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PROCESSING AR DEPARTMENT APPROPRIATION BILLS

by

Honorable Joe Starnes, U. S.

January 4, 1940

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PROCESSING WAR DEPARTMENT APPROPRIATION BILLS

Gentlemen

It is a pleasure to be with you and to discuss with you some of our mutual problems. I feel somewhat awed and a little bit amused when I see in the audience faces of devoted officers who time and again have appeared before the Appropriations Committee as defenders of the National Defense Program who have had to subject themselves to some merciless questions and realize the tables are going to be reversed.

I understand that yesterday Colonel Loughry, our very able and competent budget officer, who has been of inestimable value to the War Department Sub-committee on Appropriations in handling peacetime budgets, discussed with you in detail the preparation of a peacetime budget. In the preparation of a peacetime budget we have the initial directive which is sent out, upon which the branches prepare their estimates. These estimates are brought into the War Department and carefully gone over and sifted. After the final directive has been worked out, refined, the final estimates on the amounts necessary to finance them are sent to the Bureau of the Budget, where they are again subjected to careful scrutiny--as careful as can be given with the limited personnel and limited detailed knowledge which the Bureau of the Budget must of necessity have. After our estimates pass the Bureau of the Budget they come to the Congress and are passed on initially by the Appropriations Committee, which is charged with the duty and responsibility of initiating all appropriation measures. Those hearings there are usually very interesting while now and then we find some rather severe critics, I think on the whole the attitude of the sub-committee handling the bill is most helpful. In a democracy such as ours it is probably necessary to have all these checks and balances.

At the outset, let me say that we all appreciate the necessity of central control in an emergency and the granting of unusual powers to the Chief Executive and the armed forces. Every one of us is a citizen of a Democracy. As such we realize and appreciate the necessity of civilian control over all our processes if we are to retain the democratic form of government.

The subject of the preparation of a wartime budget presents to us the question of the successful initiation, prosecution and conclusion of a war for the defense of this nation. The time element, in my judgment, is the most important factor in the preparation of this budget. How we can shorten the time from the outbreak of the war until we actually put our Initial Protective Force, our Protective Mobilization Plan force, and then whatever forces may be

necessary in the field fully and completely financed and equipped to successfully conclude a war is of prime importance.

In my judgment, any wartime budget should take into consideration the following

First, and of prime importance, is the facilitation of military operations.

Second, it should embrace the most simple and flexible methods which we are able to devise.

Third, there should be a coordination of estimates which would bring about an elimination of overlapping and waste.

Fourth, and this is very important, we should have a fiscal program or a financial program worked out which would be sufficient to assure uninterrupted development of our military resources.

How can we attain the objectives then set out by these four general rules? First, I think that the duty and responsibility is upon the Budget officer of the War Department to prepare in advance estimates which will take care of not only the critical, but also the essential items for the Initial Protective Force. As a second step, there should be estimates and plans which would provide for all of the critical and essential items for the Protective Mobilization Plan of our million men. I am informed by Colonel Loughry that this has been provided for. It was not provided for in the last war. Therefore, there was a great deal of delay in presenting -- in the preparation and presentation of the initial war budget to the Congress, with consequent delay on the part of Congress in the consideration of that bill. It is my thought that we could further expedite the preparation of our wartime budget and facilitate military operations if we should take our different color plans -- our various color plans -- and, based upon these color plans, formulate a budget to fit each. I appreciate that this would be a monumental task. I appreciate the fact that no budget under this plan could be worked out in such detail that we could put each plan into operation without certain changes. I appreciate the fact that each of the recommendations I have made would be subject to constant study and constant revision on the part of the best minds that we have in the War Department, working in cooperation with our civilian agencies. I do say the initial responsibility and the prime responsibility is upon the War Department for the proper preparation and presentation of these various budget estimates. If they are worked out in detail it will eliminate a great deal of time.

How we are to get through the Bureau of the Budget and then to the Congress without loss of time, frankly, I am puzzled to know. It is my thought that when these budgets are prepared for the Initial Protective Force, the Protective Mobilization Plan and the respective

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color plans, at some time the Bureau of the Budget itself shall have given some consideration as to how action may be expedited by the Bureau on these estimates, so they can be placed in the hands of the Congress. This statement may seem unusual from a member of Congress, I think that in the processing of a war budget the Congress itself could greatly simplify the matter if they would make lump sum appropriations, with final responsibility placed upon some particular head. There should be authority given to the War Department for a complete interchangeability of funds, or the right to transfer funds from one branch of the service to another to meet the exigencies of the hour. That thought might not be very popular with my colleagues, but I believe it is absolutely essential, gentlemen, if we are to have quick efficient operation of a wartime budget. Too much time was lost in the World War from the time that the estimates were presented to Congress until the funds could actually be put into operation. I think in presenting our initial war budget we should look far enough ahead in our fiscal planning to see that funds are ready and available for any and all purposes for a period of at least two years. The time element is of the essence of things in a wartime budget.

In the creation of a wartime budget I think we should utilize and coordinate the activity of the following groups: The Office of The Assistant Secretary of War, that is, the Planning Branch, second, the Budget and Legislative Planning Branch of the General Staff; third, the War Plans Division of the General Staff, fourth, the Operations and Training Division of our General Staff, (the Protective Mobilization Plan), fifth, the Supply Division of the General Staff, that is the Planning Branch, sixth, the Office of the General Budget of the War Department.

Frankly, I think the civilian population should be represented by some group or agency similar to the War Resources Board, which was called into being recently, and which I think can make a most valuable contribution to the successful financing and prosecution of a war. The time will never come, regardless of how many experts we have within the War Department, that we cannot call upon civilian leaders, with profit to ourselves and to the Country, for advice and counsel as to the industrial resources of this country and the sources of supply of the various materials so essential to the prosecution of war. We have men who are trained lifelong in these things, who have had expert training, men of vision and men of executive ability, whose advice and counsel must be sought and must be heeded in the assembling of raw material and in the processing of that raw material for the finished product of the battlefield.

I think that summarize briefly my thoughts on this matter. I have an idea that in considering the time element in the preparation

and final passage of a war budget that we could take a color plan and prevail upon the Bureau of the Budget to give us a "dry run" on fiscal policies and on a War Department budget. We might also prevail upon the proper Congressional Committees to give us a "dry run", legislatively.

Take our Army Maneuvers during the past two or three years. I think they demonstrated the absolute necessity of giving men who must command divisions and corps and armies, and their respective staffs, the opportunity of exercising that command with troops on the ground simulating battle conditions as nearly as possible. This experience is essential for success. Those maneuvers demonstrated the necessity of such training. I believe that nothing could be better--nothing would demonstrate better the necessity of coordination between the War Department, the civilian agencies and the Congress than the preparation of a wartime budget based upon a color plan and prevailing upon the Bureau of the Budget and the proper Congressional Committee to "dry run" or process that particular budget. Such action would require hard work but I think it would be really worthwhile.

Again I repeat time is of the essence of things in the preparation of a war budget. Time is of the essence of things in modern days--time, speed, simplicity and flexibility, coordination. I have presented my thoughts. Now you may fire when you are ready.

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DISCUSSION

following lecture by
Honorable Joe Starnes, M.C.

January 4, 1940

Colonel Miles I think that Mr. Starnes has shot right down our alley and it certainly is a fine thing to have this emphasis from men in those areas in which we are dealing from day to day. I think, Mr. Starnes, that there is no one in this school or who gets through this school who doesn't appreciate the necessity for calling in advice from the Congress and from the leaders of our industrial and commercial life to help us to get ourselves oriented so that we can approach them adequately and with some degree of intelligence. Mr. Starnes will be glad to answer any questions that you may have.

Q. Mr. Starnes, I was very much impressed with your time-saving ideas. Now, I have a couple more I would like to get your reaction on. They are not as legal, possibly, as might be. One of them is this--and I know it was done in 1917--where the delays on appropriations were about two months, certain friends of mine went out and made contracts to the tune of several million dollars without any authority at all and got away with it. Now that is one way you can do it. The other way is this when you sit down and figure the mechanism for making a contract with a man--it is generally an object that he is not familiar with if it is munitions and he doesn't like to stick his neck out, so he is going to estimate that he can make it for more than it should cost. My thought is--go ahead and give him the too great a figure for his product and you people get it away from him afterwards some way or another.

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A. I see what you are driving at. I thought along that line but rather hesitated to speak out on it. I know what we would be accused of, gentlemen, if we made the preparation that we know is absolutely essential, so far as we are concerned, for perfect preparation for a war, but I think we ought to have enabling legislation ready, if not actually active, to place in operation which would give the War Department the authority to make the contracts necessary to take full advantage of existing price conditions and the availability of raw materials, etc., before the impact of the war affects the economic life of the nation and prices skyrocket. I think we would be justified in having legislation ready to make those contracts legal. As to your thought of contracting at a higher price although you didn't have the authority, and that Congress, through its appropriation power, could legislate to cut that man down, I don't know whether we would legislate to prepare a contract I think the position you take is sound. It is true that in the last war we did make contracts without considering their legality and got away with it because of the exigencies of the situation. I think all of us realize that to wage a war successfully, even in a democratic country we must be prepared to surrender many powers that would be unthinkable in peacetime. As a legislator and as a citizen I am willing to surrender certain rights and privileges to successfully defend my country in peace or war, whether it was a battlefield emergency or a peacetime emergency under economic stress. But as soon as the emergency is met I am ready to recapture, by force if necessary, the rights I gave away.

Colonel Miles If we are going to have a system of government by checks and balances then you would have to recapture it.

Q. You certainly gave me the answer on my first question but I don't think you answered my second question. For instance, you say to a fellow, "I want you to make fuses." We know they cost about 75¢ but the fellow says, "I don't know what is going to happen. I want a dollar for them." So you say, "All right, I'll give you a dollar", and you know darn well if he makes a million of them it will probably only cost him 50¢ apiece. Then it would be up to Congress to legislate, I would say, to get that excess away from him.

A. That's an idea.

Q. But he is happy. Its just human nature. He says, "Look at the money roll in! We're just making money here!" He doesn't look forward to the day when you are going to take it away from him six months hence.

A. I get you. That is an idea all right. The only danger in that is you turn loose a lot of Nyes and Borahs and some others I could mention and you are "war profiteers with your blood profit money". That is your only danger in that method. That is the only method I know of that you could be very effective with.

Colonel Miles I have a question that doesn't apply in wartime particularly but does in peacetime. For instance, appropriations are made. You have to obligate those appropriations within the fiscal year concerned. Now, personally from my own experience I know that frequently you don't know until close to July 1 what money you are going to have, and then following that certain experimental work and all that

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sort of thing has to be done, which may proceed over a considerable period of time with a result that about June 15 at the end of the fiscal year you are trying to place a contract which you really shouldn't place because of the lack of background and negotiation and perhaps experimental work that ought to have been done prior to the time that the contract is let. It seems to me under certain circumstances there ought to be some way in which the time for obligation of funds could be extended, because it just results in poor negotiation, poor contract work. What is your idea along that line?

A. I admit that you are right. I doubt if you could get the Congress to surrender that control in peacetime. The only way I know that would give you a little bit more leeway is interchangeability of funds without limitation, yet you run into a legal budgetary trouble when you begin to say we will give you this authority to extend on beyond a certain year. That is a very difficult question. I don't know just what the answer is.

Colonel Miles It does result in a lot of loss to the Government, loss which is far exceeded by the value of the check which it gives.

A. Undoubtedly. On research and experimental work I grant you that is true. I feel that far more money should be spent on research and experimentation. I think that is a very fruitful field, that that is where we really make progress and we have been too niggardly in our estimates. I think that there is nothing in a peacetime budget more vitally important, not only to the Army and Navy, but to many of the civilian agencies, than having adequate funds for research and experimentation. If we are going to find new products, new discoveries, we have

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got to spend a little money. We have got to excite the thought processes in the minds of eager and inquisitive young men who are getting out of these schools and colleges, and who are not afraid to explore and seek new frontiers. The same thing goes in the services. I do think you have raised a very fine point here, but I am frank to say I don't know how you are going to handle that except through research and experimentation alone. Let the one particular item go on. I don't think you would ever get Congress to surrender that control over the annual budget. The thing is, 60 or 80% of your regular annual budget goes for the maintenance of the service, unless, like the present limited national emergency, we have a time when it is necessary to make unusual expenditures. I don't know what to say except that they might give you the authority to remove any limitations on time or funds devoted to research and experimentation.

Colonel Inles That would certainly be a fine step if it could be done.

Major Logan Mr. Starnes, it has been my privilege on several occasions to assist in the defense of the Quartermaster estimate before the Committee, and thereby to learn the very keen and broad knowledge that the members of the Committee have of the War Department's needs. Based upon that knowledge, I should like to ask your comment upon the legality and possibility of a plan whereby at the beginning of an emergency the Congress should appropriate a lump sum of say \$5,000,000,000 and vest in the Military Affairs Committee the authority to issue that money to the War Department as they appeared with estimates for it and issue warrants to the Treasury for its withdrawal so that the Committee,

knowing the needs better than the Congress as a whole, could very quickly act upon the presentation by the War Department of any requirement of money and they could say, "All right. We have this reserve and here is a billion and a half now." Could that be done?

A. That is a good idea except that I would want the control of the money to be retained in the War Department Sub-Committee on Appropriations rather than the Military Affairs Committee. I think you raise a very important question. There should be made available to the War Department a sufficient sum of money to meet its needs on any particular color plan or for any emergency. The Treasury should coordinate its plans. We have got to have a fiscal program. We have got to take into consideration our economic resources. They must be taken into consideration together with our ability to finance a war. I do think that a lump sum appropriation should be made available to the War Department when and if necessary which would assure the smooth, continued flow of the constant military operations essential. Whether the plan that you have outlined or the plan that I mentioned briefly a moment ago would be the best plan, I don't know. I think the central idea is a good one. The mechanics of it could probably be worked out in conjunction with the budget officers of the War Department and the Bureau of the Budget and the Appropriations Committee, which would make available to the War Department when and if necessary such sums as it needed for any particular purpose, whether it was for the procurement of supplies, for personnel, or what. I would leave it to the judgment of the War Department as to where these moneys should be spent, and let them justify

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that action. Frankly, I think lump sum is what we are going to have to come to if we are going to expedite action on a wartime budget. I think that is what we are going to have to come down to.

Q. Mr. Starnes, harking back to 1917, all the making and filing and changing of plans with reference to industrial controls and industrial mobilization--as a result of that Congress gave a mandate to The Assistant Secretary to provide adequate assurance for such mobilization. Now, a program has been evolved since the war and we have an Industrial Mobilization Plan. As I see it, that plan doesn't stand on any very firm footing. It is to be made effective only through the war powers of the President in its adoption. What do you think would be the best guaranty that such a plan be adopted?

A. That is a hard question. I think that question of industrial mobilization is the most important single question that we will be faced with when we come into a war. There is no doubt about the amount of our national resources. We know where our weaknesses are. We know where our strength is. But the question of the proper coordination and development of our industrial resources is the most important thing that we have to do. I think that most of our wartime activity should be carried on through the existing setups expanded, because in each of these setups we have trained men who are trained in military science and skill and men who are trained too in their particular relations with the civilian agencies--the civilian groups with which these particular groups would have to work. Unless it is the power of public opinion or unless we had legislation prepared which would become effective

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immediately, I don't know of any better way than the way we have already established. Of course, the power of public opinion is great. It will bring about change in policies and will establish new policies depending upon the exigencies of the situation. My whole thought is that in so far as possible we should have legislation framed by experts in the War Department and coordinated with respective civilian agencies which would have to be called into play and the Congress, which would enable us to meet any emergency. I think, too, that legislation should be, in so far as possible, in advance, and subject to constant revision just like all regular War Department policies are subject to constant revision. We have gotten away now from the period of just simply continental defense of the United States to a hemisphere defense policy. With that in view, I would say that your question raised a very important point. We ought to have legislation prepared in advance to meet the exigencies of the hour, subject to constant revision to meet changing conditions. We ought to work through existing agencies in the War Department who are familiar with this, who have trained personnel, and know the technique.

Q. Mr. Starnes, many of us feel that one of the biggest things that has happened to the War Department in years is the educational order program which has been approved. In proceeding under that program, however, we find one rather outstanding difficulty. Due to the necessity of considering such things as the Walsh-Healy Act and the Eight Hour Law and so on, we find that in many cases the prospective bidders, the people who have wartime schedules for the particular item in question, feel that

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they cannot accept the educational order. The necessity of the complete rearrangement of their bookkeeping systems and so on in order to comply with the Walsh-Healy Act and the Eight Hour Law and so on causes them to pass up the acceptance of a contract. Now I was wondering whether you have any hope for an elimination of such requirements in the future, especially with reference to educational orders.

A. I would like to see that eliminated. I would like to see the provisions of those acts eliminated with reference to the national defense setup of both the Army and the Navy. I think it would be conducive to a better national defense. I know that we would be open to the argument that the Government should observe them in all of its dealings with private business and industry, but I think all of us recognize the fact that the Services--the Army and Navy-- are on a different footing than our civilian agencies. If you will look at the hearings from time to time you will see where I have made some mention of the effect of the Walsh-Healy Act and the Wage and Hour Bill and other Governmental restrictions upon the Services and the effect they have had in placing an additional cost and an additional burden upon the Services. I have time and time again met the criticisms of the different members of Congress and said that the Services are in no way responsible if the Congress has made this legislation and imposed it upon the Services. I for one believe that when the emergency arises that the national needs are paramount to the particular desires or wishes or welfare of any arc or segment of our social order. I believe if it were necessary we could conscript labor as well as we could conscript soldiers. At least we

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could place such regulations on them as to hold them in line. I don't believe the Walsh-Healy Act and the other restrictive measures should be placed in effect upon the Army and Navy at any time and particularly upon these educational orders, which are training of an emergency nature. We know that. These restrictions should not be effective in an emergency. I am a very great believer in these educational orders. I made that my theme song when we had the bill up last year for passage and, answering your question specifically, I say that they should not apply. Whether as a matter of policy and politics we can remove them, I don't know. We could, of course, in an emergency. Whether we can in peacetime, I don't know. I do think we can't accurately figure the cost on an educational order program by imposing all these restrictions. The additional bookkeeping makes it prohibitive.

Q. May I ask what a Congressman thinks about during one of these appropriation hearings?

A. Well, a little of everything. Of course, he is sympathetic to the needs of the Service. He naturally expects your budget officers and the chiefs of branches, who present their estimates to us, to be experts and relies greatly on their judgment. Oftentimes he is sympathetic to a degree that he would like to give additional money. Sometimes we do take the bit in our teeth and make a cut here and an addition there. That is probably his first impression. The second impression is that he must be cognizant at all times of the state of the public treasury. That is absolutely essential, of course. There is no

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necessity for having an appropriations committee or having any control at all if you are not going to take cognizance of the condition of the Treasury and the general economic conditions in the country. Then, of course, he has got to think in terms of how his own people feel about these various items. Now to those who have never held an elective office, and I never held one until five years ago—well, it is my own political belief that if a man holds a representative position he must think of what his people want. If he doesn't, he is not a representative. We have a constitutional representative form of government and I for one believe in it more fully than I do in any other type of government, and, while I have some thoughts of my own that I know run probably contrary to the current thought among my own people, I try as best I can to represent them according to the dictates of my conscience, squaring their wishes with my own conscience. If the time came to pass when I couldn't follow what the majority of my people want and retain my conscience and my self respect,—Hell, I'd quit! I wouldn't wait. So those are some of the things that flow through a Congressman's mind. If he just loves the office and likes the glamour of public office and is desirous to strut across the stage, he will probably follow the line of least resistance. I don't think many of them do that. I will be fair with you. My experience up there in the last five years has been a marvelous one. I have seen men actually give their lives. You can't imagine the demands that are thrust upon a public representative, particularly with the increased interest in governmental affairs throughout this broad land of ours. With the extension of governmental service there has been

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an aroused interest. That is a helpful thing--a splendid thing. The demands made upon the time and energies of a Representative in Congress are absolutely more than he can stand and I am going to speak to you frankly and say that, while I came up as a farm boy from the Alabama hills, as tough as a pine knot, I have had some service in the war and in peace, I have tried the teaching profession as a youngster, and after the war I completed my own education--please excuse my personal history but I'm trying to give you my personal feeling--and practiced law under general practice, and I have found nothing as exacting and onerous as service in the Congress of the United States in these starring times. Yet, its fascinating, and I hope we can keep men up there who do find it fascinating, who do have a yen for service, and who can stand the gaff. As long as you do that you are going to be all right.

Q. Mr. Starnes, in reading reports of the Committee on Naval and Military Affairs and the Appropriations Committee I have been amazed to find the wealth of intimate and detailed information which members of those committees have on military affairs, the needs and problems of the Service and of the laws which apply to them. I can understand, for instance, that during the Spanish-American War the Military Affairs Committee of the Senate consisted entirely of Civil War Veterans, who naturally would have taken a deep interest in the subject, but in normal times, where membership of the committee probably turns over and where they are harassed by a number of other problems, how do the members of these committees obtain that wealth of information which puts them on a common ground of understanding with war Department representatives

before these hearings?

A. We have in John Pugh, Clerk, Sub-Committees dealing with appropriations for the Army and Navy, a man who has a more intimate, detailed knowledge of the fiscal policies concerning the two branches of the Service than any man living. In the War Department Appropriations Sub-Committee you have two or three -- four, I believe -- civilian service men. I think at the present time the Sub-Committee is unusually alert on the question of national defense. I think the War Department is deserving of some credit in that connection because of their fine sympathetic attitude during the past eighteen months. I, personally, have covered something like 30,000 miles and have visited probably 125 Army Posts, and I have got a better perspective than I ever had before, and, frankly speaking, if a man has eyes and ears that hear he gets a better picture probably than some of you gentlemen who haven't had that experience. Everyone, from the Chief of Staff on down, with whom we have contact, has been most helpful to us and I have been deeply impressed by the spirit that permeates the ranks of our Army from the Chief of Staff down to the humblest Private. I know something of the Military Service. I have had the opportunity to serve with the regular Army first, for which I have always been grateful, and later I served with the National Guard and the Reserves. I have had the advantage of some of the Service Schools and the longer I live, I appreciate, the less I know about the whole situation, but I do see a marvelous spirit of cooperation between the Services themselves and the civilian population, and, particularly, with Congress, the men who must deal with them in order to work out a well-rounded national defense. I have been deeply

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impressed. I don't know a more consecrated group of men in the world today than you find in the Services. It is a most helpful and most sincere army, one which every American citizen is really proud of, and that helps and keeps us on our toes and makes us well hard to familiarize ourselves with your problems and try to do it with a sympathetic attitude.

Q. Will party politics have much to do with the coming appropriation?

A. To the extent that there is a difference of opinion on the international questions, on foreign policies and domestic policies. National defense is not a partisan question. National defense suffers always when it falls into the hands of partisanship, but history itself shows that your darkest days were experienced during periods when we were having the greatest economic prosperity this country has ever had. It was the time when America was probably richest, economically speaking, making more progress and more money that the Services were neglected most, and since thousands of men in the Army and Navy do not vote, they are political stepchildren, so to speak, but none of you can say that you have been a stepchild in more recent days. I am not trying to be partisan. I am going to try to discuss it frankly. I would do it anywhere. In 1932 I think we had 119,000 men in the Army from (Thientsin ?) to Puerto Rico, from Alaska to the Canal Zone, and you could have taken the combined police forces of New York, Chicago and Philadelphia and produced a more effective fighting force and a larger force than you could have in the Regular Army under a period of thirty days. We absolutely were not able to meet any sort of an emergency thrust upon

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us at that time. The Navy, which should have placed us in undisputed first place on the seas, and I think that is where we ought to be, part of the Navy — about half a billion dollars worth — was sunk at one period. That constitutes one of the blackest pages of American diplomatic history, if you call it diplomatic history. Since no publicity is to be given to this I will tell you that during the past year we had a bitter internal fight for a while in our committee. It was initially started ought as a partisan fight. There isn't any question about that. I want to express my appreciation now to the budget officers of the War Department for the sympathetic manner in which they helped us in meeting this situation, for their fairness and courtesy in making available all information that was necessary to a complete understanding of our budget problems. Frankly, there was a strong move on to sabotage the special program that we had in 1939, — you know what I am referring to, the aviation program. The opposition party tried to make out that there was no necessity for it. If you remember, their leader said there wouldn't be any war, that they had private sources of information that were superior to the sources of information of the State, War and Navy Departments. They tried to make an issue of that. History has evidently proved the fallacy of their position and today some of those who fought us bitterly in the preparation of adequate defense for the Canal Zone, the most vital link in our establishment today, those who fought bitterly when the committee went as far as they dared to go in the face of public opinion, are now ready to support us in a sensible, rounded and adequate national defense program. But there was a great deal of partisanship

attempted in the year 1939 concerning the national defense. Whatever weaknesses there may be in it, and there have been some things that I haven't approved of at all as to legality in the last five years, there is one thing that can be said, that the country as a whole, and certainly the party in power today, has given more concern, more intelligent action concerning the national defense than you have ever had in the whole history of the American Republic.

Commander Best With reference to the preparation of a war budget I believe you mentioned the provision of funds for the first two years of war. Would you subscribe to placing a mandate on the Treasury Department to consider ways and means of raising the funds for that, after we have considered the financial requirements? How much negotiation would you advocate so that we can have the money when we need it?

A. Yes. That is a question of coordination between a civilian agency and the Services. Is General Harris here? I sit at his feet. I don't think there is a man in the Service that knows as much about the question as he does. We know that with the best of plans the money can't be made available immediately. We can't work on one particular color plan. If we made all the plans available to the five million or so firms in the United States without any control except the Congress or the Chief of Staff or the Chief Executive, there would be certain things that couldn't come to pass without the lapse of a certain period of time. Take the question of munitions. Ordnance—that is our great problem. It was our great problem in the last war. It is our great problem now. You know how long it would take to build a plant from the

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ground up and get into mass production. Even with our educational order system we have only shortened the time I believe anywhere from six to eight months. It would take you from twelve to eighteen months under the most favorable conditions, with all restrictions removed, and with a united effort on the part of industry, the Services and the Government itself to get under way. Therefore, I would certainly favor whatever legislation was necessary to back up the Treasury in having the fiscal policies and plans passed upon and funds raised, either by taxation or borrowing, whichever proved best, to finance that first two years. Some of the experts would check me on that time element but I stick to it that it would take us from twelve to eighteen months to construct a general ordnance plant from the ground up which would manufacture rifles and military equipment and probably ammunition. I think I am right about that. I think we should have a limit of two to three years initially. If I recall correctly, we had some sort of plans or program during the World War worked out on a ninety day plan. Well, a ninety day plan isn't worth that much. You can't do anything. For industrial mobilization you have got to have sufficient time. That brings me down to my chief hobby. I believe in a decentralization of munitions plants and industrial plants which will manufacture ordnance for the Army in an emergency. We have got bottlenecks both as to the actual supply and the actual location of these plants. I don't advocate removing any. I do advocate the establishment of additional plants in strategic areas close to raw material supply, labor reserve and transportation net and in a position of at least comparative invulnerability. We have those

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areas and I think it would be a good investment for the United States of America to construct these plants now while you have got public opinion that will back you, even though you had to shut them down and keep them on a caretaker basis after we have met this limited national emergency. We should have those plants in being at all times ready to meet an emergency. I think that is vital and I would to God I could sell that a little stronger to the War Department. I am going to keep fighting personally until they get that idea across, for the reason that I think it is absolutely essential. I think it is economy to construct those plants now, make those things we need now and, as I said, shut them down if necessary. If there were an emergency any lapse of time in there might prove fatal to the success of the Service.

Colonel Lewis As it stands today the Industrial Mobilization Plan has the approval of the two Secretaries concerned, the Secretary of War and the Secretary of the Navy. I doubt if any President has ever gone on record either in the Cabinet or to the public and approved or said that he accepted or did not accept an Industrial Mobilization Plan. Naturally, any plan that is that important to the civilian population of this country must have the approval of the Chief Executive and the majority part of that particular time, in our system of government. Would you care to comment on that?

A. I think that it should be approved. I realize the political implications. The moment that any Chief Executive or political party in power approved those plans and made it public, then every so-called free lance columnist in the country, every so-called Pacifist in this

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country and the opposition party would unite in a howl to the high heavens that the President then in office and the party then in power were seeking to impose a military dictatorship upon America and to destroy American democracy. But I think I would be willing to take the responsibility, as a member of the major party now to support the plans of the Army and Navy, and I wouldn't be afraid to appeal to an intelligent public opinion for support. Personally, I for one would welcome a fight with the forces of disorder, of Communism, and of impractical pacifism on this issue, because all of us know those plans would not be put into effect until an emergency should arise. I agree with the implication in your statement that there should be an expression of approval upon the part of the Chief Executive and the party in power that these plans would be put into operation to meet quickly and efficiently any emergency. I repeat that if you will take the facts to the people you needn't be afraid of the verdict. The people of this country are a damn sight more intelligent than a lot of so-called political leaders give them credit for. If they knew the facts they would support any Chief Executive, any party in power in a plan of that sort. Is that straight enough?

0. If our plan is not acceptable to the Administration in power and is not going to be used by it initially, then we should be told to revise it and make it acceptable. It is our job to make a plan that is acceptable to the Chief Executive and the party in power regardless of whether it is today or ten years from today.

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A. I think you are entirely right about that. I have heard no particular objection from the Chief Executive or anybody in a position of power in the present administration. As I said a moment ago, because of the practical political implications, the impact of this upon the present setup, I don't know whether they want to take that responsibility or not. I think they should. I think that you are entirely right in your position that if the present plan is not acceptable, one should be provided which is acceptable. At the same time, I appreciate the fact, speaking practically, it may be difficult to get any Chief Executive and administration in power to accept any plan until the emergency arises. That is a good old American habit that we have followed for 150 years.

Colonel Liles Personally, I think that is a hundred per cent right. I think the plan ought to be right, but to say willy-nilly that this is going to be put into effect is wrong.

A. We should have the legislation and plans ready to put into operation.

Colonel Lewis I would like to ask a question about educational orders. One of the flaws of the educational order program is that after a plant has been trained in the production of a certain material he has no assurance that he will actually get the contract in war. Would negotiated contracts find support in the Congress so that we could be practically assured of the ability to give a contract to a firm that we have educated?

A. Doubtful. There is growing sentiment to that effect, however. There is some sentiment to the effect that that should be given. It is doubtful if you could get that authority right now. I think it is a

a matter of education. After you have educated them to the necessity of those things which are demanded of them, if you can convince them, they will take the action necessary. It is doubtful if you could get that sort of action right now.

Colonel Kimball I think I can explain Colonel Lewis' question. I think all of our educational orders are let out to people already allocated for these items during an emergency. If we have plants we are going to allocate and we give them educational orders, it stands to reason that they are going to get contracts from a wartime Congress.

Colonel Miles I think that is a fair assumption to make in view of the fact that we know that in an emergency the requirements of material are going to be so great that it wouldn't be necessary.

Colonel Johnson I can answer the question further. If you will read Revised Statutes 3709 and see Mr. Newton Baker's interpretation of that and what he did, there isn't any question but what you can do any damn thing you want to.

Mr. Starnes As long as you can have a President and a Secretary of War who will let the Chief of Staff of the Army or the Commander-in-Chief operate that war and stand back of him like Woodrow Wilson and Newton Baker did, you needn't be afraid of the United States losing any war, any time, any where. We had no political Generals in those days.

Colonel Miles Are there any further questions from our guests? From the faculty? From the class? I certainly want to say that I believe that every person here has been benefitted by what you have said,

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Mr. Starnes. I think that this frank, open discussion which we have had here will be of inestimable benefit to the War Department, to the Navy Department, I hope, and particularly to those officers who have the immediate contacts for the War Department with the Congress. I can't help feel that this talk of Mr. Starnes' here this morning is a challenge to every Army and Navy officer here present to so conduct himself that when he appears before Mr. Starnes and the other members of Congress he may indicate by his frankness and his intelligence that he is more than willing to go half way in a cooperative effort with the Congress of the United States. Thank you very much, Mr. Starnes.