

1172

May 19 Large scale manufacturing, by Hartley W Barclay,
editor of Mill and factory

This lecture is not available

May 27 Mobilization of industry, by John Hancock, partner,
Lehman Brothers

This lecture is not available

THE ARMY INDUSTRIAL COLLEGE
Washington, D. C
Course 1937-1938

Discussion Following Lecture
"Mobilization of Industry"

by

Mr John Hancock
Partner, Lehman Brothers

May 27, 1938

AIC 273(7/25/38)8

Discussion Following Lecture
"Mobilization of Industry"

Colonel Jordan. Commander Hancock, I want to say one thing, sir, about the College which perhaps you do not appreciate. We have no approved solution to any problem which is considered by the students. We ask the student to give us the best he has on the problem that is given him, based on his experience as an officer, good hard commonsense, and the research which he can do for us while he is here. No man here in the College is required to go down any beaten path and turn in any approved solution. We do not do that, sir.

Commander Hancock. I am glad to hear it.

Q. Commander, do you believe in Mr. Baruch's plan for a ceiling over prices?

A. I have not seen it in detail enough to be sure of it. I am frankly skeptical about the operation unless it is set up well in advance of a war time coming. It conceivably could work if you have the right kind of men at the control point, but I am also sure that that so-called ceiling will be a ceiling that can be elevated very quickly and will be very flexible. It will be as free to move up as a tent in a strong wind. I think it may hold for a short time. I had experience in price fixing problems with one of your officers on the Price Fixing Committee during the war. We got into the problem in the World War but never found an adequate answer. I do not say that because of that experience an adequate answer cannot be found but I do not believe that enough thinking has been done and I do not believe that any formula that you can write now will meet a situation. My belief is, and I state it with some hesitation, that the thing to do is to get the men in advance who have done the kind of thinking and had the experience for handling that problem and to put them on the job before war starts. You will find that I am a great believer in men and not much of a believer in formulas. I do not believe much in organization plans, blueprints, or charts. They are interesting, yes, but things are done by men.

Q. Commander, based on your study of this plan, do you judge that if the plan referred more to the military services, to the problems, with more of a request for civilian aid and thought in the solution of military problems, that it would create any better impression upon men like yourself and the other industrial leaders of this country?

A I do not know that I quite get your question - if men in industry were brought into the planning of the essentially military side of it, would that be a better situation than we now have?

Q. No, sir. I judge from your remarks here this morning that you feel the plan discusses the superagencies, and there is apparently an instantaneous reaction which is not so very favorable. I am asking whether you think that if the Industrial Mobilization Plan which was presented to the public dealt with the Army and the Navy and their problems it would secure more favorable reaction from men like yourself?

A. I do not know I have a feeling I may have given a wrong impression I would not criticize this plan in the finality because I do not know enough about it. I can only talk the impressions one gets from reading the plan. I doubt there is going to be any opportunity for carrying conviction widely in industry about what you are going to do. I do not believe there is a chance for what you might call "public relations" on this kind of job. I think there is a chance of picking out, well, let's say a hundred for a round figure, a hundred men from industry who could be missionaries, if you will, for you and your cause, and they might be reasonably convinced I think it could be done but I would not emphasize with them the civilian side of it. I would put on them the responsibility of the civilian side if I could, and I would emphasize to them the completeness of your planning from the military side so they would know you are doing a good job in your own field and you would be entitled to their confidence.

Colonel Jordan: Major Ritchie, I would like very much to hear from you. The Commander said something about cards and allocations which rather reflected on your division and I would like for you to tell him a few things.

Commander Hancock: Yes, do it.

Major Ritchie. I would like to say from the start that I enjoyed this address very much and I appreciate the remarks the Commander made with regard to allocations. I would like to say that I believe we are doing in respect to allocations just about what he implied should be done. In other words, we are considering in our studies and in our placement of allocations the civilian needs, and in many cases we make contact with the civilians concerned with regard to those allocations. Furthermore, we attempt to confine our allocations to those items which present serious problems, in other

words, where we can make and should make detailed plans with factories, and we attempt to set up capacity so those plans can be made, and we hope and anticipate that on M-Day from the fact that those plans have been made there will be elimination or prevention of confusion and prevention of competition, as the Commander knows occurred during the last war.

With regard to the cards which the Commander referred to during his address, that is one way whereby we maintain contact with industry, and I gather in reading Mr. Baruch's final report on the War Industries Board that one of the greatest handicaps that the War Industries Board labored under was the lack of flexible and comprehensible statistics of manufacturing resources of the nation. That is what we are attempting to get. Through the contact of the district set-ups throughout the country, we made a survey of the plants, listing of the personnel, the amount of skill, the type of plant, the type of product the facility makes, what it is capable of doing, what conversion is involved, new construction involved, the shift it might have to run, the raw materials it might have to have to meet the schedule placed with it, and finally the acceptance by the facility of a definite schedule of production, which is an acknowledgment on the part of the facility that it has the capacity and is willing to enter into a contract on M-Day to do that work. All of that data, at least a summary of it, comes in on a card and it is, in my mind, necessary to have that data as a means of supervision and control in the Office of The Assistant Secretary. We have those cards and they are constantly under study and revision.

Commander Hancock: That is interesting. The only comment I could make in regard to it would be this. If the men who have been working on those cards are not here the day after the war starts the cards will find a natural lodgment in the waste basket. I think we had some fourteen thousand cards of plant facilities. They were not as well done as yours, I am sure, they were not as well done then as we could do them ourselves today probably. I was not suggesting that your plan is wholly wrong except that from my own experience the information that I found of value when it came to the need of moving fast was what I carried up in my "top story", not what I had in the file cabinet. I had to have things a part of my thinking process, and the staff that worked with me the same way. We could utilize cards to a degree, there is no question about that, but I do want to stress the need of being flexible about them. You will find that the situation will change in any plant in America, outside of depression periods, with striking frequency.

Colonel Rutherford. I think possibly Commander Hancock and the rest of us are talking about different cards. The cards I think you had in mind, Commander, are probably inventory or survey cards showing the capacity of the industry, what they do. The cards we have are actual assignment cards showing what jobs these concerns are booked to do during a war, the allocation of a job to them. I think you are probably entirely right that a simple inventory with no particular plan to it and not tied up with any particular job would be very little use and probably would go into the waste basket. However, these cards we have are in quite a different category. I appreciate the little time you have had to study this thing, in addition to all the other activities you have. You have done a splendid job. You put your fingers on a number of things that are certainly extremely important. It has been most refreshing to all of us, I think, to have heard you speak of the Industrial Mobilization Plan. You probably studied that pretty carefully. I believe it is in a way faulty in that it does not make completely clear the function of the services as differentiated from the function of the superagency. I think the opinion in the Army and Navy is quite definitely that the Army and the Navy will make the contracts, inspect the material, accept it and pay for it, but that all matters pertaining to the supply of materials in general, the control of labor, finance, all of that necessarily must be left to a civilian board, and these superagencies we speak about are the civilian agencies that will do that controlling. The reason we talk so much about it down here and have to study it is the fact that the job is laid upon The Assistant Secretary by law to do it, and the Planning Branch and the Industrial College are the only agencies that are available to do it.

I think your comment is well worth a good deal of attention that men, after all, are the essential part of this whole scheme, and I want to ask if you could go a little bit further possibly in suggesting how we might put our finger on the proper type of men in time of peace. It has been suggested that they might constitute the Council of National Defense or possibly a nucleus of a War Industries Board. We might get in that way some of the men we know we are going to require in the organization eventually, get them to criticize our plan, make suggestions exactly along the lines that you have made this morning, and enable us to take action where necessary, etc. If you feel that you can, I would like to hear you comment a little bit more on that phase of it.

Commander Hancock I would be glad to comment off-hand, if you will recognize that is all it is, and I will be glad to go at the job more thoroughly as opportunity affords. I recall

dinly that there was a law which prohibited any Army or Navy officer from going to a trade convention Is that still in effect?

A. No, sir.

Commander Hancock: I think there is a good deal to be gained by having you service men contact meetings of industry - if some of you were, for example, this week at the Steel Institute meeting in New York. I think there is a good deal of education for the men who are fortunate enough to be able to go, but there is a great deal more in that you are going to know some men of industry, and you do not ever dislike the man that you get to know. You get a friendly feeling out of working with people, and if you men were able to go to industry meetings you would soon get a feeling in a group as to who is the mainspring or who is the driving power in an industry. I know I do. He may not be anything but the second vice-president in a subordinate company but there is always somebody in every industry, some three or four ordinarily, who have the absolute confidence of all the men in the industry. Almost invariably you will find that true. It does not depend upon their field of work or their position or the size of their company, but it is the human quality of men recognized as being fair and square and "knowing their stuff." If you get to know that kind of man I think you have the nucleus of the kind of organization you are talking about. I do not believe it would be hard to do it. I know I could do it in a number of industries where the services are involved. I could make an approximation - if you had to pick three I think I could give you the five out of which you would finally pick the three. I believe that is an interesting field of work, but particularly get those men knowing your problem, knowing your set-up here, and having faith in the men in this organization.

Colonel Jordan. I might say, sir, that yesterday I attended a meeting of the National Industrial Conference Board in New York City I have gone up there once a month for a year, and Doctor Jordan has been down here and talked on this platform. Mr. Payne, who was Assistant Secretary, lectured to us about two months ago on the subject of "What Can the Procurement Officers in the Army do to Make the Task of Industry Easier in the Next Major Emergency." I would like very much to present you with a copy of his talk, sir.

Commander Hancock: I should like very much to have it.

Captain Allen. I know what Commander Hancock referred to, I think, in connection with this contact with industry It was

in the Navy war plans until about two years and a half ago that no Naval officers would contact industry in connection with any war plans.

Commander Hancock: You recognize that we did it anyway. We carried out the strict requirements of the law but I fear we violated its spirit on occasion.

Captain Allen That has been eliminated from present plans, I think largely through the influence of Colonel Jordan and The Army Industrial College, and there is at present an effort on the part of the Navy to make as many contacts with industry as we can. We cannot carry it along quite as thoroughly as they can on this side because we haven't the number of men who do the work in that game. There is one feature in the development of organization that I would like to ask you about. You watched the development of the War Industries Board through the Advisory Council of National Defense and the General Munitions Board and then up to the War Industries Board, itself a working organization. We have some sketches of organization for a future set-up and I have felt in working on the thing for the past couple of years that our picture did not show the situation quite correctly. I feel that to probably start out where we left off at the end of the last war we have to set up a War Resources Administration, as we now call it, but we should set it up as the only organization to begin with. In other words, we should start with a small War Resources Board, of which the Army and Navy Munitions Board is the service part, and build on that organization and bring in the other administrations only as they are indicated to be necessary at the time. We have indicated in our diagram that the War Trade Administration and the other administrations should be on a level with the War Resources organization, and I would like to hear your comment on the thing as to whether or not the War Resources Board should not start as the only superagency and these other agencies should be brought in gradually as their necessity is indicated.

(Reply off the record)

Colonel Jordan. One other thing about the National Industrial Conference Board, the membership of it: The Chief of Air Corps and Chief of his supply division, the Chief of Ordnance and the Chief of Manufacture of the Ordnance Department, the officer at the head of O.N.I. and his local representative in New York are all members of that Board, so you see we are beginning to get in touch with industry a little bit.

Commander Hancock: I know, you are I know Charlie Russell, the President of Otis Elevator, and travel occasionally on the train with him, so I have had a sideline view of what Ordnance has been doing in that field particularly. The only comment I will make on that point is that I think you want to keep currently watching for who are the younger men in the field. A lot of men who are in charge of your Ordnance areas, as I recall the title, are men that the parade has gone by and I think you want to get men that the parade has not gone by.

Colonel Jordan: Colonel Miles, that seems to be your cue.

Colonel Miles: I agree so thoroughly with everything that Commander Hancock has said, even when it touches a sore spot with us, that I have very little in rebuttal to say. I will say that so far as our Ordnance districts are concerned, while the men who are normally at the head of the districts are older men, older men provide the balance, so to speak, for our regular younger officers sent there for duty. The main-spring of the organization comes from men who are under forty-five years of age, and being fifty years of age myself now I suppose I am in the advisory group.

Commander Hancock: I am raising my sights the same way, too.

Colonel Miles: I can say this much for myself: during the war I started out with myself and nobody else and built up a force of five thousand people, and if I had not been a young man I could not have done that, I am sure.

Colonel Jordan: I might say for the benefit of the class that when General Williams and Commander Hancock met this morning it was a family reunion. I expected them to exchange a French kiss, but they did not.

Commander Hancock: I will tell you why: we played baseball and tennis from Manila and all points from there to here over some thirty-five years.

Captain Mel: I enjoyed the talk very much, and I am particularly impressed with that idea of Commander Hancock's of finding the right keyman in each industry to help out in these problems - rather than find a man who is recommended necessarily for commission, to find through the industry the man that the industry will look to for the solution of these problems.

Colonel Jordan: I might say there is one thing occurred on this platform which is so much along the lines of what you have said, sir. We had Mr. Peek, who was on the War Industries Board, talk to us, and a member of the class asked him at the end of the talk to please define what the War Industries Board was in as few words as he possibly could. Mr. Peek came back just as quick as a wink. He said: "The War Industries Board was an organization of personalities." That fits very well into your definition of it, sir

Commander Hancock. I might have added that that is Mr. Baruch's strength. Maybe I can see the good points and do not see the bad ones but one point is outstanding - he has the happy faculty of picking men. There was a man named L. L. Summers who was here as a civilian advisor in the War Industries Board on materials, and there was a story told about Summers (this is an actual happening) that may describe the kind of man, and that kind of man can be found anywhere, not everywhere but anywhere, today in American industry. The people in the Morgan firm in the allied purchasing had a dinner for Summers, as he was going to go abroad for inter-allied material control, as I recall, early of 1918 Mr. Stettinius, the father of the present Chairman of the Board of the Steel Corporation, was the Morgan partner who was present at this dinner in Washington I do not recall what excuse they had for getting me to it but I happen to have been there. The talk had run along quite favorably to Summers but more favorably to the house of Morgan in telling about their experiences in allied buying. Mr. Stettinius got up, when he was called on, and said "I cannot understand why you should boast about the efficiency of the Morgan firm. They are not so great. I have seen the worst case of duplication and parallelism in the Morgan place that I have seen anywhere in my life - in the same room they had the Encyclopedia Britannica and L. L. Summers!" If you can pick that kind of man from each industry, and there are lots of them available, you have got the basic element of control.

Colonel Jordan. Commander Hancock, I cannot thank you half enough, sir, for coming down here and giving us your advice and counsel. Thank you many times.

Remarks By
Lt. General Friedrich von Boetticher
German Military Attache to U. S.

The Army Industrial College 6/4/38

Colonel Jordan and Gentlemen -

How can I ever find the right words to thank you for all your friendship and for the address you just made concerning myself and my relations to you personally. (Speaking to Colonel Jordan). We were in the same class - 1901. May I express my friendship to you, to your family, to the American Army, and to the United States.

I remember very well that my mother very often spoke to me about the United States; said that she wanted me to come here to this country. She was born here in '59, when my grandfather came over from Humboldt, after having married his young wife. He had heard about the great men, the great pioneers who went out to the Middlewest to conquer the west, to lay out new farm land, etc., and since he was a farmer himself he wanted to study that and to follow this movement. My dear old mother, who is still living, seventy-eight years old, seventy-nine this year, always wanted me to come here to this country, so I was really born in the idea that I had to do something with this country.

In 1922, for the first time, I was able to come here, after having met a few years before that many of the Americans and having

highest regards for them, since we soldiers always know that the man against whom we are fighting is fighting for the ideals of his country, performing the highest duty a man can do. After the war I felt that between the American officers and the German officers there was very quickly established a very fine understanding. Many of them came, for instance, to Berlin visiting me, I was Foreign Liaison Officer there, and asking for visits in Germany. I think all of them had a good time and felt that we had highest regards for gallant men who served their country the way they did.

I was rather depressed in '22, depressed because I happened to be the Military member of all these delegations - Armistice (you know what that means for an officer) and peace, so-called, and all these things, and I told the German Chief of Staff: "I can not stand any more" - always staying there, it was not easy. He said to me: "If you want to make a long trip just do it." A few days before he said that to me my friend General Creed Cox had asked me: "Why don't you make a trip over to the United States?" That is what I did in '22. I came over, and I must tell you that here, being the first German traveling across the country after the war, I found so much friendship, especially in the Army, that when I came back after four months I was quite a new born man. For instance, when I came to Fort Riley in Fort Riley there was a young Lieutenant (who is now a Major, Major Gerard, you may know him; I think he is in Monterey, California now) who received me in the name of the Commanding General. I was introduced to the Commanding General and paid him my respects. The General,

young looking man, fine Cavalryman, said to me: "You see around many stables. We are glad to have you here. We want you to be at home here, take out any horse you want, do whatever you want, enjoy yourself." Do you know who it was? General Craig. So you see that made me happy and gave me this feeling of American comradeship - that we understood each other from the first moment on.

A few weeks ago I was motoring down South and I came to Maxwell Field in order to pay just a short call on General Pratt, and there came out of the clouds my friend Colonel Jordan. We were just so happy together! He had flown down. So you see, it is always the same, we are all soldiers, and in all sincerity and simplicity we have something in common wherever we are serving, wherever we are doing our duty.

Colonel Jordan and gentlemen, I think it is a great privilege for me and a great honor to be allowed to visit the Army Industrial College today. You know, I am a Field Artilleryman and before the war we were taught a great deal about cooperation of the Infantry and Field Artillery. Then came the war and we had to fight and suddenly we found that with all these good instructions about tactics (which were quite all right) soon we were not able any more to have the Infantry - we did not have any ammunition any more. That was, I think, the day when we felt that we had to know a little bit more about industry and about the importance of industry for any Army and any officer. I think that here in the United States first has been

1181

founded an Army Industrial College that trains officers for cooperation with industry. I think that this is one of the most important branches of our service.

I feel deeply honored, to say it again, to have this opportunity to be here today. I feel deeply honored to have this opportunity to pay my deepest respects to a friend and a great man who knows about the great secrets of warfare and about the higher and better secrets of real friendship - Colonel Jordan.

Colonel Jordan: I said that General von Boetticher came very near being an American Army officer. If he had been born in Iowa he very probably would have been. However, I have another secret to let the class in on. General von Boetticher's elder daughter married an American; is now living in Buffalo, and there has arrived in that family a young son and the son is named after his grandfather. If any of you gentlemen want to borrow any money -- the General is just that proud of that boy!