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THOUGHTS ON INDUSTRIAL MOBILIZATION BASED
ON MY EXPERIENCE WITH THE WAR INDUSTRIES BOARD DURING
1917-1918.

by

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THOUGHTS ON INDUSTRIAL MOBILIZATION BASED ON MY EXPERIENCE
WITH THE WAR INDUSTRIES BOARD DURING 1917-1918.

My excuse for appearing before you this morning is that Colonel Miles has requested me to give you a short talk based on my experience as a representative of the Marine Corps with the War Industries Board during 1917-1918. I approach the task with hesitation as the part I played was such a minor one. Twenty-one years have passed since those exciting times and as I kept no notes the experiences I am to tell you about are only those that stand out in my memory after all these years. You who have been studying the problems of industrial mobilization have a much clearer picture of the functions of that board that I could possibly have had at the time. I was a young major in the Marine Corps in charge of the Purchasing Division in the Quartermaster's Office. I was also in active charge of the construction of our cantonment at Quantico. The fact that I was the sole representative of the Marine Corps on the War Industries Board should have given me the opportunity to become thoroughly familiar with all its workings but my other duties prevented this. I did, however, try to be present as often as possible at the daily morning meetings of the Requirements Committee.

When the War Industries Board was first organized the industrial situation in the United States was chaotic. There had been a quick cancellation of civilian orders just before war was declared and industry began a scramble for orders from the Government. The War and Navy Departments had no real conception of their requirements. The Navy Department had its appropriation for the Fiscal Year 1918 available before war was declared which enabled them to place large contracts immediately, while the War Department had practically no funds available until after a special appropriation had been made. Therefore, the two services did not start on an equal basis. The Allies had immense orders under contract by the same firms which we desired to utilize for the manufacturing of our own war supplies. I am trying to portray for you the apparently hopeless confusion that existed at the time that Mr. Baruch was made head of the War Industries Board. Slowly, and oh so slowly, some of the pieces of this puzzle were fitted into their proper places but did they stay there? They did not.

The Allies submitted their requirements, the War and Navy Departments submitted their's and plans were laid to take care of them. Perhaps even before the orders could be placed with the industry for manufacturing and before priorities could be assigned, new requirements were received. Very often they were from the Commander-in-Chief of the American Expeditionary Force demanding delivery by certain dates. This would often require a rearrangement of priorities of all orders which had been allotted to a certain firm. Can you imagine the despair of a firm that had raw material rolling into its mill for one order which had been given the highest priority when he was told to lay it aside and start on something else.

Because the situation in France was changing so rapidly in the late Spring of 1918, orders were placed and countermanded as to priority so often that the situation became extremely critical. The entire program threatened to bog down. A member of one firm told me he had sufficient orders from the Government to keep his plant running night and day for

three years and all but one of the orders bore triple A priority. There were many others in the same predicament.

The situation was so serious that it became necessary to resurvey practically the entire program and assign a new series of priorities that took precedent over all previous ones. If it had not been for the steadying leadership and the marvelous personality of Mr. Baruch I shudder to think what the consequences might have been. Nerves were very taut at that time. The Allies insisting on their needs being met, caustic telegrams from the A.E.F., all branches of the Army insisting on their programs, the Navy determined that they should have what they needed, and finally one young Major trying to get a little for the Marine Corps. You may imagine the confusion.

The Requirements Committee, of which Mr. Alexander Legge was Chairman, had as members representatives of the War and Navy Departments, the Allies Purchasing Group, the head of the Steel Section, a representative of the Railroad Commission, and a number of others. It appeared to me that its functions were increased gradually until it assumed many of the functions of a Policy Committee. Mr. Baruch was present at many of the meetings, or would come in during the meeting to discuss questions that had arisen or to tell us of some decision the President had made. It was at one of these meetings that Admiral McGowan, who was Paymaster General of the Navy, made a statement that I believe vitally affected the success of the Selective Service Act. Mr. Baruch had come in to the meeting and had stated that the Selective Draft Act would probably pass that day, that industry had begun to besiege him with requests for exemption of key men, that the situation was serious, and must be settled in the immediate future. After a discussion as to the formula to be issued defining the key positions which would be exempt from the draft, Admiral McGowan said, "Mr. Baruch, I recommend that you tell any firm claiming to have a man who is absolutely indispensable that your advice is for them to take the man out and shoot him this afternoon at four o'clock. They will then have until eight o'clock tomorrow morning to find a man to replace him. Otherwise they may go to the office tomorrow morning and find that the man had died during the night and then they would be in a hell of a jam." Mr. Baruch said, "That's the answer, Sam." The discussion was dropped and we heard no more about the exemption of men in key positions. I presume there were a number of exceptions, but this incident stopped an avalanche. It is probable that we were too drastic but no study had been made and it appeared as though a strong attempt was to be made to avoid the action of Selective Service Boards. I feel sure that the work you are doing in planning will pay large dividends in holding the men needed in industry and insuring that the others become part of the military machine.

One morning a report came from the Army that a firm in New York had cornered a supply of Navy beans. Not only those in the United States, but the total supply in sight for the near future. This supply was on board three ships on their way to New York. The Army felt that the firm was holding them up, and wanted to know what was the best method of handling the case. Commander Hancock, one of the Navy representatives, said, "We will commendeer them and direct the ships' master by radio to turn the beans over to Navy representatives upon arrival in New York." This action secured the beans for the Army and the threat

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of similar action had a most salutary effect on firms that might be tempted to profiteer by purchasing more than their requirements, well knowing that a scarcity was in sight and that they would be able to re-sell later at a large profit.

A need that was apparent from the first that became more vital every day, and that was the cause of great delay and confusion is embodied in the word STATISTICS. A hundred times a day information was necessary that no one could produce quickly. Such questions as "How many looms are there in the United States that can produce navy duck? How many spindles can make the necessary yarn? Perhaps the trade association had to be requested to procure the answer. Perhaps there was no trade association. Shortly there arrived a small, sandy complexioned, unassuming man, whom Mr. Baruch introduced to me as "Mr. Leonard Ayres, our Statistician". Mr. Baruch asked me to find office space for him. I asked Mr. Ayres how much space he needed and he replied to the effect that any office would do until he found out what he was to do. Knowing what a tremendous job was ahead of him, I wondered if he was another one of those to be tried and found wanting, but in a very short time we all began to realize that if we wanted any information which in its broadest sense could come under the heading of Statistics, that the quickest way to secure it was to ask Mr. Ayres. He developed an uncanny sense of timing. He had compiled the information yesterday that we needed today. What a tremendous advantage will accrue to those who handle the next industrial mobilization in having available at the beginning the statistics which have been accumulated and are being kept up to date in connection with the present Industrial Mobilization Plan.

Perhaps you will be interested in two of the problems we encountered due to shortages of material. The solution of these problems took time and delayed procurement. Proper industrial mobilization planning would have obviated them.

A shortage of cotton duck and facilities to manufacture same was one of the earliest shortages that developed in the cotton section. The Navy had presented large requirements while the Army requirements were nuse. Just at this time a representative of the Simmons Bed Company asked me to examine a folding steel cot that he felt was superior to the folding canvas cot and one that they were prepared to manufacture 10,000 per day and that they could sell at the same price as the Government was paying for the folding canvas cot. As a result of this examination the Marine Corps placed an order for 30,000 cots. I believe the Army's first order was for 500,000. The cotton section was therefore enabled to place a ban on all cotton duck for folding cots except for overseas shipments. The requirements for this heavy type of cotton duck were thus reduced by approximately 4,000,000 yards.

One of the shortages which developed in the first stages of the war was blankets. Men in cantonments could not get their proper rest if they could not be warm at night. It may not sound like a large problem but because of insistent demands from high ranking officers it took valuable time to explain that every effort was being made to procure a sufficient supply. Every effort was made to speed up the manufacturers, special handling was provided to deliver the finished product direct to the points where they were most needed. Word was passed to wholesalers of heavy

was sufficiently heavy to cut into blankets. A stream of these men came to Washington. Samples of the material were examined. If suitable, the wholesaler was told to have it cut into eight foot lengths bound on both ends. An informal contract was negotiated, and shipping instructions given. Contracts had to be written out. Care had to be taken that careful records were kept to insure that report could be made to the Army of the exact distribution ordered. The Army had to modify their regular distributing system. You who have served as Supply Officers know how great a time special handling takes in a situation like the above.

A point that is vital to industry and one which was neglected to a large extent during the last war is that steps must be taken to insure prompt payment for supplies. Industry has to meet payrolls with cash every week. Many cases of frantic contractors came to my attention. This situation became so serious that finally we were authorized to pay for supplies using the bill of lading as evidence of delivery. I cannot emphasize too strongly the importance of this question of prompt payment especially to the small business man who was not backed by unlimited millions in credit. The Marine Corps secured preferential treatment in many cases because I could say to a manufacturer "Bring me your bill of lading and I will give you a check in fifteen minutes." The contractor would then frequently telegraph the money home to meet a payroll.

I do not know what plans have been made to meet this situation, but it involves such a decided change from peace time methods that it warrants very serious consideration. Payment on delivery at a distant point from place of manufacture will not meet the situation. Unless the railroad situation is infinitely better than it was in the last war, the shipment may be lost for months in the traffic jam. It was almost impossible to get freight cars through from the New England States because of the railroad jam around New York, and the jam at the Potomac Yards here in Washington caused the Marine Corps great trouble. Even in the very first months of the war while I was superintending construction of our cantonment at Quantico, Va., the George A. Fuller Co. maintained a large crew of men who did nothing but go to the places where shipment of material originated and ride the shipment through to Quantico. We also maintained a crew at the Potomac Yards who continually searched the yards for cars consigned to Quantico.

As a result of my experience I believe that the Administrator of the War Resources Administration and the heads of all divisions thereof should be drawn from civil life.

1st - If we have officers of the regular services capable of filling these positions they will be desperately needed by their respective services in positions that no civilian can fill acceptably.

2nd - The Civilian source is so huge that men particularly equipped for each position can be selected.

3rd - Many of these positions must be filled by men who are personally acceptable to the Administrator and in whom he has absolute trust. They must also be filled by men who will be trusted by industry.

The fourth reason that I hate to touch on but feel I must is - that any

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officer detailed to head any of the divisions may find himself very much hampered by pressure from officers senior to him.

May I illustrate my second reason by a brief description of the one section that I considered the most efficient, the most difficult and one that functioned full blast from the day of its organization. That was the Steel Section headed by Mr. Replogle. He brought to Washington a group of men from the industry, each highly skilled in his particular branch such as pig iron, light sheets, heavy steel, construction steel, etc. They were men who of their own knowledge knew every important man and facility in their line in the United States and what was just as important each of these men brought his personal secretary, who spoke the same language and knew the same people as his chief. In dealing with this section one immediately sensed that he was dealing with a group who knew what it all was about.

I therefore urge that the Army and Navy Munitions Board be absorbed by the War Resources Administration at the earliest possible moment after a mobilization becomes imminent. The War Resources Administration will become, as the War Industries Board finally became, the absolute dictator of the industrial life of the nation. Such an extreme step may be glossed over in the early stages but it surely follows and I am firmly of the opinion that this super government should be controlled by the civilian element of the country.

May I illustrate by an incident that came to my attention how far reaching the powers of the War Industries Board became. A certain trade association connected with the hardware business came to Washington with blood in their eyes. They would not agree to certain policies that had been prescribed by the War Industries Board. They were given a hearing. After serious consideration the War Industries Board adhered to its previous decision. The Association Chairman informed Mr. Baruch that the association would not follow this decision. Mr. Baruch suggested they go home, talk the situation over with the firms involved and if at the end of another week they had any further recommendations to make he would be ready to listen. After the meeting had dissolved Mr. Baruch made the casual remark that he wondered how they could operate at all if they did not receive any coal for power or railroad cars to ship their finished product. The next week they were back and agreed to comply with the original policy as issued by the War Industries Board.

The purpose of procurement planning, as defined in the 1936 Revision of the Industrial Mobilization Plan is to insure timely and orderly production, fabrication, and supply of material required by the Army and Navy during a national emergency. The principle on which all plans are based are then defined. I heartily agree with these principles and especially the embodiment in the plan of Allocating Industrial Facilities. I am fearful, however, that the principle as laid down is not sufficiently broad, and that allocations made in peacetime will not be sufficiently comprehensive to avoid great confusion at the beginning of the next national emergency. I note that a paragraph in the introduction to the Industrial Mobilization Plan states 'It was quickly found necessary to begin exercising a governmental control over the essential raw materials, labor, power, transportation systems and producing facilities, and to direct their use for those purposes which would best meet the immediate needs of the nation as a whole.' Why do you anticipate anything different the next time? If you do expect the same situation to arise how can it be alleviated?

except by allocation? In the light of my experience it appears to me that when consideration is given to power, labor, transportation and material that a critical problem will either exist or will develop in the procurement of practically all of our requirements and that the best plan would be to accept this view, allocating facilities as rapidly as requirements can be determined and that this same principle should be continued during the national emergency until it could be determined that a critical problem would not develop. It will be simple to discontinue allocations but it will be most difficult to impose them after a critical problem once begins to develop.

In view of my experience and my present duty you can readily imagine that I have been intensely interested in watching the plans for industrial mobilization being whipped gradually into shape. This planning will be the means of saving millions of dollars, but that is not so vital as the fact that months will be saved, and the next time we will not have Allies to hold the front lines for us for a year.

In spite of all the planning we can do, I cannot visualize a smoothly running machine. There will be great confusion, there will be constant change in requirements, but most confusing of all will be the rapid changes in priorities due to changes in the military situation. These situations will change over night, but when a great manufacturing program has been once started it is all hell to try to stop it and start something else.

DISCUSSION

following lecture by Brig. General Seth Williams, U.S.M.C.
The Quartermaster, U. S. Marine Corps

March 27, 1939

Q. General Williams, you mentioned the necessity of going to the trade associations for information from time to time. To what extent do you find the trade associations' data or information as presented to you colored by selfish interests?

A. I think very little. I think that our commodity committees knew enough of the jealousies in the particular trade that they were able to control that pretty well. The lack that we experienced in trade associations' information was that they knew the normal places of manufacture and the economical places to purchase it, but just the minute we went over a 100% of their production they didn't have any idea where to go and get some other firm to manufacture it. That is one of the things that your survey, to my mind, is most important, where you know the productive facilities are not sufficient you are planning sources to buy the rest of it.

Q. General Williams, you stated that you thought that the railroad situation would probably be worse in another emergency. Is that on account of the rolling stock?

A. Yes, and the deteriorating roadbeds and lack of maintenance of the last ten years.

Q. You spoke about allocations. Just how far would you go with allocations? Would you allocate facilities for manufacturing of blankets today?

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A. Yes. I would allocate facilities for everything that I knew the requirements of today. I would go 100% if it rested solely with me.

Commander Dunham. General, may I ask my perennial question? How would you keep those allocations up to date?

A. That is your problem, not mine.

Commander Dunham. It seems to me it would be an interminable-- an absolutely impossible task to keep them up to date. I might observe this--if we went to a system of allocations in peace-time to the extent of allocating for everything, then we ran into not the greatest emergency imaginable but just a medium-sized emergency where we didn't need all the facilities for which we had allocated, then how would you pacify those who did not receive orders?

A. I don't know. But you start out this program with competitive bidding and you give orders to the firms who can manufacture the most economically or who are the most anxious for orders. Now, they are going to have to take those contracts at a reasonable price. Perhaps there is 20% of the industries, the higher brackets, who haven't war orders. They manufacture for the civilians. How are you going to keep them from making a big profit? How are you going to keep the irresponsible bidder who needs work desperately and he reads over the specifications and says, "Well, I guess I can make that", and he doesn't know the cost and he is a low bidder and gets the contract and you figure you will get the results of that contract in six months and you get nothing. How are you going to take care of that on

competitive bidding? Now, in peace-time the Navy takes care of it under certain things. They have an acceptable list of bidders. That is to do away with the irresponsible bidders. The Marine Corps is trying an experiment in that which I hope to get results from. In 1934 and 1935 the Marine Corps increased the quality of its uniforms very materially, and, fortunately, for our first order we were able to secure a contractor who really could make the goods that the specifications called for. Then the cheap woolen manufacturer began to come in and he just bit off something that he couldn't do. But how could I prove it? He had backing of a million dollars and we gave him an order of fifty thousand yards of our winter field uniform material. For the Marine Corps that is over a year's supply. We didn't get an acceptable yard from him in over a year. We bought against the contract last November. There was a penalty of \$25,000 for the higher price we had to pay. He lost at least \$30,000 trying to make this and they are in bankruptcy. This is a little out of my line, but we have started a method of purchasing. We have asked the Bureau of Supplies and Accounts to let us make an acceptable list of manufacturers of woolen clothing. We have sent to the entire trade a notification that we will establish on July 1 a list of acceptable bidders/^{and}to get on that list they have to produce for us a sample of the cloth that meets our requirements. That will prevent anybody from bidding on that unless he has personally made a piece of that cloth and knows what our requirements are. I had three letters in the last three weeks from goods manufacturers and they

said, "I think it is the most advanced step the Navy has ever taken". Well, being in the woolen business they didn't know that the Navy has been doing it with other things for a number of years and they have a very large acceptable list for many different items. It is a perfect Godsend but how are you going to do it if you don't do something to get rid of that irresponsible bidder? I am afraid of him as much as anything. How are you going to prevent a firm from bidding on two contracts when he can't do more than one. He wants to pile up ahead six or eight months so he bids on one for the Navy and gets it and bids on one for the Army and gets it and then he can't do both.

Q. Can you tell us how cooperation is effected between the War Industries Board and the other agencies such as War Trade, War Labor, War Planning?

A. Not very much. It just didn't come under my personal ^{practically} knowledge. I spent/all my time down there on procurement of supplies. That coordination with the other war boards was completely over my head.

Q. Was there not a system of interlocking directives?

A. I remember that we had a man from the Coal Commission on the Requirements Committee and we had a member of the Food Commission on there. It seemed to work all right. Whenever the Marine Corps needed something there was always somebody on the War Industries Board who had the contact. I never even had to go to any of them, but that was really beyond my knowledge. After all, mine was a pretty small part. There were many decisions made

down at the War Industries Board that I didn't know about. Even Mr. Baruch didn't have the final say. There were political interests to be considered and the President has his say. Sometimes all we knew about it was that Mr. Baruch said it could or could not be done.

Q. General Williams, I am somewhat interested in the question of rank and prestige on this cooperation of industry. For instance, we have the Army Navy Munitions Board based largely on the office of The Assistant Secretary of War and the office of The Assistant Secretary of the Navy and we contemplate using it as a sort of stop-gap until we get the War Resources Administration going. Now that body has behind it the provisional statute directing the Assistant Secretary of War to provide for the mobilization of industry. Then we have additional provisions with reference to the Office of Naval Operations and the War Department General Staff. However, none of them are by any real authority. On the other side, we have the Council of National Defense. It also lacks any implementation just like the other. However, it has the rank of a number of the most important chiefs of the executive branches of the Government, and I am just wondering if a body representing the power of the two Assistant Secretaries can bring to bear is not a pretty weak thing to attempt, even temporarily, to control industry. Possibly the second body, which has several secretaries representing a very important section of the executive branches of the Government would not be more effective?

Now, my whole idea is that rank counts—it counts with civilians as well as it counts with the Army and the Navy and are we on rather weak ground in attempting to rely on the two Assistant Secretaries of the Army and Navy Munitions Board, even temporarily?

A. I don't think so. You are going to be the one who has the placing of contracts, the one who dishes out the billions of dollars and industry is going to be fighting for you and be dependent upon you. Now, as far as higher decisions of policy go, I don't know, but the only thing I hope is that you will shift—of course, it can't be done in peace-time—but shift the minute you can. There is one thing I didn't mention in there, but after the war there will be an investigation of how the War Resources Administration has been handled and there had better be a civilian up there testifying and some Army officers.

Q. I would like to pursue that question of allocations a little further. What would be your plan? How would you obtain your supplies that were allocated—by that I mean as far as competition was concerned—would you have any competition under your allocations for specific items? Would you go to those allocated facilities and obtain competition, or simply enter into contract with those you had allocations for?

A. I would enter into contract, negotiated contracts, hoping that the tax problem would take care of profits. Don't misunderstand me. I am not attempting to say that the Army Industrial College should recommend going beyond the bounds of possibilities, but we

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did competitive bidding the the last war and it was a joke. A man came into my office and said, "Major, I have got a hundred thousand yards of that and I need money for payroll. How much do you want?" I'd tell him what I needed and he'd say, "When can I have the money?" I'd say, "Send me the bill of lading and I'll give it to you tomorrow." Fifty per cent of our contracts—seventy-five per cent after six months—were made that way. We might go out and get competitive bids on buying potatoes but we didn't on most things. I remember one bid on campaign hats. Mr. Coombs, who was President of the Stetson Hat Company, was Chairman of the Commodity Committee down at the War Industries Board. A shortage developed on campaign hats. We did get competitive bids and a man came in from Philadelphia and said he was the low bidder and wanted the contracts. I said, "Did you ever make men's felt hats?" He said, "No, we have always made ladies' hats but I need the work." "Well," I said, "Mr. Coombs will make the award on the advice of the War Industries Board." I took the proposal down and Mr. Coombs said, "That man can't make campaign hats. Give it to this man. He will make you a good hat." He was about the fourth bidder so on the contract we put "Awarded such and such a bidder on advice of contract section of War Industries Board". That man reported me in a letter to Senator Penrose for splitting 50¢ a hat. Supposing a thing like that had come out in those critical days? Mr. Penrose sent that letter to Mr. Daniels and Mr. Daniels sent for me personally because I knew Mr. Daniels. It didn't happen to go through the regular channels. Supposing that

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had gotten into the papers that I had split 50%. It would ruin the reputation of an officer. One thing that I did all during the war—I had a stenographer in my office because I was purchasing and she was prepared, if I moved a paper or a book on my desk, to take down the conversation. When I went down to Mr. Daniels office that day I sent for her to bring her book and had her read the conversation with this man and that is the last I heard of it.

Colonel Miles. That is a good tip for all of us. During the war I had a much less responsible job than General Williams, but I did that same thing and I advise any officer who has anything approaching an executive job during the next war to do that.

Colonel Lewis. You stated that you thought that the Planning Branch and the Army Industrial College had produced statistics that were a considerable improvement over the 1917 set up. I gather the impression, also, that other Departments have produced statistics that we hadn't even thought of at that period, but I am a little disappointed in the lack of current statistics. I find in the Interior Department that the statistics are several years old--the very best you can get.

A. One of the instructors who were here when Commander Hancock was here last year--he didn't take a very strong view of statistics and I think that that was his idea, that they weren't enough up to date. Well, most of the statistics about industry will come out of the brain which you get to run it. But I think neither Colonel Miles nor I agree with Commander Hancock that he understood just what the

question meant because we found out that industries like the cotton duck industry—they didn't know where to go after they got by the point where their civilian trade called for cotton duck, but the thing I have always been afraid of about this Army Industrial money situation—I am not any longer—I was afraid that in your first years Congress wouldn't give you any money for some one or two years and that things would get two years behind and all the work would have been wasted. I guess they would spend a lot more money on it if they had it.

Colonel Lewis Can you see any solution for the lack of time limits for these statistics that are being kept?

A. Supposing you doubled the force that was keeping them and securing them? Wouldn't they be nearer up to date?

Colonel Lewis But the most important are kept by departments other than the Army and Navy.

A. Well, I don't think there is any question but that from the first day there will be thousands of questions that can't be answered.

Colonel Miles That is where your commodity committees come in too. I think that the statistics that we have got to be very careful to keep are the statistics which tend to show our own requirements and our own sources that we know and then piece that together with what the Commodity Committees will have when they come into the picture and they should come into it very shortly. Then you have got something to work on and I imagine the greatest value—

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one of the greatest values of Colonel Ayres was his ability to take a military subject and work a statistical analysis which the military people, because of their lack of ability to analyze, weren't able to do.

A. And then I think he had very intimate contact with Mr. Baruch--he personally brought Mr. Ayres here and he had a chance to talk to people way above our heads. He followed the world policies and followed the war and everybody knows the remarkable success he has made since the war. He had tremendous ability. Every once in a while you have a big man in industry, though, who was a total failure in the war. They were used to having a group of young people under them who were doing the work and they came down here and sat in an office without even a secretary and tried to run some great big thing and it couldn't be done. Of course, our initial difficulty and it stayed all during the war, was that nobody knew what the Army or Navy or the Allies wanted. Things changed so rapidly and I think it is going to change so rapidly in any other mobilization, if it is active at all, that you are going to have constant changes. You are going to plan on some program three months ahead of time and start the material and then the military situation will change and you are going to throw it all away.

Commander Dunham. It seems to me, General, that you just voiced very much of an argument for not going to complete allocations. There will be such changes. I say that we should have all the information on which to make allocations but to go and

definitely make allocations, I think, will tie our hands. If we go beyond the point of allocating for those things which we know that we are going to have to have in any eventuality and that they will be problem items--I think if we go that far and get information on industry for the other things we will be much better off than if we go the whole way.

A. If you go that far I will be very much happier than I am now. But I visualize this--supposing you start another war the way we started the last war--mobilization with the Navy having a full year's appropriation available under General Act of advanced funds which the Navy had. They got authority to spend all that money and they went out and contracted for it and the Army didn't have a cent. The Chief of the Bureau of Ordnance called up General McCauley, who was my Chief at that time. They were very intimate friends. He said "I've got to shut down Springfield Arsenal if I don't get some money within the next week. We haven't got any money. Can the Marine Corps give us an order for five million dollars worth of material? Of course you won't get it." Well, I went down to General Crozier's office and talked with a major over there and we picked out items that ran into money and we gave them an order for five million dollars worth of material and General Crozier started a big expansion at Springfield Arsenal with that five million. Then the Army got its money and ~~the Chief of Ordnance~~ General Crozier said "You can have your five million dollars back, Charlie, but if you need something, telephone me" and I telephoned General Crozier's office quite frequently during the

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war and Ordnance, as usual, helped us out tremendously. But let the Navy place contracts for three or four hundred million dollars worth of material before the Army gets any money and you are going to have to sort that thing all out when the war starts. You are going to have to take away, even if it is a competitive bid. The National Resources Administration will say to that man: "Cancel that order. It has got to go to something else." Supposing right now, with the money the Army has got, if mobilization should come after they have got that invested, if the mobilization came they would call for the Navy in the first place, wouldn't a lot of those orders have to be set aside or the same thing diverted to the Navy.

Colonel Miles. That brings out one point that I hadn't realized. That is that General Williams is a District Ordnance Officer emeritus.

Colonel Williams: I have a great admiration for the Army Ordnance. It is an interesting thing. I heard last week an Army Ordnance Officer say that every Chief of Naval Operations since the war was head of the Bureau of Ordnance of the Navy before he was made the Chief of Naval Operations. Apparently the Navy likes them to.

Q. General, in an emergency, to what extent do you consider that the War Resources Administration can use the other existing departments of the Government, especially the Labor Department and also the National Labor Relations Board in settling labor disputes?

A. Don't you believe that regardless of any law or anything, your organization here is going to be the key organization. Through this organization the Army and Navy are going to be able to fight

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the war and I think everything is going to have to head up with the Resources Administration. I think the Department of Labor will work--undoubtedly there will be a Department of Labor representative on the War Industries Board. If you get a strong enough man at the head of the National Resources Administration--that man will be the kingpin and we had it in Mr. Baruch.

Q. General Williams, you said you believed the War Resources Administration and the heads of his divisions should be civilians. Now, going down to the operating parts of these war-time procurement organizations, do you believe that the district chiefs should be civilians or military men? We have them both right now.

A. I think your chiefs--well, won't there be one of each--more or less cooperation--won't the civilian represent the War Resources Administration and the military man represent the military departments? Who is the head of it now?

Q. Well in some branches of the Army a military man is to be the district representative; in other branches, a civilian is to be district chief. General Williams. /If you have a crackerjack Army officer there, can you spare him from military duties? Won't he be called in?

Colonel Miles: In the Ordnance Department it is absolutely foolish to consider making the District Chiefs Army officers because they will not be available for that purpose. The expansion of the Ordnance Department will be such that you couldn't possibly put a man in as District Chief. On the other hand, I think possible some other branches would do so. You might do so. Ordinarily, I believe that most district chiefs in time of war, as I understand it, should

be civilians or civilians commissioned. General Williams, we certainly appreciate your being with us today. I think you can all realize the great value of General Williams' coming and talking to us in this intimate way, and I certainly want you to remember the two things--one about his secretary, how he used his secretary, and the second thing is how he paid his bills, and I want Campbell and Connell to get into a huddle and see if they can't find some way of presenting to the Chief of Finance the suggestion that bills be paid as promptly as General Williams found it possible to do. General, we want to ~~thank~~ thank you on behalf of the College for this fine talk.