Board, which closely resembles the old War Industries Board and General Munitions Board of 1917. You see, we can just prove to ourselves that what we are doing is replanning what we did in 1917, whereas what we are going to do whenever we have a war is to meet that situation with the answer to the questions which then arise. This may help us because it stimulated our thought. I do not know how much farther than that we will be able to go.

In 1917 we had to begin with the organization machinery we possessed. These were, the procurement branches of the two services, the General Staff, the war powers of the President, the rather tenuous powers existing in the Council of National Defense - the latter proving to be a God-send, however, when used in conjunction with the other groups of established authority. You see, we had to protect everybody, there had to be some spirit of law in what we were doing because we might encounter a situation that later would be very serious for men who might have usurped authority, or something of that kind. We can never be too thankful that the President, the Secretaries of War and Navy, the Director of the Council of National Defense and the representatives of the General Staff were all men of such vision and

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flexibility as to respond quickly to the demand to stretch their authority to its elastic limit to enable us to make headway promptly. Old General Scott, General Bliss, and the man they appointed to represent the Staff, General Palmer, were remarkable in their flexibility and the way they pushed everything to the limit, no matter what authority there might be behind them or absence of authority.

The quickest and surest method was the one adopted, the establishment of a General Munitions Board by order of the two Secretaries, composed of officers delegated and authorized by the heads of Departments of the Army and Bureaus of the Navy, including also certain skilled civilians, thus preserving and uniting in one coordinating body all authority of law and Presidential power. This was the simplest way to develop a workable machine. It required no new statutes, it upset no established authority; it trod on but few sensitive toes. It created, in fact, the minimum of reaction and consequent delay Contrast this with Mr. Lloyd George's story of the British beginning and observe how tardy they were in developing and expanding compared with the American effort Fail not to observe that they had, as well as their own resources, all of ours to draw upon when they went into war in 1914, while we had to develop ours and at the same time protect the requirements in our country of England, France; Italy, and Russia. You will remember in the article I read from the New York Times that Mr. Baker commented on that same thing, although

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he and I have never discussed it that I recall.

If I should, in justice, say a word in defense of the General Munitions Board of March 1917, before concluding our subject, (and remember that board was officers of the two regular services - the Army and the Navy - a line body of men right straight through) it would be this: we should not expect men, suddenly charged with the duty of organizing industry for war, to visualize their task on a scale larger than the war itself. Therefore, let us all be reminded that in May 1917 even the General Staff visualized the war on the basis of approximately 1,000,000 men. Our first call under the Selective Service Act was for 750,000 men to appear in September.

You gentlemen of the Army are devoted to processes which are complete and effective. Of course that is your type of thinking. You would eliminate all elements of chance, so that the thoroughness attained by the War Industries Board of March 1918 appeals to you. I do not in the least minimize the vast and valuable service to our nation which that body faithfully rendered. I do feel, however, that we must recognize that it was a development of a year's work and experience both in organization and personnel. It would be a serious mistake to anticipate that any body of men, however capable individually, suddenly summoned to man such an organization in an emergency, could even approximate the efficiency of the Board which Mr. Baruch headed in March 1918. Just like comparing the fighting efficiency of the First Division

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when General Sibert took it to France with the First Division that he brought back, or some successor brought back, to the United States. (Same name - not even as many men). It would be the same with any great civilian organization

I had a friend years ago who was a judge, a strong member of the Episcopal Church, who lived at Akron, Ohio. His name was Marvin He had a Sunday School class of little boys, and he undertook to explain to those boys on three different Sundays the meaning of the omnipresence of the Lord, the omnipotence of the Lord, and the omniscience of the Lord I am going to deal only with the omnipotence of the Lord, on the Sunday that he told the boys about that. When he got all through, one little boy said: "Judge Marvin, could God make a year old calf in a minute?" The Judge said: "I don't know - it would seem a strange thing to expect the Lord to do, but, yes, I should say, my boy, if the Lord wanted to He could make a year old calf in a minute." The little boy said. "It wouldn't be a year old, would it?" That applies very well to this discussion of paper programs.

You hold a doctrine to which I subscribe most sincerely - it is that a good soldier makes the most of such resources as are placed at his disposal. If everything is orderly, regular and sufficient, so much the better and thank God for it. But if that is not the case, and you have to improvise and adjust and readjust and try to fit square pegs into round holes, and victory hovers on the brink, then for God's sake, proceed with what you have and do not wait for the ideal. The experience of 1917 is the basis for my telling you these things.

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The latter condition faced the administration and the General Munitions Board in 1917 and we tried to meet the emergency as good soldiers should with the only means then available. Restrictions were countless, authority and power were questionable, the requirements were only partially defined, and constantly changing, but we did not delay, we did not fall back behind excuses that might have been justified, we acted, and thereby saved months which (and we like to flatter ourselves) may have saved the war

General Tscnappat, I am very grateful for this opportunity, sir, to be with you and your officers and have the privilege of haranguing them.

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DISCUSSION FOLLOWING LECTURE
"SOME LOST OPPORTUNITIES OF THE WORLD WAR"

by
Colonel Frank A. Scott, Aux. Res.
First Chairman, War Industries Board

Colonel Jordan. I want to tell you, Colonel Scott, how much the Army Industrial College values the lectures you have given to the College at various times and how we treasure those lectures and study them. I have in my hand here, sir, a volume entitled "Lectures by Colonel Frank A. Scott, First Chairman of the War Industries Board". It is a volume in which your lectures from 1925 to 1935 are embodied, and I want to present this to you, sir, with the affection and admiration of The Army Industrial College.

Colonel Scott. Thank you.

Colonel Jordan. It is a great pleasure to do it, sir.

Colonel Scott I appreciate it very much, Colonel Jordan. Of course when I began these lectures I did not quite realize the responsibility I was assuming to those gentlemen who would come after. However, I believe that whatever I have said at any time was what I sincerely believed at that time.

I hope there will be no embarrassment, gentlemen, about asking me questions that might sound critical. This is just a business - nothing personal about it. If any one has the view that we might have done something and I have omitted to mention it I would be delighted to know what it is.

Q. Colonel Scott, just about how soon was the first military

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program adopted? What did it consist of?

A. It came piecemeal. We started to work on the requirement of a million men in a haphazard way, that is, you say a million men, a million men doing what? a million men in camp? a million men in action? a million men in maneuver? a million men in the trenches? You see when you get into the subject how vast it becomes? We began talking about a million men in May. I believe that the General Staff actually thought of calling a million men in September and that that was subsequently modified to the seven hundred fifty thousand that we did call. The minutes of the General Munitions Board will show you that we started to build cantonments on the table of organization as it then stood, which meant a division of say twenty-seven thousand men, and before we had the buildings erected the companies were changed, (it is a long time ago, it is hard for me to remember) let us say were increased eighty thousand by a change of organization table in France which changed our construction program, increased the size of the cities we were preparing from twenty-seven thousand to approximately forty thousand each. All our requisitions were of that sort. We started in on artillery ammunition, three inch ammunition was probably the first for which we let contracts for a certain number, then expanded it presently, machine guns and rifles the same way. As I remember, we established the quantity and stood right with it until the contract was completed and then made an additional contract. Wasn't that the way we did it, General Tschappat?

General Tschappat That is correct.

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Colonel Scott: But it was about May before we began to have an orderly picture of what we were attempting.

I am afraid you gentlemen are too modest or a little too timid. Some of you certainly have seen things that you wonder about or that you criticize, and here you have a chance to fire right at the target, why not shoot?

Q. If you had to do it again, Colonel Scott, would you be in favor of creating new facilities for production or would you try to make a greater effort to use the large capacity we already have by modification?

A. At all times, if there is any record of my personal attitude, you will find that I was in favor of utilizing the facilities we had. I remember arguing with some one on the point that I would rather take a shop that had been making lawn mowers and turn it, let us say, into a shell machining plant than to build a new plant for that purpose. You have organization, you have morale, you have the "know how" about many things, etc. The greatest single discussion of that kind was between General Baker and myself over the motor truck program. General Baker had his own way in that against my judgment then. General Baker is dead now but I do not believe the General modified his view afterward; I have never modified mine. I encountered this embarrassment, General Tschappat. General Baker, who was a good advertiser, had a motor truck brought over here, a hand picked one, hand made really, and he invited the President and Secretary of War and myself to be at a certain point to inspect it, he had the photographers there ready to photograph it. I

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did not go because I so disbelieved in diverting machine tool hours to a special thing of that kind in order to win a war - my God, there had been a war going on for four years, those troops were well supplied! Well, I am talking as if the General were here and he isn't here, but he still may be able to hear me and know that I am still doing business at the old stand. Well, I did not go. The President was gracious and went, the Secretary of War was gracious and went, and after it was all over Mr. Baker said. "Did you get the invitation?"

"Yes."

"Did you know the President had accepted?"

"Yes."

"Well, so long as you are part of this war-making machine when you are invited somewhere and you are informed the President has been invited and has accepted, you accept."

General Tschappat: What item gave you the most concern when you were chairman of the General Munitions Board - what item of equipment, I mean, in the procurement?

A. I think ultimately boosters. We had to face the fact that all artillery facilities available were already in use for the Allies. We believed we had to have acid steel for guns and discovered later that we did not. That was a headache for a time. I was not very much disturbed about that because I knew that we had great organizations like Allis-Chalmers and many others, about sixteen of them, that were capable of making large shafting and they were capable of producing the forgings that we needed for artillery. Of course, we had to develop our own

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machining facilities. That was comparatively easy in the smaller calibers but we had to really step out with a new plan for the mounts of the large Howitzer (I think it was 9.2 - made by the Standard Press Steel Company of Pittsburgh and some point in Indiana). There later was a congressional investigation of that and charges made against some perfectly innocent officers, one of whom was Colonel Hughes of the Ordnance Department - harshly criticized for something for which he was not in the least responsible. The President eventually appointed a secret board, a confidential board, of three officers (I happened to be one) and we had all the material made available to us to determine the position of these accused men. It was just one of those things, that is, the men had just done their duty but the thing had begun to drift sideways, at last attracted the attention of Congress, and then became the center of a great turmoil. That was a case where we could not use existing facilities, we did not have anything at all to apply and we had to ask that company to make large developments of additional facilities.

Colonel Jordan The War Industries Board set up priorities, and there were a number of different administrations independent of the War Industries Board. Were the priorities established by the War Industries Board the ones that governed, or did they have to have the approval of these other administrations, or was there such an understanding that there was no questioning that those were the priorities in the war that were to govern in the last analysis?

A. I think you will find the record shows that the General Munitions Board, 31st of March, 1917, was authorized right back to the

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war powers of the President, and, by the way, somewhere there must be letters from President Wilson indicating his desire with respect to the exercise of certain powers that he regarded himself as possessing under the general war powers of the President. That board had authority to establish priority as between the departments of the Army and the bureaus of the Navy, the Panama Canal, which was then calling for a good many things, and a number of other governmental agencies. I do not remember any conflict of any kind with the other departments so I should say that Secretary Lane, Secretary Redfield, those civilian departments, conformed to whatever we established. At least, I recall no conflict of any kind. Then when we arrived at July, 1917, the War Industries Board was established, the first War Industries Board, you will remember that the second one was based on the Overman Act which was not passed until March, 1918. So from March, 1917 to March, 1918, we were operating on the legal powers of these departments and the Naval bureaus and the war powers of the President and whatever power existed in the rather indefinite act called the National Defense Act. In July, 1917, we then established a Priorities Board, headed by Robert S. Lovett of New York, who was one of the great lawyers of the United States, and that began to be a real priority organization because every move we made there was based on what Judge Lovett regarded as sound law and any question was immediately pushed into the corner because we then felt we had background, and power. That grew steadily until Mr. Baruch's board of 1918, which then developed this list of essential industries, etc. - what was not in the basket was out of the basket, there was even less question, and, as you know,

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everything then had to come under requisition to get priority authority. But, as a practical matter, Colonel Jordan, I just do not remember. I think I would have remembered had anything serious arisen but I do not remember a single practical question or contention of any of the great civilian departments of the government made with the Army. I would have been the one to have learned about it because I think, if you will read the record, the ultimate power of decision was with me and if any one refused to obey I had authority of the President to appeal to the two secretaries who would then associate themselves with me, and I do not remember that I ever had to appeal.

Colonel Jordan. What I want to know is your recommendation in connection with this proposed war administration which we expect to set up under the mobilization plan. Their action on priorities should be the governing one in all operations in industry in the United States in war. That is the way The Army Industrial College feels and I wanted to know just how you felt about it, sir?

A I think it is covered in that sentence where I said that when we have declared war we have only two alternatives. one is peace with honor and the other is defeat. There is no ground in between, and, therefore, every civilian industry, whether of the government or of civilians, takes second place to the war machine until we have won the war or are sure we are going to be able to win the war. I don't think there would be a bit of question about that. We are not going to call men and expect them to give their lives possibly and fail to arm or protect them because we are letting this man proceed with his

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private purposes. I cannot conceive that if our people can see it as you and I can see it that they would support that doctrine. I think they would all say "Of course the war must come first." War will make our President a dictator as it always has - we have always had Presidents patriotic enough even though they held that vast power to surrender it as if they were not aware of the fact that they possessed it That is one of the marvelous things about this Democracy.

Colonel Jordan. I have a question here by a gentlemen who is too bashful to ask it so I will ask it for him, sir. It is very much to the point Is it practicable to freeze design at the beginning of war? In other words, what are we to do? to manufacture what is standardized or are we to continue to make changes which people at the front want and delay our production?

A. I will answer that by the Scriptures - great refuge, you know: "This ought ye to have done and not to have left the other undone." Now you have to ponder that a little, but I think you have to do both. I would say the first business is to proceed with designs that you have, get that stuff ready, (we do not have to save, we are not a poor nation) and while you are doing that proceed to improve if you can, of course getting your improvement into production as early as possible, but do not delay production, do not delay to produce the rifle that your troops are now using, when they haven't enough of them, because you hope to produce a better rifle, do not make rifles without bayonets because the design you can make in the issue is not quite the design for a bayonet. That is what I mean in that last paragraph, for God's sake go ahead with

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what you have! I saw so many things happen because we reached for the ideal, we did not do the sensible and practical thing that was right there - we could have done it as well as not. Now, one of my very very dear friends (he was a friend of mine from boyhood), dear little Colonel Roy Hillman, Ordnance Officer at Rock Island had the task of developing the three inch gun. We encountered difficulties of design, of adapting the French design to ours. I never had a chance to talk to Colonel Hillman about how he felt about that. He died, as you know, during the War. Also, we were separated, he was at Rock Island and I was here. As I see it now, we should have just done both those things we should have put the three inch gun that we were accustomed to into production, and it was not as good as the French 75 nor the one that Colonel Hillman was developing, which I presume is the one we now have, but a three inch gun of the kind we had or even that old 3.2 gun is a lot better than no gun when you are in the field, makes the same noise, it may hit the same target - even the noise is good. The French, so Colonel Lombard, who, I think, is their Military Attache right here in Washington, told me were using guns that had been used in the Franco Persian war in '71, they needed guns along the line and had to use them, later replacing them with better guns, which they had to make. Definitely, I would proceed with standardized things until I was sure I could meet the then demand, equip my troops as fast as I could, and concurrently with that, if it were possible, I would take the newer thing. I would not wait an hour. If somebody said "Let me have those blueprints an hour more, I will do this and that", I would say "No, not the next, this hour." By the

way, industry has to do that all the time. Imagine what the automotive industry would be if they were always waiting for the next design? They say to their engineering department "This is this year's design, now go ahead with next year's." That is just common sense. However, I haven't any doubt that there can be good arguments made on the other side.

Q. Colonel Scott, would you care to comment on the desirability of reassigning procurement functions within the War Department so as to lead to some such thing as the old P.S. & T. organization and that would influence war effort?

A. I do not feel competent to do that. You see the organization that I was familiar with antedated P.S. & T. I never have taken much time to inquire about the establishment of P.S. & T. I may be quite wrong about this but I have jumped to the conclusion that that was perhaps a General Staff operation, or it was the General Staff coming over into the procurement and distribution area. Beyond that I have not gone; I just do not know. I saw the development of the old peace-time procurement system into a war-time system. You would see it if we had a war, that is, see the tempo step up and men quickly revise their ideas of quantity and costs. Costs, you know, mount so fast the moment war is declared that your peace-time method of doing business is out of the window over night. I hardly understood what P.S. & T. meant. I knew that General Wood, who was on my board in the beginning representing the Panama Canal, I think he was from the Engineer Corps, and General Goethals came here to head P.S. & T., didn't they?

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General Tschappat: Yes.

Colonel Scott. But I do not know what it meant except that it was an effort, as I say, for the General Staff to gain a control which they had not theretofore had and which perhaps for all I know is salutary. Nobody said anything critical of it in this organization.

Q If public support were assured, do you think that price fixing at the beginning of the war would be practicable?

A. You mean if just the man in the street were not hostile to it?

Q. Yes sir, if general support could be obtained and could be assured in advance could price fixing arrangements be put into effect within a reasonable time and be practicable in operation?

A. Of course, you are speaking of an ideal condition there. The real trouble with price fixing at the outset is human nature as you find it. We men of course look on the act of our Government in declaring war in a certain way, we are trained to look at it that way, but to the man in the street, if he has never participated, never been in the Army, it is a word in the beginning, just a new form of commitment, a headline in the paper. He is the same fellow he was the day before he saw that headline in the paper. He is just as eager to make thirty-eight per cent instead of a possible seventeen per cent as he was the preceding day, and it isn't until what that declaration of war means and it reaches inside that man to something perhaps that has never been tapped before, which we call patriotism, love of country, and shows him the need of sacrificing himself that he begins to get a point of view that will support that act.

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What I am fearful of, and perhaps this would answer your question, is that if we got statutory power to peg prices and labor that it would break down of its own weight and we would have no means of policing it; therefore, we would be right back where we started, only with the situation that we created legally when we all adopted the 20th Amendment and didn't enforce it that we just destroyed respect for the force that was there. That is what I am afraid of that we would create a condition more chaotic than it would be if at the outset we just leave the law of supply and demand and of competition between industries to govern until we reach the place where we can get hold of it as we did in 1917 - forty-three per cent of the steel industry in just one man. Just one man had to be converted: Judge Gerry, and when we had Judge Gerry we had forty-three per cent of the steel industry. Then with Judge Gerry's friends. Mr. Schwab, Mr. Grace of Bethlehem, King of Jones and Laughlin, Campbell of Youngstown Sheet and Tube, etc., perhaps seven men, we had almost eighty per cent of the most crucial industry, and when we had that we could act. They policed their own industry. All they needed to do was to say. "Smith isn't playing fair", you said to Smith. "Well, Smith, you play fair or no more limestone into your blast furnaces." "How can you stop that?" "We have priority. We will divert it to Brown. Think about it Mr. Smith." There was only one such case, by the way. He thought about it, and he didn't think about it any longer than it took to go to the long distance telephone in our office up in the Munsey Building to change his mind. But you see there we were not policing it - the industry was policing itself. We have to make war not by imposing the Government on

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our people but by directing the force which our people develop themselves.

General Tschappat We thank you very much, Colonel Scott.