

"A LOOK AT THE MOBILIZATION PROGRAM"

ADDRESS

OF

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## A LOOK AT THE MOBILIZATION PROGRAM

Mr. Chairman, Ladies and Gentlemen:

I am indeed happy to be with you this afternoon and to have this opportunity to speak on a subject which is close to us all: our preparation to meet aggression.

I prize your invitation to give you my views on the current mobilization program. The publishing profession has always had my profound respect and admiration - as have the men and women who give it vitality.

Your industry is the circulatory system of democracy. Through your papers, periodicals and books flow the information and ideas which shape public opinion. Without an informed electorate democracy could not long survive. To enslave the populace Hitler first captured the press. Here the press contributed mightily to the preservation of democracy in time of war, and it continues to do so in the twilight peace which we now enjoy.

Today our democratic way of life faces a new test -- perhaps the greatest in our history. An imperialistic and militant Soviet Russia can no longer hide behind a mask of innocence and peaceful intentions.

For many years you people have been countering the false communist propaganda of Soviet Russia with fact and logic. This is an important role in our struggle for survival, and one which you must vigorously continue. But with a gun in our backs, that is not sufficient. Exposure of the unsoundness of the Communist system will be of no avail if in the meantime we fall before the military force of the Soviets. The leaders of the free world have recognized this, and have begun to mobilize -- to avert war if possible -- but if it comes, to win it.

In this critical period of mobilization, the publishing field has added burdens and responsibilities. While you produce no weapons, your industry's contribution to the preparedness effort is nonetheless vital. From your efforts and through your presses flow technical manuals, trade and professional journals, text-books and general news periodicals. On your pages appear mobilization data of all kinds - historical, reportorial, analytical. Through your media of communications is funneled the vital exchange of information and ideas by which science advances, industry functions more powerfully and smoothly, and by which our mobilization program can be both guided and tested.

Not the least of the fundamental problems facing our mobilization effort results from the kind of mobilization it is -- mobilization for defense. If we were an aggressor planning an attack, the whole program would be greatly simplified. We would then decide when, where and how the hostilities would begin. Military and civilian requirements of all types could be predicted with much greater accuracy. The danger of producing quantities of weapons destined to become obsolete would be diminished. The likelihood of our country becoming a principal battlefield would be lessened. Obvious advantages appear all down the line.

But we are not mobilizing for attack. Our preparedness is for defense, and we must accept and solve the greater problems presented by a defensive rearmament program.

As I see it, there are three major objectives in our current mobilization effort. First, we must speedily build up our military machine to a level adequate to meet the present threats of Soviet aggression. So long as Russia remains aggressive and unwilling to cooperate in a realistic international disarmament program, we must constantly maintain our military establishment in a position of readiness. It must at all times be sufficiently strong to deter the Soviets from launching an attack.

This period of vigilance and preparedness may extend over many years. If so, it will inevitably result in waste -- in maintaining large uniformed forces; in producing weapons, tanks and planes which certainly will become obsolete and require periodic replacement. And, such waste will be duplicated as we furnish similar military assistance to our friends in the free world. But this is an unavoidable concomitant of defensive mobilization. We can only hope by careful planning and watchfulness to keep such costs to a minimum, consistent with our primary objective of insuring that our armed forces are always capable of fighting a present and future war, not a past one. The Maginot line taught us what befalls a nation that prepares to refight the last war.

Obviously our second mobilization objective is to expand our industrial plant and maintain it in a healthy condition, capable of quick harnessing to the requirements of an all-out war. There is no assurance that a future war will be like World War II - a war of production. But we simply cannot gamble on the chance that it will be a short war, or the type of war which does not require a constant stream of enormous quantities of all types of military armaments and of essential civilian goods. Every indication we have is that modern warfare will put an even greater strain on our industrial plant than did World War II. One thing is certain. We cannot hope to win a modern war unless our industrial machine is capable of making our military force superior in power to that of our enemies.

Since we are mobilizing for defense, we must maintain industrial flexibility. While we must build a large military production potential, it must not be so heavily committed in any direction that it cannot quickly be diverted and readjusted to meet new developments and requirements. Because our enemy will initially determine the time and place of battle, we must keep our preparedness alert and pliant, ready to proceed swiftly along that course which, when the attack comes, seems to afford our greatest strategic opportunities.

In planning and building our industrial plant for wartime production we must anticipate that many of our production facilities may be knocked out by direct attack or sabotage. In our highly centralized mass production system it would not be too difficult for an enemy to cause substantial reductions in output. Still another factor to be taken into

account is the large impact of civil defense requirements on our industrial potential in the event our great cities are bombed. Our survival may well depend upon how clearly we recognize the dangers to our industrial plant and how effective our planning is in organizing to avoid these risks or, if they materialize, to absorb their impact without serious interruptions to the vital flow of military supplies.

We are today producing at the phenomenal rate of almost 330 billion dollars annually. And it is estimated that in 1952 private corporations will spend 25 billion dollars to replace and expand plant facilities. This indeed is action in the right direction, and it must continue. For an indefinite period we must count on having to produce substantial quantities of military supplies in addition to normal civilian requirements. Because we do not and cannot know when, or even if, war will actually come, we must have a permanent expansion of our productive capacity if we are not to have a permanent reduction in our standard of living. Further, while the coin of inflation may have "too much money on one side" it certainly has "too little goods on the other." And should production for total war finally become necessary, the burden will be less heavy and spirits much lighter if the sad event is not preceded by too much brown bread and austerity.

The third major objective of the mobilization program is to insure that industry has an adequate wartime supply of all strategic and critical materials. It is on this aspect of mobilization that the Senate Preparedness Committee has been devoting a substantial portion of its time and energy. Its importance is manifest. Having the largest and most efficient industrial plant in the world will give us cold comfort unless it has an ample supply of all, not most, but all, of the strategic raw materials required alike for peace or war. End products combine dozens of materials, and a shortage of any one can result in a fatal bottleneck and lost production.

On the strategic and critical list of materials being stockpiled under the National Stock Piling Act are 93 items. Domestic production of most of these raw materials is either nil or far below even normal industrial requirements. Moreover, the sources of many of these items are outside the area within the western hemisphere from which we could hope to maintain a reasonable flow of imports during wartime.

To achieve this third objective our Government is doing several things. It is stockpiling; it is encouraging and assisting in the development and expansion of domestic production of these raw materials; it is trying to induce friendly foreign countries to increase their output of raw materials; and, it is urging and sponsoring research and development of substitutes for materials which are either in short supply now or which would be the minute war broke out.

The investigations of the Preparedness Committee have disclosed, unhappily, that none of these courses was being pursued either with the warranted vigor or the needed results. Even after the match of Communist aggression kindled the flames of Korea, key portions of our defense effort reflected a dangerous lethargy and complacency. Through the reports of our investigations we have tried to eliminate this attitude by an unvarnished presentation of problems faced and solutions yet

wanting. In each instance we have made recommendations which, for the most part, have been promptly implemented by the departments and agencies concerned. And, I should add, with good grace too.

We found that in some cases our rate of stockpile acquisitions was too rapid, in others, too slow; some stockpile objectives were excessive, while others were inadequate. We found that the efforts to develop and expand domestic production of strategic materials and to induce foreign countries in the freedom bloc to expand their output were being pressed neither with the vigor demanded by the urgency nor the firmness necessary to ensure success.

Perhaps the best way I can illustrate these raw material problems is to give you a few specific details about some of the investigations conducted by the Committee.

Immediately after war broke out in Korea, and even before the Preparedness Committee, of which he is Chairman, was established, Senator Lyndon Johnson of Texas took steps to improve our national rubber situation. Through his efforts the sale of several synthetic rubber facilities as "surplus" was prevented. It is largely to his credit that we have rehabilitated and reactivated the synthetic rubber industry and achieved the present rates of production as fast as we have. Contrasted with a production rate of approximately 270,000 tons annually in January 1950, we are now turning out synthetic rubber at an annual rate of about 830,000 tons. In addition, plans to increase this production another 140,000 tons annually are under way.

Encouraging as is the progress made and planned in synthetic rubber, we have by no means solved our rubber problems. Even if synthetics were a complete substitute for all essential uses of natural rubber, we are not yet able to produce our total annual rubber requirements which last year amounted to about 1,250,000 tons. But more important is the fact that substantial and vital wartime rubber products, such as heavy truck and airplane tires, require certain minimum percentages of natural rubber. Coupled with this are the equally unhappy facts that we must import every pound of natural rubber we use - 95% of it from Southeast Asia, an area which undoubtedly can be foreclosed to us in any future war.

Our short-term rubber objective is to achieve preparedness through expanded synthetic production for use in the present and completion of the goal of our natural rubber stockpile for use in the future. The time schedule for accomplishing this latter goal is obviously affected by the impact of our first mobilization objective -- the immediate build-up of our military forces to meet present threats of aggression. Current military and essential civilian requirements for rubber have been met without delays. But this, together with the necessity of continuing additions to our stockpile, has made it necessary to restrict the use of natural rubber in the manufacture of various civilian products.

These conservation measures have been at best mild and at worst inadequate. In order to increase the rate of additions to the stockpile they will have to be made more stringent. Increased purchases of natural rubber would probably drive an already excessive price still higher. Hence economical stockpiling can come only from conservation.

Still another aspect of our short-term rubber objective is the development of a domestic source of natural rubber from certain rubber-bearing plants, such as guayule and the saghyzes. The purpose of this program is to insure a supply of natural rubber in the event war should break out before our stockpile objective is filled. Although this project is still largely in the seed and seedling stage, sufficient progress has been made that we now can be sure of producing some natural rubber in the United States if the need arises. This program is one of insurance and we will not regret the premium paid if a kind providence makes it unnecessary for us to file a claim under the policy.

Our long-term rubber objective is to reduce our vulnerability by becoming self-sufficient in rubber. We can accomplish this in two ways. First, by perfecting synthetics so that complete substitution for natural rubber is possible. Second, by encouraging and assisting South American countries in the establishment of a substantial and commercially feasible hevea-tree, rubber industry. Both courses must be vigorously pursued for, until we have ended our dependence upon Southeast Asia for rubber, our national security will remain in serious jeopardy. The work of the Committee, I believe, has hastened the day when our rubber security will be complete.

Another raw material which came under the Committee's scrutiny was tin. There we found ourselves front row spectators at a dramatic market spectacle. From a pre-Korea price of 76¢, tin rose steadily on the world markets to almost \$2 per pound.

A number of factors combined to produce this result. Current consumer demand increased sharply; our Government was committed by contracts to substantial purchases for the stockpile at prices fixed in the Singapore market (regarded by some as susceptible to being rigged); speculators plunged into the market with a vengeance; and, tin production remained about constant, at a level far below the then existing demand.

As you know, tin, like rubber, has many essential uses, in peace, as well as war. As with natural rubber, there are no domestic sources of any consequence. It must literally all be imported. But fortunately, unlike natural rubber, its sources are not so heavily concentrated in distant Southeast Asia. Substantial quantities are produced in Bolivia and Africa, areas which can reasonably be counted on as being accessible to us during any future war with any presently identified enemies.

The largest single use for tin is in the manufacture of tin cans. Normally this use amounts to about 1/3 of the tin consumed in the United States, which, of course, has been for years the largest tin-consuming nation. A recent announcement that an aluminum and plastic-coated can has been developed to replace the tin can is important, encouraging news. But nevertheless tin will probably remain on the strategic and critical list for some time to come. Right now aluminum will probably do more for us in airplanes destined for the fighting fronts than in cans destined for the city dump.

In this investigation the Committee discovered that the tin stockpile objective had been set unrealistically high; faulty calculations had been made. The Munitions Board thereupon revised it downward. But the amount of tin in the stockpile is still significantly short of the lowered goal. While we still need tin, our need is happily not a desperate one. We have in the United States today more tin than we had when the Japanese struck at Pearl Harbor. And we ended World War II with large stocks left over.

As was the case with rubber, the Preparedness Committee recommended a program of action designed to eliminate the causes of the tin shortage. Our goal was to establish circumstances which would enable us to buy greater quantities of tin, but at reasonable rather than extortionate prices.

To accomplish this goal we proposed two courses of action. The first course was comprised of steps which the United States could take alone in order to terminate immediately the costly and entirely unnecessary purchase of tin at excessive prices. The Committee recommended that the RFC be given exclusive authority to import and sell tin in the United States. It urged that all current stockpile purchases be suspended, and that at the earliest opportunity the tin metal contracts with the Belgian Congo and Indonesia be cancelled. These measures were all promptly implemented by the executive agencies concerned.

The second course of action was designed to solve the remaining tin problems through the full cooperation of both tin producers and tin consumers. We recommended that an international tin conference be held at once to work out agreements to increase production and to make suitable allocations of world supply at stable, reasonable prices. The Committee recommended that our Government furnish financial and technical assistance to the foreign tin producers to help them expand production; that tin-producing governments grant tax benefits and other aid to encourage production-increasing projects; that our stockpile figures be disclosed to the tin producers and that long-term, fixed-price contracts be offered to assure producers a known large and stable demand. In addition, assurances were to be given that our accumulated stockpile would not be used to control the tin markets.

The conference was held, in March of this year, but proved a complete failure. The tin producers are a fairly well-knit group. If they are not actually a cartel, the resemblance is startling. They

have traditionally controlled world tin markets by establishing production levels and quotas. Their position at the conference was in accordance with this tradition. They refused to increase production and allocate supply. They demanded exorbitant prices. They wanted the United States to join with them in a formal cartel, on the theory, I suppose, that the anti-trust laws do not apply to the United States. The producers were more concerned with the possibility of losing their monopolistic control over the tin markets, and with the fear of tin surpluses in the distant future, than they were about the terrifying dangers now facing the free world.

I suppose, too, that they thought the United States didn't have the courage to stop buying tin and that they could continue to sell at \$2.00 a pound. But we had the courage and today tin is about \$1.10 a pound. The producers have learned a lesson they will long remember.

We are now hopeful that they will recognize the soundness and fairness of our position and will cooperate in the formulation of a sensible tin program. But until they do, we will continue our present course of centralizing tin importing, suspending stockpile purchases, and imposing restrictions on the use of tin for non-essential goods.

Two other materials investigated by the Committee, nickel and tungsten, serve to bring out still different problems facing our raw materials preparedness efforts. Both are of vital importance, having many essential industrial uses, and both are in critically short supply.

85% of the free world's nickel is produced by International Nickel Company of Canada, which has an obvious and formidable monopoly in the field. Inco states that it is now producing at capacity and, because of difficult mining and metallurgical problems, is unable substantially to increase its productive capacity.

As a result we have to look to the few smaller producers and other sources for additional production which will help narrow the wide gap between current supply and requirements.

In pursuing this approach we discovered that one obvious additional source of nickel was being dangerously neglected, even as much as six months after Korean hostilities commenced. The Government's Nicaro plant in Cuba, which ceased operations shortly after World War II, was still standing idle and steps to restore it to production were proceeding at a snail's pace. Under the prodding of the Preparedness Committee the rehabilitation and reactivation of Nicaro has been very substantially speeded up.

Nicaró's output can increase the free world's supply of nickel about 10%. Its present capacity is 16,000 tons annually. Although during World War II actual production never reached capacity, we intend to make sure that it is attained now.



Because our major source of nickel is so close at hand, there is a constant danger of complacency in the way we handle this problem. The active gray market in nonessential-use nickel, recently exposed, is a reflection of this attitude. The military and essential civilian requirements for nickel are already so great, and constantly increasing, that it is apparent we must develop more effective allocation and conservation measures. Finally, unless new sources are discovered, other metals will have to be substituted for nickel.

The tungsten story is a preview of how total war could deprive us of our principal sources of strategic and critical raw materials. As you know, large quantities of this metal are required for high speed steels and cutting tools, electronic equipment, and for cores in high velocity armor-piercing shells. China historically has been the world's largest producer of tungsten, and, of course, we have been unable to procure any tungsten from that source since well before its intervention in the Korean struggle. The United States is only capable of producing less than half of our wartime tungsten requirements. With a far from completed stockpile objective, and virtually no other substantial sources readily accessible, this is a far cry from real preparedness.

One of the most regrettable oversights of the Munitions Board in establishing stockpile objectives occurred with respect to tungsten. Until December 1948, its calculations failed to take into account the enormous military requirements for tungsten armor-piercing cores. In the meantime, the Communists were overrunning China and cutting us off from that vast source of supply.

In this situation we recommended measures to increase domestic and foreign tungsten production. We were successful in persuading the Army to test a process developed as long ago as 1948 by which cores from low grade concentrates can be produced. If successful, this method will save both time, money, and tungsten. But it is clear that if we are to achieve anything approaching an adequate supply of tungsten for wartime requirements we must now pare its non-essential use to the bone.

Assuring adequate wartime supplies of strategic and critical materials like rubber, tin, nickel and tungsten, while we are at the same time drawing heavily on current supplies for our immediate military build-up program, presents many challenging problems as does virtually every other part of our mobilization program. Those problems can and will be solved. But they will be solved neither by the releases of public relations officers nor by over-optimistic quarterly reports. They will be solved by hard work, by ingenuity, and by respect for the cold facts.

Together the free nations of the world must dedicate their hearts, their heads and their hands to the task of becoming and remaining militarily and industrially strong. That and that alone can convince the Soviet imperialists that any war they start will result in their downfall. Complacency must be cast out. The "business-as-usual" attitude still prevalent in the country to a marked degree must end.

The necessary sacrifices and hardships must be accepted. All of us in the free world must realize the grave character of the threats to our security, and how little time we may actually have in which to prepare. With imagination and vigor and above all with action now we will ensure that no future historian will write of us, "They mobilized, but too late, and with too little." In this task yours is a great role. It is for you to kindle the conscience of America. For America aroused is unconquerable.