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Lessons of the War in Relation to the Government's Business

By M. O. LEIGHTON (*)

It isn't easy for one familiar with the business workings of our Federal government to maintain a complacent attitude concerning them. John Hay, in describing a certain political party, said that it was a "fortuitous concourse of unrelated prejudices." I know of no modern expression which so completely satisfies my own yearnings for verbal adequacy in describing the Government's methods of doing business.

In approaching this subject, I have found it necessary to disinfect my mental attitude in order to offer you something both constructive and wholesome. Inconsequential abuses may sometimes be cured by the methods of the common scold, but great defects require toleration and openness of mind in their correction.

Going back to pre-war days, my mind recalls two factors which for many decades prior to my first personal observation had rendered the Government an inefficient instrument of business. The first was the easily recognized inertia of our Democracy while the second was the process of Federalization.

That term inertia of our Democracy is not necessarily used in a derogatory sense. Our forefathers exercised the utmost wisdom when they placed in the Constitution certain provisions that create inertia to correct and to neutralize the effervescence of popular prejudice. We could not wisely root out this inertia of our Democracy, but, like every other good thing, its advantages are not unmixed. It is something that will respond slowly to treatment and that treatment as I see it must consist initially of creating out of the present departmental chaos an orderly arrangement of Governmental functions and an organization, efficient and economical which will by the very force of events enliven and recast the entire conduct of Government business. Thus will the inertia of our Democracy be reduced and its final extinction be made possible.

The second factor which makes the Government an inefficient business organization is that the structure has attained its present form and size, not by reason of deliberate and well directed organization but entirely through accretion. For many years, Federal functions have been increasing, first in one direction and then in another. Whether we approve or not, we must admit that there is a resistless tide toward final and complete Nationalization. As the family of Federal function has grown, the house has been increased in size to accommodate—a lean-to here, a gable there, and now a bay-window and now a front door. All of this has taken place without co-ordination of any kind until now the house is a maze affording neither comfort, convenience nor structural unity.

The Public Health Service and The Supervising Architect live together in the Treasury Department along with the Coast Guard and the Director of the Mint. In the Interior Department we find the Pension Office occupying the same bed with the Alaska Engineering Commission. The Bureau of Education pulls in harness with the St. Elizabeth's Hospital for the Insane. The American Indian gets mixed up in the Patent Office while the Geological Survey has the same departmental diet as the Freedman's Hospital.

Over in the Department of Commerce the Census Office sleeps with the Bureau of Fisheries, while the weights, measures, concrete and photometry in the Bureau of Standards have a chamber right along-side the foghorns of the Light-House Service.

In the Department of Agriculture the Forest Reserves of the country are trying to operate according to Departmental regulations apparently well adapted to the Bureau of Entomology while the Office of Public Roads tries to operate in phase with the Biological Survey.

These examples of incongruity are by no means all. You see, of course, the lack of co-ordination of aims and purposes, so necessary to successful business. You see how unrealistic the whole set-up is, and how it cannot possibly adapt itself to quick adjustments and quick conditions.

The man does not live who can give wise and efficient administration to some of our Federal Departments. Picture to yourself the Secretary of the Interior. He goes to his office on almost any morning in the year and this is a good specimen of what he finds:

The Director of the Bureau of Mines is there and he wants the Secretary to approve a new formula for explosives used in coal mines. Next to him comes the President of Howard University, an institution for colored students in the District of Columbia of which the Secretary is *patron ex-officio*. Following him is a flat-footed indignant western home-steader who has a grievance against the Reclamation Service. Next he must review and approve location and general plans for an Indian School in New Mexico. A member of Congress waits to protest about the unjust treatment given by the Pension Office to an old-soldier constituent, and that reminds the Secretary that he must, before noon-hour, review a report on alternate routes for an Alaskan railroad and determine upon the best one. The Director of the Geological Survey wants to get the Secretary's approval to a request to Congress for a deficiency appropriation to conduct an investigation of pre-Cambrian fossils and the Director of National Parks wants to know whether the Secretary has decided to allow motor cars to go up the new road to Glacier Point in the Yosemite. This is only a beginning of the morn-

(*) See editorial.

ing's interviews, besides which the Secretary must attend a cabinet meeting on the high cost of living and appear before a Senate Committee to argue for or against a proposed reduction in the number of Surveyor Generals in the Land Office. I have known the present Secretary of the Interior since a day long prior to his appointment to that position. He has always possessed my profound admiration and I think he is one of the ablest men in public life. Nevertheless, God does not create men who can act wisely in all this wide variety of matters. It's too much absurdly too much of a field. No man out in commercial life would even think of shouldering so diverse a program and no business organization would tolerate it.

Did you know:

(1) That there are 12 Government bureaus representing five Federal Departments making maps?

(2) That there are six Government bureaus representing four Federal Departments maintaining coast fleets?

(3) That there are 14 Government bureaus representing six Federal Departments doing hydraulic work?

(4) That there are 21 Government bureaus representing six Federal Departments doing chemistry?

(5) That there are 29 Government bureaus representing six Federal Departments doing construction of one or another kind?

No one believes that all of the public services here described can be merged according to the character of the several functions. Obviously, there are some highly specialized activities that must be kept closely tied in to certain other and different activities. But this does not justify the existing extreme of diversification and even competition between departments as shown by this recital.

I have multiplied all of these illustrations because they suggest to you more than I could in a hundred pages of text. You who are accustomed to the efficient handling of business should ask yourselves how successful you would be were you forced to operate in that way where every function is independent and every branch is self-contained. Can you imagine a superintendent of a department in the Steel Corporation or in the General Electric Company going up to the main office and getting an appropriation for doing a line of work already being done by another superintendent? This is what frequently happens in the Departmental service of the Government and the queer part of it is that these men get laws passed making it a legal obligation to indulge in this duplication.

To use an illustration with which you are all familiar, everything is "out of phase" with everything else and the Government is getting an exceedingly low power factor not, in my estimation, as good as .5. But the total of loss to the Government is not covered by this for, in addition to direct losses resulting from poor phase relations, we have what might be called induction losses—

those created in response to losses in the main circuit.

Government contracts, whether for materials or for construction have not been regarded as altogether desirable. We all know of most reputable manufacturing establishments and supply houses that would not, prior to the war, bid on a Government contract. We can enumerate many of our most reliable construction companies that never took the trouble to estimate on a piece of Federal construction. Of course, there are notable exceptions but I think it will be admitted that prior to the war, the Government was seldom able to do business with the best and most reputable contractors of the United States. The reasons are many and we have no time to go into details but we may sum the situation up by the reflection that no efficient business man or organization likes to do business with an inefficient business man or organization. In the first place, the good business man takes pride in doing business well. It is a part of his compensation. In the second place, the doing of business with a poor and inefficient business man is a hazard. A contract with such a man is always speculative. Every contracting agency of the Government has its own standards and there is no uniformity in specifications and absolutely none in stability and interpretation thereof. You, for example, may be a building contractor, specializing in hospital construction. Hospitals are constructed by three Government departments but if you think that when you have constructed one for the Public Health Service and learned the ins and outs of procedure under the Office of the Supervising Architects of the Treasury, you can proceed with familiarity and confidence on a similar hospital project under the War Department or the Navy Department, you are riding for a fall. This is merely an example and what is the result? Government contracts are purely speculative and cannot be otherwise. The prudent bidder must determine upon a unit price, fill in his legitimate profits and then add to the total or to the several items a matter of insurance against *Government* hazard, in precisely the same way that insurance margins are filled in as against unusual fire hazard, flood menace, foundation uncertainties, etc. And the Government must either pay this hazard insurance to the upstanding and reputable bidder or in lieu thereof must give the contract to the bidder less responsible and willing to do business on a highly speculative basis. Usually it is the latter sort of contractor who gets the work and the number of unremunerative Federal contracts in the decade prior to the war is startling. We do not need to review the trials and expense, derived by the party of the first part in the case of a defaulting contract no matter how prompt are his sureties. We know of the many grievous items that do not and cannot appear on the balance sheet.

I have tried to give you a true and considerate picture of Government business, under the inertia of Democracy and the process of Federalization. We shall presently decide who is to blame.

In the course of inhuman events along came war. War is a business, the maintenance of which

required greater business sagacity and acumen than any other business that has been brought to our attention. Was there a single Government agency prepared on the business side of war? Not one. By this I do not mean preparation in armament and munitions. That is another story. Nor do we intend to cover certain scientific bureaus of the Government which were professionally or technically ready. These bureaus became the bright spots in Washington during these dark days immediately subsequent to April 6, 1917.

We will pass rapidly over those first two or three months of our war preparation for the contemplation of them is not pleasant nor can the account of them be kind. The years, decades and generations of go-as-you-please in the business organization of the Government rendered the several branches quite unable to function, one with another. There were in those days hundreds of strong, bright men in the Washington Departments who afterward rendered distinguished service but in the beginning of the war they did not know themselves, did not know each other, did not know how to pool their resources, and could not break the fetters that had for years confined their thoughts and their impulses. They were not to blame. Everything in the Government system had conspired to render them impotent in that hour of need.

So, after a short period of milling and hesitation, there stormed into Washington that marvelous array of men who saved the day—men who knew how, men who could function and who could organize and achieve through organization. They came as civilians or as newly created military officers: Baruch, Ryan, Willard, Lovett, Hurley, Schwab, Rosenwald, Hoover, Garfield, Gunby, Bueh Junkersfeld, Whitson, Crosby, Vanderlip: one would need to go on for hours to include them all. And here and there were men in the old line military establishments who knew at once that old things had passed away. Wherever these men stood out, Oh! how they did stand out!

Men of the kind above enumerated, when brought to face an emergency don't throw away things of value. They scrutinize that which they find and, if it be worthy, they make use of it. They did not, so far as I can learn, find one thing in Washington already created upon which they could build a war structure. Not one thing of utility, not one method, condition or set of conditions could be found that was sufficiently elastic to be adapted to the occasion. Many things connected with the business end of the war that had taken place prior to their coming had been done wrong, grossly, pitifully, inexcusably wrong. Washington began to see real business when these big men came in. Of course, it would have required omnipotence to have prevented mistakes and avoided waste and extravagance. The need was urgent, the time was short and some mistakes would have crept in in any event no matter how well the Government had been prepared for the business of war. This is a day of investigation and a Congress antagonistic politically to the administration is digging out these mistakes, real and alleged. A little analysis and a fair

knowledge of Washington as it existed prior to the war will show quite conclusively that the greater proportion of the wastes, mistakes and extravagances would not have occurred had the Government been a reasonably efficient business organization on April 6, 1917.

There grew up in Washington an organization known as the War Industries Board which was the governor and balance wheel of all war conduct in this country. Many of us in Washington failed to appreciate how important was the War Industries Board during its early days but with the passage of events, our wonder grew. That this Board of men, each in his own line representing the flower of the Nation's industry, could gather under one roof in Washington there to function, to hasten production, to control output, to distribute products, to prevent destructive competition, and to do all things necessary to the one purpose of supplying materials for war is altogether marvelous. The fact that such an organization was possible on short notice and would be possible again, gives the strongest evidence outside of actual military sacrifice that this Government and that this nation is solidly and substantially built. There was a time early in the war when the Army was competing with the Navy in the open market for steel, lumber, ordnance and munitions; when the Ordnance Bureau of the Army was endeavoring to procure this or that material in competition with the Quartermaster's Department or the Engineer Corps of the same Army. But this was all changed. By the display of a business sagacity and an organized effort, these administrators of the military departments of Government were advised where, when and how they could secure this, that or the other supply and in what order of preference it would be given to them. All of this was business, the like of which Washington never saw before.

Departmental Washington has been shown. While the showing was made during great emergency, in which, because of speed requirements and a lack of preparation, there was confusion in some places, error in others and a general unevenness in operation, Washington found that it was possible to do business in business-like ways, to regard the achievement of a desired result as superior in importance to the maintenance of Departmental precedent, to concentrate on the production of good grist rather than on the color of the paint on the mill, and to co-ordinate and drive into step all agencies necessary to get a thing done quickly, efficiently and economically—for, in spite of all you hear and read there were many things done economically in Washington notwithstanding a state of war. Of course, there were goings on that would have been farcical had they not been tragic, but the causes of these are definitely known and generally may be traced back to the effort of some regular old line organization to adapt and drive its archaic old machine into the maelstrom of a great war. But these examples only set out in contrast the great business showing that I have attempted to describe.

The war is over and the business men of the

country who saved the day have gone home. The rooms where they once held forth are either gathering cobwebs or are being used by other men for other purposes. Files and records in enormous quantity constitute all that is left of the War Industries Board. War Trade, Fuel, Food, all are practically silent and the principal official reminder of war times is that colossal hive known as the Bureau of War Risk Insurance. The old line officers of the Army are once more in supreme control and with a singular mixture of forgetfulness and bad judgment they have left out of consideration, in their plans for Army reorganization, the construction division, which was recruited from civil life to do with glorious success a job that the Army War College profoundly declared could not be done.

It is probable that these business lessons of the war have left an impress on the administrative personnel of the Departments. Unquestionably this is true in many cases, but the lesson is recorded on the brain of the individual rather than on the structure which he serves. Therefore it is but a transient record and has already begun to fade. The Government departments are constituted the same as before. They are still pulling in forty-odd directions. No laws have been enacted, nor have any executive orders been issued that will co-ordinate activities and bring services into harmony. Were every Department and bureau chief in Washington unanimous in the desire to alter and rebuild in accordance with war business lessons they would all be helpless. Without new laws the same old hodge podge machine must remain.

Congress is talking about new transportation legislation, but that is forced upon our consideration by the necessity of returning the properties to their owners. Congress is talking about certain fiscal reorganizations—some very important and some otherwise and that is forced upon us by the high cost of living and the high rate of taxation. Many bills have been introduced directly or remotely covering matters of reorganization, some of which would undoubtedly be of benefit if they could be enacted.

You engineers and men of business ought to be vitally interested in a measure which is being discussed very widely, and which is gaining force by virtue of its own logic. This measure was drawn up and is sponsored by a federation of more than 100,000 engineers, architects and constructors. It proposes to consolidate and bring under one unified and purposeful organization the non-military engineering work of the Government, including construction, surveying, architecture and design and all of the engineering and allied scientific investigations contributed thereto or connected therewith. I refer to the Jones-Reavis bill to create a Department of Public Works. This measure is chiefly notable in our discussion of the present subject because it is the one thing required to give the United States a chance to profit by the business lessons of the war. Under present departmental conditions it is impossible for the United States so to do. The measure in question brings together all of the

widely scattered non-military engineering work of Government. It is proposed that the name of the Department of the Interior be changed to Department of Public Works, that out of the Department shall be removed, the present non-engineering functions such as Patents and Pensions, Indians and Education, Insane Asylums and Hospitals; that there shall be retained such present engineering functions as those represented by the Reclamation Service, Geological Survey, Bureau of Mines, General Land Office, Alaska Engineering Commission and National Park Service; that from the Department of War shall be transferred the improvement of rivers and harbors operations which were placed under the Corps of Engineers many years ago, as a purely emergency measure, and have been retained under military control to the distinct detriment of the country ever since; that out of the Department of Commerce shall come the Bureau of Standards and the Coast and Geodetic Survey, two bureaus that are engaged in engineering operations so fundamental to public works that they must in logic and necessity be a part of an engineering department; and that finally shall come out of the Department of Agriculture the Bureaus of Roads which is now the most extensive engineering work carried on by the Government, and the Forest Service which has supervision over the forest reserves of the United States themselves public works and the functions of which are to a very large and important degree engineering functions.

The Jones-Reavis bill provides that all these engineering and construction agencies shall be gathered under a unified authority. These various activities may by executive order and by such subsequent legislation as shall prove necessary, be co-ordinated. Thus, many duplications will be eliminated, useless overhead charges will be swept away and the Government shall acquire all the manifest and indisputable advantages which accompany the consolidation of large business activities. In other words the bill provides to the Government the same advantages that have been demonstrated in commercial life as essential to the success of modern business operations. If you, who know and appreciate these things, and you who by reason of some experience with Government methods of doing business will, out of your regard for the welfare of your country, get a copy of this bill, take a little time to study it, and just a little more time to tell your friends and legislative representatives about it, giving them the sound reasons which appeal to you I can see that the danger that these dearly bought lessons of war shall not become mere memories:

I have tried to give you an account of some of the defects in our Government business structure, in a conservative and dispassionate way, according to the views I have gathered in a relatively intimate observation covering a period of seventeen years. I do not advance the Public Works Department idea as a panacea but as one of the powerful things which, even if it does little more than to bring order and definition out of chaos, will have performed right well. The suggestion

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is not original. For more than 40 years it has been discussed in this country, and the United States is the only government of any consequence in the world that has no such agency.

Who is to blame for these conditions and who will be to blame if they be allowed to continue? The blame lies with those citizens of the United States who rank intellectually higher than the average man. In other words, you are to blame. You and several millions like you have not the excuses for neglected citizenship that you find ready to hand in the case of municipal, state and national matters involving questions having popular impact. You and those like you cannot contend in this as you can in other political concerns that you are so largely outnumbered by those whose beliefs are opposite yours that it is of no use for you to assume responsibility or ~~attem~~ participation. The establishment of a Department of Public Works, or the correction of the unbusiness-like conduct of Government is a matter in which the average man is not likely to concern himself either one way or another. It has little or no human interest nor popular drag. It is clearly an object which demands enlightened enthusiasm. Unless you and those like you become willing to take a little time and do a reasonable part in the educational work necessary to bring about these Federal reforms which you so clearly recognize as necessary, you may be certain that such reforms will never be brought about.

You have recently seen and yourselves participated in a season of patriotic sacrifice, when you gave and gave of service, of money and of blood in defense of an institution and a principle. That sacrifice is beyond and above all verbal characterization. But let me mention the fact that that institution that is worth fighting for, a Government that inspires you to sacrifice when it is attacked from without or within, is worthy of your solicitude in the days of fair weather. We have the right to be sorry for ourselves if our patriotic enthusiasm can not sustain a steady glow, but can blaze forth and achieve only under the emotions wrought by the spectacular side of service. Every time you sustain your Government, every time you save your country you place upon yourselves an obligation to see your country and your Government through, in sickness and in health, for richer or for poorer, for better or for worse. And you and those like you have no right to drift back into your own private concerns and allow this Government to go on as in former years, deprived of the benefits which this great experience has wrought. You and those like you have no right to sit without protest while your Government institutions wear fetters and go hobbling along in the daily concerns of life, the mark of a thousand jests. You and those like you have every right and you have assumed a sacred obligation to guard and guide the country in the days of peace. And as you gave of your thought and effort and money to make your country an efficient and victorious instrument of war so it is clearly your duty to make it as efficient in the days of peace.