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SOME PHASES OF INDUSTRIAL MOBILIZATION

by

Professor Georges F. Doriot,
Harvard School of Business Administration

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I have not prepared a speech; I shall merely discuss with you the problem I have been assigned by your commanding officer. In the amount of time available this morning I shall have to limit myself to outlining topics of possible interest.

First of all I wish to praise the Army officers who have attended the Harvard Business School. The School is hard and requires a great deal of work. I have a great deal of admiration for the officers who, having come to us many years after their school days, were willing to come back to school again, work hard, compete with able, younger men and usually succeed in graduating from our School with very high rating. There is no question as to the fact that graduate business training is necessary for officers detailed to such an important and businesslike task as that of industrial mobilization.

Industrial mobilization work is the link between the Army and business, between the fighter and the grower or producer. Such a delicate link cannot be handled except by men of superior ability, knowledge, training and personality.

For the purpose of providing men who might handle such a job, the Army Industrial College was founded by a wise Secretary of War who also decided that before attending the Army Industrial College Army officers should be detailed to the Harvard Business School so that the business knowledge they would acquire could then be applied to problems of industrial mobilization first in a theoretical way at the Army Industrial College and then in practice in procurement work.

If properly used, Army officers who have not only attended the Harvard Graduate School of Business and the Army Industrial College but who also have worked hard and assimilated the training of these two schools should be able to render very great service to the Army.

It is often forgotten that

- (A) a school cannot make something out of nothing,
- (B) a student takes out of a school a baggage the size of which is in direct proportion to his individual effort,
- (C) mere attendance does not mean very much,
- (D) after leaving school a trained man must be used properly.

B and C are distinctly up to individuals who have been privileged enough to attend schools. A and D are distinctly up to the Army. I sometimes wonder whether A and D are handled with as much care as

they might. Since one of the main purposes of sending officers to these two schools is to train them for industrial mobilization, it would be a mistake to send to these schools officers whose characteristics, training, and experience are not conducive to the ultimate handling of industrial problems and it would be a mistake of equal importance if officers have successfully assimilated such training not to use them in the most efficient manner. I might also add that it would be regrettable if attendance at the Army Industrial College were used to too great an extent as a "stepping stone" for officers who have neither the background nor the inclination to work on industrial mobilization. To be successful, a work of this kind must be handled by a group of men of not too diversified background, fair homogeneity, and the individual members of which are all animated by a decided interest in the common cause and ideal. The work to be done is decidedly group work or team work. Some of the principles that you would use in the field to get good team work must also be used here.

The first impression I would like to leave with you today, therefore, is as follows. The fact that the Army makes it a practice to detail officers to school so as to prepare them for industrial mobilization means nothing unless

1. The goal to reach is clearly stated and understood.
2. Officers are selected correctly.
3. Officers who have acquired the knowledge are used where they should be.

Too much cannot be said about selection, training and proper use of available officers. Successful industries know that and are constantly reminded of it by competition. The Army, which is not constantly submitted to active competition, might perhaps forget it.

In one of the early graduating exercises of this College, a General, who is no longer in Washington but whom we all respected, made the following statement to one of the graduating classes of the Army Industrial College. "The success of the next war, gentlemen, is largely in your hands." That statement was just a statement at the time, an interesting statement to make upon graduation, but today when we hear about war, and when a great many people seem to think there is a possibility of war spreading, when the time may soon come when people will say to the Army, "What have you been doing during the past 20 years?" that statement takes a new light. It means more to us and I would like to bring it to your attention, to add something to it and to more or less rephrase it along other lines.

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Gentlemen, it is not only the success of the next war which is in your hands, but also the future of the nation after war is over. A real victory is one out of which the victor emerges strong economically, politically, as well as militarily. Such a result cannot be obtained if to win on the battlefield a nation must wreck itself internally and give up the institutions and ideals which it is trying to preserve and defend. At the present time there is such a thing as a plan of industrial mobilization. In 1916 there was no such thing. Nineteen seventeen was a mess, but since there is now a plan we are led to believe that 1940 will be a success. Such a point of view is dangerous as there is serious doubt as to the value of the plan and also since nothing has been done to decide beforehand who should carry it out and to give whoever will have to carry it out an opportunity to acquaint himself with the work to be done. When we think of an industrial mobilization plan, we are obsessed by the experience in the last war and starting with the many mistakes made in the last war we try to correct those mistakes, but, gentlemen, that isn't enough, we must do better than that. We go on the simple-minded theory that it is enough to have power and with power anything can be done. I am here to say to you that the problem is not like that at all, the problem is not setting up an organization to take industry over. The problem is, to my mind, to keep industry as close as possible to what it is today. The problem is not to go blindly on and say, "We have a program and when war starts we shall get laws passed by Congress and with those laws we shall have ability to do whatever we want." Gentlemen, I would like to say this to you, we are going to sleep on the theory that in 1916 there was no plan and now we have a plan. I would like to say that, while a plan is better than no plan, the main fundamental problem is to have men who have received the necessary training, not only general training but specialized training, so that those men can step in smoothly and carry on.

If there is a war, and if industrial mobilization fails in that next war, it will not be because of the lack of a plan, it will be because of not enough ability displayed in selecting and training men, also in not making them familiar with their new job ahead of time.

In this connection, let us look at industry and see some of the things we may learn from it. First, in the golden era before 1929, we had a type of individual which is slowly disappearing and that is very fortunate. He was a universal man who could do anything at any time. He could work equally well in Boston or San Antonio, Texas. The man was probably a nice fellow, looked very well, talked easily, didn't know very much about anything, but he was an idea of the typical ideal business manager, the ideal company president. We have made one discovery, and it is that that type of universal man is a washout in industry and that we cannot run

companies any more with men who know nothing about any of the functions which are performed under them. We have also discovered that that man cannot keep the respect of others, particularly his subordinates if he doesn't understand the full meaning of the orders he gives. Usually that type of man would not know how to execute most of the orders he gives. One of the outstanding evolutions in the management of corporations in the last ten years has been the discovery that we need men who either are well trained in production or men who are well trained in sales, according to the company's main problem. As a matter of fact, to my mind if you will study a number of companies which have failed in the last thirty years, you would realize that it was because of poor selection of men. I even sometimes go so far as to state that if labor had had the right to appoint management, in a great many cases labor's selection would probably have been better than our selections have been. Now your question is why do I say that? I say that to you, gentlemen, because in the Army you have exactly the same problem. I wish to draw your attention to the fact that the time of the universal person who can be shipped from one job to another, within two weeks, or two months, does not exist any more. People have to be trained, have to be measured, and have to be judged, so the old simple slogan "The right man in the right place" is truer today than in my mind, it has ever been in the history of the nation. That problem, to me is probably what you would find to be the weakest situation in the plans of mobilization of a great many nations!

Yesterday morning we were discussing the foreign purchasing problem of some European nations. It is clear that while these nations had a "paper plan," such plan was very poorly worked out and had no practical value. Trained men to carry out the work had not been selected, and when the selection was finally made much time was lost. Already in the war which is now going on we see the bad results of poor planning followed by bad selection of untrained individuals unfamiliar with the work to be done. In such cases, wrong men are picked for at least two reasons

1. No time for good selection.
2. Selection made by politicians who do not understand the problem.

We must realize that to build up an organization takes time, and that even the best of men need time to learn their jobs. Your duty is to insist that men who will have to assume responsibility in wartime should be carefully selected during peace. It might be mentioned that no amount of publicity will transform a worthless person into an able one.

Another lesson one should learn from industry is the need for a great knowledge and appreciation of production problems, of products and materials used.

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In a period of increasing taxes, overhead, etc., in a period of increasing technical development, industry has readily learned that so as to function properly, it had to pay more attention than ever to production matters. To you, this is important because it means that you will find most industrial concerns staffed with able production minds who will be more able to assimilate their peace production to war requirements than they were in the last war. On the other side of the picture it means that you yourself should be sufficiently trained in such problems so that your requests and plans can be understood and carried out. There must be give and take, also mutual respect between you and industry. Your understanding of production, which in wartime is the main problem, must be such that you can readily discover who are the men in different companies whom you should consider as key men and on whom you should rely in time of war. Mistakes are always to be expected, but their effects will be small if between you and manufacturing men on whom you depend there is mutual respect and confidence based on knowledge. It is one thing to have signed a war contract with a manufacturer, but it is another and more difficult one to be certain that it can be carried out.

A third point, which should be of interest to you because none of us can figure out what the importance of a problem will be in wartime, is the evolution of the attitude of manufacturers toward labor unions and labor in general. There are two ideas of handling labor. One is to handle it with a gun, they work, and if they don't work they know where they can go. The second is being overly nice to them, go into the plant and arrange for a baseball field, send a nurse to the home to take care of the kiddies, and things of that kind. It was amazing to me to see that many manufacturers who were doing these things and then suddenly had a strike would say, "How ungrateful labor is. Look at those beautiful lunch rooms we have given them, look at all those nurses who go and take care of them, look at the beautiful lighting units to take care of their eyes, and those ungrateful men go out and strike." Those manufacturers were so surprised and ready to give up because the men were ungrateful. Gentlemen, that method is just as bad as the first one. We are now realizing that it is stupid and should have been given up. That method was one of buying men's souls you might say.

We objected to men organizing, we objected to men getting together, we objected to men asking for more wages, to men asking for shorter working hours. May I ask you a question? Is there anybody in this room, you don't need to answer except to yourselves mentally, who doesn't want to be paid more? Is there anybody in this room who wouldn't like to work shorter hours? We object to the men organizing themselves, but gentlemen, why do you go to school, why do my men go to Business School, why go to college? To learn, yes, but I will tell you that consciously or not, you went to college for the same reason that a man joins a union. They went there

to belong to a group, to belong to a smaller and smaller group so as to be able to get help and places in the world. When a man is kicked out of work he goes back to his school, to his union, or he writes back to the college, or he goes to see a fraternity brother, or to someone that belongs to the same society of some sort that he belongs to. That is what we are trying to do. We are trying to organize ourselves into groups that can help one another. What can the worker do when he is out of a job? Nothing. Why should not the men organize? I will fight as much as anybody, against labor racketeering, against cheap union leaders, against demagogues, etc., but I wish to say to you that there is no sense in wasting your time and getting blue in the face in fighting unions.

Unions are bad or good, but also manufacturers are bad or good. Labor leaders are racketeers or sincere men, but manufacturers can also be racketeers or sincere men. I don't believe the ratio of bad men in any one of those groups is very different. I believe that we are slowly realizing that our task is to help labor to develop intelligent leadership. I shall be happy when the day comes, and it will come, when out of my graduating class a percentage of my men will go into union work. At that time the problem will be under way toward a solution.

That problem of labor is, of course, of major importance to you during the war. My experience is that the so-called labor problem of industry is nothing but the sum total of mistakes made by employers. I say to you that in your selection of keymen, find out which ones have that particular ability, that mental honesty, which is necessary so that labor will respect the person. Do not come to the conclusion that because in the Government war set-up there will be a Secretary of Labor, or man in charge of human resources, whatever you call it, who may be a former union man, or anything you like, that that in itself will solve your labor problem. I hope that a majority of your keymen in industrial local districts, etc., will be men whose views on labor will be sane. To my mind, the first requirement to lead men is to have a full understanding of the orders that you give and a full understanding of how those orders have to be carried out. That is true in the field service of the Army and it is very true in industry.

There have been excesses in the labor movement as there have been on the employer side. The demagogues and politicians who have used labor as tools for their political ambitions or as excuses for their vindictive "getting even" attitude have no place in wartime. The damage they may do in peacetime, particularly if supported by a government which finds it politically expedient to cater to their destructive whims, goes a long way toward preventing a nation from showing the spirit of unity which characterizes a strong nation. A nation disturbed by internal struggles is always weak and a prey to attack. Strong armaments are useless without internal unity.

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A government has the choice between praising the beauty of loafing or the beauty of work. It is usually very hard to shift from the first alternative to the second without much difficulty. A war or a scare of war usually helps. The nation, however, is unprepared and undesirable measures are necessary.

To manufacture, we need skilled labor. Present policies do not give young men any incentive in that direction. It is your duty to bring these facts to the attention of those people in the government to whom you report--the Nation should know that under certain conditions you cannot carry out your task.

I would like now to touch on another problem, which is also of great importance, and should be of interest to you. That is the differences and the relationship between engineering and production, which, to my mind, should be one of our key problems in time of war. I have said before that a plan is very nice but that men are still more important. I am amazed at the fact that in a great many places people do not understand that designing for production purposes is entirely different from what you might call engineering design, and if there is any danger of war I should like very much to suggest to you that renewed effort should be made by you in the consideration of mobilization problems in making certain that the goods that you wish to order or have ordered, have been designed for production purposes. The worst problem in manufacturing is changing models, or is changing from one production to another, and that is your problem, to have a group of production men who can work closely with engineers so that you can easily and with a decided degree of safety and certainty as to time and quality, go ahead and have the goods manufactured. I am ready to report to you that as far as I am concerned, with the experience I have had in industry in changing production, to say to you blindly without knowing what your plans have been during the last few years, that the more you hear of the possibility of war the more you should go back to your specifications and say to yourselves--"Has it been done on such a basis that we are ready for production with the smallest amount of change in the manufacturing set-up?" You should get more clearly than ever in your mind the basic difference between engineering design or design for production. I know any number of companies, the names of which I could give you, which at the present time lose money because of that particular problem. That, gentlemen, is a matter of leadership. It is a matter of knowing your production men, knowing your engineers, and being able to make them coordinate their thinking.

I know of one company, which, during the last two years, made some material changes, because their finances were such that they needed something new. Everything looked wonderful on paper and it was all shaped out before the production men had a chance on it. The loss was probably ten million dollars and a delay of eight months in bringing out the new model. All of that because

of lack of concentration on the part of the management as to the relative importance of the two things. I would like to say to you that we don't design goods so we can open the files and be proud of our wonderful technical plans, get our friends and say "Look at that masterful discovery and look at the beauty of that new design." We design goods for one purpose and that is to make them so we can use them at the time we want them. Now to do that requires a great deal of experience and training, and bearing in mind the one point I have made before, I would like again to draw your attention to the amazingly intricate problem which you are facing. Now, what will happen? The more time you take to make the shift that you would have to make in case of emergency, as I have said before, the more you will be superseded by political powers because the public will get nervous, politicians will get in and the same period of thinking and preparation will be over. People will demand action in any shape or manner, at any cost. Thus I maintain that the industrial problem which has to be handled under those circumstances and in that kind of atmosphere is bound to be a mess. Your problem is not to take industry over, as far as I can see it, your problem is to know today exactly what you can use and how you can use it. I know I am not telling you anything new. You have heard it from people who know much more about it, but I would like to repeat it to you because my work is with industry and so I say to you--if and when, and I hope it doesn't come, we have to think about war as something to be faced, unfortunately the training period will be over. You will not be able to say "Let us learn what the job to be done is." What you do at that time will never be done well.

Two days ago, coming on the train, I made a list of slogans, or you might say remarks, which seemed to me interesting, in my simple-minded way of looking at things, in connection with the question of war business and preparation for war, and here they are

1. Your life as army men is to be forgotten and to be set aside because in peace you are uninteresting people until the day comes when you will be blamed for not having gotten ready. I admit it is a very complicated life, but you have to accept it.

2. When that day comes you are further handicapped by the fact that you are in the center of a stage where politics move in on you to a greater extent. I admit to you that it is unfair. You have to remain hidden and suddenly, too suddenly, appear in the limelight.

3. Any amount of money you want to spend in peacetime is considered a waste because politicians could use that money to be elected, then suddenly when the time comes instead of being left outside you are the main actors in a drama and if you are

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not ready you will be blamed. It is up to you to live up to the challenge. In the last war industrial mobilization was an expensive failure. Whether or not it will be in the next one depends a great deal on your work and intelligence and I would like to repeat the statement of the General--the success of the next war is largely in your hands.

4. The extent of the failure during the last war will make the problem loom as a very large one in the eyes of the people when they get excited about it.

5. Politics wants the problem to be a large one because the larger the problem looms in the eyes of the people the more able politicians will be to get their own way, and their own way will not be to make your lives easier. I mean by that the quality of your work today will, to my mind, make the difference in case of war as to whether this country comes back to the type of government which we all want to preserve here, or whether it does not. Remember this, politicians seldom retrace their steps when retracting their steps means giving up power.

In a nation the size of this one the problem, when you come right down to it, should not be one of abnormal magnitude. The chances are, first, normally there is no danger of being invaded, second, if you take a nation like France with a relatively small population, a large percentage of its population is to be called to the Army and Navy. There is no doubt that the percent of people to be called in this country would be very much smaller. On top of that, the problems of raw materials, supplies, etc., are not as great here. Again I repeat to you--we talk a great deal about the failure of industrial mobilization in the last war and because it was a failure we think it is an amazing problem and the tendency is for people to think that the only way to solve it would be to go from a democratic form of government to a dictator. Such a step might please some politicians, as it then becomes very simple to govern!

Remember my warning--politicians seldom retrace their steps when it means giving up power. I would like to leave this thought with you. The size of the problem will get greater and greater if you are less and less prepared, because of the time element that will suddenly be facing you. I have explained to some extent that what can easily and successfully be done in peacetime would be poorly and expensively done in wartime.

You will agree that the main difference between now and 1917 is that now we think we have a plan. I like plans; I like to sit at home and make plans and then when I have to do something I rather like to forget my plan instead of keeping my plan in front of my eyes like a pair of glasses. I like to use the plan

as a directive, as an indication, as a goal, perhaps as a method of work, but I do not like to be obsessed by the plan because conditions will vary, new sets of circumstances will arise. A plan should be a help but it should not be a handicap. A plan is a little bit like a skeleton--we can't exist without one and we want a good one, but I have never seen a skeleton walking and getting anywhere by itself. Perhaps in Washington where strange things are done, you have seen it. I would suggest, therefore, that a plan, whatever it is, should be looked upon in its proper light.

I think you should ask yourselves the three following questions. Are you certain of your plan? Do you know how your plan will work, have you conceived how it might be put to work? Between planning and carrying out there is a large size ditch of water, barbed wires, and everything you can think of or that the Ordnance could possibly conceive to make the ditch a most unpleasant one. My third question would be, do you have men to carry the plan out? Men who know about the plan and who can step in and carry it out any day. Those, to my mind, are the three questions you should ask yourselves.

When war starts, industrial mobilization is not to train men but to use effectively men who have been trained in peacetime. I can't conceive of able men, who suddenly in wartime have to be trained, because after all when war starts you will have no excuse in doing that. Training your organization--yes, that is entirely different, but training men who have spent a number of years preparing themselves for industrial mobilization--that I don't think can be defended. The problem is not to take industry over but to make industry operate smoothly under new conditions, and that, gentlemen, comes back to fundamentals, your ability to decide on designs that can be made and your ability to have picked men who can give you what you want at the time you want it. On that question of design, I am very much amazed to see the way the matter has been handled. I am surprised when I hear certain airplane designers are proud of the fact that in a certain pursuit plane there are x million rivets! That is the wrong idea to have. The question should be "Are they necessary?" That isn't the way to make goods for war. We have many things like that where we are wrong in manufacturing instruments of war on what I would call civilian standards. Do you see what I mean by that? You can probably think of many examples!

I am surprised to see that in business one word that is constantly before us is standardization of products, of supplies, etc., and I am amazed to see conditions existing in aviation for instance. This is fine in peacetime, that is the kind of luxury we can well afford, but in wartime that is wrong. It complicates your problems, not only the manufacturing problem

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but it complicates your problem of maintenance at the front to a degree that is unbelievable. We go on the weakminded point of view that we should keep going by using paper plans which don't apply.

I will ask you a question--are you quite certain you are taking the right stand, for when war comes you will always be the ones blamed. I know very well the pressure that comes to you from industry, and taking again manufacturing, with which I am fairly familiar, you will note that some of the companies, which really could produce airplanes in large quantities do not receive Educational Orders. The answer is that industry objects to it and industry does not want the War Department to add additional competitors.

The Army should realize that it does not have either the research capacity or the knowledge of materials and production methods that industry has. The Army is often too proud of its designs, knowledge and specifications. It often goes on the theory, for instance, that because a certain piece of steel is called a "shell" industry cannot possibly know how to devise better production methods than the Army can. The link between the Army's design conception and industry's capacity to produce is too inelastic. The Army must "design for production," bearing in mind modern production methods as they exist. It must design in cooperation with those who will have to produce instead of designing and telling industry what it is it will have to make.

One must, of course, realize the handicaps to which the Army is subject, and it must not be forgotten that to get its peacetime appropriation the Army has to make compromises not to the best interest of National Defense. However, be that as it may, the fact remains that the industrial mobilization part of the Army is too far removed from industry. I have suggested before that such work should be more independent than it is and that its peacetime leader should be a man of recognized industrial training who should have under him a staff of competent manufacturing men. The fact that officers are detailed to industrial mobilization work for four years and later on may be shifted to other work is not conducive to efficiency, particularly since the loyalty to the particular views of their branch on problems of industrial mobilization may not give them the freedom of action and thought which are necessary.

Again may I say this. The Army cannot and should not make the people think that it wants to run industry. Furthermore, industry cannot be run by the Army in case of war. Neither should the government use national defense as a smoke screen or an excuse to run industry. To my mind, we make a great mistake in letting the public believe that "industry has to be 'taken over'." That is the wrong feeling to spread and it is a feeling, which if

spread too much, will create a great deal of trouble.

It is time to face facts. The well-known statement which I made before, I would like to repeat. It is a simple statement and I apologize for making in front of you such a simpleminded statement—unless you decide to use trained men, unless you realize that knowledge is necessary, you will not do the job with which you have been trusted.

I had the pleasure, a great many years ago, of being present when this College was started. I remember what the hopes of those who started this College were. Colonel Miles is an outstanding leader and I think he will excuse me for assuming that he would agree with me on that statement. Notwithstanding the leadership of the School, notwithstanding the program and the courses given in the School, no school is ever better than the students, and students get out of the school in proportion to their will power to get something out of it and in direct proportion to what they are willing to put in. You should be here because you are attracted by the problems of industrial mobilization, because you want to give the best you have to those problems and because you think that you have the past training and experience which qualifies you for those problems. If you do not look at it that way and you leave this College having brought nothing to it and taking out just what you had to take out so as to be a gentleman, then we might just as well decide that the next war will find this nation unprepared.

Remember what I have said before. Not only the success of the next war but the future of the type of government and institutions that we like to preserve are in your hands because if your job has not been a superior one politics will have a good excuse for taking things over in a hurry and politics seldom does anything very well under such circumstances.

Discussion following lecture

by Professor Doriot
December 1, 1939

- Q. Professor Doriot, I'd like to ask your opinion, I mean you intended that we have created possibly an unfortunate opinion in the country about our taking over industry. This thing we have been doing is hiding ourselves behind prominent business leaders to gain the confidence of the country. Don't you think that is sound; does the country at large appreciate that?
- A. Yes, I think it is sound but I can't say the country appreciates it. I can say that I do believe that I am right in saying that the idea is that the Army will take industry over and I can tell you that business men, all of them who don't know all about it, do worry greatly about it. I don't know how I can say this to you, but I know that politicians are delighted with the idea. There is a notation, which, on a more dignified basis, says that after a politician has made a mess of a nation the easiest way out is war and while he may not consciously wish for war the will for peace is not as strong in his mind as it should be. When a man has struggled for a lifetime to become an important political leader if a war will create a possibility of his remaining in power then the will for peace will not be as strong as it would otherwise be, and one of the great difficulties of today.
- Q. I have another question. A question we have been debating rather furiously as to whether we ought to try to make use of these new deal functions or whether we should just have a war industrial administration over the whole thing and

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thing and ignore them all.

A. That I can't answer because I don't know quite what you mean by using the new deal functions.

Q. You have the Security and Exchange Commission and such things --

A. Take that one for a second. What I have been saying to you is to find a leader somewhere and I have told you to find out because the top men in industry in peacetime may not be the one you want in wartime, and that, I think has been one mistake made frequently. Now that may be the indirect answer.

Q. Could you give us some suggestion as to methods that could be followed in fostering to more honest, intelligent leadership of labor?

A. You know I have no big schemes in life. I always believe in doing a little bit on one step every day and my only solution is this. You know the illustration of the moving picture that we see before our eyes to day and don't know what will make it better tomorrow, and I think the problem is to build a little on the structure each day. I am against big schemes, and I am against big plans. If you must have a plan then have everybody do a little toward the whole. It will take time, but unlike some distinguished people, I don't believe that a problem of that type can be handled over-night.

Q. Professor Doriot, you have talked about a plan and we have studied the plan as it is, and as we think it should be modified, and I know that some of us think that the great inherent weakness is the lack of guarantee that the essential element may be evoked. The need for a plan, as we all know, became evident in the last war. The disruption of economic conditions and production required a centralized control, well, the last depression apparently called in certain Government controls and today we have all these agencies set up attempting to control or iron out certain things in industry. What do you

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think is the best guarantee that any plan that may be involved shall be evoked when the time comes.

A. I will try to answer it with one phrase. It is the ability to carry the plan out smoothly and the knowledge on the part of the people regarding the plan and that comes back to one of my statements, that the plan without the men does nothing. You know too, there are cases in the life of a company when you have to change the management, sometimes you have to change four or five keymen. Do you realize that sometimes it is two years before those men function together as an organization and still there isn't the excitement of war, there isn't the pressure of the enemy coming, there aren't any of those things. I have seen cases where you get new management in the company and you have to change two or three men, and it is two years before they function as a unit. Don't expect that one day you can call up ten men and because they are goodlooking, or because they have given money, or something of the sort, that that will make them industrial leaders. The fact that a man is chairman of a board in a corporation does not make him a leader. You see there are all sorts of things to remember.

C. Professor Doriot, I have a question here which is about the background of the trouble between management and labor. It is difficult for me to put the question because it isn't clear to me. What is your conception of labor, should its services be considered as a commodity which could be purchased on a market condition? I am thinking of the difficulties which the C.I.O. has had with industry and which has created service problems and havoc, and the American Telephone and Telegraph Company in which over a period of 3 years there hasn't been a single serious case of labor disturbance. Do you see what I mean by the question?

A. Yes, the first part of it as to whether labor is a commodity, I don't know and I don't really care. I know this, that they are not machines because they have a heart and they like to have things the way I do, so you see I think that it is not important to decide, I am not a Communist. I used to be a factory worker myself. I don't think it is important, I don't think you should worry about it. Do you see what I mean by that?

Now with reference to the C.I.O. business and what has happened there, and your statement about the telephone company. Remember that there is quite a difference between handling labor in the telephone company's services and handling labor in ^a the foundry somewhere in Michigan. I think we make a great many mistakes by studying labor by companies, don't look upon those individual examples, don't put too much weight on them. Of course it can be done, we all know that. There is one remark I want to make very forcefully in that way. In the strikes and in the damage that labor has done in the past six years, I don't blame labor or labor leaders one-tenth as much as I blame the demagogues, who are centrally located not far from where we are right now, who have pushed those men on, and ~~for~~ the tragedy of the labor movement in the last five years I don't pin on labor. They went crazy because they knew they were pushed along and the blame, to my mind, goes entirely to the pale-faced demagogues, who have pushed those men along and loved it.

Q. Several business leaders have come and addressed us from this platform, and all of them seem to think, possibly rightly so, that they are going to lose fifty percent of their man-power on M Day, and they always give us a paragraph or so in their talks to the effect that even their sweepers are indispensable because they can be used as messengers, and I wonder if you would give us a thought on that.

A. It is a fair conception that the men in a great many companies, certainly

a large part of the personnel, should be moved off if you need them. If you don't need them they can still go ahead with their work. But I think it is normal for a business leader to come and tell you, "I want to keep all my personnel, I want priority on anything I need, etc.", and after all if I were head of a company I would do the same thing.

But you know the answer to your question is this -- if you are able to get the business man, the corporation, to respect your knowledge you won't have any question. The only time you have a question is when he doesn't respect your knowledge. If you tell him you want to take those men out and convince him that you should and you don't, he knows it, or if you take them and you shouldn't, he also knows, and either one of those two things would be bad.

- Q. I think that we, as a group, will probably not have the say-so as to whether we take them, if it works the way it did in the last war.
- A. Who is going to have the say-so, if you don't decide now then someone else will decide. Now are you sure you know that you have the right to have the say-so? Are you sure you should have the power to have the say-so? I don't know, I am just asking questions.
- Q. Professor, I have two questions with respect to the mobilization plan. You have stated this morning that you liked to think of a plan as a guide, a directive, is it possible that you had in mind the fact that we have carried the mobilization plan into too great a detail of planning?
- A. Well, if I must answer, I sometimes have felt that the plan was a little bit post-mortem.
- Q. The second ~~quest~~ question is that you have stressed so much the fact that we should make proper selection of a good leader, that I am beginning to believe

that you think if we could find that proper leader that we wouldn't need any plan at all.

A You always need a plan for the basic thinking. Now mind you, I get your side of the problem. For instance, speaking of the educational orders, they sound awfully good in regard to price, but some of them look funny from the manufacturer's standpoint and I think from time to time you should give a little credit to the American manufacturers in industry for they are not as dumb, you know, as some people think. As for modifying the design on a product, your tendency is to be closer to design and their tendency is to be closer to production, so manufacturers should be called in sometimes when you conceive some of those things you are designing. I know men who would be of enormous help in designing engineering functions. You should not say to a man "You go ahead and make that" for while he will make it, at the same time they are spending millions of dollars on new processes and things of that type, which would help you a great deal, and there is no reason for you to feel that it is a mystery to make such a thing. For instance, if General Motors decided to make guns tomorrow, because they have gone crazy and just decided they should do it -- alright, they could design a pretty good gun too. I am using guns just for a simple word, I have nothing in mind.