ACHIEVEMENTS AND FAILURES IN MANAGEMENT OF WORLD WAR II

8 September 1950

CONTENTS

	Page
INTRODUCTION--Brigadier General J. L. Holman, USA, Deputy Commandant for Education, ICAF.....	1
SPEAKER--Dr. John D. Millett, Professor of Public Administration, Columbia University.....	1
GENERAL DISCUSSION.....	14

Publication No. L51-11

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

Professor John D. Millett, professor of public administration, Columbia University, was born in Indianapolis, Indiana, 14 March 1912. He was for three years assistant secretary for the Committee on Public Administration of the Social Science Research Council and for one year was special assistant to the Director, National Resources Planning Board. He was for a time a staff member of the President's Committee on Administrative Management and early in 1942 he served as consultant to the War Production Board. In World War II he was commissioned a major in the United States Army and was assigned to the Control Division, Headquarters, Army Service Forces, where he became Chief, General Reports Section, and historical officer. In the last-named position he had oversight of the extensive historical program carried on within the technical services and the staff agencies of the Army Service Forces. He left the Army as a colonel. Professor Millett is author of "The Works Progress Administration in New York City," 1938; and "The British Unemployment Assistance Board," 1939; coauthor of "Federal Administrators," 1939; and "The Administration of Federal Work Relief," 1941. He is also the author of a valuable study, as yet unpublished, "Organizational Problems of the Army Service Forces," prepared for internal use in the War Department. One of his latest contributions to professional journals is a study of the direction of supply activities in the War Department, published in the American Political Science Review, April and June 1944. In the summer of 1947 he participated in an investigation in Europe of foreign logistical organizations and methods as a member of the staff of Major General C. F. Robinson. He is presently on leave of absence from Columbia University and is the executive director of the Commission on Financing Higher Education.

ACHIEVEMENTS AND FAILURES IN
MANAGEMENT OF WORLD WAR II

8 September 1950

GENERAL HOLMAN: Gentlemen, our lecture this morning is the last of the series on the orientation for the organization and management of the National Government. Please note closely the word "orientation," because throughout the course we hope to have much additional material and information for you on both organization and management.

Our speaker is Dr. John D. Millett of Columbia University. Dr. Millett is a very versatile man. He is an educator, an administrator, and an author. During World War II he was a colonel in the Army. He has held many important posts in our various Federal executive agencies. This morning he will discuss for us our achievements and failures in economic mobilization during World War II. I am sure that this talk will serve us as a very fine starting point for our work throughout the year.

Dr. Millett, we are certainly very glad to have you with us this morning. We appreciate immensely all the fine counsel and timely advice you have given the Industrial College in the past.

DR. MILLETT: Gentlemen, General Holman makes me out a good deal more formidable than I really am. You may discount by about 50 or 60 percent those exceedingly flattering remarks.

I remember only too well an evening in the summer of 1942 when I went to a house in Georgetown that was being rented by one of my colleagues from Columbia. He and another member of the economics department were there, and we spent an evening holding a post-mortem on the war to date. As a matter of fact, they were having a great deal of fun with me. Because the two of them were economists and I came from the department of government at Columbia, we were sometimes on opposite sides of the fence. More particularly, these two men were very much concerned about the pretensions of those people who talked so much about organization and management. These economists were at that time in the War Production Board, struggling through all the various difficulties that this job entailed. They kept going after me all evening long: "Where are you organization experts that you cannot solve some of these problems we are struggling with these days?" I am afraid I did not come off very well with them, and I am not so sure that so-called organization experts have come off very well either during the war or afterwards.

But there were at least these extenuating circumstances: There were a great many problems of the war period--and of today, of course--that were not organizational. I think we become confused on that score from time to time. It seems to me that the really basic problems can

probably be characterized as problems of policy, program, and procedure, and that the organizational and management problems sort of tag along after those. Don't misunderstand me. I am not suggesting that the organizational problems are unimportant, because it is organization that provides the framework through which these problems of policy, program, and procedure have to be decided. But I don't care how good an organization seems to be on paper or in theory--is not going to be very effective in the absence of individual decisions and real leadership to get these problems of policy, program, and procedure settled.

Let me illustrate what I mean by one or two examples. We had during World War II--I am sure we have now and are going to have in the near future--some important issues about the extent to which smaller business companies should be used in a war production effort. There is not a basic question of organization at all. I knew very sincere men who argued two sides of the problem. Finally, a decision had to be made and, in large part, I think, was made on political grounds. There were business corporation executives who felt strongly that, if large industrial enterprises were loaded up with contract requirements and commitments, they would by very necessity have to bring in smaller business units to work on the job with them. There were others who said that, if large corporations were loaded up with all kinds of commitments, they would simply expand their industrial plant or find ways and means of keeping the job within their own confines, and smaller business entities would not be utilized in the war production effort. I don't know that there is very much evidence that is going to satisfy us today on either side of this issue. We tried both expedients, with varying results in different fields.

Or take the matter of program--there was certainly a difficult struggle during the war to find a method of adjusting military and civilian requirements so that they could be matched within our economy. I don't believe it was ever done on a very satisfactory basis; it was done on a rather rough basis. From about November 1942 and for the remainder of the war, the division of our resources in practice worked out pretty well. It seems to me we stumbled into the particular program device whereby the War Production Board said how much the armed forces were to get, and the Joint Chiefs of Staff decided how that total was to be divided among the Army, the Navy, and the Air Forces. That program determination, I think, probably had more to do with ironing out the procedural difficulties of controlling raw materials than any of the so-called plans--the Production Requirements Plan and later the Controlled Materials Plan--or any of the other devices that we attempted during the war.

I don't want to get involved in these stories except just to point out that these are matters that cannot be settled simply through organizational ideas or through the help of organizational advisers. I think

the organizational advisers did a considerable amount of good work during the war. I would have to say that, of course. I think that many of our management programs that were undertaken at various times throughout the war accomplished more than many people had any right to expect of them when the war first got under way. But I don't care how many management experts are floating around--and we had many of them in Washington during the war years--we can never substitute the management or organizational adviser for some basic decisions about policy, program, and procedure. That is one thing I want to make sure you understand. You should not expect too much of the "beast."

Another thing I would like to make clear at the outset is that a tremendous amount of literature has become available, in one way or another, about our organizational and administrative experiences of World War II. I am not going to try to review all that literature here this morning. I presume that during the course of this year, before you finally escape next June you will have gone over much of this writing. I will simply illustrate some of the types of written materials that are now available.

There is, for example, about the War Production Board, an official history that runs over a thousand pages--that is just the first volume. The second volume never was published. There is Mr. Nelson's nice account of how he went to war with the Army. There is a public relations officer's account of how the "Washington War" looked from the vantage point of that particular public relations officer. I have never been able to find any really good excuse for that book. There are other books as well; for example, one called "Wartime Production Controls," by three men who were down in the second and third echelons of the organization of the War Production Board.

There are three different unofficial histories of the War Food Administration. Those accounts of that particular work are some of the best accounts we have anywhere about any kind of activity. There is an official history, in several small volumes, of the Office of Price Administration. There is an official history of the Petroleum Administration for War.

There are many memoirs that have been published. I already mentioned Mr. Nelson's. I hope you don't mind if I stop for a moment to pass off a personal prejudice of mine. The best characterization of Mr. Nelson's memoirs is that which appeared in the "Saturday Review of Literature," by a man who was not involved in the war effort but who is a journalist writing a good deal about economic matters. He added, in a closing sentence of his review, "Mr. Nelson has now added to the official histories of the war the Sunday comic supplement."

There are the memoirs of Mr. Hull. There are the memoirs of Mr. Stimson. Incidentally, I think this book is, in many ways, some of the best writing we have. There is the book about Mr. Hopkins by Mr. Sherwood,

which I certainly rate highly. There are many other memoirs, including now that of Admiral Leahy. There are many other unofficial histories that are constantly appearing these days.

The Army, the Air Force, and the Navy, as you know, have been publishing their own official histories. Thus far, I believe, none of those deal with some of the organizational and procurement problems, but there are such volumes in preparation. Perhaps before this year is out some of these will become available to you so that you won't always get the story just from the side of the WPB.

I want to make clear that I am not trying, as I said, to review any of these books. I am not trying to draw my remarks here from these books but rather from my own observations, my own experience, and such judgment as I am capable of exercising.

I will do my best to be fair. There are times when I cannot, as I have illustrated for you. But I am glad to say that the advantage in having a college or university professor to give this kind of talk is that he is free to say anything he wants to, and he will not be relieved of his command for it the next day.

My emphasis here is entirely upon problems. That is likely to be misunderstood, too. Our accomplishments were tremendous, and I am not intending to belittle them in any way. But I think it is more helpful and more instructive for our purposes right now if we concentrate our attention upon the problems that were encountered in the organization of our mobilization experience in World War II.

With this by way of background, let me make the few comments I wish to state about our wartime experience. First of all, our wartime organization evolved out of experience and out of particular circumstances. It was never planned at any one time. It was never laid down on a grand blueprint. It resulted from a process of development and evolution.

At the time the war ended most people seemed to feel that we had a pretty good organization. I have no doubt that, if the war had lasted another six months, another year, or another two years, we would have had considerably more organizational experiment. I can scarcely imagine any kind of long-term effort in which a great many adjustments in organization would not be made. So when we stop to think that the organization pattern developed at the end of the war was necessarily a good pattern, we must bear in mind that it was probably pretty satisfactory for the immediate circumstances that existed in the winter of 1944-1945 and the summer of 1945. But if the war had been different, or if it had gone on longer, we probably would have had some different organizational experience.

The question is often asked: "Why was the Industrial Mobilization Plan of 1939"--which was primarily an organizational plan--"not put into effect?"

There are several reasons. I think they are fairly good reasons. They may be summarized under these headings: that the plan tended to be somewhat inflexible as to circumstances; that the plan was not entirely suited to the political problems that were encountered in 1940 and 1941; and that, from that time on, because of many different personalities at different places in the Government, we had to make adjustments and from time to time to change arrangements as seemed necessary. The plans that were laid out were probably pretty good plans, but it just was not expedient and it was not altogether desirable to carry them out at any one time, because they did not fit a particular situation as it existed at a particular moment.

The structure at the end of the war, it seems to me, had three primary elements that you must constantly keep in mind. There was, first of all, a congeries of agencies that had developed around the Presidency. The two most important of these by the end of the war certainly were the Office of War Mobilization and Reconversion and the Joint Chiefs of Staff. There is now, incidentally, an unofficial history of the Office of War Mobilization and Reconversion which, I think, is a very good study. It is called "Presidential Agency," by Herman Somers, who was a member of the staff of that agency. We do not have a study of the Joint Chiefs of Staff published yet, but there is an official history in preparation.

The second level of organization brought together ten or more very important alphabetical agencies, ranging from the War Production Board and the Office of Price Administration to the War Food Administration, the Petroleum Administration for War, the National War Labor Board, the National Housing Administration, the War Shipping Administration, the Office of Defense Transportation, the Office of Scientific Research and Development, the Foreign Economic Administration, the War Manpower Commission, and others. Those I have mentioned, I think, are the most important ones. I believe you have been hearing about them. If you have not, I am sure you are going to hear a good deal more before you are through. Then, at the third level, were the Army, the Navy, and the Air Forces. All these agencies had to be woven together into some kind of operating pattern. That probably presented the most important single management problem that existed throughout the war.

This organization was big; it was sprawling; it was in many ways wasteful of manpower. It was an emergency organization. Almost all the bodies I have mentioned were emergency agencies. There were continuing agencies of the Government, of course, that had important wartime responsibilities. There was scarcely any so-called "old line" agency that did not have many war duties to perform during the war, from the State and Treasury Departments to small agencies and bureaus like the Bureau of Standards. But the main component parts of this wartime economic mobilization were emergency organizations. I think we are going to have much debate in the next few months about whether old, continuing agencies are the best to carry out emergency duties, or whether there ought to be separate, new agencies to carry them out.

Our wartime organization, based primarily upon emergency agencies, did a lot of creaking. I have already mentioned a fact you are well aware of, that there were many verbal battles in Washington during the war. I am happy to say they were all not between the armed forces and the civilian agencies. The civilian agencies had a great deal of fun fighting among themselves. There were some first-class squabbles in this town during the war that never involved anybody in uniform. There were squabbles, for example, between the War Production Board and the National Housing Administration, and very bitter battles between the War Production Board and the War Manpower Commission. On occasion there were some controversies between the OPA and the National War Labor Board that did not get very much attention. And there were some very nice battles between the OPA and the War Food Administration. So there was a lot of creaking and a lot of groaning that went on in this wartime organization.

I think it is important to look more specifically, however, at some of the problems that arose at the various levels of this organization as I have briefly outlined it to you. At the presidential level, as I have said, the two most important agencies were the Joint Chiefs of Staff and the Office of War Mobilization and Reconversion. Without much question, the most important single problem that we had constantly to face here was the problem of the relationships of these agencies and of the individuals who ran them to the President. That is, a long, continuing problem that existed before the war has existed since the war; it is not an easy problem at any time to settle.

It is a little difficult for many of us in this country to understand the distinction between the President and the Presidency as an institution. Today there is not much question about the fact that the Presidency as an institution has become tremendously important to our economic and political well-being in this country. The problem is just how the Presidency as an institution is going to operate in our system of government. There are no final answers that I know of to this question; nor have I heard that anybody else knows of any.

The Presidency is headed by a single individual. His position is unique among systems of government. The Presidency is an indigenous product, it seems to me, of this country and of our historical development. The difficulty is this: How far can we go in institutionalizing the Presidency and still not harbor in the organization rivals to the President. If you will read about the Presidency at different times, or the Presidents of different times, you will find that no President can ever afford to keep an active rival in his own family. It will cause discord; it will cause all kinds of troubles. One of the things that interests me most in Sherwood's book on Hopkins is this: Mr. Sherwood says Hopkins really became a good, trustworthy presidential assistant when he had recovered from one of his early sick spells but realized he was too sick a man ever to try to run for President himself. Apparently the only way we can get some man to

work loyally and carefully around the White House is to have him in the last throes of a mortal illness.

Yet this is scarcely a management prescription. Maybe it is the best we can do under the circumstances. It just is not in the cards, it seems to me, ever to expect, on an individual personality basis, to place around a President strong persons who could become potential focal points of political discord, chicanery, jealousy, and manipulation. I am not above suspecting that what many of the people with the prescription, "Come on boys, let's really get a strong man up here," want most of all is discord, jealousy, and a creeping paralysis. They are not so much interested in accomplishment as they preach. That is just my own observation. You may take it for what it is worth.

That was a tough wartime problem, it is a tough "cold war" or "hot peace" problem--whatever this is we are in now--and it is going to be a tough problem ahead of us.

By way of perspective, I have been reading during the last couple of weeks a history of the Civil War. More particularly, I have been reading the Sandburg and Randall biographies of Lincoln. I was very much interested in watching the ways that Lincoln, as a wartime President, had to meet the same problems that Mr. Roosevelt had to face in the forties and that some Presidents undoubtedly are going to face in the fifties.

I don't know any pat solution, except, as I said a moment ago, the last throes of a mortal illness, to settle these problems of working relationships at the presidential level. It seems pretty clear that those working relationships are going to be of vital importance.

There are other answers. If we knew all the details about the relationship of General Marshall to Mr. Roosevelt, I suspect we would find there one possible pattern of relationship. That relationship has been hinted about yet it is apparent, for instance, that General Marshall is not going to say anything more about it--he is that kind of man. It is obvious that Mr. Roosevelt is not going to say anything about it. And I am not sure we are ever going to know the details of it. But that relationship was made possible, it seems to me, by the fact that General Marshall is the kind of person he is; and that he was in uniform, had the long tradition of the uniform about the proper position of a military adviser, and was very careful to stay in that role. It is inconceivable to me that a General McClellan could ever have operated--he never did--the way General Marshall did. It is too much to hope that a man of General McClellan's overwhelming ambitions could have or would have operated in that way. And when you get a civilian in there without that military tradition, and especially a civilian who has had a considerable political career, you have a tough problem on your hands.

The second big issue at the presidential level relates to the exact amount of authority and responsibility and the degree of detail that shall be decided upon and performed at that level. The experience of the OWMR is exceedingly informative in this respect. I think Justice Byrnes' decisions on this score were exceedingly wise decisions. The whole philosophy of how he conceived of his Office of War Mobilization is very well set forth in the little book by Mr. Somers. I will leave it to you to read that. My own feeling is that the prescription that Justice Byrnes had for his responsibilities was the kind of prescription that is quite workable. I will sum it up in this way: It is very hard, apparently, for a high echelon to behave like a high echelon. In large part I think Justice Byrnes did.

Another part of the problem was the relationship that was to exist between the high agency settling some of the economic problems of the war on the one hand and the Joint Chiefs of Staff, which was concerned with the military strategy and operations of the war, on the other hand. This had to be worked out mostly on a personal basis. I think the way General Marshall, again, in large part, as the dominant personality on the Joint Chief of Staff, was able to work out those relations with Justice Byrnes on a purely personal basis led to many of the satisfactory arrangements that did exist between the two agencies. That was another one of the troublesome problems, and I think it is going to be a continuing troublesome prolem in the management of a wartime or prewar mobilization experience.

At the level of commanding the resources of the Nation a number of problems arose. Should the War Production Board have been a bigger agency than it was? Did Mr. Nelson make a fatal mistake in letting the War Food Administration and the Petroleum Administration for War get away from him? Should he have kept price control within his agency? Did he make a mistake in letting some of the other agencies get away from his control? Many people have been arguing about that, and a number of the books that have been written since the war more or less take the position that Mr. Nelson made fatal mistakes in letting these other civilian agencies grow up alongside the War Production Board. I don't share that same conviction. Maybe so; maybe it was a mistake. But so far as I could ever see it, it looked to me as though, first of all, the War Production Board had a pretty big job to do in the raw materials field. It looked to me, also, as if it was a job which was too big, a good part of the time, for the men who were in WPB. They had enough on their hands, and I think that letting some of the other things get away was the expedient thing to do.

You know, I must talk like this because the WPB boys have done all the shouting so far, and the Army end of most of this story has been little heard of. So just discount part of what I say.

The WPB had a very big job all through the war, without any question, and I think by the end of the war it was handling that job pretty well.

But these other agencies did develop, and there may well be similar pressures for other agencies like them in another experience of this kind.

Another problem was how these agencies were to be related to the military. There has been a good deal of debate since the end of the war, as a matter of fact, about whether the WPB should have taken over military procurement. To me, this is a fantastic debate, but it is still going on, and there is experience--not in this country but overseas--of a different arrangement.

In Britain, for instance, there were two civilian ministries that took over most military procurement responsibilities during the last war. These were the Ministry of Supply, which did most of the purchasing for the British Army, and the Ministry of Aircraft Production, which was a civilian agency that did almost all the procurement work for the Royal Air Force. The Royal Navy hung on to its procurement job pretty much throughout the war, although some of it has been taken over by the Ministry of Supply since the end of the war. In fact, the chief civil servant in the Ministry of Supply in 1947 told me that, outside the Royal Navy letting contracts for warships--and Britain has not been building very many of them in the postwar period--the Ministry of Supply then bought everything except those items dearest to the heart of the navy. Of course, I wanted to know what those items were, and he informed me that they were four or five in number: rum, cutlasses, rope, and hammocks. Apart from those items, most of the navy procurement in England has been taken over by the Ministry of Supply.

There was a move in Germany from early 1944 on to place all the procurement operations for the German armed forces in a civilian agency, and it apparently worked pretty well. The peak deliveries of military supplies in Germany were made in September 1944--that near to the end of the war. There was a rapid collapse after that. But the peak deliveries came as late as September 1944 and came under the direction of a civilian agency. I think that is to be explained largely in terms, again, of personalities--in terms of the personality of Albert Speer, who was the head of the Ministry of Armaments and War Production. It is to be explained, also, by the fact that there was a long tradition in German armed forces which belittled the importance of procurement and supply operations. We don't have that tradition, I believe, in this country, which fact creates a different situation.

I don't doubt that we are going to have some debates again and will have to resolve some fundamental issues about the relationships between these civilian agencies controlling resources and the military agencies doing the direct procurement operation. Those relationships are pretty sensitive. They are pretty difficult to adjust and to arrange. They call for constant attention, for a great deal of patience and forbearance on both sides, and considerable good will. Many times during our World War II experience that good will was not forthcoming, in high places particularly.

I cannot leave this brief discussion of these wartime control agencies, however, without saying that I think the greatest failure of all was in manpower control. I think everybody will say that to you during the course of this year, so I am not announcing any great, new discovery. But it was not so much the fault of the organization of the War Manpower Commission, it seems to me, as it was a matter of fundamental policy that was never resolved at any time during the war, and a matter of political pressures that were brought to bear.

I think the single greatest unused manpower resource that we had during World War II was in our rural areas, on our farms. This is the way I "win friends" and "influence" the American Farm Bureau Federation. None of my agricultural friends will love me for this. That does not cause me to lose any sleep. Our political organization in this country is so arranged that our political processes tend to overrepresent rural areas as against urban areas. Our agricultural production is so organized that we get about 80 percent of our production from about 20 percent of the producing units. Yet the small and inefficient producing units, for various reasons, are kept in existence--kept in existence many times by the policies that our Federal Government has to pursue as the consequence of political pressures. The very essence of politics is groups struggling with other groups. The agricultural groups have done pretty well in their struggles with other groups in our society. This was, without any question, in my judgment, the greatest single manpower resource of World War II that went underutilized throughout the war.

And heaven help the guy who wants to tackle it in the next war! He is going to have a red-hot potato. Some people think that the toughest job of the war was administering price controls. They don't know anything about agriculture. You must know something about our agricultural policies and our agricultural organization in this country if you want to know something about really difficult problems.

Organization cannot settle a problem of this kind, and the need will have to be very much more severe than it was at any time in World War II before we tackle that one--before we have any leaders, I suspect, who will want to tackle it. I tell some of my students that, if they really want to find employment where they will be safe from the draft board, they should go out on the farm: "If that is your goal in life, go back on the farm, brother, and you are safe!" You may discount my vehemence on this score, too.

The issue of how far controls are to go in our economy and what kinds of controls we are going to use presents some basic management problems that really amount to the need and the courage to make important and basic decisions.

At the military level, the third of these levels I mentioned to you, we had three separate military procurement organizations during the war--

the Army, the Navy, and the Air Forces--and there was a minimum amount of collaboration and cooperation between them, although there was a lot of exchange of information on a more or less individual basis. Nothing amuses me more than to read in the War Production Board's official history, and some of the other accounts, about the Army and Navy Munitions Board. The story looks very good in print, but I can only say that after the most diligent searches during the war, from inside the Army, I was never able to find it. I take my hat off to the historians of the War Production Board if they have been able to locate the Army and Navy Munitions Board.

The best report--and there is an official report--dealing with the relationships on procurement problems between the three forces is the so-called Draper-Strauss Report, prepared by then Colonel, later Major General, William Draper, working out of the Under Secretary's Office in the War Department; and Admiral Lewis Strauss, then Captain Strauss, working directly out of Mr. Forrestal's office in the Navy. That report is in multilith form, I believe in three volumes, and was published by the Adjutant General's Office near the end of the war. I am sure there are copies of it in your library. You will find there, I think, a quite adequate record of the procurement interrelationships that existed between the armed forces during the war.

I want you to bear in mind that at no time during the war did we have any such agency as the present statutory Munitions Board of the Department of Defense. So how the Munitions Board is going to work in relation to the three armed forces is a kind of new problem on which there is no World War II experience of any importance to draw upon, outside some of the things to watch for.

I should add one other thing here. My wartime boss firmly believed, and still firmly believes, that there should have been a fourth force created when unification took place; that there should have been a supply force for all three of the military services. I am not sure about that. I am not so positive on that score as he is, and I have a good reason to be suspicious.

A lesson we learned in the Army Service Forces--at least I learned it--came from the experience of the Signal Corps. The Signal Corps had a good deal of difficulty from time to time in organizing its procurement operations. Finally, in order to procure its radio and other communications equipment that went into aircraft, it set up a single procurement office at Wright Field, working very closely with the Materiel Command of the Air Forces. In 1944 General Arnold raised the question: "Since this office is concerned solely with the procurement of air materiel, what is it doing under the Signal Corps, and why shouldn't it be under the Air Forces? And since it is located right here at Wright Field and all the people are here, why shouldn't they just be transferred from the Signal Corps to the Air Forces?" And they were. I always figured that the Signal Corps made an

organizational mistake. I don't know whether or not the Signal Corps wanted to keep aircraft communications procurement, but let us assume that the Signal Corps had the same feelings that any of us would have in an administrative position--we always want to keep what we have and get a little more if we can. On that assumption, I figure that the Signal Corps pulled a boner; that it simply went out and asked for trouble.

If the armed forces were to create a single service for procurement operations, it would be a lot easier to transfer that to a civilian agency than it would be to get it all out of the complexity of the Navy, all out of the complexity of the Air Force, and all out of the complexity of the Army. I am just passing along a little advice for whatever it may be worth. That is just one of the reasons why I am not so sure about that particular prescription of my former boss, although my admiration of and affection for him is great. Of course, if I had a different point of view and thought this whole procurement operation ought to be under civilian direction, then I would be a very hot enthusiast for a separate supply force.

As I said before, we had three separate procurement organizations in the military services. They had many differences, disagreements, and quarrels from time to time. There was a good deal of competition that went on, and don't let anybody ever tell you otherwise. Nobody would ever commit himself on this--I was never able to get any kind of admission from anybody--but I could not help but see it many times. There were some forms of cooperation, and sometimes we were compelled to common arrangements, but they came hard, and, in my judgment, they always came when there was a crisis of some sort.

The three forces many times had quite different organizations and quite different procedures and policies, and they created difficulties. How we can get around that situation is another management problem we are going to face--if it is desirable to get around it. I am not suggesting there ought to be a standard procurement operation for the Army, Navy, and Air Force. I don't believe that. I think there must be differences. But don't ever belittle the difficulties created by these differences and some of the complexities they create.

I can illustrate just one kind of difference by this little story. Back in 1948 I was associated in a particular enterprise with Struve Hensel, who was first General Counsel and then Assistant Secretary of the Navy during the war years. One evening at the hotel room we were sort of reminiscing about various matters. Mr. Hensel leaned back in his chair and said, "John, I want to ask you a question seriously. Do you believe all that guff about the Army staff system?" Of course, that was a good way to get me riled up, and I wanted to know what was the matter. He said, "I used to have long debates with Bill Marbury about that staff system on procurement operations over in the Army. Marbury is a good, intelligent lawyer. He ought to know better. But Marbury kept trying to tell me that

the staff system in the Army worked; that he could sit up there in General Clay's office and write procurement regulations, determine the legal aspects of contract negotiation and renegotiation, and settle a lot of basic policy matters, and that the technical services would then carry them out." Mr. Hensel said, "You know, I just don't believe that. That is not the way we did it in the Navy. In the General Counsel's Office and when I became Assistant Secretary of the Navy, I had one of my men down in the Bureau of Ships, or in the Bureau of Ordnance, or in the Bureau of Supplies and Accounts, and he participated in the negotiation of contracts. None of this business about my just telling them the policy they ought to follow. None of this business about letting them come up with a completed contract for approval when it was ready for signature. We participated in the whole negotiation process so that when the contract was completed and the approval was put on it, we knew what was in it, and we knew what we wanted. That's the way we operated in the Navy," he said, "and I know it was an effective way to operate. I don't put any stock in the story about the way Pill Marbury did the same job under the Director of Materiel of the Army Service Forces."

Well, it is just a difference of point of view. You know, there is a long history that is most fascinating about Secretaries of War saying that the staff system of the Army increases their control, and Secretaries of the Navy, with particular vehemence on the part of such a one, for instance, as Josephus Daniels of World War I, saying that if they had an Army system in the Navy, the Navy would not only go to h---, but there no longer would be any influence left for the civilian Secretary. So differences exist. There are traditions and methods of procedure that are quite different, and it is very difficult to work out collaboration because of these differences. That is why I say, don't ever belittle their importance or their existence, because they will constantly be troubling you.

There are just some of the pitfalls that we had during World War II--pitfalls that we are going to continue to have in the years that lie ahead of us.

Of course, we always shrug our shoulders and say, "Well, we won the war." We did. But I think many of us sometimes take a little too much pride in the accomplishment of that fact and don't always give enough credit to some of the other parts of the story. More particularly, I think we had better bear in mind that, yes, we won the war, we won that particular war under those particular circumstances and it did not take too much real, hard effort. But under different circumstances, and under a greater degree of crisis--I don't see how we can anticipate any other set of circumstances--we are going to have lot tougher problems to lick than we had last time.

The experience of the war years is important as a lesson, as a guide, but any attempt slavishly to reconstruct or to imitate our World War II

experience would be foolishness. Rather, what it seems to me we must do is to think of the future in the best imaginative, intelligent terms we can, with a certain amount of confidence, but with a certain amount, also, of flexibility; with a certain amount of patience, but with a tremendous sense of urgency.

How do we reconcile all these desires? How do we get a certain amount of patience and yet a certain sense of urgency at the same time? The answer is that we need some tremendous qualities of leadership. I don't mean leadership just in a few high places--not just in the presidential levels, not just in the control levels, not just in the high places in the military levels--but I mean leadership all the way down, through all levels.

The most important part, it seems to me, is that we are constantly going to have to be aware of past experience and make the best use of it that we can, but we must never get into a way of thinking that says, "The boys in World War II were pretty good. They did a good job. Let's start from where they left off." We cannot do that. We are going to have to start from where we are now and build better, more surely, and faster sometimes than they did. If we have it constantly in mind that we are going to have to do better, I am one of those perennial optimists who think we probably will.

COLONEL BARNES: This is your last chance, gentlemen, in the organization and management part of this orientation, to challenge the speaker on this subject.

QUESTION: Dr. Millett, in business there has always been considerable discussion as to whether it is more economical to pay according to position, that is, set up the requirements of the position, set the salary accordingly, and try to get a person competent to fill it; or to pay in accordance with a standard. By the same token, in setting up a preconceived plan of organization for operation of the wartime economy, to what extent do you feel a functional organization can be planned ahead of time with responsibilities delegated to the various parts of the organization? Or would you more or less have to defer setting up the responsibilities until you see the quality of men you can get to fill your organization and then build it?

DR. MILLETT: That is a tough question. I am of the sort of unorthodox school of thought on that problem. I know many management engineers in private enterprise who would give you a stock prescription in response to that question. They say you should always build an organization and then fit people into it. I don't believe that. I think that is not realistic. I think that people are far more important than organization. What is organization? It is not charts on the wall. It is people working together. And people are of all kinds, they are all different, and they all

have peculiarities. I think we have to build an organization around people always.

That does not mean that we should wait for someone to show up and then build an organization. We must recognize some definite needs for jobs to be done. I think that is very important. We must recognize relationships. I stress that because I think some of our pre-World War II planning was deficient in not going further in trying to specify relationships between agencies and how they would have to work together. We can do that. We can have a certain broad sense of needs and requirements in an organizational sense. But my plea is, don't be too unhappy if the plan then does not work out that way, if you have to make some adjustments and changes in it, and if you have to experiment with it. I think that has to follow.

I don't want to argue here the case of the Army Service Forces for you people. Nobody in the Army will do it, so somebody from outside has to do it. But it is inconceivable to me that the Army Service Forces could have lasted six months if it had not been for the personality of General Somervell. I know there is still a little argument to this effect in the Army: "Are we going to have an Army Service Forces next time or not?" I am not going to get into that argument now, but I think a great deal will depend on personality situations that will arise.

QUESTION: Do you feel any advantages would have been gained if the Industrial Mobilization Plan of 1939 had been adopted and later altered to fit changing conditions?

DR. MILLETT: No, I don't. My reasons are political, and I don't believe we ought to underestimate them. I think Mr. Roosevelt, under the circumstances of 1940 and with a presidential election coming in November, did not dare to suggest that this country was committed to war. I think that such action would have created that impression, and that he was determined to avoid that impression.

You can read in the Stimson memoirs how Mr. Stimson was so exceedingly unhappy about Mr. Roosevelt all during the summer of 1941, because Mr. Stimson thought we ought to be fighting right then. He wanted war and he wanted faster action. I sympathize with Mr. Stimson on that score, but Mr. Stimson was not President, and Mr. Stimson was not concerned with what Mr. Roosevelt was rightly concerned with--whether the country as a whole would support a war effort. We cannot overlook the importance of that issue.

I will cite once more something that was very revealing to me in reading about Lincoln. You ought to read what Horace Greeley was saying in New York about Lincoln until the time when Sumter was fired on. The parallel is interesting. Lincoln did not go to war until Sumter was fired

on, and I don't believe he would have had a united North behind him if he had gone to war before Sumter was fired on. You cannot overlook the political factor there.

QUESTION: You left me in a cloud in the early part of your talk when you made a statement that the Joint Chiefs of Staff were given a certain percentage of the Nation's economy with which to work on some particular strategic problem. My question is, What body calculated that percentage and what mechanics were gone through to arrive at it?

DR. MILLETT: That is a very interesting story, and I won't have time to give you all the details, but I can sketch it very hastily for you.

There is a pamphlet about the requirements controversy that you ought to have in your library. It was prepared by what is known as the Committee on Public Administration Cases here in Washington. You can read there the whole story of the requirements controversy. I did not think the story is quite fair. I told that to the author and was given a chance to comment on it. He did change some parts as a result of the comments I made, and it is a pretty good story, but it still has some of the anti-Army bias in it.

Roughly, what happened was that a certain group of economists in the planning agency in the War Production Board added up the programs of the Army, the Navy, the Air Forces, and the United States Maritime Commission; they said these programs were beyond our capacity to produce in 1943. This was done in the summer and early autumn of 1942. Then the controversy began about how much our economy could produce and how it was going to be divided among the armed forces. It was settled eventually. There was some vigorous discussions. The controversy went up to the War Production Board as a board. There were Mr. Nelson, Mr. Patterson for the Army, Mr. Forrestal for the Navy, and General Somervell went along as Patterson's right-hand man. As the WPB official history says, much to the surprise of everybody, it was General Somervell who proposed the solution to the problem. There is that nice, handy bias again. The solution was this: General Somervell said that if Mr. Nelson believed this was the situation, he should communicate his opinion and his desires about the size of the direct war procurement program to the Joint Chiefs of Staff. Mr. Nelson did it in a letter to Admiral Leahy, and it was adjusted by a committee inside the Joint Chiefs of Staff. A letter of Leahy's went back to Donald Nelson on about the first of December 1942, reducing the military procurement programs of the Army, the Navy, and the Air Forces within the limits set by WPB.

That is the way it was done. I think that was the most important single decision that was made in the economic field in World War II, and I think the importance of that whole episode and of that particular decision has not been given anything like the attention it really deserves.

The economic techniques that were used were techniques of national income accounting, which had been developed over recent years. The man who

did the basic work was Simon Kuznets of the University of Pennsylvania, who is probably the most outstanding economist in the field of national income analysis.

QUESTION: Dr. Millett, you mentioned in your discussion possible future controversy over military-versus-civilian procurement in the future. I wonder if you would like to comment on whether or not we have circumvented that by placing a civilian at the head of the Munitions Board?

DR. MILLETT: I don't think so--at least I doubt it. I think the issue is going to arise again if we get into a position where we put some real strains on our economy and are going to have to impose some very real controls and limitations upon consumption by the civilian population. Then I am sure this whole argument about waste and duplication and the military services having too fancy ideas of what they require is going to arise again, just as sure as I am that I am standing here.

There are many reasons--I won't try to go into them now--why military procurement ought to be kept in the armed forces. But I think if it is going to be kept in the armed forces, a great deal of real effort is going to be required in the armed forces to do a procurement job that is realistic and from which the gravy has been pretty well squeezed. Any real scandals inside the procurement organizations of the Army, Navy, and Air Force are going to ruin us all, looking at it from a military point of view.

QUESTION: Dr. Millett, in recent years we have seen a considerable increase in Federal employees, and the costs have gone up. In the next war, if we allow these established bureaus to handle mobilization, do you think there will be any chance after the war of reducing this large bureaucracy and its cost? And do you think it is a trend toward socialism?

DR. MILLETT: You really want me to cut my throat. I will answer only the first part of your question. No. To answer the second part of the question will take a wiser man than I.

QUESTION: Doctor, you mentioned the results of the decision with respect to the division of our national resources pie. Was there similar impetus placed upon the division of our manpower at that time?

DR. MILLETT: No. That was one of the greatest mistakes and one of the greatest deficiencies, in my judgment, of the whole story. The Army was under very heavy attack in December 1942 and January 1943 about its manpower requirements. We were then talking about an 8.8-million-man Army, and we were brought under very severe criticism in Congress about the size of that Army, because of the manpower pinches it was creating. In the end, there was no formal decision and no legislation was enacted, with the exception of some legislation a little later deferring agricultural workers

from the draft. General Marshall did let it be known that the size of the Army would be reduced to about 8 million or 8.1 million, and would not be of the size originally intended. So there was that decision, which was just General Marshall's and the President's, and which was circulated by the grapevine all over Washington. There were no more formal hearings and no formal consideration of the issue in our political or administrative processes.

QUESTION: Dr. Millett, in all our reading and what we have heard in the past two weeks, we have seen and heard of the bewildering frequency with which the World War II organization was changed. We know, too, that we had a number of very good men--men with leadership and judgment. Is it possible that they may not have received the requisite support? By "support" I mean not only men and money, but moral support and general understanding from the higher authorities. Would we perhaps have made greater haste by not having been so ready to have made those modifications too precipitously? Could we have given those organizations greater time to shake down and come out with a quicker and better result?

DR. MILLETT: That is a very good question, but I don't know that anybody can answer it. I am sure I can't.

Sometimes it looked to me as if Mr. Roosevelt was too patient before making changes--for instance, in the controversies out of which eventually grew the Foreign Economic Administration. That problem did not involve the Army, the Navy, and the Air Forces at all. We finally got a Foreign Economic Administration that was a considerable improvement over the various arrangements that had existed previously. But it took time and it took experience to demonstrate that we could have something like a Foreign Economic Administration and that it would be an improvement over the situation, organizationally, that had existed before that time.

It is true that many times there was a certain amount of impatience that grew up and had to be recognized. Take Mr. Ickes' determination that he was going to have the Petroleum Administration for War in his hands and that he was going to exercise that power in his own right, and got his own directive from the White House to do so. Under the circumstances and with the personalities involved there, I think that action was not precipitous. It was probably pretty good. With Mr. Davies as an administrator to carry it out, I think the Petroleum Administration for War was one of our really top-notch successful performances in World War II. Maybe I exaggerate what a good job it did, but my impression certainly was that it did a fine job.

That does not answer your question, but it is as nearly an answer as I can give you. Keep asking yourself that all this year. It will be one of the nice things you can think about.

COLONEL BARNES: We have about two or three minutes, Doctor. Would you care to say what you think about the present statutory organization? That is a subject of another lecture, of course.

DR. MILLETT: I was afraid somebody would ask me that, Colonel. I can weasel around that in several ways. I know some people who think that statutory agencies create many difficulties because they tend to be sort of inflexible and are not so easily and readily adjusted as agencies created by Executive order. I think that is probably true where you want to do a lot of experimenting, and in a war experience you do have to rely to a considerable extent on experimentation. On the other hand, there are certain advantages in a statutory arrangement. Our system of government and our administrative behavior by and large are such that to be able to rely on certain statutory provisions frequently strengthens an agency rather than weakens it, and the very fact that it does give a certain amount of stability to an organizational arrangement may increase the disposition of people to make the organization work and to get people in it who can make it work, rather than to experiment with many organizations.

I think that too much experimentation with organization is a very undesirable thing. Anybody here from inside the Army will be interested in this confession: I think we experimented too much inside the Army Service Forces with organization. I think organization experimentation has to be timed to fit crises, and there is a sensitivity that many organizational experts, so-called, don't have, which is a sensitivity to what kind of an organizational change is desired and can be effected under a particular set of circumstances.

There is a certain advantage in stability. I don't believe you can pass any judgment really about the statutory agencies. I am willing to give them a chance. More than that, we have them, obviously, and we are going to have to see what we can do with them. And I don't believe any of the statutory arrangements we have thus far, with maybe one or two exceptions, in my own judgment, commit us to one and only one way of doing a job. I think there is still room for much flexibility in these relationships and arrangements that have been set up. I think we can make them work.

COLONEL BARNES: We have come to the end of our allotted time. I can only say that, just as we know you would, you have done it again. The applause said so. We thank you very much for taking your time to come down here from New York. We will look forward to your lecture next year.

(15 Nov 1950--350)S.