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Abstract

Shipbuilding and the Wilson Administration:
The Development of Policy, 1914-1917

by William John Williams

Chairperson of the Supervisory Committee: Professor Robert E. Burke
Department of History

This study is based on the official records of the U.S. Shipping Board and Navy, the private papers of leading government officials, and the published papers of President Woodrow Wilson.

The narrative reveals the confusion and disputes that hampered the initial efforts of the Wilson Administration to meet the merchant shipping crisis caused by U-boat attacks. Special emphasis is placed on the impracticality of the Shipping Board's plans for building a large fleet of wooden steamers, the personality conflicts that delayed the implementation of a logical merchant ship construction program, and the indecisiveness of President Wilson in dealing with these challenges.

Late in July 1917 Wilson appointed new officials to head the merchant shipbuilding effort. The dissertation describes the actions these men took to speed both wood and steel construction, to commandeer all partially completed steel hulls, and to provide for the "mass production" of commercial tonnage in "fabricated shipyards."

The study also examines the Navy's wartime shipbuilding program and shows that Secretary Daniels's delay in proceeding with a massive destroyer construction effort was prudent in light of the conflicting

Shipbuilding and the Wilson Administration: The Development of Policy, 1914-1917

by

William John Williams

A dissertation submitted in partial fulfillment

of the requirements for the degree of

Doctor of Philosophy

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1989

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Doctoral Dissertation

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advice he was receiving from senior naval officers. Once Daniels decided to focus on the production of anti-submarine craft, the Navy developed a logical building program, although the Secretary's cautiousness and political sensitivity did cause additional delay in the implementation of construction plans.

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TO HAPPY, KATHERINE, AND TRACY

With Love

CHAPTER 1

AMERICAN SHIPBUILDING BEFORE THE GREAT WAR

Commercial Shipbuilding

On 1 September 1789 President George Washington signed into law a navigation act designed to restrict registry in the American merchant marine to ships built in the United States. Additional legislation, in 1792 and 1793, closed loopholes in the original law and provided "complete protection to American shipbuilders by granting American registry exclusively to ships built" in U.S. yards. These navigation acts remained in effect, with only minor modifications, until 1912.[1]

Prior to the Civil War, the restrictive aspects of these navigation laws were unimportant. Shipowners did not have to be coerced to buy American-built vessels since these were twenty-five to fifty percent less expensive than those built abroad. The reason for this cost advantage was America's vast timber resources. Cheap lumber more than offset the higher cost of labor, ironware, cordage, and sail cloth in the United States, and enabled the nation's shipbuilding industry to flourish. This was especially true in Maine, the "Pine Tree State," where shipyards had access to plentiful supplies of timber. Shipbuilders also prospered in Massachusetts, New York, and -- to a lesser extent -- New Hampshire, Rhode Island, Connecticut, Pennsylvania, and Maryland.[2]

As time passed, the United States began to lose its comparative advantage in shipbuilding. One problem was the tremendous drain shipyards put on stands of timber near the seaboard. The large oaks needed for frame timber and the tall pines needed for masts became increasingly scarce in coastal regions. By 1860 many builders were acquiring these types of timber in the interior, but transportation costs to the coast added significantly to the expense of the wood, and the price of American ships rose.[3] An even more serious threat to American shipbuilders, however, was the development in Europe of ships

made of iron.

Great Britain was the first country to launch an iron vessel -- the Aaron Manby, a small steamboat built in 1822. A little over a decade and a half later an iron sailing ship of 271 gross tons,[4] the Ironsides, built in Liverpool, would cross the Atlantic. Then, in 1844, a yard in Bristol turned out the Great Britain, a liner of 3,270 gross tons driven by a screw propeller. The success of this large metal steamship stimulated the growth of iron shipbuilding in Europe.

By 1860 it was clear that iron vessels had numerous advantages. They proved to be "sturdy, fast, durable, and, above all, very [water]tight." Since they did not need heavy oak framing to hold together their hulls, they provided shipowners with more usable space than comparable wooden craft. Iron ships could also be built much larger than their wooden counterparts, and could better withstand the strain of screw propellers. Moreover, after the Civil War iron vessels became competitive in price with wooden ships.[5] This was bad news for the American shipbuilding industry, for the United States did not possess a comparative advantage in the construction of iron ships.

The success of American shipyards before 1860 had been based on cheap timber prices, but inexpensive wood was of little benefit to iron shipbuilders. As British yards substituted metal for lumber, U.S. firms found themselves facing a severe disadvantage, for iron was more expensive in the United States than in Britain.

According to the economic historian John G. B. Hutchins, the "basic difficulty [for the U.S. iron industry] was the differential in wage rates, which reflected the relative scarcity of labor in the United States in general compared with land and natural resources." This "relative scarcity" drove up the cost of labor, and made American wage scales -- for both skilled and unskilled labor -- generally higher than elsewhere. As W. Elliot Brownlee points out in his study of the U.S. economy, this was the reason immigrants "poured into American cities"; they "were cognizant . . . of the relatively high wages even their unskilled labor could command in the nation's cities and factories."

These "relatively high" American wage rates drove up the cost of iron plates and other processed raw materials needed by American shipyards -- and also drove up the expense of shipyard labor. Yet labor costs were not the only problem U.S. shipbuilding firms faced in the construction of iron vessels. The great distances coal and iron had to be shipped in America, often through difficult terrain (such as the Allegheny Mountains), added to material costs. Iron production in U.S. foundries was also a smaller scale operation than in Britain, and therefore less efficient and more costly. Because of such factors, American iron shipbuilders faced higher bills for both material and wages than their British competitors; this made it impossible for American yards to compete in price in the production of metal ships. The first two significant iron vessels built in the United States were launched on the Delaware River: the 212-ton steamer Bangor, built in 1844, and the 216-ton schooner Mahlon Betts, built in 1855. Both were seaworthy, but because of their high cost neither vessel was followed by a repeat order.[6]

U.S. yards were also at a disadvantage when British builders introduced steel ship construction in the late 1870s. The first large vessel to be launched with a steel hull was the 1,777-ton liner Rotomahana, built on the Clyde in 1877. The great advantage of steel was that it permitted a fifteen percent reduction in hull weight, which meant steel ships could carry more cargo than iron ships of the same size. As the price of steel fell -- due to innovations such as the Bessemer and open-hearth processes -- British yards rapidly converted from iron to the new metal. Shipbuilders in other European nations, especially Germany, also began to turn out steel vessels in significant numbers.[7]

Although the United States developed a massive and highly efficient steel industry (which had low production costs due to economies of scale, abundant coal resources, the opening of vast iron ranges in Minnesota, and the development of economical rail and lake transportation networks), this was of little benefit to American

shipyards: until about 1910 U.S. shipbuilders paid substantially more for steel than their British and German competitors. This was primarily due to monopolistic practices by the large American steel companies, which cooperated with each other to charge shipyards artificially high prices for steel plates. The nation's huge steel firms also took advantage of the country's protective tariff to segment their market into two parts: in the protected home market they fixed prices at comfortably high rates, while overseas they competed at the world price -- and sometimes even dumped surplus production at bargain rates to penetrate new markets. In the late 1890s, for example, American-produced ship plates were sold to British yards for $8-$15 less per ton than at home. Although Congress approved several adjustments to the tariff structure to address this problem, these modifications contained so many restrictions that they had little effect.

By the turn of the century, raw material costs in U.S. shipbuilding plants were estimated to be thirty to forty percent higher than in British yards. Since wage rates in American shipyards also remained high -- fifty to one hundred percent above those prevailing in the United Kingdom -- the steel vessels built in America cost much more to produce than those turned out in Great Britain. German steel shipyards also enjoyed a price advantage over the United States. John G. B. Hutchins estimates that by 1900 steel ships constructed in American plants were generally twenty-five to fifty percent more expensive than those produced in either British or German yards.[8]

This transition from wood to steel put the American merchant marine at a severe disadvantage. The navigation acts approved during the Washington Administration still required U.S. ship operators to purchase American-built vessels, but these now cost substantially more than the steel ships used by other merchant marines. This meant shipowners with U.S. registry had to buy relatively expensive ships and, as a consequence, pay comparatively high insurance, interest, and depreciation costs. The country's navigation laws also required the use of American officers on ships flying the stars and stripes. Since

prevailing U.S. wage rates remained higher than those of other maritime nations, this also increased the cost of U.S. registry. As a result, the American merchant marine could not effectively compete in overseas trade during the last decades of the nineteenth century.[9]

After the Civil War, many shipowners caught in this financial squeeze lobbied Congress for a change in the navigation laws which would permit them to purchase relatively cheap foreign-built vessels and operate them under the American flag. This was known as the "free ship" policy. U.S. shipbuilders vigorously opposed this, arguing it would ruin their industry. The builders maintained that a better solution to the problem would be for the government to offset the high cost of American-built vessels by paying subsidies to shipyards, shipowners, or both. That way the nation could have both a large merchant marine and a viable shipbuilding industry.[10]

There were problems, however, with subsidies. Many Americans objected to the idea of government payments to the wealthy businessmen who owned ships and shipyards. The public suspected there was a dark side to subsidies -- and indeed there could be. For example, in 1865 the Pacific Mail Steamship Company received a government subsidy of $500,000 a year to establish monthly service with China and Japan. To carry out this contract the firm ordered four large ships in American yards. In 1872 the company's president, a reckless speculator named Alden B. Stockwell, went to Congress to request a doubling of the subsidy in return for expanded service to the Far East. As Congress deliberated this proposal, Jay Gould -- the era's most notorious financial manipulator -- began a series of complex maneuvers to take over Pacific Mail. After Congress approved the additional subsidy, Gould gained controlling interest of the line. Meanwhile, a scandal developed: newspapers reported Pacific Mail had spent up to $1 million to secure passage of the additional subsidy. A congressional investigation revealed Stockwell had tried to influence the legislative deliberations by manipulating the price of the company's stock, and by spending $335,000 for lobbying activities -- which many suspected had

paid for bribes. The public, already outraged over railroad scandals such as the Credit Mobilier, and horrified at the thought of paying federal funds to such shady financiers as Stockwell and Gould, demanded Congress cancel the 1872 subsidy, which was done in 1875. Furthermore, when the line's original subsidy expired in 1877, it was not renewed. The Pacific Mail incident thus "threw the whole subsidy system into disrepute" and stiffened opposition to government aid to shipping and shipbuilding interests.[11]

The "free ship" forces used the Pacific Mail scandal to press home their argument that subsidies were not the best way to solve the nation's maritime problems. They maintained that both the merchant marine and the shipbuilding industry would ultimately prosper if the navigation laws were modified to permit American registry of foreign-built vessels. Shipowners flying the American flag would benefit since they could operate less expensive vessels, and shipbuilders could expect an expansion of repair work since there would be more U.S.-registered ships. This substantial repair business, "free ship" advocates suggested, would enable American yards to develop their efficiency to the point where they eventually would be able to compete with foreign builders.[12]

Although this line of reasoning had a logic to it in theory, shipbuilders were not reassured. There was no guarantee American ships would be repaired solely in U.S. yards -- they could just as easily undergo non-emergency repairs abroad, where costs were lower. Shipbuilders therefore continued their spirited opposition to "free ships," and in this they had powerful allies in the Republican Party.

James G. Blaine, Marcus Alonzo Hanna, William McKinley, Theodore Roosevelt, William Howard Taft, and other leaders of the Republican Party believed shipbuilders were just as deserving of government support as the industrialists who benefited from the Party's high protective tariff policies. Republican Administrations thus repeatedly advocated the payment of bounties to shipbuilders, or mail subsidies to U.S.-flagged vessels, to offset the cost disadvantages of American registry.[13]

Many Democrats, recognizing there was little public support for subsidies away from the nation's seaboard, saw this as an issue they could exploit. A number of Democrats in Congress attacked subsidies as shameless raids on the federal treasury by rich shipowners and industrialists. The way to build up the merchant marine, they maintained, was not through government handouts, but by allowing foreign-built ships into the American registry. The "free ship" argument was thus the Democratic answer to Republican calls for subsidies.[14]

Yet party discipline on this issue was not strict -- Democrats from shipbuilding centers would often support subsidies while Republicans from interior districts would oppose them. The issue, in short, became mired in complicated partisan and regional politics. The result was basically a stalemate: no "free ship" bills were passed during the late nineteenth century, and the subsidies approved by Congress were heavily watered down by their opponents. One of the period's most generous subsidies, signed into law by the Republican President Chester A. Arthur in 1885 -- just as he was leaving office -- was never put into effect because the incoming Democratic President, Grover Cleveland, impounded the funds. The maritime policy that resulted from this kind of political process has been aptly described as "a maze of contradictions that was ultimately more harmful than helpful."[15]

As this debate droned on, shipowners flying the American flag faced financial ruin. Increasingly they withdrew their names from the nation's shipping register. Many abandoned the shipping business altogether, while others decided to operate under foreign flags. By 1901 over 670,000 gross tons of merchant vessels in foreign fleets were actually owned by Americans, and by 1914 this total was estimated at between 1,500,000 and 2,000,000 gross tons.[16]

The once-proud merchant marine of the United States now found itself in a severe long-term decline. In 1860 over sixty-five percent of U.S. exports and imports had been carried in vessels flying the

American flag, but by 1880 this figure was well under twenty percent, and by 1900 it had fallen to less than ten percent, where it remained until World War I. At the turn of the century only about three dozen steamships on international trade routes had American registry, and these only survived due to the meager government subsidies provided by the Ocean Mail Act of 1891. The impact of this situation on the country's shipbuilding industry was severe: the number of orders placed for ocean steamers for the foreign trade dropped to almost nothing.[17]

During the decades between the Civil War and World War I, most American-built ships were employed in the coastwise trade between U.S. ports. On these shipping routes foreign competition was not a threat because an 1817 navigation act gave American-registered vessels an absolute monopoly over the nation's coastal, lake, and river shipping. Since the only craft eligible for U.S. registry were those built in the United States, this meant American shipyards had an effective monopoly on construction for domestic shipping routes.[18]

The amount of merchant tonnage employed in the coastwise trade grew substantially as the American economy boomed during the late nineteenth and early twentieth centuries. In 1890 there were roughly 3,400,000 gross tons of coastal shipping; by 1910 this number had increased to more than 6,500,000 gross tons. Contributing to this growth was the development of inland waterways, increased shipping on the Great Lakes, a dramatic boost in trade with Alaska after the Yukon and Nome gold strikes, and the acquisition of Hawaii and Puerto Rico -- which Congress included in the coastal monopoly in 1898 and 1899 respectively.[19]

Much of the tonnage produced for this coastwise trade was built in yards on the Great Lakes. Major shipbuilding plants were located in Cleveland, Detroit, Toledo, Milwaukee, Duluth, Port Huron, Chicago, Buffalo, and other lake cities. These yards specialized in building large freighters of 6,000 to 10,000 deadweight tons[20] for the iron-ore and grain trades. During the first decade of the twentieth century, the Great Lakes produced more than 1,800,000 gross tons of shipping -- over forty percent of the nation's total production of merchant

vessels. Especially impressive were the years between 1906 and 1910, when lake builders delivered more commercial tonnage than all the yards on the Atlantic, Pacific, and Gulf Coasts combined.[21]

In the yards located on America's coastline, the majority of merchant tonnage produced was also for the coastwise trade. This consisted primarily of moderate-sized freighters and liners. The few large steamships built were primarily for subsidized foreign routes, or the protected trade with Hawaii. Several wooden shipyards, in New England and the Pacific Northwest, managed to stay in business past 1900 by building schooners, but orders for these obsolete sailing ships declined as tugboats towing barges replaced them on coastal shipping routes. Large numbers of these tugs and barges were built during the decades before World War I, but this small boat construction was not nearly as beneficial to the shipbuilding industry as contracts for large ocean steamers -- and these were increasingly rare.[22]

During the McKinley, Roosevelt, and Taft Administrations, shipowners and shipbuilders tried to improve this dismal maritime predicament by pressing Congress to approve additional subsidies. Their efforts led to heated congressional debates, but no new legislation. The only government payments to shipping lines continued to be those provided by the Ocean Mail Act of 1891. But this act, according to one advocate of subsidies, was so "insufficient and illiberal in its provisions" that it conferred "only the most trifling benefits upon the American merchant marine in the foreign trade." By the end of the Taft Administration there were only about a dozen steamships left on international routes which still flew the U.S. flag. Building vessels for this tiny fleet provided little work for the nation's shipyards, and "free ship" advocates decided the time was ripe for another assault on the navigation acts of the eighteenth century.[23]

In 1910 the Democratic Party, the traditional champion of "free ship" legislation, gained control of the House of Representatives and strengthened its position in the Senate. Joshua W. Alexander of Missouri, the new Chairman of the House Committee on the Merchant

Marine and Fisheries, introduced a bill that would permit Americans to purchase ships built abroad and operate them in the foreign -- but not the coastwise -- trade. Shipbuilders fought this proposed legislation, yet had to admit during congressional hearings that the bill would cause them little direct harm since they built almost no vessels for use on international routes. One spokesman for the industry explained his opposition to the bill as follows:

> The main objection to that is that it will eventually build up a large ownership of foreign-built vessels owned by American citizens, and it will be a very short time before they will be clamoring to be admitted to the coastwise trade.

This logic, however, was not convincing to Congress, and the chief provisions of the bill were incorporated into the Panama Canal Act of 1912.[24]

This legislation made it legal for American citizens or corporations to purchase foreign-built vessels, not more than five years old, and operate them under U.S. registry on international trade routes. The coastwise trade was not affected: there American-built ships still had to be used. Although this seemed like a major victory for the "free ship" forces, the legislation would not have any practical impact. In fact, not one ship would be admitted to the American registry under the provisions of this law.[25]

There were several reasons why shipowners did not take advantage of the "free ship" clauses of the Panama Canal Act. Since only newer foreign-built steamships (those less than five years old) could be documented, American owners were shut out of the large world market for relatively inexpensive second-hand ships -- the chief source of vessels for the rising merchant marines of Norway, Italy, and Japan. Since the law forbade the use of foreign-built ships in the coastwise trade, vessels bought abroad could not be put on routes which were partly coastal and partly foreign -- a severe restriction for passenger liners that might wish to dock at more than one U.S. port, and for tramp steamers (which often had to enter several American harbors to fill their holds or discharge their cargoes). Since the law required that officers on U.S.-flagged vessels be American citizens -- who earned

higher pay than foreign officers -- the operating cost of a ship flying the stars and stripes was higher than that of the same ship under another flag, and the act made no provision for offsetting this expense. Since many other nations paid far more generous subsidies to their merchant marines than the United States, American-flagged ships faced competition from vessels whose costs were partially offset by significant government funding. Finally, in the uncertain political climate of the time there was no guarantee Congress would not reverse itself; if the act were to be modified after an owner invested in a ship built abroad, he could face substantial losses.[26]

American shipping men thus had little incentive to buy new foreign-built ships and run Old Glory up their masts. As John G. B. Hutchins concludes:

> This reform was, in fact, too late to revive the dying American shipping firms, too incomplete and too little coordinated with other aspects of policy. Had it occurred in 1865 and been combined with a well-chosen subsidy policy there might have been a different story.[27]

Naval Shipbuilding

Fortunately for American shipbuilders, merchant tonnage was not their sole source of business; in the 1880s the government began an extensive naval building program to rectify the serious deterioration of the U.S. Navy. After the Civil War the country's battle fleet had been neglected by the Johnson, Grant, and Hayes Administrations -- and by Congress. By the late 1870s U.S. warships were suffering badly from rust and decay. Less than fifty could even fire a gun. Compared to the modern warships being produced in Europe, American vessels were sadly deficient in speed and woefully lacking in terms of ordnance and armor. As one contemporary British journal put it: "Never was there such a hopeless, broken-down, tattered, forlorn apology for a navy."[28]

During the late 1870s and early 1880s, the stage was set for naval modernization. Aggressive junior officers pressed for new ships -- one complained the U.S. Navy had become "the laughing stock of the

world," and another swore he would not go "to sea in a United States man of war, until one is built fit to be called such!" These young officers published a series of "Naval Professional Papers" which outlined the advantages of a strong navy to businessmen and the American public. Not surprisingly, they won supporters among shipbuilders, steel firms, weapons manufacturers, and merchant shipowners. Influential members of the House and Senate also began to support new naval construction as congressional investigations revealed the poor condition of the existing fleet. Administration support was forthcoming as well; President Chester A. Arthur and his Secretary of the Navy, William E. Chandler, both called for the building of modern warships.[29]

The money for such a naval program was readily available -- during the 1880s the Federal Treasury ran a surplus which, despite a momentary contraction in the middle of the decade, averaged more than $100 million a year. In 1883 Congress, drawing upon these funds, authorized the construction of three steel cruisers and a dispatch boat. These ships, known as the "ABCD" vessels (Atlanta, Boston, Chicago, and Dolphin), served as the foundation for what became known as the "New Navy."[30]

Prior to the 1880s most warships had been built in government-owned navy yards, but these plants lacked the machinery and equipment needed to build modern steel vessels. Secretary of the Navy Chandler thus turned to the private sector for the new construction program. Eight East Coast shipyards submitted bids on one or more of the "ABCD" vessels, but the low bidder for each ship was the John Roach plant on the Delaware River. Chandler awarded all four contracts to Roach, a decision which raised some eyebrows since Chandler had long served as Roach's personal attorney. Furthermore, Chandler was one of the Republican Party's professional politicos -- he had served as Secretary of the Republican National Committee -- and Roach, it was well known, was a large contributor to Republican campaign funds. These suspicious coincidences led some newspapers to charge favoritism in the awarding

of the contracts, but Chandler argued he was merely accepting the lowest bids -- as required by law. Many, though, suspected the bidding process had been rigged.[31]

Roach started work on the first ship in 1883, but things did not turn out as he had hoped. Numerous design changes, frustrating shortages of material, and serious construction delays resulted in soaring costs. Forced to borrow heavily to meet his cash flow needs, Roach exhausted his line of credit and pressed the government for cash advances. Chandler was willing to bail Roach out with accelerated payments, but the friendly Navy Secretary left office when the Democratic Administration of Grover Cleveland came to power in 1885. The new Secretary of the Navy, William C. Whitney, was less willing to help out the Republican shipbuilder -- especially after the first vessel Roach completed, the dispatch boat Dolphin, encountered numerous problems during sea trials. Whitney stopped all payments on the contract, refused to accept the ship, and began a law suit against Roach to recover the government funds already paid. Roach, exhausted by his efforts to build the warships and out of money, filed for bankruptcy in 1885 -- and died a year and a half later. To complete the remaining ships the Navy had to commandeer his yard and directly supervise construction.[32]

Despite this inauspicious start, private shipbuilders remained willing to take naval contracts -- and the Cleveland Administration obliged them. Determined to spend money wisely, the President and his Navy Secretary decided it would be better to order new ships than to pay for expensive repairs on old and obsolete ones. The treasury surplus made it easy for Congress to fund naval construction, and between 1885 and 1889 Whitney placed orders for thirty warships with an aggregate displacement[33] of nearly 100,000 tons. Included among these vessels were two battleships (one of which, the Maine, would blow up in Havana Harbor in 1898) and several cruisers (including the Olympia, which would serve as Admiral George Dewey's flagship during the battle of Manila Bay in 1898).[34]

President Cleveland lost the 1888 election to Benjamin Harrison,

and the incoming Republican Administration announced its support for naval construction on its very first day in office. The new Navy Secretary, Benjamin F. Tracy, came under the influence of Captain Alfred Thayer Mahan of the Naval War College, who published his seminal The Influence of Seapower upon History, 1660-1783 in 1890. Mahan called for a large fleet of battleships to defend the nation's sea lines of communication. To implement this strategy, Tracy proposed a long-range construction program of twenty capital ships -- twelve for the Atlantic and eight for the Pacific.[35]

This was too ambitious for many Americans, but in the Naval Act of 1890 Congress did provide for three large battleships and a cruiser. During the remaining two years of the Harrison Administration Congress authorized yet another battleship and two more cruisers. When Cleveland returned to office in 1893 his Administration, despite a severe depression, convinced Congress to authorize another five battleships and numerous smaller vessels -- including the country's first submarine. By the mid 1890s the construction of the "New Navy" was thus well underway.[36]

In 1898, with the Republicans back in power, the Navy sent its new fleet into combat as the McKinley Administration led the country to war against Spain. The greatest naval hero of the conflict, Admiral Dewey, destroyed the Spanish Pacific fleet in Manila Bay only a week and a half after the U.S. declaration of war. Two months later the American Navy scored another decisive victory by annihilating a Spanish naval force off Santiago, Cuba. As the Navy basked in its postwar popularity, the Administration proposed a huge naval construction program. Warships were needed to defend the nation's newly acquired possessions in the Pacific and Caribbean, and Congress -- caught up in the imperialist spirit of the age -- authorized eight battleships, fifteen cruisers, and a host of lesser vessels between 1898 and 1900. The following year Congress was willing to fund even more ships, but a temporary halt had to be called: the yards capable of naval construction were so crowded there was no room for additional tonnage.[37]

In 1901 the nation's most enthusiastic political advocate of naval power, Theodore Roosevelt, became President. As Assistant Secretary of the Navy in 1897, Roosevelt, a disciple of Mahan, had vigorously pressed for the immediate and rapid build-up of the U.S. battle fleet. He only spent a year with the Navy Department -- he left in 1898 to join the "Rough Riders" during the Spanish-American War -- but during his short tenure he "became the idol of officers who wanted a larger and more efficient Navy and also an expansionist foreign policy." As President, Roosevelt continued to champion naval power; in his first message to Congress, he spent more time on proposals to strengthen the Navy than on any other subject. Legislators responded to the President's appeal: during his first term Congress authorized the construction of ten battleships, seven cruisers, four submarines and several auxiliary vessels.[38]

This massive naval construction program of the late nineteenth and early twentieth c[illegible] was a boon to American shipbuilders. The disastrous experience of John Roach with naval contracts proved to be an exception; most shipyards earned handsome profits building Navy vessels. Furthermore, there was no threat from foreign competition, for the government placed all of its naval contracts with domestic plants.[39]

As it became clear that naval construction would provide shipbuilders with plenty of business, existing yards began to upgrade their facilities to handle government work. By 1890 the William Cramp yard, at Philadelphia, had spent over $350,000 on new equipment for building warships; the Fore River Ship & Engine Company, at Quincy, Massachusetts, had substantially expanded its plant for the same purpose by the early 1900s. New shipyards also appeared. Collis P. Huntington, president of the Southern Pacific Railroad, was the driving force behind the building of a large yard at Newport News, Virginia; the Mellons, bankers from Pittsburgh, financed the construction of a similar yard -- the New York Shipbuilding Company -- at Camden, New Jersey. After the turn of the century these four plants, all of which concentrated largely on naval contracts, were the biggest shipyards on

the Atlantic Coast. During the years between 1900 and 1914 the Cramp and Newport News firms each employed between 5,000 and 7,000 men, while the work forces at Fore River and New York Shipbuilding numbered between 3,000 and 5,000.[40]

Although these were the largest yards doing naval work, they were not the only ones; in 1902 there were seventeen firms building warships for the Navy. While some of these had been long established in the shipbuilding business, others entered the industry primarily to get government contracts. For example, in the mid 1880s the Union Iron Works in San Francisco, which had been manufacturing mining machinery and marine engines, set up shipways, purchased elaborate equipment from England, and submitted successful bids for constructing cruisers; before the end of the century it would also be producing battleships. The Bath Iron Works, on the Kennebec River in Maine, was set up in 1889 solely to bid for Navy gunboats -- eventually it would win contracts to build torpedo boats, destroyers, cruisers, and a battleship. Two yards specializing in submarine construction also developed: the Electric Boat Company of Groton, Connecticut, and the Lake Torpedo Boat Company of Bridgeport, Connecticut.[41]

The importance of this naval work to America's shipbuilding industry can be gauged by looking at vessels under contract in U.S. yards during the year 1900. The total cost of these contracts was approximately $69 million. Of this, construction for the U.S. Navy accounted for about $34.5 million, or fifty percent of the total; another seven percent, about $5 million, consisted of Russian orders for warships. The remaining forty-three percent, about $29.5 million, represented contracts for commercial vessels to be used in the coastwise trade; construction of merchant tonnage for the foreign trade was negligible. Naval construction had thus become the primary lifeblood of the nation's shipbuilding industry.[42]

Shortly after 1900, this massive American naval construction program -- and the building program of every other naval power -- was greatly impacted by a new kind of battleship developed in Great

Britain: the H.M.S. Dreadnought. Delivered to the Royal Navy in 1906, this huge battleship displaced 17,900 tons, making her more than ten percent larger than the biggest ship in the U.S. Navy. She was also fast -- her top-rated speed of more than twenty-one knots was greater than that of any previous battleship -- and her protective armor was eleven inches thick. The ship's most revolutionary feature, though, was her armament. While most battleships of the period carried four 12-inch guns and assorted sizes of smaller caliber weapons, the Dreadnought dispensed with almost all secondary armament so that ten 12-inch guns could be mounted in five massive turrets. Some naval analysts -- including Admiral Mahan -- believed it was a mistake to omit the smaller caliber guns which could fire more rapidly and produce, at close range, a "rain of fire" devastating to personnel. But the development of torpedoes had made such close-range encounters less likely, and technical advances in ordnance and gunnery had made long-range fire much more accurate than it had previously been. Modern 12-inch shells could now hit and sink enemy warships at ranges of more than ten miles. Fleet battle exercises by the Royal Navy further confirmed the superiority of "monster warships" equipped exclusively with big guns. The Dreadnought thus made earlier battleships relatively obsolete.[43]

Navies all over the world scrambled to turn out their own dreadnoughts, and Britain -- in an effort to maintain its lead -- introduced even bigger guns. In 1910 the 12-inch gun gave way to the 13.5 inch gun, and this to the 15-inch in 1913. To carry these huge weapons dreadnoughts became ever larger, displacing up to 32,000 tons by 1914. Needless to say, the cost of building these ships also soared. At the end of the pre-dreadnought age battleships cost from $6 million to $7.5 million each; by 1914 the price was $14 million to $16 million.[44]

Roosevelt, of course, wanted the United States to construct dreadnoughts, but during his second term Congress was far less enthusiastic about building up the Navy. The afterglow of the victory over Spain had worn off, and the high price of acquiring dreadnoughts

led many congressmen to favor a slowdown in naval procurement. The U.S. Navy, moreover, was now the second largest in the world, behind only Great Britain's, and many Americans believed the fleet was powerful enough to meet the country's security needs. Building an ever bigger navy was enjoyable for the prestige it brought the nation, but there did not seem to be any naval menace which required a continuing build-up. The greatest potential threat was from the Royal Navy, but since the late 1890s there had been a growing Anglo-American rapprochement, which made war between the U.S. and Britain seem increasingly unlikely. Naval planners became concerned about the growing power of the German and Japanese fleets, but the public was not convinced that these nations represented a significant threat. Many Americans, and many members of Congress, concluded that the frenzied pace of naval construction could safely be slowed down.[45]

In 1906 Congress did authorize construction of the nation's first dreadnought, but this was the only battleship it approved; in 1907 the Roosevelt Administration asked for two dreadnoughts, but only got congressional funding for one; and in 1908 the President sent a special message to Congress urgently calling for four of the big battleships, but got authorization for just two. Roosevelt now realized the best way to get two dreadnoughts was to ask for four, and in 1909 these tactics led, once again, to the authorization of two big battleships. During these years Congress also approved twenty destroyers, twenty-one submarines, and a few auxiliary vessels. Roosevelt's actions ensured the continuation of navy building, but not at the rate the "big navy" President would have liked to see.[46]

William Howard Taft, who had served under Roosevelt as Governor-General of the Philippines, Secretary of War, and Provisional Governor of Cuba, came to the presidency in 1909. His intention, he said, was to lay down at least two battleships a year, "the dearest wish of Mr. Roosevelt's heart." But Taft did not have the dynamic energy of his predecessor, and other issues distracted his attention from naval matters. He entered office during an economic depression, and he

inherited a deficit in the Treasury. He also faced a restive Congress, where disputes over the tariff and conservation policy divided the Republican Party. "Big navy" supporters urged Taft to accelerate the pace of battleship construction to keep America from falling behind the rapidly expanding German Navy in world ranking. Taft's influence in Congress, however, was relatively weak, and he recognized that his Administration did not have the political clout needed to attain huge increases in naval funding. Moreover, he hoped to reduce the government deficit through a program of general retrenchment, and more spending on warship construction -- which already accounted for well over fifteen percent of the federal budget -- would only worsen the deficit problem. Taft thus rejected calls for building four or more battleships annually: the nation, he said, only needed two new dreadnoughts each year.[47]

In 1910 and 1911 President Taft -- and his able Secretary of the Navy, George von Lengerke Meyer -- worked hard to convince the fractious Republican Congress to build a pair of battleships annually. After a difficult political struggle, Congress finally agreed to this, and also authorized, during Taft's first two years, fourteen destroyers, eight submarines, and several auxiliaries.

When Democrats captured control of the House of Representatives in mid-term elections, Taft's naval proposals faced even stiffer opposition on Capitol Hill. Although Democratic congressmen from shipbuilding districts (in states such as Massachusetts, Pennsylvania, and Virginia) supported the expansion of the Navy, most members of the opposition party wanted to cut back on the building of warships. This political opposition was bad news for "big navy" men; during the last two years of the Taft Administration, Congress only authorized one battleship each year (albeit big ones -- two super-dreadnoughts displacing 31,400 tons and carrying <u>twelve</u> 14-inch guns). Congress also approved, during these two years, twelve destroyers, twelve submarines, and several auxiliaries. As Taft left the Presidency in 1913 the U.S. Navy, to the regret of its most ardent supporters, had fallen behind that of Germany in strength. Nonetheless, it still

ranked third overall, and for most Americans that seemed to be good enough.[48]

By this time the shipbuilding industry was firmly entrenched as part of what one historian has called America's first military-industrial complex. The nation's greatest defense contractor was the Bethlehem Steel Corporation, headed by Charles M. Schwab. The firm's huge steel complex, in eastern Pennsylvania, produced armor plates and heavy steel forgings for guns, propeller shafts, and marine engines. Two wholly owned subsidiaries -- the Fore River Shipbuilding Company (formerly Fore River Ship & Engine), in Quincy, Massachusetts, and the Union Iron Works, in San Francisco -- turned out torpedo boats, submarines, destroyers, cruisers, and battleships. But private companies, such as Bethlehem, were not the only producers of warships; the nation's navy yards also turned out fighting vessels.[49]

In the late nineteenth and early twentieth centuries, the navy yards at New York (in Brooklyn), Norfolk (Virginia), and Mare Island (in San Francisco Bay) produced several warships and auxiliary vessels -- including, at the New York yard, a few battleships. This upset private shipbuilders, who felt that they should have these contracts. The shipyard owners contended their plants could build vessels of better quality than the government yards -- and do so more cheaply. They also argued that the military officers who commanded the navy yards had "absolutely no business experience" and could not operate the facilities "in competition with highly efficient industrial plants."[50]

To support this viewpoint a trade journal, The Marine Review, published an article comparing construction costs in government-owned and private yards. The evidence -- provided by the Navy Department itself -- showed that in 1906 a battleship delivered by the New York Navy Yard had cost $374,000 more than an identical ship built by the privately owned Newport News Shipbuilding and Drydock Company. Furthermore, once in service the government-produced battleship had broken down more often, which had led to repair costs $31,000 greater than those run up by the privately built sister ship. According to The

Marine Review, this was proof of "the utterly ridiculous sums of money which the Navy Department requires to build its vessels in navy yards and to repair them after they are built." Closer to the hearts of shipbuilders, though, was a second charge The Marine Review made: that construction in "useless navy yards" could lead to "the killing off of private shipyards." During the Taft Administration, Secretary of the Navy Meyer sympathized with this viewpoint and preferred to have private industry build the nation's warships.[51] The next Secretary of the Navy would take a very different view.

In the presidential election of 1912 the Democrats returned to power for the first time since Grover Cleveland. The new President, Woodrow Wilson, ran on a platform calling for a strong navy, which pleased the nation's shipbuilders. Wilson's choice to head the Navy Department, however, was an unlikely selection, Josephus Daniels. A North Carolina newspaper publisher, Daniels felt most at home in rural America. Politically he was a close friend and loyal partisan of William Jennings Bryan of Nebraska, whose candidacy for President he had avidly supported in 1896, 1900, and 1908. In 1912 Daniels backed Wilson and effectively used his newspaper and political influence to help the New Jersey Governor win both the nomination and the election. The appointment of this influential Southern Democrat to the Navy Department thus had, as the New York Times put it, "the look of a noble reward for service rendered." Daniels certainly did not have any maritime or naval background which qualified him for the position, and, like Bryan, he had a "pacifistic nature." Initially he was an unknown quantity to the U.S. shipbuilding community, but soon enough shipyard owners discovered things about the new Secretary they did not like.[52]

As one observer later put it, Daniels "entered the department with a profound suspicion that whatever an Admiral told him was wrong and that every corporation with a capitalization of more than $100,000 was inherently evil." Daniels was therefore naturally suspicious of the ambitious building programs naval officers recommended, and was always on the lookout for profiteering or corruption in firms doing business with the Navy. No money issue seemed too small for his

attention. Shortly after assuming office, for example, he demanded an explanation as to why an oil contract had been given to a firm bidding ninety cents a barrel -- instead of to a competing firm bidding eighty-nine cents. This was not the kind of friendly attitude towards contractors which shipbuilders would have preferred to see.[53]

Even worse, from the viewpoint of shipyard owners, was Daniels's decision that every navy yard should be equipped to build ships. As he put it in his memoirs, he did not approve of "giving all contracts to a few companies" which "built for profit." His goal was to get private builders to realize that "they must compete to get orders," and navy yards to understand that "they must do as well or better than outside concerns." Instead of closing government yards, as the private shipbuilders recommended, Daniels decided to reopen several facilities his predecessors had shut down. And instead of deemphasizing government shipbuilding, Daniels took steps to expand the navy yards so they could build additional types of vessels, and more of them. Private shipbuilders vigorously attacked the Secretary for his stand, but he would not retreat.[54]

Daniels was also suspicious of the "armor trust." Since 1904 three steel firms -- the Bethlehem Steel Company, the Carnegie Steel Company, and the Midvale Steel and Ordnance Corporation -- had supplied almost all of the Navy's armor. Each routinely submitted identical bids, and the naval work was divided among them. To the steel companies this seemed a reasonable arrangement; they all cooperated and they all profited. Daniels, however, saw this practice as fraudulent and collusive and recommended the establishment of a government-owned armor plant. Such a facility, he argued, could compete with private firms and drive down their bids; if private bids still remained too high, the government plant could then expand production and freeze out the private firms. Although at first Congress balked at approving Daniels's scheme, he continued to press the issue. This gave steel companies as much reason to feel uncomfortable with the new Secretary as shipbuilders did.[55]

High-ranking naval officers also felt uncomfortable with Daniels -- especially when he replaced long-established naval traditions with a more democratic system. He housed officers and enlisted men in the same quarters, reformed the promotion system, permitted enlisted men to enter the Naval Academy at Annapolis, changed Navy uniforms so they would be more comfortable, and tinkered with regulations. He also took a great interest in the welfare of enlisted men: he increased the variety of goods sold at ships' stores, authorized married men aboard ship at naval stations to visit their families at night and on Sundays, energetically supported the work of the Y.M.C.A. in the Navy, and established academic departments at every base and on every ship to "make the Navy a great university, with college extensions afloat and ashore." A prohibitionist, he was pleased that liquor had been denied to enlisted men aboard ship since 1899; he felt, though, that this policy should be universally applied, so -- in 1914 -- he wiped out the officers' wine mess as well. Daniels saw these social and moral issues as of prime importance; his actions, he believed, improved the quality of life for those in the Navy and, at the same time, contributed to the Navy's combat effectiveness by promoting morale, education, and health. Many of the Navy's senior officers took a different view; they resented Daniels's attacks on traditional procedures and felt that the Secretary should not meddle with such issues.[56]

One issue Daniels did have to deal with was how many warships he should request from Congress. There was a bureaucratic structure set up to help him determine this: the Navy's General Board. This was a professional body of officers, established in 1900, whose dual mission was to advise the Secretary and supervise departmental bureaus. Since 1903 the Board, under the leadership of Admiral Dewey (whom Daniels admired), had annually called for a long-range construction program designed to provide the Navy with forty-eight battleships by 1920. To round out this proposed fleet the Board recommended that for every battleship there should be four destroyers, two submarines, and an assortment of auxiliary vessels. The only way to achieve this goal, the Board told Daniels, was to make a request to Congress each year,

until 1920, for four battleships, sixteen destroyers, and eight submarines -- a massive, sustained building program. Daniels became the first head of the Navy Department to make the General Board's recommendations public -- he appended them to his 1913 annual report -- but he "spoke of finding the 'golden mean' between what the Navy needed and what the nation could afford."[57]

Daniels ultimately decided to ask Congress for two battleships, eight destroyers, and three submarines -- about half what the General Board recommended. The Secretary explained his rationale for this in testimony before the House Naval Affairs Committee in January 1914. His recommendation was "chiefly influenced," he said, "by the condition of the Treasury" -- he did not "feel that the revenues would permit four battleships." A program calling for two dreadnoughts, he argued, would "meet the needs of the country."[58]

After debating the issue, Congress agreed to authorize the two battleships requested by Daniels. These were super-dreadnoughts as large as those approved during the Taft Administration. Congress additionally authorized the construction of a third super-dreadnought if it could be largely paid for by selling two obsolete battleships to a foreign navy. Shortly thereafter Greece purchased the Idaho and Mississippi, and for the first time since 1903 the Navy could let contracts for more than a pair of battleships in one year. Congress also funded six destroyers and eight submarines. President Wilson signed the Naval Appropriations Act of 1914 on 30 June, two days after the assassination of an Austrian Archduke in a faraway city most Americans had never heard of: Sarajevo.[59]

Shipbuilding on the Eve of the Great War

During the years just prior to World War I the American shipbuilding industry was dependent on the government, either directly or indirectly, for much of its existence. The biggest orders in U.S. shipyards came from the Navy, and private contracts for ocean-going merchant vessels would have evaporated had it not been for the

coastwise monopoly. Indeed, without naval contracts and navigation laws restricting the coastal trade to U.S.-built vessels, shipbuilding in the United States would have been limited to tugboats, barges, river craft, and freighters on the Great Lakes.

As summer arrived in 1914, the nation's shipbuilders were not flourishing on a grand scale, but neither were they doing badly. There were profits to be made as long as the Navy kept building warships and the coastwise monopoly continued. The opening of the Panama Canal also promised to bring new business by making possible coastwise trade routes between eastern and western cities. Finally, shipyards could supplement their earnings with repair work. Most shipbuilders probably assumed these conditions would exist for some time to come. The chain of events ignited at Sarajevo, however, would soon lead the great powers of Europe into a catastrophic war -- and this conflict would cause a rapid transformation of the American shipbuilding industry.

NOTES TO CHAPTER 1

[1]Paul Maxwell Zeis, American Shipping Policy (Princeton, N.J.: Princeton University Press, 1938), p. 3; John G. B. Hutchins, "History and Development of Shipbuilding 1776-1944," in The Shipbuilding Business in the United States of America, vol. 1, ed. F. G. Fassett, Jr. (New York: The Society of Naval Architects and Marine Engineers, 1948), pp. 24, 51; Warren D. Renninger, "Government Policy in Aid of American Shipbuilding" (Ph.D. dissertation, University of Pennsylvania, 1911), pp. 26-27.

[2]K. Jack Bauer, "The Golden Age," in America's Maritime Legacy: A History of the U.S. Merchant Marine and Shipbuilding Industry since Colonial Times, ed. Robert A. Kilmarx (Boulder, Col.: Westview Press, 1979), pp. 36-37; John G. B. Hutchins, The American Maritime Industries and Public Policy, 1789-1914: An Economic History (Cambridge, Mass.: Harvard University Press, 1941), pp. 279-280; Sidney Pollard and Paul Robertson, The British Shipbuilding Industry: 1870-1914 (Cambridge, Mass.: Harvard University Press, 1979), pp. 10-12; John G. Kilgour, The U.S. Merchant Marine: National Maritime Policy and Industrial Relations (New York: Praeger Publishers, 1975), p. 29; Robert G. Albion, William A. Baker, and Benjamin W. Labaree, New England and the Sea (Middleton, Conn.: Wesleyan University Press, 1972), pp. 139-149; Hutchins, "History and Development of Shipbuilding," pp. 23-29. For accounts of the early shipbuilding industries in Maine and New York, see William A. Baker, A Maritime History of Bath, Maine and the Kennebec River Region, 2 vols. (Bath, Maine: Marine Research Society of Bath, 1973) and John H. Morrison, History of New York Shipyards (First published in 1909; reprint ed., Port Washington, N.Y.: Kennikat Press, 1970).

[3]Hutchins, "History and Development of Shipbuilding," pp. 29-30. By 1854 timber costs in New York City shipyards had risen thirty to forty percent -- see Morrison, p. 153.

[4]For a description of tonnage measurements see Appendix.

[5]William A. Baker and Tre Tryckare, The Engine Powered Vessel: From Paddle-Wheeler to Nuclear Ship (New York: Grosset & Dunlap, 1965), pp. 45-46, 53; Pollard and Robertson, pp. 13-14; Hutchins, "History and Development of Shipbuilding," pp. 35-36, 42-43.

[6]"U.S. Merchant Shipbuilding, 1607-1976," Marine Engineering/Log 81 (August 1976):72; Albert D. Lasker, "Our Merchant Flag on the Seas," Current History 17 (October 1922), reprinted in Lamar T. Beman, comp., Ship Subsidies (New York: H. W. Wilson Company, 1923), pp. 25-26; Kilgour, p. 29; Bauer, pp. 38-39; Hutchins, "History and Development of Shipbuilding," pp. 43-44; Hutchins, The American Maritime Industries and Public Policy, pp. 462-464; W. Elliot Brownlee, Dynamics of Ascent:

A History of the American Economy (New York: Alfred A. Knopf, 1974), pp. 222-223.

[7]Michael S. Moss and John R. Hume, Workshop of the British Empire: Engineering and Shipbuilding in the West of Scotland (London: Heinemann Educational Books Ltd., 1977), p. 92; Leslie Jones, Shipbuilding in Britain, Mainly between the Two World Wars (Cardiff: University of Wales Press, 1957), pp. 23-24; Pollard and Robertson, pp. 46-47; Hutchins, "History and Development of Shipbuilding," pp. 46-47; Hutchins, The American Maritime Industries and Public Policy, p. 456. (The Hutchins article misspells Rotomahana as "Rotomohand.")

[8]Lawrence C. Allin, "The Civil War and the Period of Decline: 1861-1913," in America's Maritime Legacy, ed. Robert A. Kilmarx, p. 77; John Franklin Crowell, "Present Status and Future Prospects of American Shipbuilding," Annals of the American Academy of Political and Social Science 19 (January 1902):59; Walter T. Dunmore, Ship Subsidies: An Economic Study of the Policy of Subsidizing Merchant Marines (Boston: Houghton, Mifflin and Company, 1907), pp. 47-49; Pollard and Robertson, p. 47; Samuel A. Lawrence, United States Merchant Shipping Policies and Politics (Washington D.C.: The Brookings Institution, 1966), pp. 34-35; Zeis, p. 36, 45; Hutchins, "History and Development of Shipbuilding," pp. 46-47; Hutchins, The American Maritime Industries and Public Policy, pp. 464-470; "American Merchant Shipping Report #5," Box 318, Records of the United States Shipping Board, Subject-Classified General Files, National Archives, Record Group 32 (hereafter cited as NA/RG 32). The cost disadvantage that was such a burden to the American shipbuilding industry in 1900 has continued to the present day; see Daniel Todd, The World Shipbuilding Industry (New York: St. Martin's Press, 1985), pp. 309-310.

[9]William S. Benson, The Merchant Marine (New York: The Macmillan Company, 1923), pp. 113-115; Dunmore, pp. 50-51, 55; Zeis, pp. 46-47; Kilgour, pp. 29-30; Allin, p. 87; Crowell, p. 55. Benson estimates interest, depreciation and insurance "can be conservatively computed at fifteen per cent on the cost value of the vessel. Hence, if the American vessel . . . cost $100,000 in excess of a foreign vessel of like type and size, the American operator is burdened with an annual charge of $15,000 in excess of the annual charges of his foreign competitor owning the similar ship." See Benson, pp. 114-115. During the American Civil War Confederate commerce raiders "sank about 5 percent of all Union merchant ships." Many American merchant vessels were also "transferred to the British flag to avoid the Confederate raiders." In all, the "U.S. foreign trade fleet" fell from "2.5 million to 1.5 million gross tons." See Eloise Engle and Arnold S. Lott, America's Maritime Heritage (Annapolis, Md.: Naval Institute Press, 1975), p. 182 and Lawrence, pp. 32-33. Some sources have suggested that this loss of tonnage during the war was the main reason for the decline of the American merchant marine after the 1860s. See,

for example, Robert H. Ferrell, Woodrow Wilson and World War I, 1917-1921 (New York: Harper and Row, 1985), p. 5. That, however, was not the case -- the vessels sunk or transferred to foreign registry during the war were constructed of wood and would have been obsolete after the introduction of iron and steel cargo ships.

[10]William W. Bates, American Navigation: The Political History of Its Rise and Ruin and the Proper Means for Its Encouragement (Boston: Houghton, Mifflin and Company, 1902), pp. 428-429; Zeis, pp. 16-17; Dunmore, pp. 73-74; Renninger, pp. 46-47; Allin, p. 69; Lawrence, p. 35.

[11]John Niven, The American President Lines and Its Forebears, 1848-1984 (Newark, Del.: University of Delaware Press, 1987), pp. 30-36; Royal Meeker, History of Shipping Subsidies, Publications of the American Economic Association, 3rd series, vol. 6, no. 3, August 1905 (New York: The Macmillan Company, 1905), pp. 160-164; Carl N. Degler, The Age of the Economic Revolution: 1876-1900, 2d. ed. (Glenview, Ill.: Scott, Foresman and Company, 1977), p. 20; Zeis, pp. 21-25; Allin, pp. 70-72; Renninger, pp. 39-41.

[12]Zeis, pp. 26-27; Dunmore, pp. 70-73; Renninger, pp. 46-47.

[13]Zeis, pp. 17-18, 30-31, 37; Allin, pp. 71, 74; Meeker, p. 169. For a complete discussion of American ship subsidies see Alexander R. Smith, "Report to the United States Shipping Board on Attempts Made to Obtain Aid for American Ships from Earliest Times to the Year 1926," Washington D.C., 1926. (Mimeographed -- copy in University of Washington Library, Seattle, Wash.)

[14]America's Merchant Marine (New York: Bankers Trust Company, 1920), pp. 17-19; Edward Nash Hurley, The New Merchant Marine (London: Gay & Hancock, Ltd., 1920), p. 20; Duncan U. Fletcher, "What Congress Has Done to Build up an American Mercantile Marine," Proceedings of the Academy of Political Science, vol. 6 (New York: The Academy of Political Science, 1916), p. 13; Zeis, pp. 17-18, 30; Renninger, pp. 46-52; Meeker, p. 169.

[15]Zeis, pp. 17-18, 21-28, 34-35; Pollard and Robertson, p. 228.

[16]Hutchins, The American Maritime Industries and Public Policy, p. 537; Allin, p. 88; America's Merchant Marine, p. 25.

[17]S. G. Sturmey, British Shipping and World Competition (London: The Athlone Press, 1962), p. 37; Allan Nevins, Sail On (New York: United States Lines Company, 1946), pp. 46-49, 63; Erich W. Zimmermann, Zimmermann on Ocean Shipping (New York: Prentice-Hall, Inc., 1923), p. 561; Clinton H. Whitehurst, Jr., The U.S. Shipbuilding Industry: Past, Present, and Future (Annapolis, Md.: Naval Institute Press, 1986), p. 39; Harold Underwood Faulkner, American Economic History, 8th ed. (New

York: Harper & Row, Publishers, 1960), p. 540; International Marine Engineering 19 (January 1914):37; International Marine Engineering 20 (December 1915):573; America's Merchant Marine, p. 25; Hutchins, "History and Development of Shipbuilding," p. 51; Renninger, pp. 53-54; Meeker, 166-171; Hutchins, American Maritime Industries and Public Policy, pp. 536, 540. American shipping subsidies were lower than those paid by Great Britain, France, Russia, and Germany. See Pollard and Robertson, p. 226.

[18]Zeis, p. 7; Renninger, pp. 28-30.

[19]U.S. Commissioner of Navigation, Annual Report for the Fiscal Year Ended June 30, 1913 (Washington D.C.: Government Printing Office, 1914), p. 198; Zeis, pp. 55-56; Faulkner, pp. 504-505; Albion, Baker, and Labaree, pp. 225-226; Hutchins, American Maritime Industries and Public Policy, p. 543. The Philippines were not included in the coastwise monopoly, but there were frequent debates in Congress over this issue. For a discussion of American coastwise policy towards the Philippines see William Smith Culbertson, International Economic Policies: A Survey of the Economics of Diplomacy (New York: D. Appleton-Century Company, 1925), pp. 459-470..

[20]For a description of tonnage measurements see Appendix.

[21]U.S. Commissioner of Navigation, Annual Report (1913), pp. 207-208; America's Merchant Marine, pp. 172-173; Renninger, p. 30; Hutchins, "History and Development of Shipbuilding," p. 69; Hutchins, American Maritime Industries and Public Policy, p. 461.

[22]The Marine Review 44 (August 1914):311; America's Merchant Marine, p. 28; Hutchins, "History and Development of Shipbuilding," pp. 38-40; Hutchins, American Maritime Industries and Public Policy, pp. 462, 536, 564-565.

[23]John W. Weeks, "The American Merchant Marine," in The Academy of Political Science Proceedings, pp. 30-31; Samuel W. Bryant, The Sea and the States: A Maritime History of the American People, (New York: Thomas Y. Crowell Company, 1947), pp. 383-384; International Marine Engineering 19 (January 1914):37; Zeis, pp. 34-35, 60-62, 65; Whitehurst, p. 39; Hutchins, American Maritime Industries and Public Policy, p. 474. During the Taft Administration the Commissioner of Navigation reported 878,523 tons registered in the American merchant marine for the foreign trade in 1909, 782,517 tons in 1910, 863,495 tons in 1911, and 923,225 tons in 1912. These statistics, however, are misleading; most of this tonnage consisted of vessels on the Great Lakes, the Atlantic Coast, and the Pacific Coast which stopped at Canadian ports while on coastwise trade routes. In 1909 there were only eleven ships, with a total tonnage of 130,166 tons, which traveled to ports in nations other than Canada. Five of these were on Atlantic routes between the East Coast and Europe, and six on Pacific routes

between the West Coast and the Orient. See Commissioner of Navigation, Annual Report (1913), p. 198; and Bernard N. Baker, "What Use Is the Panama Canal to Our Country without American Ships?" North American Review 190 (November 1909):579.

[24]Zeis, pp. 64-66; The National Cyclopaedia of American Biography, vol. 27 (New York: James T. White and Company, 1939), p. 430. Before 1912 a few foreign-built ships were allowed into the American registry under special circumstances. An 1852 law permitted "foreign ships which had been wrecked and repaired in the United States to the extent of three-fourths of their first cost" to fly the U.S. flag. This privilege, however, was revoked in 1906. In 1892 a special measure passed by Congress authorized "the registration of two large British liners, the City of New York and the City of Paris, which, together with two new liners built in the United States, formed the American Line, the only American subsidized transatlantic liner service." But neither of these exceptions represented a "serious break . . . in the policy of complete protection for the shipbuilders." See Hutchins, American Maritime Industries and Public Policy, pp. 472-474.

[25]Zeis, p. 66; Hutchins, American Maritime Industries and Public Policy, p. 474.

[26]Zeis, pp. 66-67; Hutchins, American Maritime Industries and Public Policy, pp. 48-67, 474; Allin, pp. 82-93.

[27]Hutchins, American Maritime Industries and Public Policy, p. 474. See also Kilgour, p. 30.

[28]Harold Sprout and Margaret Sprout, The Rise of American Naval Power, 1776-1918 (Princeton, N.J.: Princeton University Press, 1944), pp. 165-175; Peter Karsten, The Naval Aristocracy: The Golden Age of Annapolis and the Emergence of Modern American Navalism (New York: The Free Press, 1972), p. 277; Foster Rhea Dulles, Prelude to World Power: American Diplomatic History, 1860-1900 (New York: The Macmillan Company, 1965), p. 124.

[29]Walter R. Herrick, "William E. Chandler, 17 April 1882-6 March 1885," in American Secretaries of the Navy, vol. 1, ed. Paolo E. Coletta (Annapolis, Md.: Naval Institute Press, 1980), pp. 398-399; Sprout and Sprout, pp. 183-188; Karsten, pp. 277-279, 300-306.

[30]Benjamin Franklin Cooling, Gray Steel and Blue Water Navy: The Formative Years of America's Military-Industrial Complex, 1881-1917 (Hamden, Conn.: Archon Books, 1979), pp. 35-40; Donald W. Mitchell, History of the Modern American Navy from 1883 through Pearl Harbor (New York: Alfred A. Knopf, 1946), p. 16; Sprout and Sprout, pp. 183-189; Herrick, "William E. Chandler," p. 399.

[31]Leonard Alexander Swann, Jr., John Roach, Maritime Entrepreneur: The Years as Naval Contractor, 1862-1886 (Annapolis, Md.: United States Naval Institute, 1965), pp. 33-34, 87-89, 170, 177-183; Leon Burr Richardson, William E. Chandler: Republican (New York: Dodd, Mead and Company, 1940), pp. 292-296; Bryant, pp. 351-352; Herrick, "William E. Chandler," pp. 397-400; Cooling, pp. 37-39; Mitchell, p. 16.

[32]Walter R. Herrick, "William C. Whitney, 7 March 1885-5 March 1889," in American Secretaries of the Navy, vol. 1, ed. Paolo E. Coletta, pp. 405-409; Swann, pp. 185-238; Cooling, pp. 39-40; Mitchell, pp. 15-16; Richardson, pp. 296-304, 370-376. Eventually the Navy accepted the Dolphin and the dispatch boat proved to be of good quality. In 1888 and 1889 the vessel made a cruise of 58,000 miles around the world, during which it only required one minor repair. A reliable ship, the Dolphin remained in the Navy until 1921. See Swann, p. 234.

[33]For a description of tonnage measurements see Appendix.

[34]Herrick, "William C. Whitney," pp. 407-409; Sprout and Sprout, pp. 189-190; Bryant, p. 352; Mitchell, p. 19; Hutchins, "History and Development of Shipbuilding," p. 46.

[35]Kenneth Bourne, Britain and the Balance of Power in North America, 1815-1908 (Berkeley, Calif.: University of California Press, 1967), pp. 337-338; Walter R. Herrick, "Benjamin F. Tracy, 6 March 1889-6 March 1893," in American Secretaries of the Navy, vol. 1, ed. Paolo E. Coletta, pp. 416-417; Sprout and Sprout, pp. 202-217; Hutchins, American Maritime Industries and Public Policy, pp. 458-459.

[36]Bourne, pp. 337-338; Herrick, "Benjamin F. Tracy," pp. 416-419; Sprout and Sprout, pp. 211-213; Mitchell, pp. 23, 26; Hutchins, p. 459.

[37]H. Wayne Morgan, America's Road to Empire: The War with Spain and Overseas Expansion (New York: John Wiley and Sons, Inc., 1965), pp. 71-72; Bryant, p. 376; Bourne, p. 338; Walter R. Herrick, "Hilary A. Herbert, 7 March 1893-5 March 1897," in American Secretaries of the Navy, vol. 1, ed. Paolo E. Coletta, pp. 426-429; Mitchell, pp. 65-73, 101-105, 130-131.

[38]Edmund Morris, The Rise of Theodore Roosevelt (New York: Random House, Ballantine Books, 1979), pp. 424-425, 569-572, 614-616; George E. Mowry, The Era of Theodore Roosevelt, 1900-1912 (New York: Harper & Row, 1958), p. 149; Paolo E. Coletta, "John Davis Long, 6 March 1897-30 April 1901," in American Secretaries of the Navy, vol. 1, ed. Paolo E. Coletta, p. 432; Senior Member of General Board to Secretary of the Navy, 2 April 1920, General Board File 420-2, Records of the Secretary of the Navy, National Archives, Record Group 80 (hereafter cited as NA/RG 80); Mitchell, pp. 132-140; Bourne, p. 338.

[39]Hutchins, "History and Development of Shipbuilding," p. 46.

[40]Fifty Years, New York Shipbuilding Corporation (Camden, N.J.: New York Shipbuilding Corp., 1949), pp. 11, 72; Albion, Baker, and Labaree, pp. 172-173; Hutchins, "History and Development of Shipbuilding," pp. 46, 48; Hutchins, American Maritime Industries and Public Policy, pp. 457-460.

[41]H. Gerrish Smith and L. C. Brown, "Shipyard Statistics," in The Shipbuilding Industry in the United States of America, vol. 1, ed. F. G. Fassett, Jr., pp. 130-131; Baker, pp. 701-705, 874-887; Albion, Baker, and Labaree, pp. 172-175; Cooling, p. 168; Hutchins, "History and Development of Shipbuilding," p. 48; Hutchins, American Maritime Industries and Public Policy, pp. 457-458.

[42]David B. Tyler, The American Clyde: A History of Iron and Steel Shipbuilding on the Delaware from 1840-World War I (Newark, Del.: University of Delaware Press, 1958), p. 89; United States Congress, House, The Basic Principles of Marine Transportation with Particular Reference to the Foreign Trade of the United States, 64th Cong., 2d sess., 2d ed., pp. 78-79.

[43]Richard Hough, A History of the Modern Battleship Dreadnought (New York: The Macmillan Company, 1964), pp. 34-36, 45; Walter Millis, Arms and Men: A Study in American Military History (New Brunswick, N.J.: Rutgers University Press, 1981), pp. 182-183; Roger Dingman, Power in the Pacific: The Origins of Naval Arms Limitation, 1914-1922 (Chicago: The University of Chicago Press, 1976), pp. 5-6; Sprout and Sprout, p. 263; Mitchell, pp. 138-139; Pollard and Robertson, p. 204.

[44]Sprout and Sprout, pp. 263, 338; Mitchell, pp. 139, 194; Pollard and Robertson, pp. 204-205; Hutchins, "History and Development of Shipbuilding," p. 47.

[45]William Reynolds Braisted, The United States Navy in the Pacific, 1909-1922 (Austin, Tex.: University of Texas Press, 1971), pp. 4-8; Howard Jones, The Course of American Diplomacy: From the Revolution to the Present (Chicago: The Dorsey Press, 1988), pp. 243-244, 292-294; Paul T. Heffron, "Charles A. Bonaparte, 1 July 1905-16 December 1906," in American Secretaries of the Navy, vol. 1, ed. Paolo A. Coletta, p. 477; Sprout and Sprout, pp. 263-264; Bourne, p. 338; Mitchell, pp. 134-135, 138-139.

[46]Paul T. Heffron, "Victor H. Metcalf, 17 December 1906-30 November 1908," in American Secretaries of the Navy, vol. 1, ed. Paolo A. Coletta, p. 484; Sprout and Sprout, pp. 263-268; Mitchell, pp. 138-140; Millis, pp. 190, 194-196.

[47]Paolo A. Coletta, "George Von Lengerke Meyer, 6 March 1909-4 March 1913," in American Secretaries of the Navy, vol. 1, ed. Paolo A.

Coletta, pp. 502-503; Braisted, pp. 9-25; Sprout and Sprout, pp. 286-290; Mitchell, p. 139; Dingman, pp. 5, 12-13.

[48]Coletta, "George Von Lengerke Meyer," pp. 502-505; Sprout and Sprout, pp. 290-295; Mitchell, pp. 139-140; Wayne A. Wiegand, Patrician in the Progressive Era: A Biography of George Von Lengerke Meyer (New York: Garland Publishing, Inc., 1988), pp. 174-175, 198, 201-202; Dingman, pp. 12-13. Dingman states that the Taft Administration got Congress to approve two capital ships each year -- except for fiscal year 1912. This is not correct -- Congress only authorized one capital ship in fiscal year 1912 and one in fiscal year 1913.

[49]Robert Hessen, Steel Titan: The Life of Charles M. Schwab (New York: Oxford University Press, 1975), pp. 165-168; Robert Hessen, "Charles Schwab and the Shipbuilding Crisis of 1918," Pennsylvania History 38 (October 1971):392; Albion, Baker, and Labaree, p. 173; Cooling, pp. 9, 108-109, 199.

[50]S. W. Utley, "The United States Navy: A Kindly Critic Shows How Its Efficiency Can Be Improved in Various Ways," The Marine Review 44 (October 1914):367-368; James H. West, "The New York Navy Yard," in Historical Transactions, 1893-1943 (New York: The Society of Naval Architects and Marine Engineers, 1945), pp. 17-18; Smith and Brown, pp. 130-131.

[51]P. D. Muss, "An Open Letter in which Secretary of the Navy Josephus Daniels May See Himself as Others See Him," The Marine Review 44 (October 1914):377; The Marine Review 44 (July 1914):258; Paolo E. Coletta, "George Von Lengerke Meyer, 6 March 1909-4 March 1913," in American Secretaries of the Navy, vol. 1, ed. Paolo E. Coletta, p. 502.

[52]Paolo E. Coletta, "Josephus Daniels, 5 March 1913-5 March 1921," in American Secretaries of the Navy, vol. 2, ed. Paolo E. Coletta, pp. 525, 540 (it is Coletta who makes the reference to Daniels's "pacifistic nature"); Josephus Daniels, The Cabinet Diaries of Josephus Daniels, 1913-1921, edited by E. David Cronon (Lincoln, Neb.: University of Nebraska Press, 1963), p. v; Sprout and Sprout, p. 292.

[53]Melvin I. Urofsky, "Josephus Daniels and the Armor Trust," The North Carolina Historical Review 45 (July 1968):240; Frank Freidel, Franklin D. Roosevelt: The Apprenticeship (Boston: Little, Brown and Company, 1952), p. 209.

[54]Josephus Daniels, The Wilson Era: Years of Peace, 1910-1917 (Chapel Hill, N.C.: The University of North Carolina Press, 1946), p. 345; Muss, The Marine Review 44 (October 1914):376-378; Coletta, "Josephus Daniels," pp. 532-535.

[55]Urofsky, pp. 237-249.

[56]Franklin D. Roosevelt, F.D.R., His Personal Letters: 1905-1928, edited by Elliott Roosevelt (New York: Duell, Sloan and Pearce, 1948), pp. 241-242; Coletta, "Josephus Daniels," pp. 526-530.

[57]President of General Board to Secretary of the Navy, 28 March 1913, General Board File 446, NA/RG 80; Coletta, "Josephus Daniels," pp. 530-531; Francis Duncan, "The Struggle to Build a Great Navy," United States Naval Institute Proceedings 88 (June 1962):83; Sprout and Sprout, pp. 247, 292, 310-312; Mitchell, pp. 142-143; Freidel, pp. 221-222; Daniels, 501-507.

[58]Warner R. Schilling, "Civil-Naval Politics in World War I," World Politics 7 (July 1955):583-584; Coletta, "Josephus Daniels," pp. 530-531; U.S. Congress, House of Representatives, Committee on Naval Affairs, Hearings on Estimates Submitted by the Secretary of the Navy, 1914, 63rd Cong., pp. 609-610.

[59]Sprout and Sprout, pp. 304, 308-315; Mitchell, pp. 190, 194.

CHAPTER 2

THE GROWTH OF COMMERCIAL SHIPBUILDING IN THE UNITED STATES: AUGUST 1914 TO JANUARY 1917

The Boom in Merchant Shipbuilding

During the first half of 1914, the world shipping industry was in a period of depression due to an oversupply of merchant vessels on global trading routes. Ocean freight rates slumped dramatically from what they had been in 1912 and 1913. In February the shipping journal Lloyd's Weekly reported that "vessels of all nations are laid up, for the simplest reason that there is no need for them." By July shipowners caught in this business downturn were asking, "how long would it last?"[1]

The slump also affected the world's shipyards. Vessels contracted for in earlier years were still on the ways or fitting out,[2] but orders for new vessels dried up as operators, facing losses or disappointing profits, cut back on capital investment. As the summer of 1914 wore on, both the shipping and shipbuilding trades were anticipating a continued economic slowdown.

Dramatic political events suddenly intervened to change this situation. In late June a young Serbian nationalist assassinated the Austrian Archduke Francis Ferdinand in the Bosnian town of Sarajevo. On 23 July Austria-Hungary, determined to punish Serbia, presented that nation's government with a series of harsh demands that challenged Serbian sovereignty. When the Serbs refused to capitulate completely, Austria mobilized its armed forces.

This touched off a complex chain reaction in the European alliance system. Russia mobilized to defend the Slavs of Serbia against Austrian aggression. In response, Germany, allied to Austria, ordered its own mobilization. So did France, allied to Russia. Once set in motion, the momentum of these war machines could not be stopped: on 28 July Austria declared war on Serbia; on 1 August Germany on

Russia; on 3 August Germany on France; on 4 August Great Britain on Germany; and on 6 August Austria on Russia. Europe's golden decades of peace had come to a sudden end.[3]

Initially the conflict made a bad shipping situation even worse. In Britain and France, financial and commercial arrangements became chaotic. Shipowners found it difficult to collect freight charges in this confused economic environment; they responded by refusing to release cargoes, which meant large numbers of ships lay unloaded at their docks. The high seas, meanwhile, became a dangerous place for merchant shipping. British and French vessels risked being sunk by German commerce raiders, while Austrian and German ships, in order to escape seizure by the Royal Navy, had to scurry to friendly or neutral ports. Marine insurance rates shot upwards, which made overseas trade costly as well as risky. Under these circumstances, most shipowners decided to withdraw their vessels from service and wait out the conflict, which was generally expected to last for only a few weeks. By the end of August, shipping on most international trade routes had come to a virtual standstill.[4]

This paralysis lasted for more than two months. The governments of Britain, the United States, France, and other shipping nations acted quickly to overcome marine insurance barriers through the establishment of publicly financed war risk bureaus, but this action alone was not enough to solve the shipping crisis. By October the situation seemed so bleak to one British firm that it sent the following letter to all of its investors:

> Dear Sir or Madam: Possibly some of our shareholders are wondering what effect the war in which we are involved is having on the shipping industry, and we think it is advisable to inform them that the position at present is deplorable.[5]

The outlook for the shipbuilding industry also looked bleak during the early weeks of the conflict. As one analyst later put it, while "ships lay idle and a supposedly short war pressed, there was no temptation to build more ships, and it was the general opinion that there would be no building during the war." In the United States the Department of Commerce, in a report released on 10 October 1914, stated

that "the great reduction in the volume of international trade by sea during the war" would lead to a downturn in "shipbuilding, both here and abroad." As with the shipping trade, the outlook for shipbuilding seemed "deplorable."[6]

The situation began to change, though, as it became obvious the war would not end as quickly as anticipated. A giant German offensive aimed at Paris was blunted at the Marne River in September. By December the Western Front had become stalemated along a 400-mile trench line stretching from the North Sea to Switzerland. The war, it turned out, was going to last longer than a few weeks.

During the final two months of 1914, shortages caused by the absence of trade began to make themselves felt. Although a British blockade kept the ports of the Central Powers closed, there was a growing demand for shipping to carry goods between the United States and the Allied nations. Yet now, ironically, there was a dearth of ships.

This was because the great bulk of the world's merchant steamers -- over seventy percent of them -- were registered in the belligerent nations. During the first few months of the war, much of this tonnage was taken out of regular service for one reason or another. Some vessels were sunk by commerce raiders. Many more were requisitioned, especially in Great Britain and France, to transport troops, munitions, and war supplies. Most of Russia's merchant shipping was bottled up in the Baltic and Black Seas. And all of the tonnage in the large commercial fleets of Germany and Austria was either blockaded by the Royal Navy or interned in neutral harbors.[7]

Making this situation even worse was the inefficient employment of the tonnage that was available. Many ports used in peacetime, such as Rotterdam and Antwerp, were closed down by the war; this led to heavy congestion and long turnaround times in ports that remained open. The shipping jam was especially severe in France, where some vessels waited as long as ninety days to unload. Wartime requirements also put strains on docking facilities in England -- it was not unusual for

Liverpool to have seventy or more ships waiting for docking berths at one time.[8]

By the start of 1915, the shortage of merchant shipping was driving freight rates upward in a spectacular fashion, especially in the reviving transatlantic trade. Germany's declaration in February of a war zone around the British Isles, where U-Boats would attack Allied merchant ships without warning, increased risk and helped drive rates even higher. Ships which before the war could be chartered for one dollar per ton per month were now commanding rates of thirteen dollars or more for service outside the war zone, and twenty dollars or more for passage through the zone. Freight charges for the shipment of grain, cotton, and other commodities from the United States to Great Britain or France rose in some cases by as much as seven hundred percent. Shipping profits became so great that it was said a vessel could earn its entire cost on a single voyage. As the demand for shipping continued to increase, the scarcity of tonnage became even more acute; many merchants had difficulty obtaining cargo space despite the fact they were willing to pay extraordinarily high freight rates.[9]

To take advantage of these conditions, shipping companies put every vessel they could into the transatlantic trade. Ships normally used on Pacific runs were shifted to the East Coast to carry cargo to Europe. Old steamers, long since regarded as unseaworthy, were hastily fixed up and sent into service. Ships never intended to be put on ocean trade routes were modified to function as overseas freighters. Many American firms operating vessels in the coastal trade shifted their steamers to the more profitable European routes. Yet still there were not enough ships, and many of those operating, because of unavoidable strain, hard use, and inadequate opportunity for proper maintenance, were in poor shape. The stage was thus set for a shipbuilding revival.[10]

During the first two years of war this revival could not take place in the belligerent nations. Germany, which prior to the fighting had annually turned out more merchant tonnage than any country except the United Kingdom, ceased work on all non-naval construction, for the

British blockade prevented any German commercial shipping from leaving port. The yards in Austria-Hungary faced the same dilemma. In France the output of merchant vessels fell as steel was diverted to armaments production. And in Great Britain, by far the world's greatest shipbuilding nation, the government decided a great fleet of warships was necessary for victory; as a consequence, unfinished cargo carriers were left partially completed on their ways so shipworkers could move over to naval construction. This policy brought roughly two thirds of the merchant shipbuilding activity in the United Kingdom to a standstill. British commercial tonnage launched in 1915 aggregated only 650,919 gross tons, down from 1,932,153 gross tons in 1913. In all, the belligerent powers in 1915 launched only 769,875 gross tons, compared to 2,798,580 gross tons in 1913. This dramatic drop in merchant construction meant other sources of supply would have to be found to meet the ever-increasing demand for ships.[11]

Shipbuilding plants in neutral countries all over the world soon began to get busy. By 1916 the yards in the Netherlands had enough orders to keep their ways filled to maximum capacity through 1921. Similar conditions existed in many of the Scandinavian yards, and Spain's small shipbuilding industry garnered a remarkable number of new contracts. Japan, a belligerent geographically isolated from the fighting, saw the pace of production it its shipyards accelerate; so did Canada, another belligerent located away from the war zone. Even in regions where large-scale shipbuilding had been practically unknown before the war -- such as Australia, Chile, and China -- there were now attempts to build facilities for the construction of vessels. And no wonder: the price of a typical steel cargo ship rose from about $30 a ton in mid-1914 to $65 a ton in mid-1915, and then to as high as $150 a ton by mid-1916.[12]

The seemingly insatiable demand for merchant tonnage was a propitious development for America's shipbuilders. The neutral United States, with the world's largest economy, was particularly well situated to take advantage of the boom in vessel construction. The

necessary raw materials were plentiful: the United States turned out more steel annually than the combined totals of Germany, Britain, and France; it also led the world in the production of coal and oil. The higher construction costs which had earlier caused shipowners to shun U.S. yards had now become irrelevant, for freight rates had risen so high that even ships selling for several times their prewar values could still make a profit in overseas trade. Moreover, wartime shortages of steel and various raw materials in other nations drove up the cost of shipbuilding abroad, and this reduced the price differential between American and foreign yards. In fact, in August 1915 American plants were selling ships at prices below what British yards could offer.[13]

The boom in American shipbuilding started during the final few weeks of 1914 and picked up momentum throughout 1915. As plants on the Atlantic Coast filled up, yards in the West began to land contracts. Orders for merchant craft poured into U.S. shipyards from Norway, France, and even Britain. American shipowners, anxious to expand their own commercial fleets, placed numerous contracts as well. By June 1915 a trade journal, International Marine Engineering, was noting that with "all the business in hand and in sight, the majority of American shipyards have all the work that they can possibly handle for at least five years to come." By December the number of merchant ships under construction in America numbered 120 -- a tenfold increase over the previous year's total.[14]

The shipbuilding capacity of the United States was now saturated with orders, but there was still plenty of demand for additional vessels. American shipbuilders responded by expanding their facilities: they added shipways to existing yards, refurbished old plants, and established entirely new yards. Attracted by the potential profits of ship construction, firms without any previous shipbuilding experience began to enter the business. In June, for example, the Sun Oil Company announced its intention to build a large new plant on the Delaware River. Smaller firms also took up shipbuilding and set up shop on the Gulf, Atlantic and Pacific Coasts.[15]

As 1915 passed and 1916 began, the demand for ships continued to intensify. One reason for this was mounting wartime losses. During 1915 German U-boats sank over one million gross tons of Allied and neutral merchant shipping; the following year this figure more than doubled. This was despite various restrictions Berlin placed on submarine operations in response to diplomatic protests made by the United States -- a nation Germany hoped to keep neutral. By the spring of 1916, the amount of tonnage sunk each month by German U-boats began to overtake the amount of new tonnage delivered. Despite the boom in shipbuilding, the "shipping famine" was getting worse -- not better.[16]

American shipyards continued to prosper as the shipping shortage became steadily more severe. Between February and July 1916, over two hundred new contracts for steel merchant vessels were placed in the United States. Other shipbuilding nations, however, were not faring nearly so well. German restrictions on the export of coal and steel to Norway, Denmark, and the Netherlands seriously slowed construction in yards there. Japanese plants faced a steel shortage and were reluctantly turning down foreign contracts in order to supply vessels for their own citizens. And in Great Britain, where the government had finally decided the most pressing need was for merchant craft rather than warships, a lack of steel and skilled shipyard workers (tens of thousands of whom had gone into the army) greatly curtailed production. Although Great Britain still launched more commercial vessels each year than any other nation, the tonnage that slid down British ways in 1915-1916 was only a third that launched in 1913-1914. The United States was thus becoming the only nation in the world where shipowners could readily order new merchant tonnage.[17]

The year 1916 was truly a banner time for American shipyards. A total of 211 steel vessels, aggregating 504,247 gross tons, splashed into the water off U.S. shipways -- a performance which more than doubled 1915's total of 84 ships aggregating 177,460 gross tons. Yet as remarkable as this production figure appears, it was not nearly as impressive as the data on steel vessels that were either partially

completed or on order in American yards: four hundred ships representing 1,428,000 gross tons. This was more steel tonnage than was launched by all the other nations of the world combined during all of 1916. The Marine Review hardly exaggerated when it called this "an unparalleled year in merchant shipbuilding" in the United States.[18]

The nation's wooden shipbuilding plants also prospered. Many ship operators had transferred steel steamers from the coastwise trade to more profitable transatlantic routes, and this caused a shortage of bottoms in the coastal fleet. As this shortfall became increasingly acute, old merchant craft of all types were pulled out of retirement and put on trade routes between American ports. Even old sailing ships were brought back into service. But such stopgap measures were not enough to ease the shortage. As a result, a demand for newly constructed wooden schooners developed. Such craft belonged to an age that was rapidly passing away, but these ships could still be profitably operated when equipped with auxiliary engines and loaded with bulky cargoes, such as lumber. They could also be ordered and delivered much more quickly than steel vessels, for which there were now long waiting lines. By 1916 wooden shipyards, especially in New England and the Pacific Northwest, were bustling with activity. Many new wooden yards were established, and old ones -- including some which had lain idle for years -- were reactivated. By the end of the year there were 116 wooden vessels, aggregating 156,615 gross tons, under construction or on order in U.S. shipyards.[19]

The boom in shipbuilding showed no sign of abating as the European War entered its third year. Businessmen and corporations interested in getting in on the profits continued to invest in the shipbuilding industry. Large national firms -- such as the Bethlehem Steel Corporation and Todd Shipyards Corporation -- expanded their shipbuilding operations and acquired new yards. Local groups of investors also organized to establish or purchase shipbuilding plants, as did individual entrepreneurs (such as the Mayor of San Francisco, James Rolph Jr., who bought a wooden shipyard in Eureka, California). Even foreign businessmen participated in the boom: Norwegian investors,

whose countrymen had placed orders in the United States for at least fifty vessels, provided the necessary capital for the purchase of several American yards.[20]

As 1916 came to a close, the shipbuilding situation in the United States was radically different from what it had been only two years before. Prior to the outbreak of the Great War, American shipbuilders had depended heavily on the government for their financial survival. Now this was no longer the case. The conflict in Europe so completely altered world shipbuilding conditions that American yards no longer needed either naval contracts or legislative protection in order to prosper. The federal government, however, remained interested in the nation's maritime industries; during the war's first two years it would enact legislation that would significantly impact the American merchant marine -- and ultimately the American shipbuilding industry.

The Federal Government and Merchant Shipping

The paralysis of world merchant shipping due to the start of the European War in August 1914 threatened the well-being of the American economy, for many of the nation's farmers, businessmen, and bankers relied heavily on foreign trade to sell their products or services. Secretary of the Treasury William G. McAdoo, President Wilson's energetic son-in-law, worried that a depression might ensue if this state of affairs persisted for very long. He therefore called a "Conference on Foreign Exchange and Shipping" to map out a strategy for dealing with the crisis. This met on 14 August and was, McAdoo would later claim, "the first publicly conducted conference of businessmen that government had ever held in Washington." Over sixty representatives of banking, shipping, foreign trade, and marine insurance firms attended, as well as a large number of congressmen and government officials.

Agreements made at this conference helped lead to the passage of two important pieces of legislation during the first month of the fighting. One new law established a Bureau of War Risk Insurance under

the Treasury Department. This agency made reasonably priced marine insurance available to American merchant vessels, thereby removing one cause of the trade paralysis. The other piece of legislation allowed foreign-built ships to register under the American flag. The justification for this measure was that it would increase the size of the nation's tiny overseas merchant marine (then only fifteen steamships, aggregating 163,000 tons) and thereby facilitate the transport of U.S. goods abroad.[21]

This second measure, the Ship Registry Act of 1914, was signed by President Wilson on 18 August. It represented a victory for "free ship" advocates. Two years earlier the "free ship" forces had received part of what they had wanted in the Panama Canal Act of 1912, which had allowed foreign-built vessels that were less than five years old to be transferred to the American registry for use on international (but not coastwise) trade routes. That act, however, had turned out to be a classic case of too little relief coming too late: by the time the Panama Canal Act became law, the American merchant marine engaged in overseas trade was so decimated that permission to buy new foreign-built ships was not enough to revive it.[22]

The Ship Registry Act of 1914 had a much greater impact. For one thing, it was a far more liberal measure in that it permitted the unrestricted transfer of foreign-built ships, regardless of age, into the American registry for use on overseas trade routes (like the Panama Canal Act, it did not apply to the coastwise trade). More importantly, it was passed at a time when many shipowners wanted to shift their vessels into the U.S. fleet. This was especially true of American businessmen who owned ships registered in belligerent nations, for the longer these owners kept their vessels under a belligerent flag, the greater was the danger their steamers would be requisitioned for war service, captured by the enemy, or destroyed on the high seas. Such men were quick to take advantage of the provisions of the new law. By Christmas American shipowners had transferred 104 foreign-built vessels, representing 372,488 gross tons, into the neutral U.S. merchant marine. During the next six months an additional 150,000

gross tons of shipping would be added to this total. The amount would have been even greater if belligerent governments had allowed their citizens to transfer registry to the American flag, but such moves were effectively blocked.[23]

The legal monopoly U.S. shipbuilders had possessed since 1789 for the construction of American flag carriers was now at an end. Yet the repeal of this protective policy did not adversely affect the nation's shipbuilding industry. Because of the boom in merchant vessel construction that developed due to the war, the withdrawal of legislative protection came just a short time before American shipyards began to find themselves flooded with orders; they thus no longer needed government aid against foreign competition.

Once the legislation on marine insurance and ship registry was taken care of, Treasury Secretary McAdoo turned his attention to a new proposal -- a bill to authorize government ownership of a merchant marine. A publicly owned fleet, the Secretary believed, could be used to open new trade routes, especially to South America, and to relieve shipping shortages. It could also help reestablish, on a permanent basis, an American-flagged commercial fleet.

There was, moreover, a first-class merchant marine which appeared to be ripe for purchase by the government: thirty-one German-flagged vessels -- belonging to the North German Lloyd Company and the Hamburg-American Line -- were tied up in American ports. These ships, among the most modern and efficient afloat (and which included the giant liner Vaterland, the second largest passenger ship in the world), could not leave U.S. harbors without risking almost certain capture by the Royal Navy.

The Hamburg-American Line's agent in the U.S., Julius P. Meyer, attended McAdoo's conference on 14 August and suggested his firm's fifteen vessels would be sold; the North German Lloyd Company hinted that it would sell its sixteen ships as well. McAdoo became intrigued by the prospect of putting this magnificent German tonnage under the American flag. He did not believe, however, that private interests --

which he saw as "extremely timid in times of peril and uncertainty" -- would take the initiative and seize this buying opportunity. The shipping industry was still, at this early date, frozen in port as a consequence of the war; McAdoo thus felt the government needed to step in and take action. On 15 August the Treasury Secretary broached his plan for purchasing these ships to the President, and the next day Wilson approved the scheme.[24]

The British government, meanwhile, had heard rumors that private American citizens might purchase the German ships. London immediately protested. British officials feared that Germany would benefit from such a deal. For one thing, Berlin would collect tens of millions of dollars from the sale of the ships. Even worse, Germany might insist, as a condition of the sale, that the new owners use the ships (which would then be under the protection of America's neutral flag) to trade with the Central Powers. Britain's Foreign Secretary, Sir Edward Grey, let it be known, however, that London would not object if the United States <u>government</u> should purchase the vessels and then guarantee that they would not be used to trade with Germany. This removed a potential diplomatic obstacle to McAdoo's plan. The President, though, was more worried about domestic political obstacles -- he and McAdoo both suspected it would be difficult to get the bill through Congress.[25]

On 24 August, with the shipping situation still paralyzed due to the outbreak of fighting in Europe, Congressman Joshua W. Alexander, the Missouri Democrat who chaired the House Merchant Marine and Fisheries Committee, presented McAdoo's Ship Purchase Bill to the members of his committee. The proposed legislation called for the chartering of a federal corporation to purchase and operate vessels on overseas trade routes. The corporation would be provided with an original capital stock of $40 million and be controlled by a Shipping Board composed of three cabinet officers: the Secretary of the Treasury, the Postmaster General, and the Secretary of Commerce.[26]

As Wilson and McAdoo had suspected, opposition to the Ship Purchase Bill was intense. Some congressmen attacked the measure as being socialistic; others argued that incidents involving government-

owned ships could cause grave diplomatic complications -- or even lead to involvement in the war; and still others maintained the whole project would be an expensive drain on the Treasury. Wilson and McAdoo strongly supported the bill and put pressure on Congress to pass it, but when debate on the issue threatened to split the Democratic Party, they backed off. Congress adjourned in September without taking any action on the proposed legislation.[27]

When Congress reconvened in December, the shipping paralysis of the late summer and early fall was breaking down -- merchant vessels were returning to trade routes and cargoes were once again moving. But the shortage of shipping created by the war had dramatically driven up freight rates, which was bad news for American farmers and manufacturers who sold goods in foreign countries. Government-owned vessels, Wilson and McAdoo believed, could ease this condition by charging more reasonable rates. On 9 December they thus had the Ship Purchase Bill reintroduced into Congress.[28]

As was the case earlier, a vigorous opposition to the bill immediately developed. Once again the measure was attacked as socialistic, as wasteful, and as likely to involve the United States in diplomatic quarrels. Indeed, this latter scenario appeared to be increasingly probable. At the start of the war France had announced that it would not recognize a change of registry on German ships under <u>any</u> circumstances, and it was maintaining that firm stand; if the U.S. government bought the sleek steamers of the Hamburg-American Line, the French would treat the vessels as if they were flying the German -- instead of the American -- flag. The British, meanwhile, were once again concerned that the German ships in U.S. ports might be used to trade with the Central Powers. This fear was confirmed in February when one of the German vessels, the <u>Dacia</u> -- which had been sold to a private American owner -- set sail for Europe with a cargo of cotton bound for Germany. The French seized the ship on 27 February, paid for the cotton to placate the American merchants who had shipped it, and submitted the issue of the vessel's fate to a Prize Court (which

eventually ruled France could keep the ship).[29]

The Dacia incident seemed to confirm the arguments of one of the Ship Purchase Bill's chief congressional critics, Henry Cabot Lodge. The Republican Senator from Massachusetts told his supporters that McAdoo's proposed legislation was "an unneutral act and almost an act of hostility" since the purchase of the German steamers would provide Berlin with "thirty or forty millions of United States money in exchange for ships which they cannot possibly use and which are deteriorating every day." To former President Theodore Roosevelt, Lodge wrote:

> The ship purchase bill . . . is one of the most dangerous things internationally -- I say nothing of its viciousness economically [Lodge attacked the bill as socialistic] -- which could be imagined. The plan is to buy the German ships. If this is done and the Allies refuse to recognize the transfer of the flag -- which France and Russia certainly will do . . . -- we shall find ourselves with Government-owned ships afloat, which the Allies regard as German ships and therefore good prize and which are liable to be fired on and sunk. . . . If they should buy the ships, and if the powers should refuse to recognize the transfer and treat them as German ships, this incompetent Administration may flounder into war, just as they blundered and floundered into bloodshed at Vera Cruz [during a diplomatic crisis with Mexico in 1914].[30]

Wilson and McAdoo never publicly proclaimed that they would purchase the German ships, but this was, in reality, their intention. They therefore refused to accept an amendment to the Ship Purchase Bill, introduced by Lodge, which would have prevented the government from buying the vessels of any belligerent nation. In truth, the amendment would have completely killed the impact of the bill, for the only ships readily available for purchase were the interned German steamers. By the early months of 1915 there was a worldwide shortage of shipping due to the growing demand for vessels on transatlantic trade routes; it would have been difficult for the government to purchase ships elsewhere if the German vessels were put off limits (the Lodge amendment, for that matter, would have put British, French, Austrian, Japanese and Russian ships off limits as well, which did not leave much to choose from, since these nations -- along with Germany --

accounted for almost seventy percent of the world's merchant tonnage). Although the bill did give the government the authority to place orders for new vessels in shipyards, this would not have produced any usable tonnage in the near future. The ships from Germany were thus the only "quick fix" for the U.S. merchant marine.[31]

Wilson and McAdoo managed to get the House of Representatives to pass an amended Ship Purchase Bill on 17 February 1915. In the Senate, though, seven Democrats joined Republican opponents of the measure in a filibuster which the Administration could not overcome. Wilson came to see the fight as a partisan attack on his leadership by political and economic interests -- and as a moral struggle between right and wrong. "The Republicans," he wrote one acquaintance, were "employing the most unscrupulous methods of partisanship and false evidence to destroy this administration and bring back the days of private influence and selfish advantage." The President gave no credence to the objections raised by his opponents: "One would suppose," he said, "that this was a bill to authorize the government to buy German ships. There would be just as stiff a fight against it, and from the same quarters, if it merely conferred the power to build ships."[32]

When the Sixty-Third Congress adjourned on 4 March without passing the bill, Wilson bitterly complained that selfish interests had defeated his attempt to serve the nation's commerce during "a time of extraordinary crisis and necessity." The President was already thinking about recasting the legislation and presenting it to the Sixty-Fourth Congress, which would convene in December 1915. And if Congress continued to object to the purchase of belligerent vessels, the new bill could at least provide the government "the power to build ships."[33]

The expiring Sixty-Third Congress did not give the Administration the Ship Purchase Bill it had fought so hard for, but it did pass one significant piece of maritime legislation: the La Follette Seamen's Act of 1915. The man most responsible for the adoption of this measure was Andrew Furuseth, the head of the International Seamen's Union of the

Pacific. Furuseth had several goals: he hoped to improve working conditions and safety in the American merchant marine by setting legal standards; he wanted to guarantee all merchant seamen in U.S. ports the right to receive half their earned but unpaid wages upon demand; he sought to abolish the imprisonment of seamen who deserted their ships in port; and, finally, he planned to protect American jobs by driving "undesirable" foreigners (especially Asians) out of the nation's merchant marine by requiring that on each U.S. ship seventy-five percent of the crew be able to understand orders given in English.

The main reason Furuseth insisted on the right of merchant seamen to jump ship, without fear of imprisonment, was to give them the same freedom to work or quit which was available to shoreworkers. Furuseth, however, also believed such a policy could help make U.S. wage rates more competitive with those paid by other merchant marines. As Furuseth envisioned the impact of the legislation, foreign sailors in U.S. ports would abandon their vessels in droves, after collecting half their pay, and then seek service in the U.S. merchant fleet, which -- like many other American industries -- paid wages above the world average ($30-$45 per month, compared to $20-$25 per month for British crews, $17 for Swedes, and only $7-$9 per month for Orientals). Foreign shipowners would therefore have to raise their pay scales to hold crews, and this would reduce the differential in wage rates between the American and foreign merchant marines. To prevent too many "undesirable" foreigners, such as Asian "coolies," from seeking higher wages on American ships, the proposed law's English language requirement would be invoked.

President Wilson and Secretary of State Bryan were sympathetic to Furuseth's efforts to promote the safety and welfare of American seamen, but were bothered by the bill's requirement for the abrogation of numerous American treaties. The diplomatic agreements Furuseth targeted were those that contained clauses binding the U.S., and other nations, to arrest and return merchant seamen who deserted their ships; renouncing these arrangements could create severe diplomatic complications. In emotional personal pleas, however, Furuseth and the

bill's sponsor, the progressive Republican Senator Robert La Follette of Wisconsin, were able to convince both Bryan and Wilson to accept the legislation. Shipowners, who because of the act would have to pay increased costs for the safety and comfort of seamen, vigorously opposed the legislation, but were not able to block passage. On 4 March 1915 President Wilson signed the measure into law.[34]

The La Follette Seamen's Act did cause diplomatic complications -- the British, in fact, would complain that many of their seamen were jumping ship in American ports. The law, however, would remain in effect throughout the war, despite British calls for its suspension. American shipowners would also continue to attack the measure since it increased their operating costs and made them less competitive -- a development which threatened to have long-term implications for both the nation's shipping and shipbuilding industries. As 1915 progressed, though, these long-term concerns seemed less important than what was happening in the short term: an ever-increasing boom in demand for both shipping and shipbuilding.[35]

By the spring of 1915 shipping conditions had greatly changed from the paralysis of August 1914, but Secretary of the Treasury McAdoo still saw a need for a government-owned and operated commercial fleet. A recession that had wracked the United States in late 1913 and early 1914, shortly after McAdoo took office, had shown the Secretary the distress an economic downturn could cause; during such times a merchant marine could help restore prosperity by exporting surplus production. Just as importantly, McAdoo believed that if the nation hoped to have a flourishing foreign trade, it would have to have a strong fleet of merchant vessels. Yet private enterprise could not meet the needs of the country: under private control the American merchant marine had declined dramatically during the late nineteenth and early twentieth centuries, and the wartime revival seemed likely to collapse once peace returned. The only solution seemed to be a government fleet. An editorial in Scientific American succinctly summed up the line of thought McAdoo found so convincing:

> It is high time that private capital went into the business of supplying the United States with a merchant marine. If private capital is not willing to go into that business, and to go into it quickly, the Government should come to the aid of our manufacturers who wish to export their commodities under conditions which are substantially equal to those for their competitors. We should not be left at the mercy of other nations who may wish, from whatever motives, to prevent the exportation of American goods to foreign countries and to control the marketing and handling of these commodities.[36]

To sell his merchant marine program to the Congress, and to the American people, McAdoo altered his approach to the issue during the spring and summer of 1915. On 7 May a German U-boat sank the huge British passenger liner, Lusitania, with great loss of life, including 128 Americans. In the United States, support for strengthening the nation's defenses suddenly surged. As McAdoo later put it:

> It was a time of preparation; talk of preparedness was in the air. The Administration and the friends of the shipping bill came to the conclusion that our campaign for ships would be helped by combining in one objective the creation of a merchant marine and a fleet of naval auxiliary vessels; carriers of merchantable cargoes in time of peace, and carriers of men and munitions in time of war.

The shipping bill, in other words, could be sold as a "military preparedness" measure. As McAdoo told one Democrat, Republican advocates of defense spending would find it difficult to oppose a shipping bill that sought to "give our Navy a merchant marine auxiliary superior to that possessed by any other nation in the world, thus making our Navy a more effective instrument than . . .any other navy of similar size and power."[37]

To explore the possibilities of this strategy, McAdoo asked Secretary of the Navy Josephus Daniels how much merchant tonnage the U.S. would need as a naval auxiliary should war come with Germany or Japan. Daniels, beginning to make his own preparedness plans, privately told McAdoo that 312,499 gross tons would suffice. McAdoo took this amount, rounded it up to 500,000 gross tons, and prepared to take his case for government-owned shipping to the nation.[38]

McAdoo's new plan no longer counted on the purchase of German

ships; this, the Treasury Secretary now knew, was too unpopular politically. Moreover, Germany had by now decided not to sell its ships to the United States. The Dacia incident had demonstrated that the Allies would not permit German merchant tonnage -- even if it flew the American flag -- to carry goods to the Central Powers, and Berlin did not want to part with the vessels if they would be used to trade with the Allies.

McAdoo also realized that there was not much possibility of purchasing ships from other nations; by late 1915 the shipping shortage had become so acute, and freight rates so high, that few shipowners were willing to sell their vessels. The only alternative was for the government to order new ships -- which meant they would be built in American shipyards.[39]

In October 1915 McAdoo began a long speaking tour to explain his proposal for building a government merchant marine to business, professional, and farm groups. While preparing speeches, he later wrote, "I put the idea of naval auxiliaries first, and the merchant marine second." On 13 October he told the Indianapolis Chamber of Commerce, in a widely reported address, that a merchant marine was "just as essential to the effectiveness of the Navy . . . as the guns upon the decks of our battleships!" Preparedness demanded, he said, that the Navy have auxiliaries where they could be quickly and easily secured. Only later in his speech did he mention that the naval auxiliaries he was calling for could, in addition to their military role, "enlarge our foreign trade and carry our influence, both financial and commercial, into the open markets of the world."[40]

McAdoo took this message across the country, speaking in Minnesota, Nebraska, North Dakota, Montana, Washington, California, and other western states. Heartened by the favorable response he received, he worked out the details of a new shipping bill for presentation to Congress. He emphasized the importance of this measure for military preparedness, but -- as he admitted in an interview during the latter stage of his trip -- the "providing of suitable naval auxiliaries" was "not the only purpose of the administration in advocating a merchant

marine." He added, "I may say that it is not even the principal purpose."[41]

McAdoo revealed his true motives and goals in a candid letter to Secretary of Commerce Redfield. If "the shipping bill was in existence to-day," he wrote,

> I would prepare immediately plans and specifications for the most needed types of ships (cargo ships first); get the suggestions of the Navy Department, so as to make the vessels meet, as far as possible, the requirements of naval auxiliaries, and call for bids. I would let contracts to those bidders who could promise the earliest deliveries, favoring always the American ship yards. . . . I would then 'scrape the markets of the world' for available tonnage, buying such as is suitable. . . . I would then charter, if necessary, every available vessel to meet the pressing needs of the moment. I would in addition to all of this have our navy yards (if Congress would grant the authority) build certain types of merchant vessels, suitable for naval auxiliaries, and, to that extent, supplement the ship building facilities of the country. In less than two years we could create a very respectable fleet, and we could, during that time, enormously influence the ocean rate situation in the most important parts of the world; if not throughout the world, forcing reductions in many of the present exorbitant rates and saving large sums to American producers.

While McAdoo was thus speaking to public audiences about the need of a merchant marine for naval preparedness, his primary interest was trade: "cargo ships" would come "first," and the main task of a government fleet would not be to support the Navy, but to force reductions in overseas shipping rates. This proposal promised to have significant impacts on both the nation's shipping and shipbuilding industries. First, though, it had to get through Congress.[42]

To help prepare the legislation, McAdoo relied on several advisers. Most important was Bernard N. Baker of Baltimore, who had run a shipping line for many years. Baker had long been calling for legislation to build up America's merchant marine, and he eagerly supported McAdoo's efforts. During the congressional fights over the ship purchase bills in 1914 and 1915, Baker had supplied the Treasury Secretary with masses of facts and figures on merchant shipping. He had also spoken out in support of Administration policy, and published

articles (and even, at his own expense, a book) about the need for a revitalized commercial fleet.[43]

Another important adviser was William Denman, a San Francisco admiralty lawyer and member of the California Democratic State Central Committee. McAdoo, during his October 1915 western trip, had met Denman at the home of California's Democratic Senator, James D. Phelan. McAdoo and Denman, who may have been briefly acquainted before, spent some time discussing the legal aspects of the proposed shipping bill. Soon after returning to Washington D.C., the Treasury Secretary wrote to Denman to ask for suggestions on the draft legislation. Throughout December, and into the first half of January 1916, Denman kept up an active correspondence with McAdoo and provided the Secretary with lengthy, detailed legal advice on the form the bill should take. McAdoo appreciated the suggestions Denman provided and incorporated many of them into the legislation he was preparing.[44]

Another man McAdoo turned to for suggestions was Arthur B. Farquhar, a Pennsylvania manufacturer of agricultural equipment. Farquhar sold many of his farm implements to South America and South Africa, and thus had a deep interest in merchant shipping. Since the 1880s he had been urging government aid be given to the nation's commercial fleet, but his efforts had had little impact until the conversion of McAdoo to the cause. As the Treasury Secretary worked on his new shipping bill he listened to what Farquhar had to say, but did not rely as heavily on the Pennsylvania industrialist as he did on Baker and Denman.[45]

While McAdoo prepared the revised shipping bill, President Wilson announced his support for the measure in his third annual message to Congress, on 7 December 1915. This speech emphasized preparedness issues -- Wilson called for a massive five-year naval building program, and a substantial expansion of the army. McAdoo's shipping measure was also presented as having a national security twist: the President told Congress America could never enjoy true economic and political independence until it had a strong merchant fleet.[46]

With the Sixty-Fourth Congress now in session, McAdoo and Wilson

worked to win Democratic support for the proposed bill before introducing it on Capitol Hill. They paid particular attention to Democratic Senators who had abandoned them on the ship purchase bills of 1914 and 1915 -- and managed to win over a key defector, Senator James P. Clarke of Arkansas. In the House, meanwhile, the Administration made sure it had the full backing of two key Democrats: Representative Alexander, Chairman of the Merchant Marine and Fisheries Committee, and Representative Claude Kitchin of North Carolina, the Majority Leader. With all these ducks apparently in line, McAdoo had the carefully crafted bill introduced into the House on 31 January 1916.[47]

The bill quietly and steadily worked its way through a Congress which seemed preoccupied with debates over army and navy preparedness. Opponents trotted out the same arguments they had used to kill the earlier ship purchase bills -- the measure was a "socialistic scheme" which could create diplomatic complications. This time, however, the Administration was willing to compromise and accept limiting amendments: one required the Shipping Board to stop operating merchant ships five years after the end of the European War (thus limiting the "socialistic" time frame of the bill), and another prohibited the Board from purchasing ships belonging to belligerent nations (thereby reducing the possibility of diplomatic complications). This latter provision meant that the only realistic option the Board would have for acquiring ships would be to build them in American shipyards, for few neutral vessels were for sale. After these amendments were approved, the bill was passed by the House on 20 May and by the Senate on 18 August; the vote in both chambers generally followed party lines.[48]

The Shipping Act of 1916, as finally passed by Congress, provided for the establishment of an independent Shipping Board made up of five commissioners appointed by the President, and confirmed by the Senate, for terms of six years (the original appointees, for purposes of rotation, were given terms of two, three, four, five, and six years, respectively). Not more than three commissioners could be from the

same political party, and the commissioners themselves would decide, by a vote, which one of them would be Chairman.

The Board's responsibilities were extensive. During the "national emergency" it had to approve any proposed transfer of an American vessel to foreign registry. The Shipping Board also had sweeping authority -- comparable to that exercised by the Interstate Commerce Commission over railroads -- to establish rates and determine the service to be provided by merchant shipping on coastwise and overseas routes. Finally, and most importantly, the Board was authorized to form a subsidiary corporation, with a capital stock of $50 million, for the "purchase, construction, equipment, lease, charter, maintenance, and operation of merchant vessels in the commerce of the United States." The power to do this, however, was granted only if all efforts to induce the private operation of shipping failed, and if the President approved. Five years after the end of the war, any corporation which had been formed would automatically be dissolved and government operation of merchant shipping would have to cease.[49]

On 7 September 1916 President Wilson signed the Shipping Act at a White House ceremony. McAdoo, who had fought so long and so hard to establish the Shipping Board, got to keep the pen the President used to sign the bill. When reporters asked the Secretary what impact the legislation would have, McAdoo assured them the Shipping Board would soon vindicate itself.[50]

Putting the Shipping Board Together

Now that the Shipping Act was on the books, the President was responsible for naming the first commissioners to the newly created Board. McAdoo had begun working on this task while the shipping measure was still being debated on Capitol Hill. One problem he faced was that the salary for members of the Board was set by Congress at $7,500 per year -- as McAdoo told the President, this made it "extremely difficult to secure men of the right qualifications who are not men of means." Nonetheless, he had some names in mind. Bernard Baker, the Baltimore shipping expert who had done so much to help draft

the Administration's shipping legislation, was an obvious choice, as was the Pennsylvania industrialist who had long advocated a government-sponsored merchant marine, Arthur B. Farquhar. Both men were willing to accept the position at the salary offered.[51]

Another likely candidate was William Denman, the San Francisco lawyer who had provided such useful legal advice. On 2 June McAdoo wrote Denman to ask if he would be interested in having a position on the Board. Denman responded with a personal letter. He would be willing to serve, he said, but his financial circumstances would not permit him to give up his profitable law practice "for the uncertainties of one of the shorter terms." Denman told McAdoo that he had made investments in properties in California which would not fully mature for several years; if he spent only a short time on the Board, he feared he would return to San Francisco "in debt as well as without a practice." A five-year appointment to the Board, however, would "in all likelihood see things in the clear with the investments." McAdoo responded: "I think your position is entirely right, and if anything is done you can be sure that your desires will be regarded."[52]

Yet another good choice for the Shipping Board, from McAdoo's perspective, was John A. Donald, a New York Democrat who was president of a small shipping line which operated five steamers. McAdoo had known Donald since the late 1890s, and in 1902 had bought $1,500 worth of stock in Donald's fledgling steamship company. This entitled McAdoo to be listed as the firm's vice-president, but he did not play any significant role in the running of the business. The company managed to survive, but it was not particularly profitable; McAdoo's stock never increased much in value. The Treasury Secretary, however, was impressed with Donald's integrity and knowledge of the shipping business. McAdoo offered Donald an appointment to the Board shortly after the Shipping Act of 1916 was signed, and Donald accepted.[53]

A problem for McAdoo was that Baker, Farquhar, Denman, and Donald were all Democrats, and the Shipping Act stated that not more than three of the Board's members could come from the same party. "As you

can readily imagine," McAdoo told Denman, "we have . . . an embarrassment of Democratic material!" The name the Treasury Secretary decided to forego was Farquhar; late in October McAdoo notified the man from Pennsylvania that the "awkward" requirements of the law made it difficult for the Administration to place all the nominees it wished on the Board. Farquhar accepted the news with good grace.[54]

The tough part for McAdoo was finding nominees who were not Democrats. Bernard Baker recommended John Barber White, a retired lumberman from Kansas City whom he had known for many years and who would, Baker said, do good "team work." White was elderly (sixty-nine years old), not in the best of health, and lacked any shipping background. He was, however, a Republican, and he did come from Missouri -- an important consideration since the Shipping Act required due consideration be given to having different sections of the country represented on the Board. Baker of Maryland and Donald of New York came from the East, Denman the West, and White could fill the bill for a Midwesterner. McAdoo ran White's name past Senator William J. Stone, the influential Missouri Democrat who headed the Senate Foreign Relations Committee, and got no objection. White was thus the Board's fourth member.[55]

The final member, McAdoo felt, should come from the South. He wrote to Wilson, "I have racked my brain and ransacked my acquaintance to find a man of necessary qualifications, and especially one who is not a Democrat." At last, he said, he had "found an admirable solution": Oscar T. Crosby, a well-known electrical engineer from Virginia. Crosby, an 1882 West Point graduate, had worked in several different cities after leaving the Army in 1887. He retired from business in 1913, but after the war began he went to Europe to serve with the Commission for Relief in Belgium. Because of Crosby's frequent moves, McAdoo noted, he had "not been identified, in a partisan way, with any political party." He would thus "undoubtedly qualify as a thorough Independent" -- albeit one who conveniently had supported Wilson in 1912.[56]

On 16 October, with the tightly fought presidential election

campaign between Wilson and the Republican nominee, Charles Evans Hughes, in full swing, McAdoo submitted his recommendations to the President. The three Democrats would get the Board's longest terms: Denman six years (in line with the request he had made in June), Baker five, and Donald four; Crosby, the "Independent," would get the three-year term while White, the Board's only Republican, would have the two-year appointment (which was probably a blessing in view of White's frail health -- in fact, in late October White tried to withdraw his name from consideration, but Baker and McAdoo convinced him to reconsider).

McAdoo would later write that there had "been no effort or thought, whatever, of injecting politics" into the selection of the Shipping Board's members. This was a less than candid appraisal. McAdoo's goal, clearly, was to appoint Democrats who would support the Administration, and then ensure the non-Democrat members would not make trouble. This he accomplished: Denman and Baker had helped draft the legislation creating the Board and could apparently be counted upon to back Administration positions; Donald, a long-time acquaintance of McAdoo, and Crosby, a Wilson supporter, could probably be counted upon as well; and the elderly White, the only Republican, was relatively feeble and knew little about shipping -- his main qualification was that he would be a "team player." The Board, in short, appeared to be heavily stacked in favor of the Administration.[57]

McAdoo recommended Wilson immediately announce the appointments since the Shipping Act, signed on 7 September, was "already in force without a Board to administer it." Wilson, however, decided to delay announcing the Board members until after the election -- probably to keep the partisan nature of the appointments from becoming an issue in the campaign. Colonel House fully supported the President's decision: "I am glad you have not made the appointments," he wrote to Wilson on 27 October, "It will be much better to do it after the election."[58]

The election itself was one of the closest in American history. Early returns the day after the vote suggested Hughes had won; in fact,

the New York Times and the New York World both conceded the election to the Republican on the basis of a G.O.P. tidal wave in the East. The San Francisco Chronicle, a fervent Republican paper, ran giant pictures of Hughes and his running mate under the headline: "THE NEXT PRESIDENT AND VICE-PRESIDENT." But as additional vote tallies came in, the picture began to change. Wilson showed strength in the "Solid South," the Great Plains, the Rockies, and the Far West -- and in the Midwest took the normally Republican state of Ohio. As the race began to tighten up, McAdoo, following the returns in his office at the Treasury Department, had Denman, in San Francisco, monitor the California vote, which was now the key to the entire election -- and which had developed into a very close contest. "Wire me the latest," McAdoo asked on the afternoon of 9 November, "With California President wins." It would be a "close shave," Denman replied, but it looked like Wilson would take the state by 1,000 to 1,500 votes. That evening it became clear California would indeed go for Wilson; as one historian put it, for the Democrats "the victory in California . . . was a home run in the ninth inning that broke up the ball game." An overjoyed McAdoo wired Denman: "Hearty thanks for your telegrams. It is a glorious victory and California has covered herself with glory by her splendid contribution to a noble cause."[59]

Denman had not really played any major role in the California campaign -- he had spent much of the summer and fall in the East on legal business -- but he, like other California Democrats, basked in the glory of the dramatic Wilson triumph. Many Californians expected political rewards for the state's key role in Wilson's election. As the San Francisco Examiner editorialized on 11 November:

> Now, California has been the pivotal State this year and she is very likely to be the pivotal State in elections to come. Her favor is therefore highly worth courting, both by those in power and those who hope or expect to come into power. She no longer can be treated as something negligible . . . .
>
> We have shown our political strength. Now let's get together and take advantage of the commanding position we have taken in the politics of the nation.

An editorial cartoon on the same page showed California's golden bear

walking up the steps of the White House with a satchel marked "13 ELECTORAL VOTES"; at the top of the stairs Wilson was waiting with open arms and these words: "I am overjoyed to see you -- come right in and let me know what I can do for you!!"[60]

Denman, it turned out, would soon appear to be one of the beneficiaries of the California vote -- he would be named Chairman of the Shipping Board. But before that happened, there was a change in the make-up of the membership: the Crosby nomination fell through. Since Crosby had represented the South on the Board, McAdoo had to find a commissioner from Dixie who was not a Democrat -- a challenging task. His first choice was John M. Parker of Louisiana, a leader of the Progressive Party in 1912 who supported Wilson in 1916 (thus making him the best kind of non-Democrat). Parker, though, politely refused the position, forcing McAdoo to turn to other possibilities. The most promising of these was Theodore Brent, a forty-two year old Republican from New Orleans who had held a variety of executive positions with railroads, a coal mine, and several freight companies. Bernard Baker did some research on Brent and reported to McAdoo that the young man supported the Shipping Act and was "unanimously" backed by the business interests of New Orleans. McAdoo interviewed Brent by long-distance telephone, and then, to make sure Brent would be a "team player," sent the following wire on 21 December 1916:

> Am I correct in my understanding that you are in thorough sympathy with the spirit and purposes of the Shipping Bill approved by the President on September seventh, and with the general policies of the administration in respect to this question. I understood you to say as much to me in our recent interview, but I want to be sure that I am correct about this matter. Please answer promptly.[61]

When a positive reply came back the next day, McAdoo sent the names of Denman, Baker, Donald, Brent, and White to the President as his nominees for the Shipping Board. Wilson approved this list and released it to the press. The Shipping Act, which had been on the books for more than three and a half months, was finally starting to come to life. The nominees, however, still had to be confirmed by the

Senate.[62]

Baker, who expected to be named Chairman as a result of the loyal support he had given McAdoo on all three shipping bills, called for an informal meeting of the nominees on 3 January 1917 to talk things over. Denman, still in California, could not sit in on these discussions; with some irritation he wired Baker: "What emergency requires sudden call before confirmation?" Baker responded that his only purpose was to get a head start on setting up the Board and considering possible policy; no formal decisions would be made. Denman, though, did not like being frozen out. Baker's actions, furthermore, suggested the man from Baltimore would personally try to set the Board's agenda from the very start; the incident helped sour the relationship between Denman and Baker right off the bat.[63]

Denman arrived in Washington D.C. early in 1917 and he, Baker, White, and Brent were confirmed by the Democratic Senate on 20 January. Donald's nomination was held up for a few days when it was revealed that he had operated steamships under the British flag and had employed cheap Asian "coolies." Such practices, however, had not been uncommon among American shipping men before the start of the European War, and opponents of the Administration could not block Donald's confirmation, which came on 23 January. The Shipping Board was at last -- four and a half months after its creation -- fully manned and ready to begin deliberations.[64]

The very next day there was a crisis. The Shipping Act provided that the Board would elect its own Chairman, and Baker expected to win easily: his own vote, when combined with that of White (his long-time friend) and Donald (who had publicly stated his support of Baker), would provide the three votes needed. On 24 January, however, McAdoo told Baker that the Administration "thought it would be wise, in the circumstances, if the Board would consider giving the Chairmanship to the Pacific Coast." This, of course, meant Denman, the only appointee from the West. The President, McAdoo told Baker, was in full "accord with this suggestion."

Baker was infuriated; in discussions with Denman he had

discovered significant points of disagreement, especially over legal disputes pending against the British government on maritime matters. Denman wanted to prosecute these actions vigorously; Baker believed the cases should be soft pedaled to avoid increased hostility with London. Baker, moreover, may have already concluded, as he later put it, that the San Francisco lawyer knew "absolutely nothing about ships." Frustrated and angry over the prospect of serving under Denman, Baker wrote to both Wilson and McAdoo the next day and asked them to "withdraw my name as a member of the Shipping Board." Wilson was surprised by the request, but accepted the resignation.[65]

McAdoo never gave a full explanation as to why he and President Wilson wanted the Chairman to come from California. The Marine Review speculated that this may have been an attempt to balance the Shipping Board's geographical representation since two of the commissioners were from eastern cities. The New York Times suspected the motive was "to escape the possible pressure of conflicting interests in the shipping and shipbuilding industries along the Atlantic seaboard." Critics of the Administration, though, saw political maneuvering: California had won the election for Wilson, and "for this accomplishment California was to be rewarded." The headline published by the Republican San Francisco Chronicle put it bluntly: "BAKER OUSTED TO PAY WILSON DEBT TO WEST."[66]

The reason for McAdoo's support of Denman may not have been as complex, or politically sinister, as any of the speculation at the time suggested. Baker could be, as his resignation demonstrated, impulsive and difficult to get along with. Denman had clashed with Baker and had resented the Baltimore shipping man's efforts to seize control of the Board in early January -- McAdoo might have felt the same way about Baker's power play. In the final analysis, the Treasury Secretary may have simply come to the conclusion that Denman would be easier to work with than the strong-willed Baker.

The Board, now one member short, met for the first time officially on 30 January 1917. Denman was unanimously elected

Chairman.[67] Already scarred by controversy, the Shipping Board was now ready to begin its work -- and a dramatic new chapter in the history of American merchant shipping, and merchant shipbuilding, was about to open. An equally dramatic chapter, however, was already underway in naval ship construction.

NOTES TO CHAPTER 2

[1]J. Russell Smith, Influence of the Great War upon Shipping (New York: Oxford University Press, 1919), pp. 20-26.

[2]A "shipway" is the structure on which a vessel is built prior to launching. The size of a shipyard can be measured by the number of ways it has, and their capacity. Usually one vessel is built at a time on each shipway (although some larger ways can accommodate more than one ship at the same time). After the ship is launched, it undergoes a "fitting out" process prior to delivery. During this time the interior of the ship is finished, additional machinery, fittings, wiring and piping installed, etc. Fitting out is usually done in a "wet basin." See A. W. Carmichael, Shipbuilding for Beginners (Washington D.C.: The Industrial Service Department of the Emergency Fleet Corporation, 1918), pp. 9-11, 21, 28. See also U.S. Congress, Senate, Committee on Commerce, Hearings on Senate Resolution 170 to Investigate All Matters Connected with the Building of Merchant Vessels under the Direction of the United States Shipping Board Emergency Fleet Corporation, 65th Cong., 2d sess., p. 590 (hereafter cited as Senate Hearings).

[3]Succinct summaries of the events leading up to the outbreak of World War I are in James L. Stokesbury, A Short History of World War I (New York: William Morrow and Company, Inc., 1981), pp. 22-30; and S. L. A. Marshall, The American Heritage History of World War I (New York: American Heritage Publishing Company, 1964), pp. 17-39.

[4]Smith, pp. 26-29; Marshall, p. 41. German commerce raiders affected Pacific trade routes as well as those on the Atlantic -- see, for example, G. W. Taylor, Shipyards of British Columbia: The Principal Companies (Vancouver, B.C.: Morriss Publishing, 1986), pp. 81-84.

[5]Smith, pp. 29-30, 59-66.

[6]U.S. Commissioner of Navigation, Annual Report for the Fiscal Year Ended June 30, 1914 (Washington D.C.: Government Printing Office, 1914), p. 10; Smith, p. 217.

[7]America's Merchant Marine (New York: Bankers Trust Company, 1920), p. 29; Edward N. Hurley, The Bridge to France (Philadelphia: J. B. Lippincott Company, 1927), p. 39; "The Tremendous Boom in American Shipping," Current Opinion 60 (April 1916):287-289; Smith, pp. 31-36. The impact of the U-boat on commercial shipping was not significant in 1914 -- see Stokesbury, pp. 87-89.

[8]Smith, pp. 34-36.

[9]Paul Maxwell Zeis, American Shipping Policy (Princeton, N.J.:

Princeton University Press, 1938), pp. 85-86; Benjamin H. Williams, Economic Foreign Policy of the United States (New York: McGraw-Hill Book Company, 1929), pp. 337-338; John G. B. Hutchins, "The Effect of the Civil War and the Two World Wars on American Transportation," The American Economic Review 42 (May 1952):631; America's Merchant Marine, p. 31; Marshall, p. 106; San Francisco Examiner, 14 April 1916.

[10]Noel Pugach, "American Shipping Promoters and the Shipping Crisis of 1914-1916: The Pacific & Eastern Steamship Company," American Neptune 35 (July 1975): 167; Roy Willmarth Kelly and Frederick J. Allen, The Shipbuilding Industry (Boston: Houghton Mifflin Company, 1918), p. 5; The Marine Review 45 (July 1915):252-254; America's Merchant Marine, pp. 33-34; San Francisco Examiner, 14 April 1916.

[11]Lloyd's Register of Shipping from 1st July, 1925, to the 30th June, 1926, vol. 2 (London: Lloyd's Register of Shipping, 1925), pp. 1172-1173 (hereafter cited as Lloyd's Register); International Marine Engineering 20 (January 1915):1; The Marine Review 46 (September 1916):322-323; The Marine Review 48 (February 1918):39; Smith, pp. 244-245.

[12]"American Merchant Shipping Report #6," Box 318, Records of the United States Shipping Board, Subject-Classified General Files, National Archives, Record Group 32 (hereafter cited as NA/RG 32); Smith, p. 268; The Marine Review 46 (October 1916):357-358, (December 1916):436.

[13]Smith, pp. 267-269; Paul Kennedy, The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000 (New York: Random House, 1987), pp. 200, 243-244.

[14]Abraham Berglund, "The War and the World's Mercantile Marine," American Economic Review 10 (June 1920):246; The Marine Review 45 (March 1915):79, (July 1915):252, 254; The Marine Review 46 (February 1916):40; International Marine Engineering 20 (January 1915):1, (March 1915):95-96, (June 1915):237.

[15]The Marine Review 46 (February 1916):40-41, (June 1916):220, (July 1916):257, (November 1916):399; The Marine Review 47 (June 1917):200; San Francisco Examiner, 28 October 1916; San Francisco Chronicle, 5 November 1916; "The Tremendous Boom in American Shipping," Current Opinion 60 (April 1916):287-289.

[16]J. A. Salter, Allied Shipping Control: An Experiment in International Administration (Oxford: The Clarendon Press, 1921), pp. 356-357; C. Ernest Fayle, The War and the Shipping Industry (London: Oxford University Press, 1927), p. 416; Arthur S. Link, Woodrow Wilson: Revolution, War and Peace (Arlington Heights, Ill.: Harlan Davidson Inc., 1979), pp. 41-46; Stokesbury, pp. 216-218; "American Merchant Shipping Report #1," Box 318, Subject-Classified General Files, NA/RG

32.

[17]John Maurice Clark, The Costs of the World War to the American People (New Haven, Conn.: Yale University Press, 1931), p. 247; Smith, p. 254; The Marine Review 46 (September 1916):322-325, (October 1916):357; The Marine Review 47 (January 1917):20-21; U.S. Commissioner of Navigation, Annual Report (1920), p. 138.

[18]Lloyd's Register (1925), pp. 1172-1173; The Marine Review 47 (February 1917):54, (April 1917):148.

[19]John G. B. Hutchins, "History and Development of Shipbuilding 1776-1944," in The Shipbuilding Business in the United States of America, vol. 1, ed. F. G. Fassett, Jr. (New York: The Society of Naval Architects and Marine Engineers, 1948), p. 40; The Marine Review 45 (August 1915):308; The Marine Review 46 (July 1916):256; The Marine Review 47 (February 1917):63-64, (April 1917):148.

[20]Hutchins, "History and Development of Shipbuilding," p. 49; The Marine Review 46 (September 1916):320-321, (December 1916):440; The Marine Review 47 (February 1917):54; Bethlehem Shipbuilding Corporation (Bethlehem, Pa.: Bethlehem Shipbuilding Corporation, n.d.), p. 100; C. Bradford Mitchell and Edwin K. Linen, Every Kind of Shipwork: A History of Todd Shipyards Corporation, 1916-1981 (New York: Todd Shipyards Corporation, 1981), pp. 26-34; Calvin, H. C. and Stuart, E. G., The Merchant Shipping Industry (New York: John Wiley and Sons, 1925), p. 305; "Inquiry as to the Number of Wooden Cargo Vessels that Can Be Produced on the Pacific Coast," 28 March 1917, Box 103, Subject-Classified General Files, NA/RG 32.

[21]Lawrence C. Allin, "Ill-Timed Initiative: The Ship Purchase Bill of 1915," American Neptune 33 (July 1973):180; Jeffrey J. Safford, Wilsonian Maritime Diplomacy, 1913-1921 (New Brunswick, N.J.: Rutgers University Press, 1978), pp. 40-41; John J. Broesamle, William Gibbs McAdoo: A Passion for Change, 1863-1917 (Port Washington, N.Y.: Kennikat Press, 1973), p. 196; Arthur S. Link, Wilson: The Struggle for Neutrality, 1914-1915 (Princeton, N.J.: Princeton University Press, 1960), pp. 81-83; Mary Synon, McAdoo: The Man and His Times (Indianapolis, Ind.: The Bobbs-Merrill Company, 1924), pp. 175-177; Smith, pp. 59-60; Zeis, pp. 82-83.

[22]Zeis, pp. 66-67, 81-82; America's Merchant Marine, p. 30; Allan Nevins, Sail On (United States Lines Company, 1946), p. 63.

[23]Allin, pp. 183-184; Zeis, pp. 83-84; Link, The Struggle for Neutrality, p. 84; Samuel A. Lawrence, United States Merchant Shipping Policies and Politics (Washington D.C.: The Brookings Institution, 1966), pp. 38-39; Darrell Hevenor Smith and Paul V. Betters, The United States Shipping Board: Its History, Activities and Organization (Washington D.C.: The Brookings Institution, 1931), p. 2. Since

American shipyards built so few vessels for the overseas trade, there was little opposition to the admittance of foreign-built ships to transoceanic trade routes. Shipbuilders did, however, successfully call for the defeat of a provision in the bill which would have allowed foreign-built ships to operate in the coastwise trade; American shipyards were not willing to give up the monopoly they had on the construction of vessels for these trade routes. See New York Times, 18 August 1914.

[24]William G. McAdoo, Crowded Years: The Reminiscences of William G. McAdoo (Boston: Houghton Mifflin Company, 1931), pp. 295-296; Safford, pp. 41-45; Link, The Struggle for Neutrality, pp. 85-86; New York Times, 18 August 1914.

[25]Link, The Struggle for Neutrality, p. 85; Ross Gregory, "A New Look at the Case of the Dacia," The Journal of American History 55 (September 1968):293.

[26]Link, The Struggle for Neutrality, p. 87; Zeis, p. 88; Allin, pp. 184-186.

[27]Link, The Struggle for Neutrality, pp. 87-88; Safford, pp. 45-50.

[28]Link, The Struggle for Neutrality, pp. 143-144; Allin, p. 188; Smith, pp. 30-31.

[29]Gregory, pp. 294-296; Allin, pp. 191-192; Safford, pp. 45, 57-62; Link, The Struggle for Neutrality, pp. 185-187; William C. Widenor, Henry Cabot Lodge and the Search for an American Foreign Policy (Berkeley, Calif.: University of California Press, 1980), pp. 206-207.

[30]William H. Harbaugh, "Wilson, Roosevelt, and Interventionism, 1914-1917: A Study of Domestic Influences on the Formulation of American Foreign Policy" (Ph.D. Dissertation, Northwestern University, 1954), pp. 58-60; Link, The Struggle for Neutrality, pp. 148-149; Widenor, pp. 206-207; Safford, p. 64.

[31]Link, The Struggle for Neutrality, pp. 149-150; Smith, pp. 31-36; U.S. Commissioner of Navigation, Annual Report (1914), p. 79; U.S., Congress, Congressional Record, 63rd Cong., 3rd sess., 16 February 1915, pp. 3882-3883. McAdoo later claimed the "shipping bill never did have in view the purchase of the interned German ships, or any specific ships." The evidence, however, suggests that Wilson and McAdoo did intend to purchase these vessels. See Link, The Struggle for Neutrality, pp. 149-150 and Safford, p. 64.

[32]John Dos Passos, Mr. Wilson's War (Garden City, N.Y.: Doubleday and Company, 1962), pp. 110-111; Harbaugh, p. 60; Link, The Struggle for Neutrality, pp. 151-159. The seven Democratic Senators who opposed

the bill were James P. Clarke of Arkansas, John H. Bankhead of Alabama, Johnson N. Camden of Kentucky, Thomas W. Hardwick of Georgia, Gilbert M. Hitchcock of Nebraska, James A. O'Gorman of New York, and James K. Vardaman of Mississippi.

[33]Dos Passos, pp. 111-112; Link, The Struggle for Neutrality, pp. 151-159; Safford, pp. 64-65.

[34]Jerold S. Auerbach, "Progressives at Sea: The La Follette Act of 1915," Labor History 2 (Fall 1961):344-360; Joseph P. Goldberg, The Maritime Story: A Study in Labor-Management Relations (Cambridge, Mass.: Harvard University Press, 1958), pp. 59-62, 71; Arthur S. Link, Woodrow Wilson and the Progressive Era, 1910-1917 (New York: Harper and Brothers, 1954), pp. 61-63; Lawrence, pp. 36-37.

[35]Safford, pp. 111-115; Erich W. Zimmermann, Zimmermann on Ocean Shipping (New York: Prentice Hall, 1923), pp. 565-568.

[36]Edward Ewing Pratt, "Commercial America and the War," Scientific American 114 (4 March 1916):262; McAdoo, p. 312; Safford, pp. 71-72; Arthur S. Link, Wilson: Confusions and Crises, 1915-1916 (Princeton, N.J.: Princeton University Press, 1964), p. 36.

[37]McAdoo, pp. 311-312.

[38]Broesamle, p. 229.

[39]Ibid., New York Times, 18 February 1915.

[40]McAdoo, p. 312; Safford, pp. 71-72; Broesamle, pp. 231-233.

[41]Broesamle, pp. 231-233; Safford, pp. 72-74.

[42]Broesamle, p. 232.

[43]Ibid., pp. 224-225; Who Was Who in America, 1897-1942, vol. 1 (Chicago: Marquis Company, 1942), p. 46; Bernard N. Baker, "What Use Is the Panama Canal to Our Country without American Ships," North American Review 190 (November 1909):577-586; Bernard N. Baker, "The Problem of the Merchant Marine," Proceedings of the Academy of Political Science, vol. 6 (New York: The Academy of Political Science, 1916), pp. 83-86, see also pp. 185-199; Baker to J. S. Williams, 18 November 1914, Box 169, William G. McAdoo Papers, Library of Commerce (hereafter cited as McAdoo Papers).

[44]Democratic State Central Committee to Denman, 3 October 1914, Box 8, McAdoo to Denman, 8 November, 29 November, 2 December, and 31 December 1915, 11 January 1916, Box 14, Denman to McAdoo, 19 November, 11 December, and 22 December 1915, 12 January and 14 January 1916, Box 28, William Denman Papers, Bancroft Library, University of California

at Berkeley (hereafter cited as Denman Papers).

[45]Broesamle, p. 225; The National Cyclopaedia of American Biography, vol. 2 (New York: James T. White & Company, 1892), p. 209.

[46]Link, Confusions and Crises, pp. 34-36.

[47]Ibid., p. 339.

[48]Ibid., p. 340; Zeis, pp. 90-94; San Francisco Chronicle, 21 April 1916; New York Times, 21 May, 19 August 1916..

[49]Link, Confusions and Crises, pp. 339-340; Smith and Betters, pp. 6-7, Nevins, p. 65.

[50]New York Times, 8 September 1916.

[51]McAdoo to Baker, 13 October 1916, Letterbook 39, McAdoo Papers; McAdoo to Wilson, 16 October 1916, in The Papers of Woodrow Wilson, edited by Arthur S. Link et. al. (Princeton, N.J.: Princeton University Press, 1966-), vol. 38.

[52]McAdoo to Denman, 2 June and 24 June 1916, Box 14, Denman to McAdoo, 10 June 1916, Box 28, Denman Papers. Denman, in January 1916, turned down a solicitor position in the Interior Department because of his California investments; see Denman to Secretary of the Interior, 5 January 1916, Box 28, Denman Papers.

[53]McAdoo to Senator F. M. Simmons, 8 January 1917, Letterbook 42, McAdoo to Senator Duncan U. Fletcher, 16 January 1917, Letterbook 43, McAdoo (William G.) to William McAdoo, 21 September 1916, Donald to McAdoo, 22 September 1916, Box 167, McAdoo Papers; Undated memorandum on Donald Steamship Company, Carton 13, Denman Papers.

[54]McAdoo to Parquhar, 31 October 1916, Parquhar to McAdoo, 3 November 1916, Box 169, McAdoo to Baker, 13 October 1916, Letterbook 40, McAdoo Papers; McAdoo to Denman, 2 June 1916, Box 14, Denman Papers; McAdoo to Wilson, 13 October 1916, The Papers of Woodrow Wilson, vol. 38.

[55]McAdoo to Wilson, 16 October 1916, The Papers of Woodrow Wilson, vol. 38; McAdoo to Senator W. J. Stone, 14 September 1916, Letterbook 39, McAdoo Papers.

[56]McAdoo to Wilson, 16 October 1916, The Papers of Woodrow Wilson, vol. 38; The National Cyclopaedia of American Biography, vol. 35, pp. 83-84.

[57]Ibid.; George R. Cooksey to McAdoo, 26 October 1916, Letterbook 40, McAdoo to William C. Edgar, 8 March 1917, Letterbook 44, McAdoo

Papers.

[58]McAdoo to Wilson, 16 October 1916, House to Wilson, 27 October 1916, The Papers of Woodrow Wilson, vol. 38.

[59]Arthur S. Link, Wilson: Campaigns for Progressivism and Peace, 1916-1917 (Princeton, N.J.: Princeton University Press, 1965), pp. 156-158; S. D. Lovell, The Presidential Election of 1916 (Carbondale, Ill.: Southern Illinois University Press, 1980), p. 177; San Francisco Chronicle, 9 November 1916; McAdoo to Denman, 9 November 1916, Letterbook 40, Denman to McAdoo, 9 November 1916, Box 169, McAdoo Papers.

[60]San Francisco Examiner, 11 November 1916. Although a Democrat, Denman supported the successful campaigns of Hiram Johnson, a progressive Republican, for Governor in California in 1910 and 1914. Denman and Johnson were personal friends -- both had been involved in the investigation of municipal corruption in San Francisco during the first decade of the twentieth century. See Denman to McAdoo, 14 December 1916, Box 171, McAdoo Papers and Walton Bean, Boss Ruef's San Francisco: The Story of the Union Labor Party, Big Business, and the Graft Prosecution (Berkeley, Calif.: University of California Press, 1952).

[61]Link, Campaigns for Progressivism and Peace, p. 125; McAdoo to Parker, 15 December 1916, Parker to McAdoo, 18 December 1916, McAdoo to Brent, 21 December 1916, Baker memorandum on Brent, undated, Box 171, McAdoo Papers.

[62]McAdoo to Joseph P. Tumulty, 22 December 1916, Box 171, McAdoo Papers; New York Times, 23 December 1916.

[63]Donald to McAdoo, 30 December 1916, Box 172, Baker to McAdoo, 27 February 1917, Box 175, McAdoo Papers; Baker to Denman, 30 December 1916, Box 2, Denman to Baker, undated, Box 30, Denman Papers.

[64]New York Times, 20 January, 24 January 1917.

[65]New York Times, 23 December 1916; New York Times, 28 January, 17 July 1917; Joseph Bucklin Bishop and Farnham Bishop, Goethals, Genius of the Panama Canal: A Biography (New York: Harper & Brothers, 1930), pp. 275-279; Baker to Wilson, 25 January 1917, Wilson to Baker, 26 January 1917, Wilson press conference, 30 January 1917, The Papers of Woodrow Wilson, vol. 41.

[66]The Marine Review 47 (March 1917):109-110; New York Times, 28 January, 31 January 1917; San Francisco Chronicle 28 January, 30 January 1917; George Weiss, America's Maritime Progress (New York: New York Marine News Company, 1920), p. 27.

[67] New York Times, 31 January 1917.

CHAPTER 3

THE EXPANSION OF NAVAL CONSTRUCTION: AUGUST 1914 TO JANUARY 1917

American Neutrality and Naval Construction

On 1 July 1914, exactly one month before the outbreak of the European War, the Navy's General Board submitted its confidential recommendations for the next annual building program to Secretary of the Navy Josephus Daniels. The previous year's recommendations, published in the Secretary's 1913 Annual Report, had called for a fleet of forty-eight battleships by 1920. Some critics had argued that the only significance of this number was that there were forty-eight states; since battleships were named after states, the number forty-eight would neatly match each state's name to a specific warship. The General Board categorically denied this charge:

> This number -- 48 -- and the date -- 1920 -- were fixed not from any sentimental reasons of the number of states as to numbers, or any random time as to date, but from a calm, logical review of the policies and aims of the nation, and of the known prospective developments and aims of other countries. The policy was to provide and maintain at all times a fleet equal or superior to that of any nation likely to challenge our policies, to the end that such a challenge might be prevented and peace insured.[1]

Specifically, the Board told Daniels, it was concerned about Germany, which sought to have a fleet "of 41 battleships and 20 large cruisers with proportional lesser units by 1920"; the reason the United States needed forty-eight battleships by that year, the Board said, was "to be prepared for any possible challenge from this [German] fleet."[2]

The General Board recognized that it was impossible to get so many battleships approved in the existing political environment. To make good the "shortage" of dreadnoughts by 1920, it admitted, "would require an excessive building program beyond the regular revenues of the country." The Board nonetheless told Daniels that it still adhered "strongly to its opinion that the needs and security" of the nation

required "a fleet of 48 battleships, and that this fleet should be obtained at the earliest date practicable, consistent with a reasonable use of the national resource." To this end the Board recommended that four new battleships be produced each year until 1919, and then two a year thereafter; such a program would create "the desired fleet of 48 battleships in 1923." Daniels was not convinced; although he agreed to publish an unclassified version of the General Board's argument in his 1914 Annual Report (leaving out, for obvious diplomatic reasons, references to the threat of the German fleet), his inclination was to ask Congress for only two battleships -- the same number he had requested the previous year.[3]

The outbreak of the European War, in August, did not lead the Navy Secretary to reconsider his view. By September a "consensus of opinion" was developing on the General Board that the United States, in the dangerous new world that existed as a result of the war, needed "a navy to second to none" -- but Daniels disagreed. The Secretary believed a memorandum prepared by his logistics staff provided a much more realistic appraisal of the situation; "nothing [had] occurred," the memorandum said, "to cause a change" in the existing naval building program.[4]

Daniels's reluctance to alter existing building plans was not due to a fear of decisive action on his part; the Navy Secretary was willing to take dramatic steps if he felt they were necessary. In April 1914, for example, he had ordered the Navy to seize the Customs House at Vera Cruz, Mexico, to prevent the landing there of munitions destined for General Victoriano Huerta, a dictator the Wilson Administration hoped to drive from power in Mexico City. The fighting that ensued had led to the death of 126 Mexicans and nineteen Americans; another 195 Mexicans and seventy-one Americans were wounded. Although the "pacifistic" Daniels deeply regretted these casualties, he -- like Wilson and Secretary of State William Jennings Bryan -- felt the United States was serving mankind in Mexico by making an assault on tyranny; the Navy Secretary thus saw the bloodshed as justified. He did not see any justification, however, for the United States Navy to

make dramatic changes in policy because a war had begun in Europe.

The only actions Daniels felt he needed to take in response to the European conflict were relatively minor ones. For a while he considered sending warships across the Atlantic to bring back marooned Americans, but he abandoned this scheme as impractical when he came to realize -- as one adviser told him -- that battleships did not have the necessary "passenger accommodations." A step he did take, at the direction of President Wilson, was to ban public statements by naval officers "on the military or political situation on the other side of the water." Along these same lines, he later permitted the Commandant of a Naval Training Station to forbid recruits from singing the British Army favorite "It's a Long Way to Tipperary" -- a decision, he wrote in his memoirs, which gave "cartoonists an opportunity to pillory" him over the definition of neutrality.[5]

Daniels was not disturbed by such lampooning. In fact, he almost seemed to relish it. In June 1914, for example, when he extended the Navy's ban on alcoholic beverages to include officers as well as enlisted men, thus striking a blow for prohibition, there developed, as he later put it, a "storm of opposition and ridicule"; more than a hundred editorial cartoons appeared on the topic of a "grape juice" navy. Amused by all this attention, Daniels and his wife wrote to the artists of those drawings they found particularly interesting to ask for the originals, which they then had framed and hung in their study. This assault on the officers' wine mess attracted far more attention than any of the activities Daniels engaged in during the first few weeks of the European War.[6]

The handsome thirty-two year old Assistant Secretary of the Navy, Franklin Delano Roosevelt, was frustrated with Daniels's passive response to the raging battles across the Atlantic. Roosevelt was a well-bred New York Democrat from the Hudson Valley who was popular in yachting and high society circles. As a politician he had made his reputation fighting Tammany Hall bosses in the New York State Senate. Like his distant cousin, Theodore Roosevelt, he was a "big navy" man,

and with a war underway he felt the United States had to take aggressive action to respond to the crisis. He found Daniels's moderate and peaceful policy exasperating, especially when the Secretary refused to authorize the recall of several battleships from Mexican waters -- a precautionary movement recommended by the General Board on 1 August. The next day Roosevelt wrote his wife, Eleanor, that none of the civilians at the Navy Department "seemed the least bit excited about the European crisis." He went on to say:

> These dear good people like W.J.B. [Secretary of State William Jennings Bryan] and J.D. [Josephus Daniels] have as much conception of what a general European war means as Elliott [Roosevelt's son, then four years old] has of higher mathematics. They really believe that because we are neutral we can go about our business as usual.[7]

Yet in reality there was relatively little for the U.S. Navy to do. The Wilson Administration did create two special boards that required Navy representation -- one to deal with the maintenance of American neutrality, and the other to assist stranded Americans in Europe -- and Roosevelt sat on both. This was because, he wrote his wife, "Mr. D. didn't seem anxious to do it himself." In fact, Roosevelt told Eleanor, "I am <u>running</u> the real work; although Josephus is here! He is bewildered by it all, very sweet but very sad."[8]

On 13 August Roosevelt suddenly -- and unexpectedly -- announced that he would be a candidate for the U.S. Senate in New York. Although his biographers still debate the reasons behind this decision, one factor may have been the Assistant Secretary's frustration at serving under Daniels. Any hopes Roosevelt entertained about moving out of the Navy Department and into the Senate died, though, when his campaign fizzled; he went to New York to stump for votes, but lost the primary election by a two-to-one margin on 28 September. When he returned to the Navy Department he found that conditions were little different from when he had left in mid-August. Apathy prevailed both within the Department and among the general public. As the naval historians Harold and Margaret Sprout put it:

> From August until mid-October there was practically no public discussion either of the possibility that the American Navy might

eventually play a role in this conflict, or of the possible bearing of the war on the future security of the United States.[9]

This situation abruptly changed on 16 October 1914. Representative Augustus P. Gardner, a Republican from Massachusetts (and son-in-law to the state's leading Republican spokesman, Senator Henry Cabot Lodge), introduced a House resolution which called for an investigation of the nation's military preparedness. This was necessary, Gardner said, because the defense of the republic had been entrusted to a tiny regular army, a small and poorly trained militia, and an undermanned navy which was inferior in practically every class of ship to Great Britain and Germany.[10]

Gardner's sensational charges found a receptive audience. The war in Europe had created a vague but growing mood of unease in the United States; Americans had begun to wonder what impact the fighting might have on their own lives. There were many unanswered questions. If the U.S. were to be attacked, could it defend itself? Was there a threat to the nation's neutrality from German militarism, which had ruthlessly disregarded the neutrality of Belgium? The war, regardless of its outcome, was likely to cause a major realignment of the great powers -- would this perhaps threaten the United States?

As the war continued, some Americans came to believe that the nation should start to prepare for whatever contingencies might develop. But the nature of the threat was not well defined. As The Atlantic Monthly put it, there was "a general sense of physical uneasiness" in the country which made people more willing "to listen to prophets of military [illegible]." The New York Times summarized the situation three days after Gardner's speech: there "is a growing feeling," the Times said, "that the European War is getting nearer to us."[11]

One of the primary agitators for an increase in military preparedness was the energetic Assistant Secretary of the Navy. Roosevelt agreed completely with the crusty Admiral Bradley A. Fiske, the Navy's Aide for Operations, who argued that naval capabilities needed to be strengthened. Fiske bluntly told Daniels that the U.S.

fleet was "unprepared for war" and that in a conflict with a major power the United States would be as helpless "as the French were before the Germans in 1870." Daniels paid no attention to the Admiral, but Roosevelt felt something had to be done.[12]

One action Roosevelt had already taken, in secret, was the encouragement of Representative Gardner's call for a naval build-up. Roosevelt, in fact, had even helped the Massachusetts Republican prepare his 16 October attack on the Navy Department. But all of this maneuvering was behind the scenes -- it was not until 21 October that Roosevelt went public. On that date he gave out a press statement -- drafted with the assistance of Admiral Fiske -- "which on the surface appeared to support" the Administration, but which "in actuality aided Gardner." The most spectacular charge Roosevelt made was that the Navy needed eighteen thousand more enlisted men in order to man its ships.[13]

Roosevelt's statement was a thinly veiled challenge to Daniels's policy. Fiske, who detested Daniels, noted in his diary that Roosevelt now believed he had "burned his bridges behind him" as far as the Secretary of the Navy was concerned. But the Assistant Secretary was willing to accept the consequences of his action. The press statement, he wrote to his wife,

> is the truth and even if it gets me into trouble I am perfectly ready to stand by it. The country needs the truth about the Army and Navy instead of a lot of the soft mush about everlasting peace which so many statesmen are handing out to a gullible public.[14]

The efforts of Gardner and Roosevelt helped spark what soon became known as the "preparedness movement." Prominent individuals -- such as former President Theodore Roosevelt, Senator Henry Cabot Lodge, and General Leonard Wood -- and numerous organizations -- such as the National Civic Federation, the Navy League, and the newly formed National Security League -- all called for a beefing up of the nation's defenses. So did influential military officers, such as Major General Leonard Wood and Rear Admiral (retired) Alfred Thayer Mahan. Nor was the young Roosevelt the only member of the Wilson Administration who saw a need for military reform: Secretary of War Lindley M. Garrison,

Assistant Secretary of War Henry S. Breckinridge, and Colonel Edward M. House, the President's close friend and unofficial advisor, all came to believe America's military forces had to be strengthened. So did many newspapers, businessmen, and urban professionals.[15]

Woodrow Wilson and Josephus Daniels were not so easily convinced. The President laughingly called the talk about preparedness a "good mental exercise" and told Congress the Administration would not alter its attitude because some Americans were "nervous and excited." Daniels, meanwhile, had Roosevelt issue a revision of his controversial press release; the Assistant Secretary now told newspapermen: "I have not recommended 18,000 more men, nor would I consider it within my province to make any recommendation on the matter one way or the other."

This public setback did not change Roosevelt's convictions about preparedness, but it did make him more circumspect in what he said and did. As Gardner hammered away at army and navy weaknesses in the House of Representatives, Roosevelt quietly began to provide the Massachusetts Republican -- Daniels's most vocal critic -- with information about naval shortages and problems.[16]

The Secretary of the Navy was remarkably unfazed by this disloyal behavior. Indeed, Daniels put up with a lot from his subordinate. The young Assistant Secretary, for example, would often take a supercilious attitude in dealings with his boss. "Dear Mr. Daniels," Roosevelt once wrote, "Do please get through two vital things today." On another occasion Daniels saw a memorandum Roosevelt prepared which opened: "The actual present danger of this situation should be explained to the Secretary and he must understand that immediate legislation is necessary."[17]

Daniels was probably irritated by the condescending tone of such communications, but his personal relationship with his Assistant Secretary remained surprisingly cordial. Roosevelt himself was taken aback by the Secretary's continued friendliness; he once told Eleanor, somewhat in astonishment, that Daniels seemed "cheerful and still glad to see me!" The two men, although very different from each other in

background and viewpoints, generally got along well. As Frank Freidel, Roosevelt's biographer, puts it, Daniels tolerated his Assistant Secretary's various maneuvers "as one would the pranks of a spirited child."[18]

The Secretary and his Assistant were certainly an odd couple. Roosevelt later recalled that his first impression of Daniels was that the man from North Carolina was "the funniest looking hill-billy I had ever seen." Roosevelt would sometimes display, however, a touching affection for his boss -- as demonstrated by a particularly thoughtful Christmas gift he gave Daniels in 1913: a beautifully framed picture of the U.S.S. North Carolina, the first American man-of-war to cross the Atlantic (in 1825). Daniels, deeply appreciative, wrote in his diary that this was his "most prized Christmas present."

Such signs of friendliness did not prevent Daniels from occasionally becoming frustrated with Roosevelt; on at least one occasion the Secretary even considered dismissing his Assistant. But when Roosevelt was stricken with appendicitis in 1915, Daniels promptly rearranged his own summer vacation plans, set up a convalescent leave for the younger man, and put the official Navy yacht at Roosevelt's disposal. Then, as the patient recovered, Daniels sent him letters that spoke of his "love and happiness that you are coming on so finely."[19]

Roosevelt was grateful for these kindnesses, and over time there developed what Daniels called in his memoirs "a lasting friendship." As Roosevelt's son, Elliott, would later write:

> F.D.R. gradually changed his estimate of Josephus Daniels, coming to have a profound respect and a great affection for him. As he became less impetuous and more mature, F.D.R. began to realize that the editor from North Carolina was much more capable and shrewd than he had originally thought.[20]

Yet despite this developing closeness, the Secretary and his Assistant often worked at cross purposes during the preparedness controversy. Three decades later Daniels would write that Roosevelt "was young then and made some mistakes. Upon reflection, although I

was older, I made mistakes too."[21]

Still, the pair made a good team -- their individual strengths and different power bases nicely complemented each other: the hard-charging Roosevelt could get things done and was popular with many of the Admirals; the deliberate and cautious Daniels provided steady direction to the Department, worked well with Democratic congressmen, and remained personally close to the President throughout the Administration.

Daniels's relationship with Woodrow Wilson was quite special. The President was very fond of the Navy Secretary: both men shared a southern background, and Wilson thoroughly enjoyed Daniels's geniality and humor. Wilson also admired his Navy Secretary's devotion to family life, commitment to peace, and concern for the public welfare; indeed, on almost every basic moral and social issue the two men saw "eye to eye." This meant Daniels could always count on firm support from the White House -- and the reverse was also true.[22]

In the Navy Department, Daniels and Roosevelt, although they were able to work together, were not always able to see "eye to eye." One area of continuing friction was the size of the Navy's building program. After the war in Europe broke out, the General Board revised its 1 July 1914 recommendations. The modified proposal, submitted to the Secretary on 17 November, still called for four battleships, but increased the number of scout cruisers from zero to four, and the number of destroyers from twelve to sixteen. (There was no change in the number of submarines recommended: three fleet subs for deep-sea operations and sixteen coastal subs for use in home waters.)[23]

Roosevelt supported this renewed call of the General Board for four battleships, but Daniels only asked for two when he appeared before the House Naval Affairs Committee on 10 December. A "normal and regular construction program" was adequate, Daniels told the Committee, for the European War provided "no occasion" for Americans "to plunge headlong into a frenzied policy of frantic action." Money, Daniels said, continued to be a constraining factor -- just as it had been in his recommendations the previous year. "If we had ample revenues," the

Secretary admitted, "it would be safer to have more than two" battleships in the building program. He maintained, though, that the "present policy [of] two battleships a year" would both keep the Navy powerful and steadily strengthen it. As he told the New York World:

> If the nation wishes to be always on a war footing, the expenses of the Navy must be increased by leaps and bounds. I do not think the American people wish more than the normal increase at this time. Nor do I think this is necessary.[24]

Admiral Fiske refuted much of Daniels's testimony when he appeared before the Committee on 17 December. The Navy, he said, was not nearly as strong as the Secretary claimed. Representative Gardner agreed; the United States, Gardner announced, was like "a great fat dowager, covered with jewels, out amongst the wicked world without a single policeman."[25]

Gardner and the proponents of heightened military preparedness were gaining headlines and support, but they were not yet able to convince the Wilson Administration, or the bulk of the American public, that significant hikes were needed in defense spending. As John P. Finnegan writes in his study of the preparedness movement, in late 1914 and early 1915 most of "the clergy, organized labor, farmers, and townspeople remained apathetic or hostile to increasing the Army and Navy." This was because preparedness was "an urban movement in a still rural America." The majority of voters remained unconvinced of the need for dramatic hikes in defense spending, and the Congress reflected this attitude.[26]

The Naval Appropriations Act of 3 March 1915 thus included only the two battleships recommended by Daniels, not the four called for by preparedness advocates. The act also authorized the building of six destroyers (half the General Board's recommendation), two fleet submarines (one less than the Board wanted), and sixteen coastal subs (which did match the Board total). The act completely ignored the Board's request for four scout cruisers.[27]

During the early months of 1915 the preparedness advocates continued to make their case to the American people, producing a steady

stream of articles and books which decried the nation's military weakness and warned of hostile invasions by foreign armies and fleets. The news from Europe served as a disquieting backdrop to this propaganda. Particularly ominous was Germany's announcement, in February, of a submarine war zone around the British Isles in which belligerent merchant vessels would be sunk without warning. Since American citizens continued to travel as passengers on Allied ships, this move potentially threatened American lives. The Wilson Administration warned Berlin that the United States would demand "strict accountability" should there be any injury to American vessels or citizens, but exactly what this meant remained vague. And no action was taken to increase the nation's military strength; in the upper levels of the Administration there was little support for building up the armed forces. Early in May Secretary of the Interior Franklin K. Lane noted that he and Secretary of War Garrison were the only Cabinet members who called for more defense spending.[28]

The Naval Preparedness Movement

On 7 May 1915 the German submarine U-20 torpedoed the British passenger liner Lusitania off the Irish coast. Almost twelve hundred people drowned, including 128 Americans. The tragedy starkly revealed the terror of submarine warfare and the horror of total war, where non-combatant civilians could be killed as indiscriminately as soldiers. The U-boat attack also appeared to be illegal under existing international law.[29]

The Lusitania disaster was a turning point for the preparedness movement. Those favoring an increase in military spending acted quickly to exploit the public's shock and anger over the tragic incident. Theodore Roosevelt thundered that the Germans were guilty of "piracy" and outright "murder." On 11 May the Navy League called upon the President to summon Congress into special session to authorize $500 million for the expansion of the nation's battle fleet. The National Security League issued a similar proclamation and called for a massive preparedness conference in New York City, which was held in June and

attended by public leaders from twenty-five states. Most Americans wanted to stay out of the war, but the Lusitania convinced many that the nation's military forces had to be strengthened if American rights were to be defended. The advocates of preparedness could now appeal to a far more receptive audience than they had earlier addressed.[30]

President Wilson was stunned by the news of the Lusitania's sinking; to control his wrath he had to take a long walk, alone. Later he refused to listen to detailed accounts of the tragedy for fear he would "see red in everything" and react to the crisis emotionally. The response he finally did make was to send several firm but carefully worded notes of protest to the German government.[31]

The Secretary of State, the near-pacifist William Jennings Bryan, resigned on 8 June because he felt the tone of the second Lusitania note increased the possibility of war between the United States and Germany. Replacing Bryan was the far more belligerent Robert Lansing, who had been the Department of State's Counselor. Unlike Bryan, Lansing believed military force was needed to support successful diplomacy. Bryan's departure and Lansing's promotion significantly altered the make-up of the Cabinet.

Josephus Daniels was especially sad to see his old friend Bryan leave -- and the Navy Secretary soon came to distrust and dislike Lansing. Daniels wrote in his memoirs that the new Secretary of State "wanted war but did not avow it at the time"; Lansing, Daniels said, "had no consecration to peace or to democracy."[32] Wilson himself, however, now began to pay more attention to advisers who emphasized the need for military strength, such as Lansing and Secretary of War Garrison. As public support for preparedness grew, Wilson changed his position on this issue with a suddenness that confused both his friends and his political enemies.

The President's motivations were partly partisan and partly practical: on the partisan side, it would have been dangerous, with a presidential election coming up in 1916, to have bucked the rising tide which called for strengthening the nation's defenses; on the practical

side, it seemed that the United States would have to have more military muscle if it hoped to get belligerent nations to respect its neutral rights. Wilson also believed that unless he personally took charge of the preparedness campaign, extremists who wanted to rush into vast preparations for war would dominate the movement. It would be much better, he felt, if he led a campaign for "reasonable" preparedness -- preparedness which was "very self-restrained and judicial." To accomplish this Wilson asked Secretary of War Garrison and Secretary of the Navy Daniels, on 21 July 1915, to investigate the nation's military posture and recommend programs that would provide for an "adequate national defense."[33]

Although there was now a growing agreement on the need for preparedness, there was still considerable confusion over what an "adequate national defense" was. What, specifically, was the threat? Should the U.S. be preparing for an overseas war with Germany? For a possible conflict with the Allies? For defense of the continental United States against invasion? For the protection of overseas possessions? For war with Japan in the Pacific? Or for all the above?

On this issue the Administration had little guidance to provide. The previous December Secretary Daniels had simply told the House Naval Affairs Committee that the U.S. Navy should be prepared "for any enemy" -- that it should be ready to defend the nation "from whatever quarter war may come." Six months later he said essentially the same thing at the Naval War College:

> In maintaining the Navy . . . we must keep it always at the maximum efficiency for service. It must ever be in a position to re-echo the splendid words of Admiral Badger when ordered to Vera Cruz: 'We do not know what we will be called upon to do, but we are ready.'

Such sweeping declarations suggested the Navy would have to be prepared for any contingency imaginable.[34]

The President's letter to the Navy Secretary on 21 July did not do much to clarify the situation. "I have been giving . . . a great deal of thought," the President wrote, "to the matter of a wise and adequate naval programme." He continued:

> I would be very much obliged if you would get the best minds in the department to work on the subject -- I mean the men who have been most directly in contact with actual modern conditions, who have most thoroughly comprehended the altered conditions of naval warfare and who best comprehend what the navy must be in the future in order to stand upon an equality with the most efficient and most practically serviceable. I want their advice, a programme by them formulated in the most definite terms. . . .
>
> It should be a programme planned for a consistent and progressive development of this great defensive arm of the nation and should be of such a kind as to commend itself to every patriotic and practical man.[35]

Daniels -- who like his friend Bryan had a "pacifistic nature" -- was somewhat distressed by the President's new position. To make the proposed policy less militaristic, Daniels suggested Wilson publicly announce that the Administration would call for naval disarmament once the war ended. Wilson replied that if he did that it would be difficult to explain why he was "apparently going in two directions at once." Still, the President did promise to "speak out plainly again for organized peace."[36]

Whatever misgivings Daniels might have had, he loyally supported the White House position and forwarded Wilson's letter to the General Board, which was not sure what to make of it. What, specifically, was meant by a navy that could "stand upon an equality with the most efficient and most practically serviceable"? Or a navy "of such a kind as to commend itself to every patriotic and practical man"?

On 27 July one officer, Captain William L. Rodgers, proposed the Board interpret its guidance as follows:

> The majority of Public opinion in the United States inclines to the belief that 'We do not need the largest navy but an '<u>adequate</u>' one.' Accepting the latter phrase of this adage as a premise, the General Board must ascertain what numbers in the navy will confer 'adequacy' upon it.

Rodgers then went on to argue that to protect American commerce adequately in both the Atlantic and Pacific Oceans "the proper strength of our Navy . . . should approximate in force that of the most powerful navy." In other words, the only "adequate" navy was the world's largest![37]

Other Board members agreed with this analysis, and on 30 July 1915 Admiral Dewey, the Board's head, sent Daniels the following policy recommendation:

> The Navy of the United States should ultimately be equal to the most powerful maintained by any other nation of the world. It should be gradually increased to this point by such a rate of development, year by year, as may be permitted by the facilities of the country, but the limit above defined should be attained not later than 1925.

The Board recognized this call to build up the Navy to the strength of "the most powerful maintained by any other nation in the world" was "a marked change in policy," but it believed a large naval expansion was now necessary to protect America's trade and world-wide interests.[38]

And what an expansion the Board was proposing: it recommended that Congress authorize eight capital ships (four dreadnoughts and four huge battle cruisers), six scout cruisers, twenty-eight destroyers, seven fleet submarines, thirty coast submarines, and numerous auxiliary vessels. This program, the Board said, should begin immediately. It would initially cost roughly $280 million and would fill to capacity the nation's shipyards capable of naval construction.[39]

As the naval historian William R. Braisted points out, the General Board was not proposing a program to deal with contingencies which might develop during the current European War. Instead it was looking at "the ultimate danger of a later war in two oceans in which the Navy would fight without allies or even useful friends." Braisted concludes that this was not a realistic scenario and that the Board had simply "conceived the most ambitious program feasible within the limitations of American shipbuilding facilities and then methodically assembled threats to justify its requests." That may have been true -- but the vague guidance provided the Board by the Administration had encouraged such a response. As one officer, Admiral Charles J. Badger, later put it, "when that opportunity came, through the suggestion of the Secretary of the Navy . . . to bring our Navy to where it ought to be in our opinion, we seized that with avidity and put in that program."[40]

Daniels and Wilson reviewed the General Board's recommendations on 12 August and agreed that the proposed program was too ambitious. Both men remained committed to strengthening the Navy, but neither could tell the General Board the specific foreign policy goals they wanted a beefed-up fleet to support. The Board's 30 July recommendation showed what the Navy would request if no limits were placed on time, money, or objectives, but this program was so massive that it was not politically feasible. To get the General Board to recommend a more realistic plan, the Administration had to provide more specific guidance than a request for an "adequate national defense."

There were two alternatives. The first was to outline specific diplomatic objectives which naval power would have to support. This, however, was difficult to do since the war threatened to alter great power arrangements in ways that could not be clearly foreseen. The other alternative was to set an arbitrary fiscal ceiling on naval expansion; the General Board could then recommend a mix of warships within a given budget. Such a monetary limit was easy to establish -- and was not likely to be as controversial as predicting potential future enemies and their naval strengths. Thus when Wilson asked Daniels to specify what the Navy should have, Daniels asked the President, in turn, to specify the amount of money he was willing to request from Congress.[41]

The amount Wilson and Daniels ultimately agreed upon was $100 million per year over a five year period. On 7 October 1915 Daniels asked the General Board to prepare a program that would make the Navy "as powerful and well balanced as possible" within this budgetary constraint and time limit. On 12 October the General Board responded with a proposal that called for the construction of ten dreadnoughts, six battle cruisers, ten scout cruisers, fifty destroyers, nine fleet submarines, fifty-eight coast submarines, and thirteen auxiliary vessels over the five-year period. The program was front-loaded -- it expended far more than $100 million the first year, and far less the fifth year -- but the overall five-year cost was roughly $500 million.

The Board claimed that this approach provided "the most needed ships at the earliest dates."[42]

The naval planners were also aware that the preparedness movement made approval of a big warship program much more likely than would normally be the case. Rather than evenly spread out their requests over the five-year period, and then risk having part of the plan canceled by a future Congress, the Board tried to get as much of the program into the first year as possible -- there would then be less to cancel if a later Congress changed its mind. Indeed, the 12 October proposal's first-year construction plan was almost identical, in terms of capital ships, to what the Board had asked for on 30 July: four dreadnoughts (the same as July's request) and three battle cruisers (only one less than the July proposal). Although the Board did substantially reduce its request for smaller warships in the first-year of the five-year plan (four scout cruisers vice six in July; ten destroyers vice twenty-eight in July; two fleet submarines vice seven in July; and twenty coast submarines vice thirty in July), it was not too concerned about these reductions. Such smaller craft, the Board believed, were much less important than capital ships.

U-boat attacks on the Lusitania and other vessels directed a lot of public attention to the smaller warships the Board seemed to neglect -- especially submarines and the destroyers used to hunt them down. The Board did not ignore these developments, but neither was it particularly worried about the U-boat menace. The Allies, it wrote, had "learned in great measure to protect their commerce, as they [had] learnt a few months earlier to protect their cruisers from the submarine"; it was thus "apparent that the submarine [was] not an instrument fitted to dominate naval warfare." Later it would become clear that this analysis gravely underestimated the U-boat threat. At the time, however, the Board remained convinced that the "history of the current war" simply reaffirmed that the battleship was "still the principal reliance of navies." As the Admirals saw it, the only reason Britain controlled the seas was because the Central Powers did not have enough capital ships to challenge the Royal Navy. For the General

Board, the first-year request of their five-year program, with its seven capital ships, was thus almost as good as the ambitious one-year proposal submitted in July for eight capital ships -- a proposal Daniels and the President had rejected as too extravagant.[43]

Josephus Daniels understood all of this maneuvering -- and was not willing to buy it. The Secretary had asked the Board to outline a five-year building program at a cost of $100 million per annum -- not a program which cost (as the Board's did) more than $185 million the first year, and less than $20 million the fifth year. Daniels therefore rearranged the Board's proposal to even things out over the five-year period: the first year of the Secretary's program only called for two dreadnoughts (half the General Board's number), two battle cruisers (instead of the Board's three), and three scout cruisers (instead of the Board's four). Over five years, though, the number of capital ships, cruisers, and destroyers Daniels asked for exactly matched the Board's total -- and the Secretary actually increased the number of fleet submarines (from nine to fifteen) and coast submarines (from fifty-eight to eighty-five).[44]

Daniels also modified the General Board's proposal on smaller craft to be built during the first year of the program: he upped the production of destroyers from ten to fifteen, fleet submarines from two to five, and coast submarines from twenty to twenty-five. This, he said, would enable the Navy "to concentrate more at first upon submarines and other quickly-built craft, so that we will get earlier returns for our expenditure in the shape of completed vessels."[45]

Daniels's proposal, as things turned out, was strategically sounder than the Board's in that it better prepared the nation for entry into the European War. When this came to pass, in the spring of 1917, the great need was not for the capital ships called for by the Admirals, but for destroyers to deal with the submarine menace the Navy officers had tended to pooh-pooh.

The Board's program, in other words, sought to build ships for the wrong war. Its plan was aimed at a potential conflict in the 1920s

between the U.S. and other great powers (most likely Germany and Japan), not the present war.[46] In fact, the officers on the Board, when they did their planning, assumed the United States would not enter the war then in progress. Even if it did, they assumed the submarine threat would not be a serious problem. Both assumptions were wrong; as a consequence, the Board's proposed naval construction plan did not really meet the strategic needs of the nation.

The building program proposed by Josephus Daniels better prepared the United States for the actual threat it was to face. But not by much -- when the U.S. entered the war the greatest need was for destroyers, and Daniels only called for fifteen of these in the program's first year, as opposed to the General Board's ten. Daniels's decision, moreover, was not based on any keen appreciation of the U-boat threat. Instead, he simply decided the amount to be spent was $100 million, reduced the General Board's request for seven capital ships to four, and for four scout cruisers to three -- and then used the money left over to increase the number of smaller craft proportionally.

The end result, presented to Congress by President Wilson in December 1915, was a program that cost approximately $100 million annually for fiscal years 1917 to 1921 (i.e., 1 July 1916 to 30 June 1921). The new ships to be produced, when added to the Navy's existing warships, would provide the United States in the early 1920s with a fleet consisting of fifty-two battleships (the forty-eight battleship plan had now been abandoned as too small!), six battle cruisers, forty-one scout cruisers, 108 destroyers, 157 coast submarines, eighteen fleet submarines, and various auxiliary units. The proposal was truly pathbreaking: for the first time a Secretary of the Navy had presented a long-range building program which covered more than a one-year period.[47]

The Administration's proposal for naval preparedness, and a parallel program put forward by Secretary of War Garrison to build up the Army, ran into rough sledding in Congress. In the nation's heartland there was still considerable opposition to heightened

military spending. During the summer and fall of 1915 the former Secretary of State, William Jennings Bryan, had been fanning this sentiment. As Kendrick A. Clements points out in his study of Bryan's foreign policy, the man from Nebraska believed that those "who advocated preparedness . . . usually cared more about their own profit than about the national interest." Bryan suspected there was a well-organized conspiracy behind the preparedness movement -- a conspiracy made up of bankers, armaments manufacturers, and other businessmen who stood to profit from war. He also believed increasing the size of the Army and Navy could lead the United States into war; he thus told his still large constituency to write their Representatives and Senators:

> Tell them that this nation does not need burglars' tool unless it intends to make burglary its business; it should not be a pistol-toting nation unless it is going to adopt pistol-toters' ideas. Don't let the jingoes confuse the issue. It is not a question of defense -- this country will defend itself if it is ever attacked.[48]

The President, with his preparedness legislation stalled in Congress, now decided to take his case -- as Bryan had -- directly to the people. In late January and early February 1916, Wilson traveled to nine eastern and midwestern cities to speak about the need for military strength. The climax of this busy tour was in St. Louis, where he told a crowd of 18,000 that the nation should have "incomparably the greatest Navy in the world." The trip appeared to have been successful -- an estimated one million Americans saw or heard the President, and he received warm support almost everywhere he went.[49]

As William H. Harbaugh points out, in his study of American neutrality, the apparent success of the President's trip was largely due to the fact that the "preparedness movement had been an urban phenomenon from the beginning, and Wilson's speeches had been delivered mainly in large cities." Opposition to preparedness in many rural areas remained strong -- and among significant numbers of urbanites as well, especially outside of the Northeast. The San Francisco Chronicle, for example, argued in a series of editorials that the European War was "the inevitable result of the madness of excessive

navalism and militarism," and that the first step towards the "madness of militarism" was "preparedness hysteria." Many Americans agreed, especially in the Democratic Party, where support for preparedness was far less widespread than among Republicans.[50]

On Capitol Hill Wilson's speaking tour did not bring about any fundamental change in the attitudes of the anti-preparedness faction. Plans for army preparedness remained bogged down. The Secretary of War, Lindley M. Garrison, had proposed replacing the National Guard with an auxiliary force he called the "Continental Army" -- but this plan was going nowhere. It was opposed not only by foes of preparedness in general, but also by the National Guard, a highly political organization with many influential friends in Congress. Supporters of the Guard substantially modified Garrison's plan in both the House and Senate. The frustrated Secretary of War looked to Wilson for support, but the President decided to abandon Garrison's plan, which had no chance of passing, and worked to negotiate a compromise measure. Exasperated by this lack of Administration support, the Secretary of War decided to resign on 9 February. The belligerent Garrison (and his Assistant Secretary, Henry S. Breckinridge, who also resigned) believed the President was welching on his commitment to army preparedness -- and there was some truth to this.

Wilson realized that only through compromise could any form of army preparedness be approved. Once Garrison was gone, the Administration agreed to concessions on the army bill, and further placated opponents of the measure by appointing the Mayor of Cleveland, Newton D. Baker, the new Secretary of War. The anti-preparedness forces found Baker, who like Daniels had a "pacifistic nature," a much more comfortable choice for the War Department than the more militaristic Garrison. As a result of these actions, a compromise measure for strengthening the Army was worked out in Congress in the spring of 1916. Champions of army preparedness, though, were terribly disappointed with the legislation; it provided for only moderate expansion of the Regular Army, and put continued reliance on the

National Guard as a reserve force. This was far less than the advocates of army reform had asked for.[51]

The Administration also made concessions on naval preparedness. "Little navy" Democrats forced the House Naval Affairs Committee to abandon Daniels's five-year building plan; they furthermore refused to authorize the construction of any dreadnoughts. What they did agree to was a compromise proposal to build five battle cruisers. These were huge capital ships that could displace as much tonnage as dreadnoughts, but which were not as heavily armored, and which usually packed less firepower. The advantage gained for this sacrifice in protection and weaponry was speed: a battle cruiser at full sprint could go as much as five, ten, or even fifteen knots faster than a dreadnought. By mid-1916 such vessels had played a prominent role in what little surface action the Royal Navy had seen in the current war: in December 1914 two British battle cruisers had sunk a pair of German warships off the Falkland Islands, and in January 1915 a British battle cruiser fleet had outgunned a German naval squadron at Dogger Bank, sixty miles off the English coast. The U.S. Navy did not have any warships of this type, and the House Committee agreed to recommend such vessels to round out the American fleet.[52]

Although this was not what the Administration had asked for, Wilson and Daniels were willing to accept a building program for five battle cruisers. The Democratic Party was divided over preparedness, and too much political pressure on this issue might have cost the Administration support on other legislation. Furthermore, as the naval historians Harold and Margaret Sprout point out, this proposal for five capital ships, although less than what the Administration wanted, was still "a one-year program far exceeding any hitherto enacted."[53]

The willingness of even "little navy" congressmen to accept a call for building five battle cruisers in one year demonstrated the growing support in the United States for naval preparedness. This was largely due to continuing German submarine attacks, without warning, on passenger and cargo ships. Most notably, on 24 March 1916 a German U-boat torpedoed the steamer Sussex in the English Channel; eighty people

were killed or injured -- and four of the injured were Americans. President Wilson responded to this incident by threatening to sever relations with Berlin unless Germany renounced the use of such U-boat tactics. Although this stand increased the possibility of war, it was generally supported in both Congress and the press.

The sense of crisis arising out of the Sussex incident eased in late April when Germany agreed to stop surprise submarine attacks on merchant vessels. The Sussex affair, however, left Americans with an increased sense that there was a danger of war. Advocates of greater military spending, such as the newspaper publisher William Randolph Hearst, appealed to such concerns; Hearst editorial cartoons hammered home the message that "national courage" and "preparedness" were the true protectors of peace -- not the "timorous pacifist" who was too cowardly to fight an aggressor. The nation's defenses, the proponents of preparedness said, needed strengthening if American interests and security were to be protected in a dangerous world.[54]

Americans, it turned out, were far more willing to support the strengthening of the Navy than they were of the Army. This was because the Navy was obviously the nation's first line of defense -- improving it could quite clearly keep foreign threats away from American shores. Building up the Army, on the other hand, only made sense if the nation was threatened by invasion -- which seemed highly unlikely -- or if the U.S. planned to fight overseas -- a thought most Americans strongly abhorred. As the debate on army preparedness raged, the main question about the Navy was not whether or not it would be expanded, but how rapidly its expansion would progress.

A large number of Republican congressmen wanted naval expansion to be as massive as the General Board's proposal of 30 July 1915 -- eight capital ships in one year. In the House, Republicans submitted such a huge building program to a vote on 2 June 1916; the proposal was only narrowly defeated, 189 to 183, which demonstrated the support that now existed for a big navy. A few minutes later the House approved the more moderate, but still quite large, Democratic plan calling for five

battle cruisers. The vote was overwhelming: 363 in favor, four opposed, and sixty not voting.[55]

The very next day Americans received initial reports on the Battle of Jutland. This was the first -- and only -- naval action between the main battle fleets of Great Britain and Germany. Although the fighting was confused and inconclusive, the naval encounter clearly established two facts: the British superiority in battleships had enabled the Royal Navy to drive the German fleet back to its protected ports (the British had deployed twenty-eight battleships to Germany's twenty-two), and the large but lightly armored battle cruisers in the engagement had crumpled under heavy fire. These revelations boosted the arguments of those who favored building battleships. Naval officers pointed out that battle cruisers were still needed to serve as powerful scouts, but that it would be a mistake to try to substitute them for dreadnoughts in a ship construction program -- as the just-approved House naval bill did.[56]

Senator Benjamin R. Tillman of South Carolina, the Democratic Chairman of the Senate Naval Affairs Committee, agreed with this analysis. On 3 June, as the House naval bill was being referred to the Senate, Tillman announced that Jutland had shown the need for building dreadnoughts as well as battle cruisers. But ill health forced Tillman to delegate responsibility for managing the naval bill to two other members of his committee: Senator Claude G. Swanson, a "big navy" Democrat from Virginia, and Senator Henry Cabot Lodge of Massachusetts, one of the Republican Party's most ardent supporters of preparedness. Both men came from states with shipyards that did naval work, and both wanted to see substantial increases in warship construction. The fact that Swanson and Lodge belonged to different political parties made little difference on this issue; although 1916 was a presidential election year, naval preparedness had increasingly broad bipartisan support. This was demonstrated in June, when the Republican and Democratic National Conventions each passed a platform endorsing a strong navy.[57]

Swanson and Lodge drafted a bill which exceeded even the fondest

dreams of the General Board: the proposed legislation called for the adoption of the Navy's five-year program in three years. Moreover, it front-loaded the program by calling for the building of four battleships and four battle cruisers in the first year. The bill, in effect, took the Board's massive 30 July 1915 recommendation, combined it with the immense five-year program the Administration had presented to Congress, and then compressed the whole mass into a thirty-six month building spree.[58]

That Senators Lodge and Swanson, determined advocates of naval preparedness, should present such a sweeping bill was not surprising. What was a shock, at least to those who were trying to buck the growing power of the naval preparedness forces, was the immediate and complete support President Wilson gave to the proposed legislation. In fact, although it was not known at the time, Wilson had played a key role in originating the Senate bill. On 20 June the President had told Senators Tillman and Swanson, in the presence of Daniels, that he wanted a larger building program than the five battle cruisers in the House bill. Swanson and Lodge had then developed their legislation and coordinated it with the Administration (which must have been a strange experience for Lodge, who was already becoming Wilson's arch-enemy). The Senate Naval Affairs Committee quickly approved the proposed measure, without change, and reported it to the full Senate. There the outcome was never in doubt -- the Administration supported the bill, as did the opposition Republicans. On 21 July 1916 the Senate passed the measure by a vote of seventy-one to eight, with eighteen abstentions.[59]

Wilson now put pressure on the House to accept the Senate's program. On 27 July the President invited members of the House Naval Affairs Committee to the White House and told them that the Administration would be satisfied with nothing less than the Senate bill. When this failed to produce the desired result, Wilson called in the Democratic Chairman of the Committee, Lemuel P. Padgett of Tennessee, on 8 August. Approval of the Senate program, the President said, was "imperative." Padgett, a spokesman for "little navy" Democrats who

opposed the building program, caved in completely under this presidential pressure; he would now urge his colleagues, in the name of "patriotic duty" and loyalty to the Administration, to accept the Senate legislation.[60]

The measure was debated in the House for the final time on 15 August, and the "little navy" Representatives who argued against the vast building program knew they were fighting for a lost cause. Most of these opponents came from the President's own party, which was much less enthusiastic about preparedness than the opposition Republicans. Claude Kitchin of North Carolina, the House Majority Leader, warned his fellow lawmakers that approval of the proposed legislation would make the United States "the most militaristic naval nation on earth," but his comments had little impact on the final outcome. When the vote came it was not even close -- 283 in favor, fifty-one opposed, and ninety-nine not voting. Republicans overwhelmingly supported the measure, and the Administration garnered the backing of all but thirty-five Democrats (mostly anti-preparedness Southerners). That evening a jubilant Josephus Daniels, now enthusiastic about a naval preparedness program he would have blanched at a year earlier, sent a note to the White House to congratulate Wilson on the legislative victory. The success, Daniels said, was due to the President's effective leadership.[61]

Why had Wilson and Daniels come around to such an extreme position on naval preparedness? In Wilson's case, several factors seem to have been at work. One was the President's long-range plan for American participation in an international security organization after the war; this would require -- as the Democratic Party platform put it -- a navy "fully equal to the international tasks which this Nation hopes and expects to take part in performing." Wilson was concerned, as well, about the growing naval power of Japan in the Pacific, a possible threat in the Atlantic from Germany (should it emerge victorious from the war), and the potential for the Royal Navy to create mischief if reactionaries came to power in London. Additionally, there was always the danger that Germany might resume unrestrict-

ed submarine warfare, and the President may have hoped U.S. naval preparedness actions would deter Berlin from taking such a step; a huge naval build-up was, after all, a dramatic way to demonstrate American resolve for a stronger military posture to the Kaiser. The Battle of Jutland probably also affected the President's policy, for this engagement demonstrated both the importance of having a large number of battleships and the vulnerability of the battle cruisers the "little navy" Democrats in the House had approved. Finally, the fact that 1916 was a presidential election year cannot be overlooked. Naval preparedness was relatively popular, and by taking the lead on this issue Wilson was able to defuse potential Republican charges that he had allowed the nation's first line of defense to decay. Some Democrats, in fact, warned the President that failure to get a naval program through Congress might hurt the party's election hopes.[62]

As for Secretary of the Navy Daniels, his support for massive naval expansion kept him in step with the President. The Navy Secretary, like Wilson, had earlier opposed a big building program. When Wilson changed his mind and decided to expand the Navy in a dramatic fashion, Daniels modified his position as well -- and firmly backed up the President. This is not to say the Navy Secretary was merely a "yes man"; Daniels had strong moral principles and would not have supported policies he believed to be hurtful to the nation. Like Wilson, Daniels came to see a need for strengthening the Navy so that it could better defend American interests in a dangerous world; and, like Wilson, he saw serving America's interests as serving the interests of mankind in general. More specifically, Daniels saw Wilson -- whom he openly admired -- as the true champion of justice in international relations; Wilson was, Daniels would say in his memoirs, "the most distinguished figure" of his age. The Secretary completely trusted the President's judgment and had no difficulty aligning his own views with those of Wilson. He and the President could thus see "eye to eye" on almost every basic issue, and Daniels was proud to serve Wilson in any way he could.[63]

The President, in turn, appreciated Daniels's loyalty and reciprocated by defending the Secretary when he came under attack. Daniels needed this support, for there was considerable animosity towards him -- even within the Administration. During the spring of 1916, for example, Colonel House secretly plotted the removal of Daniels from office, writing in his diary that this "would be one of the most helpful things that could be done for the President at this time." Secretary of the Interior Lane also had trouble with Daniels and clashed with the Navy Secretary over the issue of naval oil reserves. Secretary of State Lansing found Daniels's "pacifist tendencies" difficult to put up with and questioned the Navy Secretary's strength of character. But none of this ill feeling led to action; Wilson refused to listen to any talk which suggested the man from North Carolina be replaced. The President was just as loyal to Daniels as Daniels was to him.[64]

The Naval Act of 1916: The Building Program Begins

Due to the joint efforts of the White House and the Navy Department, the Naval Appropriations Act of 1916 was now on the books. The legislation had passed because of an atmosphere of concern created by the European War, but the three-year building program had little or no relation to possible American involvement in that conflict. Indeed, it seemed likely the war would end before any of the big ships begun under the act could enter service. The battle cruisers, for example, would take three to four years to build. The main goal of the legislation was not to meet the needs of an immediate crisis, but to prepare for a later contest in which the United States might face simultaneous naval assaults in both the Atlantic and Pacific Oceans without any allies -- a worst-case scenario.[65]

Once Wilson signed the act, on 29 August, Daniels moved quickly to advertise for bids. The first year of the program -- which called for sixty-six vessels (four battleships, four battle cruisers, four scout cruisers, twenty destroyers, thirty coast submarines, and four

auxiliary vessels) -- offered plenty of work for American shipyards specializing in naval construction. And this was work they were glad to have. Although some of these firms had taken orders for merchant vessel construction during the shipbuilding boom, they generally preferred the navy contracts. This was because merchant orders were likely to dry up once the war crisis ended and overseas shipyards resumed normal production schedules; naval work, on the other hand, was likely to continue providing contracts on a long-term basis.[66]

The nation's shipbuilders, though, had not been very pleased with the way Daniels had been placing contracts. In 1914 the Secretary had awarded one of the three dreadnoughts approved by Congress to the New York Navy Yard instead of to a private plant; in 1915 he had directed that both of the battleships authorized by Congress be built in navy yards -- one at New York and the other at Mare Island, in San Francisco Bay.[67]

Even worse, from the standpoint of the private firms, Daniels had greatly expanded the capability of navy yards to build warships. When he had entered office in 1913 only the New York and Mare Island yards had active shipbuilding facilities, and battleship construction had been limited to the New York plant. By 1916 this situation had radically changed: battleships could now be built at the New York, Philadelphia, and Mare Island yards; cruisers at the Philadelphia and Boston yards; destroyers at the Norfolk (Virginia) and Charleston (South Carolina) yards; submarines at the Portsmouth (New Hampshire) and Puget Sound yards; and auxiliary vessels at almost all of these plants. Even before the massive 1916 building program was approved, Daniels had the navy yards working on four battleships, three destroyers, two submarines, and a half dozen auxiliary vessels.[68]

These contracts, shipyard owners argued, should have come their way; privately owned plants, they contended, were more efficient than the government yards and produced a better quality ship. A cartoon in the San Francisco Chronicle summed up their frustration: it depicted Daniels, dressed in a buffoonish Admiral's outfit, walking around in

circles while banging a drum and carrying a sign proclaiming "I WANT GOVERNMENT BUILT WARSHIPS"; Uncle Sam, meanwhile, was viewing the entire spectacle with horror. Daniels's response to his critics was that the bids of the private firms were unsatisfactory, "both as to price and time of completion."[69]

There were, of course, some Americans who supported Daniels's position on government plants. One was Senator Tillman of South Carolina, Chairman of the Senate Naval Affairs Committee. Like Daniels, Tillman was an agrarian reformer who had fervently supported William Jennings Bryan's campaigns for the presidency, and like Daniels he was naturally suspicious of the big businessmen who ran the nation's private shipbuilding plants. Tillman also had good political reasons for supporting the expansion of navy yards. As his biographer puts it, Tillman was part of "a cabal consisting of the ten members of the Senate Naval Committee in whose states were located navy yards . . . . These gentlemen supported the needs of each other's projects." Some accused this "navy-yard junta" of practicing "pork barrel politics" of the worst sort, but Tillman was not bothered by this argument. Neither were the communities in which government shipbuilding facilities were located. The Charleston Navy Yard, for instance, in Tillman's state, employed by 1913 approximately one tenth of the city's work force -- and supplied one fifth of the metropolitan area's wages and capitalization. Private shipbuilders may have been unhappy to see more construction work in the navy yards, but the people of Charleston were firm supporters of this policy -- as were other communities (and other congressional delegations) which benefited from the government plants.[70]

The other side of this coin was local and congressional backing for private shipyards. Typical of such support was a telegram Daniels received from Richard Olney -- a newly elected Democratic Congressman from Massachusetts -- shortly after the 1914 off-year election. "Much unemployment exists in my District," the Congressman-Elect wired the Navy Department. He went on to say: "The Fore River [Shipbuilding] Company needs contract [for two destroyers]. . . . Cannot you give this

splendidly developed plant of Quincy the full and total contract?" Less than three weeks earlier Democratic Senator Charles F. Johnson of Maine had written to Daniels in a similar vein: Johnson was "deeply interested," he said, "in having the Bath Iron Works secure a contract for the construction" of destroyers because of what "it would mean to Bath and to our state to have some of them built here." Private shipbuilders thus had their own champions in Congress, and although these men were not as strategically placed on the Senate Naval Affairs Committee as the advocates of navy yards, they could nonetheless apply political pressure to make sure the interests of communities with privately owned yards were not neglected.[71]

These cross currents of political pressure were an inescapable part of the environment Daniels had to operate within. But such influences did not significantly modify his primary motivation for encouraging warship construction in navy yards: his main goal was always to drive down prices by forcing private firms to compete with government plants.

The Chief of the Navy's Bureau of Construction and Repair, normally referred to as the "Chief Constructor," was Admiral David W. Taylor, and Taylor supported Daniels's policy. Like the Secretary, the Admiral was suspicious of the profits made by private shipbuilding plants: after one firm (the Electric Boat Company, of Groton, Connecticut) told him that it had never made enough money to pay a dividend, Taylor sent Daniels a clipping from a trade journal which showed the company had made handsome dividend payments on several occasions. In a 1915 memorandum, Taylor succinctly summed up the construction policy he and Daniels both supported:

> The Department has extended the policy of building our ships in navy yards wherever it is found that the work is within the capacity of such yards; this is done for the following reasons: (1) To effect an actual saving in cost of construction, by eliminating all profit; (2) to provide the Department with a check on outside bids by having actual costs of completed ships; (3) to enable the Department to be independent of private builders when their bids are too high; (4) to bring the navy yards up to a higher state of efficiency and preparedness for unusual demands in

> time of war as well as for current work in time of peace; and to improve labor conditions in navy yards, by providing as steady a volume of work as practicable, thus avoiding discontent and hardships resulting from frequent discharges of good workmen.

Taylor, moreover, was not alone in his attitude; other officers in the Bureau of Construction and Repair felt the same way. Daniels thus had important backing within the Navy itself for his construction policy.[72]

The Navy Secretary believed the same policy could be applied to his dealings with the three steel firms which had produced all of the Navy's armor for the past two decades: Bethlehem, Carnegie, and Midvale. To this end he kept pressuring Congress to approve funding of a government-owned armor plant, and once again he found an ally in Senator Tillman. Decrying the "Armor Trust," Tillman told the Senate that the "construction of an armor plant built and owned by the Government is the only protection against the robbery to which the Government has been compelled to submit for twenty years." Daniels agreed, and although he did not have any firm evidence to back up Tillman's allegations, his natural suspicion of big business convinced him that the steel companies were making exorbitant profits. Working with Tillman, Daniels overcame the fierce opposition of the steel lobby and got $11 million for the construction of a government armor plant tacked onto the huge Naval Appropriations Act of 1916.[73]

Daniels later explained his policy on government manufacturing to the House Naval Affairs Committee. If private enterprise would charge reasonable prices, he argued, the government would not have to manufacture more than perhaps one third of what it needed. Higher prices, he went on, would proportionally increase the amount of government production required. Exorbitant prices, he said, would force the government to manufacture <u>all</u> of its armor and <u>all</u> of its ships.[74]

Daniels's Assistant Secretary, Roosevelt, was less enthusiastic than his boss about government production -- and thus more popular with private business interests. Although Roosevelt supported the extension of naval construction in government yards, his main goal was to give these plants the capability to "be readily expanded to the utmost

capacity" in "the event of war." The Assistant Secretary did not want to cut into the profitability of legitimate private enterprise, and he did not believe the returns to private shipyards on naval contracts were excessive.[75]

Roosevelt felt that Daniels went too far in his efforts to establish government manufacturing capabilities. After Daniels's armor plant scheme was approved, Roosevelt complained to a cousin about the "asininity of the project as it went through Congress." He had done his best, he said, "to have the eleven millions cut to five, with the idea of building only a small plant" which "would not have ruined anybody's legitimate business." The only justification for such a facility, he continued, was for three purposes: "(a) To determine actual cost of manufacture. (b) To experiment in the improvement of armor. (c) To use as a nucleus for great expansion in time of war."[76]

As Roosevelt's biographer, Frank Freidel, puts it, for Roosevelt "this was the role of government manufacturing -- to serve as a yardstick for the measuring of prices" and as "an adjunct to private industry" in time of war. Government production facilities could also, the Assistant Secretary felt, promote research and development. Roosevelt did not believe, as Daniels did, that publicly owned plants could be expanded to the point where they would destroy private monopoly by producing all that the government needed; they could, however, "expose and eliminate a prime evil of monopoly, exorbitant prices," by determining true production costs.[77]

These ideas were not original with Roosevelt. The concept of a "yardstick," for instance, was clearly spelled out in Admiral Taylor's 1915 memorandum on navy yards, as was the notion of expanding government plants in wartime. Both concepts would resurface when Roosevelt was President: the New Deal would use public power projects, such as the Tennessee Valley Authority, as a "yardstick" to measure the fairness of utility rates; and navy yards would begin a vast expansion, in 1940, as part of the Roosevelt Administration's response to the outbreak of World War II in Europe.[78]

Unlike the Tennessee Valley Authority, Daniels's armor plant would never get the opportunity to function as a "yardstick"; in fact, it would hardly produce any armor at all. Once the United States entered the war, the Navy concentrated on building ships, not factories, and although the plant was begun in August 1917 (in Charleston, West Virginia), it was not ready to produce its first armor plate ingot until just before Daniels left office in 1921. The incoming Republican Administration showed little interest in the armor complex and soon abandoned the project. Thus, in the end, steel makers never had to compete with a publicly operated armor plant. That was not the case for shipyard owners, for the navy yards represented a government ship production capability that was already in place.[79]

Yet when President Wilson signed the 1916 Naval Appropriations Act, Daniels was not able to direct much business to the navy yards -- they were already filled to near-capacity. By December 1916 the Secretary had let contracts for fifty-nine of the sixty-six vessels authorized by Congress in the first year of the three-year building program; of these, only three small warships, three auxiliary vessels, and a gunboat could be squeezed into the busy government plants.[80]

The other fifty-two contracts were signed with private yards, and the plants which had long specialized in naval construction acquired the majority of these orders. Two battleships went to the New York Shipbuilding Corporation in Camden, New Jersey, and two to the Newport News Shipbuilding and Dry Dock Company in Newport News, Virginia. Eight destroyers went to the Fore River Shipbuilding Company in Quincy, Massachusetts, and six more to the Union Iron Works in San Francisco -- two yards owned and operated by the Bethlehem Steel Corporation. The Bath Iron Works, in Bath, Maine, got orders for four destroyers. Two firms which had long specialized in submarine construction, the Electric Boat Company of Groton, Connecticut, and the Lake Torpedo Boat Company of Bridgeport, Connecticut, got contracts for twenty-four of the twenty-seven coast submarines and two of the three fleet submarines.[81]

The only yard that had done extensive naval work which failed to

get an order was the William Cramp and Sons Ship and Engine Building Company of Philadelphia. This yard bid on several vessels, but did not seem particularly anxious to land naval contracts. In the spring of 1916 the firm's president, Henry S. Grove, had let Daniels know that his yard did not have much space available for naval construction. The yard had considered expanding its naval capacity, Grove said, but decided not to "owing to the policy of the Government to do their large construction in navy yards." The firm, frustrated with Daniels's actions, had decided to fill most of its ways with merchant construction -- indeed, when Daniels had asked the company to wire its "price for building one destroyer" late in 1915, the yard had replied: "Telegram received. Condition of commercial work such we have no price for a single destroyer." This firm was deemphasizing naval work -- but its experience and facilities for the building of warships made it a likely contender for future naval contracts.[82]

The eight companies just described -- six building surface warships (New York Shipbuilding, Newport News, Fore River, Union Iron Works, Bath Iron Works, and William Cramp and Sons) and two building submarines (Electric Boat and Lake Torpedo Boat) -- were the foundation of the nation's naval construction capacity. To build the vessels authorized by Congress, Secretary Daniels -- despite his distrust of these private firms which "built for profit" -- would have to work with them. Their output could be supplemented by the navy yards, and by letting contracts to firms which occasionally did naval building. These alternatives, however, could not replace the large capacity of the eight private yards. Daniels hinted to the press that if the bids of these firms were too high the Navy would build all of its own ships, but this was a bluff; the navy yards did not have anywhere near the number of shipways needed for this, and to prepare the required facilities would require years. The great majority of warships in the enormous three-year building program would have to be produced, Daniels realized, in the well-established privately owned plants.[83]

As the Navy began its massive building program, Daniels

discovered he could not get what he considered to be satisfactory bids for seven of the sixty-six warships authorized in the program's first year. These contracts, for four huge battle cruisers and three scout cruisers, would not be let until March 1917. By then, however, the world situation would be quite different. The 1916 building program, designed to prepare the Navy for a <u>future</u> war, would suddenly seem irrelevant -- the urgent need would instead become preparing the Navy for entry into the <u>current</u> war. For that possibility, the naval preparedness movement had done surprisingly little.[84]

NOTES TO CHAPTER 3

[1]General Board to Secretary of the Navy, 1 July 1914, General Board File 420-2, Records of the Secretary of the Navy, National Archives, Record Group 80 (hereafter cited as NA/RG 80); Roger Dingman, Power in the Pacific: The Origins of Naval Arms Limitation, 1914-1922 (Chicago: The University of Chicago Press, 1976), p. 12.

[2]Ibid.

[3]Ibid., William Reynolds Braisted, The United States Navy in the Pacific, 1909-1922 (Austin, Tex.: University of Texas Press, 1971), pp. 174-175; U.S. Navy Department, Annual Reports for the Fiscal Year 1914 (Washington D.C.: Government Printing Office, 1915), pp. 59-63.

[4]Braisted, pp. 174-175.

[5]Howard Jones, The Course of American Diplomacy: From the Revolution to the Present, 2d ed. (Chicago: The Dorsey Press, 1988), pp. 314-315; Harold Sprout and Margaret Sprout, The Rise of American Naval Power, 1776-1918 (Princeton, N.J.: Princeton University Press, 1944), pp. 317-319; Frank Freidel, Franklin D. Roosevelt: The Apprenticeship (Boston: Little, Brown and Company, 1952), pp. 238-240; Paolo E. Coletta, "Josephus Daniels, 5 March 1913-5 March 1921," in American Secretaries of the Navy, vol. 2, ed. Paolo E. Coletta, (Annapolis, Md.: Naval Institute Press, 1980), pp. 530-531, 540; Josephus Daniels, The Wilson Era: Years of Peace, 1910-1917 (Chapel Hill, N.C.: The University of North Carolina Press, 1946), pp. 192-199, 574-577.

[6]Fresno Morning Republican, 17 July 1916; Coletta, p. 540; Daniels, pp. 386-389. Daniels demonstrated his interest in collecting cartoons that lampooned him in his memoirs, which include reproductions of many critical editorial cartoons.

[7]Freidel, pp. 172-173,221-222, 238-239; Franklin D. Roosevelt, F.D.R., His Personal Letters: 1905-1928, edited by Elliott Roosevelt (New York: Duell, Sloan and Pearce, 1948), pp. 238; Josephus Daniels, The Cabinet Diaries of Josephus Daniels, 1913-1921, edited by E. David Cronon (Lincoln, Neb.: University of Nebraska Press, 1963), p. vi; Nathan Miller, F.D.R.: An Intimate History (New York: New American Library, 1983), pp. 70-81; Kenneth S. Davis, F.D.R.: The Beckoning of Destiny, 1882-1928 (New York: G. P. Putnam's Sons, 1972), p. 385.

[8]Freidel, p. 239.

[9]Sprout and Sprout, pp. 317-318; Freidel, pp. 183-188; Miller,

pp. 120-123; Davis, pp. 356-360; Roosevelt, Personal Letters, pp. 250-256. While campaigning for the Senate, Roosevelt did put in some time at the Navy Department. He was there, for example, from 8-10 September. See Roosevelt, Personal Letters, p. 254.

[10]Sprout and Sprout, p. 318; Braisted, p. 175; John Patrick Finnegan, Against the Spector of a Dragon: The Campaign for American Military Preparedness, 1914-1917 (Westport, Conn.: Greenwood Press, 1974), p. 24; Walter Millis, Arms and Men: A Study in American Military History (New Brunswick, N.J.: Rutgers University Press, 1981), p. 214.

[11]Finnegan, pp. 23-24.

[12]Freidel, pp. 240-241.

[13]Finnegan, p. 26; Braisted, p. 175.

[14]Freidel, pp. 240-241; Braisted, p. 175. Daniels was not fond of Fiske. See, for example, the editorial entitled "Unladylike Conduct of Admiral Fiske" in the San Francisco Examiner of 10 April 1916.

[15]William C. Widenor, Henry Cabot Lodge and the Search for an American Foreign Policy (Berkeley, Calif.: University of California Press, 1980), pp. 206-207; William H. Harbaugh, "Wilson, Roosevelt, and Interventionism, 1914-1917: A Study of Domestic Influences on the Formulation of American Foreign Policy" (Ph.D. Dissertation, Northwestern University, 1954), pp. 16-18; Finnegan, pp. 26-32; Braisted, p. 176.

[16]Freidel, pp. 241-246; Braisted, p. 178; Arthur S. Link, Woodrow Wilson and the Progressive Era, 1910-1917 (New York: Harper and Brothers, 1954), p. 177.

[17]Davis, p. 395. The emphasis in all the Roosevelt quotes was in the original versions.

[18]Freidel, p. 246; Davis, pp. 394-399; Roosevelt, Personal Letters, p. 268.

[19]Davis, pp. 398-399; Daniels, The Cabinet Diaries of Josephus Daniels, p. vi; Melvin I. Urofsky, "Josephus Daniels and the Armor Trust," The North Carolina Historical Review 45 (July 1968):237; Carroll Kilpatrick, ed., Roosevelt and Daniels: A Friendship in Politics (Chapel Hill, N.C.: University of North Carolina Press, 1952), pp. 7-8, 19-20.

[20]Roosevelt, Personal Letters, p. 244; Daniels, The Wilson Era: Years of Peace, p. 125.

[21]Daniels, The Wilson Era: Years of Peace, p. 129.

[22]Arthur Walworth, Woodrow Wilson, 3rd ed. (New York: W. W. Norton and Company, 1978), Book 2, p. 109; Daniels, The Wilson Era: Years of Peace, pp. 125-129; Daniels, The Cabinet Diaries of Josephus Daniels, p. vi; Roosevelt, Personal Letters, pp. 243-244.

[23]General Board to Secretary of the Navy, 1 July and 17 November 1914, General Board File 420-2, NA/RG 80.

[24]Freidel, pp. 221-222; John A. S. Grenville and George Berkeley Young, Politics, Strategy, and American Diplomacy: Studies in Foreign Policy, 1873-1917 (New Haven, Conn.: Yale University Press, 1966), pp. 328-329; U.S. Congress, House of Representatives, Committee on Naval Affairs, Hearings on Estimates Submitted by the Secretary of the Navy, 1915, 63rd Cong., pp. 591-594 (hereafter cited as Hearings on Navy Estimates).

[25]Braisted, p. 179.

[26]Finnegan, p. 32; Harbaugh, p. 18.

[27]Ibid., Braisted, pp. 181-182; Donald W. Mitchell, History of the Modern American Navy from 1883 through Pearl Harbor, (New York: Alfred A. Knopf, 1946), p. 16.

[28]Finnegan, p. 36; Link, Woodrow Wilson and the Progressive Era, p. 178; Ernest R. May, The World War and American Isolation, 1914-1917 (Cambridge, Mass.: Harvard University Press, 1959), pp. 137-138.

[29]May, pp. 134-146; Ross Gregory, The Origins of American Intervention in the First World War (New York: W. W. Norton and Company, 1971), pp. 57-58.

[30]Harbaugh, pp. 64-66, 112-113; May, pp. 171-173; Dingman, pp. 35-36; Link, Woodrow Wilson and the Progressive Era, pp. 178-179; Finnegan, pp. 37-38; Arthur S. Link, Wilson, The Struggle for Neutrality, 1914-1915 (Princeton, N.J.: Princeton University Press, 1960), pp. 589-590; John M. Blum et. al., The National Experience: A History of the United States, 2d ed. (New York: Harcourt, Brace and World, 1968), p. 585.

[31]Walworth, Book 2, p. 15.

[32]May, pp. 37-39; Finnegan, pp. 37, 40; Link, Woodrow Wilson and the Progressive Era, pp. 164-166; Link, The Struggle for Neutrality, pp. 413-425; Braisted, p. 186; Daniels, The Wilson Era: Years of Peace, pp. 428, 434; James E. Shatto, "Cost-Benefit Considerations in American Decisions to Declare War in 1812, 1846, and 1917," Part III, typewritten manuscript, Colorado Springs, Col., n.d.; Kendrick A. Clements, William Jennings Bryan: Missionary Isolationist (Knoxville,

Tenn.: The University of Tennessee Press, 1982), pp. 108-111.

[33]Link, The Struggle for Neutrality, pp. 590-593; Finnegan, pp. 37-40; Grenville and Young, p. 331; Clements, p. 114.

[34]Warner R. Schilling, "Civil-Naval Politics in World War I," World Politics 7 (July 1955):574-575; Finnegan, pp. 38-39; Hearings on Navy Estimates (1915), p. 648.

[35]"Text of President's Letters to Secretaries of War and the Navy," undated, General Board File 420-2, NA/RG 80.

[36]Grenville and Young, pp. 331-332.

[37]"Memorandum Prepared and Read by Captain W. L. Rodgers, Third Section, at General Board Meeting, July 27, 1915," General Board File 420-2, NA/RG 80 (emphasis in original); Grenville and Young, pp. 332-333.

[38]General Board to Secretary of the Navy, 30 July 1915, General Board File 420-2, NA/RG 80.

[39]General Board to Secretary of the Navy, 30 July 1915, "Confidential Memorandum Adopted by the Executive Committee," 6 August 1915, "Memorandum Prepared and Read by Rear Admiral Knight at the Meeting of the General Board on July 28, 1915," General Board File 420-2, NA/RG 80; New York Times, 25 December 1915. The New York Times article distorted the 30 July 1915 proposal of the General Board, calling it a six-year building program. This was not correct -- the Board's formal proposal was for a one year building plan, and the newspaper article took this one year plan and multiplied it by six. Where the number six came from is not clear since the Board projected that it would take until 1925 (ten years) to achieve its projected building goal. Arthur S. Link and other authors, writing without access to the records of the General Board (which were not declassified until 1958), picked up this distortion and it has received wide circulation in naval histories. See Arthur S. Link, Wilson: Confusions and Crises, 1915-1916 (Princeton, N.J.: Princeton University Press, 1964), p. 15; and Grenville and Young, p. 320, note 25.

[40]Schilling, p. 577; Braisted, pp. 190-191. Walter Millis agrees with Braisted's analysis. As Millis writes: "The one overwhelming military fact at the end of 1915 was the European War. To this, the Army and Navy programs bore no relation." See Millis, P. 217.

[41]Schilling, pp. 584-587; Link, Confusions and Crises, p. 15; Braisted, pp. 188-189; Edward M. House, The Intimate Papers of Colonel House, edited by Charles Seymour, 4 vols. (Boston: Houghton Mifflin Company, 1926-1928), vol. 2, pp. 35-36.

[42]General Board to Secretary of the Navy, 12 October 1915, General Board File 420-2, NA/RG 80; Braisted, p. 192; Coletta, pp. 542-543.

[43]General Board to Secretary of the Navy, 30 July, 12 October, and 9 November 1915, General Board File 420-2, NA/RG 80; Grenville and Young, pp. 333-334. The Royal Navy also underestimated the U-boat threat. See Dingman, p. 7.

[44]General Board to Secretary of the Navy, 12 October 1915, General Board File 420-2, NA/RG 80; U.S. Navy Department, Annual Reports for the Fiscal Year 1915 (Washington D.C.: Government Printing Office, 1916), pp. 4-6.

[45]Ibid.

[46]Braisted, pp. 189-191.

[47]U.S. Navy Department, Annual Report (1915), pp. 1-6; Sprout and Sprout, pp. 334-335; Dingman, p. 37.

[48]Link, Confusions and Crises, pp. 30-39; Harbaugh, pp. 77-78, 134-135; Clements, p. 115.

[49]Francis Duncan, "The Struggle to Build a Great Navy," United States Naval Institute Proceedings 88 (June 1962):85; Finnegan, p. 135; Sprout and Sprout, pp. 336-337; Link, Confusions and Crises, pp. 45-50. In the published version of his St. Louis speech, Wilson toned down his remarks on the Navy so that they read "incomparably the most adequate navy in the world." He apparently did this because many of his supporters were "shocked" at his call for the "greatest navy in the world." See Link, Confusions and Crises, p. 40, note 111 and p. 50. Wilson later told Senator Tillman, Chairman of the Senate Naval Affairs Committee, that the remark had been indiscreet. See Braisted, p. 195.

[50]Harbaugh, pp. 139-140; San Francisco Chronicle, 27 January, 28 January, 7 February 1916.

[51]Robert H. Ferrell, Woodrow Wilson and World War I, 1917-1921 (New York: Harper and Row, 1985), p. 15; Link, Woodrow Wilson and the Progressive Era, pp. 186-187; Link, Confusions and Crises, pp. 50-54, 327-334; Finnegan, pp. pp. 80-90; Harbaugh, p. 140, 143-146; Millis, pp. 224-226; San Francisco Chronicle, 12 February 1916.

[52]Braisted, p. 197; Sprout and Sprout, p. 337; U.S. Navy Department, Annual Report (1919), pp. 547-548; Richard Hough, A History of the Modern Battleship Dreadnought (New York: The Macmillan Company, 1964), pp. 81-91; S. L. A. Marshall, The American Heritage History of World War I (New York: American Heritage Publishing Company, 1964), p. 83; Millis, pp. 226-227.

[53]Sprout and Sprout, pp. 337-338, 342.

[54]San Francisco Examiner, 8 March, 29 May 1916; Link, Confusions and Crises, pp. 228-255; May, pp. 190-194; Harbaugh, pp. 105-110.

[55]Braisted, p. 197; Finnegan, pp. 192-193; Harbaugh, p. 146; Link, Confusions and Crises, pp. 334-336; San Francisco Examiner, 30 May 1916. The Republican proposal for eight capital ships was not identical to the General Board's 30 July 1915 proposal. The Republicans called for two battleships and six battle cruisers; the General Board had called for four of each.

[56]Marshall, pp. 176-177; Braisted, pp. 197-198; Sprout and Sprout, pp. 338-340; Millis, p. 227; Dingman, p. 24; San Francisco Examiner, 3 June 1916.

[57]Sprout and Sprout, pp. 340-341; Braisted, pp. 199-200; Widenor, p. 235.

[58]Braisted, pp. 199-200; Sprout and Sprout, pp. 340-341; Millis, pp. 227-228.

[59]Braisted, pp. 200-201; Coletta, pp. 543-544; Sprout and Sprout, p. 341; San Francisco Examiner, 21 June 1916.

[60]Coletta, p. 544; Link, Confusions and Crises, p. 337; Sprout and Sprout, p. 344.

[61]Sprout and Sprout, pp. 341-344; Braisted, p. 201; Coletta, p. 544; Link, Confusions and Crises, p. 337.

[62]Coletta, pp. 543-544; Dingman, pp. 37-38; Link, Confusions and Crises, p. 337; Finnegan, pp. 161-164; Robert G. Albion, Makers of Naval Policy, 1798-1947, edited by Rowena Reed (Annapolis, Md.: Naval Institute Press, 1980), pp. 221-222; David F. Trask, "The American Navy in a World at War, 1914-1919," in In Peace and War: Interpretations of American Naval History, 1775-1978, ed. Kenneth J. Hagan (Westport, Conn.: Greenwood Press, 1978), pp. 208-209. The concern over Japan's growing naval power attracted some attention in the press, especially on the West Coast. The San Francisco Examiner voiced this concern in a 31 July 1916 editorial entitled "The Right Answer to Japan is More American Battleships."

[63]Josephus Daniels, The Wilson Era: Years of War and After, 1917-1923 (Chapel Hill, N.C.: The University of North Carolina Press, 1946), p. 613; Grenville and Young, pp. 323-325.

[64]J. Leonard Bates, The Origins of Teapot Dome: Progressives, Parties, and Petroleum, 1909-1921 (Urbana, Ill.: University of Illinois

Press, 1963), p. 55; Joseph L. Morrison, Josephus Daniels: The Small-d Democrat (Chapel Hill, N.C.: The University of North Carolina Press, 1966), pp. 75-76; Jonathan Daniels, The End of Innocence (Philadelphia: J. B. Lippincott Company, 1954), pp. 191-192; Coletta, p. 546; Daniels, The Wilson Era: Years of Peace, pp. 373-379, 577; Arthur S. Link, Wilson: Campaigns for Progressivism and Peace, 1916-1917 (Princeton, N.J.: Princeton University Press, 1965), pp. 406-407; Davis, pp. 446-447. Davis claims the "the second Mrs. Wilson and a New York stock market speculator named Bernard Baruch" joined Colonel House in his attempt to have Daniels dismissed. Later, in March 1917, House directly suggested to Wilson that he should remove Daniels, along with Secretary of War Newton Baker, from their positions. Wilson, House noted, "listened with a kindly and sympathetic attention," but the President disagreed with the Colonel and "dispassionately" argued against "many of the points" House raised to support his case. See entry from the diary of Colonel House, 27 March 1917, in The Papers of Woodrow Wilson, edited by Arthur S. Link et. al. (Princeton, N.J.: Princeton University Press, 1966-), vol. 41.

[65]Coletta, pp. 544-545; Trask, p. 208; Braisted, pp. 201-202.

[66]Coletta, p. 545; U.S. Navy Department, Annual Report (1916), p. 11. The Fore River Shipbuilding Corporation was one firm which refused commercial shipbuilding contracts in 1916 to save space for naval orders -- see The Marine Review 46(December 1916):437.

[67]U.S. Navy Department, Annual Report (1915), pp. 8-9; U.S. Navy Department, Annual Report (1916), p. 325.

[68]Admiral David W. Taylor to Secretary of the Navy, 6 December 1915, Memorandum on "New Construction," undated, Secretary of the Navy's Private Secretary to Glenn R. Frye, 12 February 1916, Container 510, Josephus Daniels Papers, Library of Congress (hereafter cited as Daniels Papers); U.S. Navy Department, Annual Report (1916), pp. 16, 325; Daniels, The Wilson Era: Years of Peace, p. 345.

[69]U.S. Navy Department, Annual Report (1915), pp. 8-9; San Francisco Chronicle, 18 January 1917.

[70]George W. Hopkins, "From Naval Pauper to Naval Power: The Development of Charleston's Metropolitan-Military Complex," in The Martial Metropolis: U.S. Cities in War and Peace, ed. Roger W. Lotchin (New York: Praeger Publishers, 1984), pp. 4-6; Wayne A. Wiegand, Patrician in the Progressive Era: A Biography of George Von Lengerke Meyer (New York: Garland Publishing, Inc., 1988), pp. 152, 197; Dingman, p. 13.

[71]Olney to Daniels, 5 December and 11 December 1914, Johnson to Daniels, 16 November 1914, Container 510, Daniels Papers.

[72]U.S. Navy Department, Annual Report (1915), p. 49; "Memorandum for the Navy Department" prepared by Admiral David W. Taylor, 4 February 1915, Taylor to Daniels, 20 July 1915, T. G. Roberts to Howard A. Banks, 11 January 1917, Container 510, Daniels Papers. As Wayne A. Wiegand points out, naval staff officers of the type found in the Bureau of Construction and Repair constantly sought to reduce costs "since cost was something the average congressman understood" when the Navy sought appropriations. See Wiegand, pp. 151-152. Daniels found this attitude to be in harmony with his own. See also John K. Ohl, "The Navy, the War Industries Board, and the Industrial Mobilization for War, 1917-1918," Military Affairs 40 (February 1976):18.

[73]Urofsky, pp. 250-261; Daniels, The Wilson Era: Years of Peace, pp. 358-363; Benjamin Franklin Cooling, Gray Steel and Blue Water Navy: The Formative Years of America's Military-Industrial Complex, 1881-1917 (Hamden, Conn.: Archon Books, 1979), pp. 201-204.

[74]Freidel, p. 218; Urofsky, p. 261.

[75]Freidel, pp. 217-218.

[76]Ibid., pp. 218-219.

[77]Ibid. As early as 1915 Roosevelt had recognized the need for having navy yards expand production in time of war, but he had not yet developed any sense of using government production as a "yardstick." On 3 August 1915, for example, he wrote to Daniels as follows: "[T]he European war has shown that the old theory of abolishing navy yards is, under modern conditions, wrong and that we should maintain every existing Government plant, running it as economically as possible in time of peace, but in such a way that it can in the event of war be readily expanded to the utmost capacity. In the event of war we should find use for every plant now under the Navy Department." See Kilpatrick, pp. 21-22.

[78]Freidel, pp. 218-219; Urofsky, pp. 261-262; "Memorandum for the Navy Department" prepared by Admiral David W. Taylor, 4 February 1915, Container 510, Daniels Papers; John G. B. Hutchins, "History and Development of Shipbuilding 1776-1944," in The Shipbuilding Business in the United States of America, vol. 1, ed. F. G. Fassett, Jr. (New York: The Society of Naval Architects and Marine Engineers, 1948), p. 59.

[79]Urofsky, p. 261; Daniels, The Wilson Era: Years of Peace, p. 363; Cooling, pp. 211-212.

[80]The Marine Review 17 (January 1917):29. The warships ordered at navy yards were two destroyers at Mare Island and a fleet submarine at Portsmouth; the auxiliaries were a fuel ship at Boston, a hospital ship at Philadelphia, and an ammunition ship at Puget Sound; the gunboat was at Charleston.

[81]Ibid; New York Times, 30 November 1916. The Bethlehem Steel Corporation was, like U.S. Steel, a giant holding company; it operated the Bethlehem Steel Company (which produced steel) and seven shipyards. See Robert Hessen, Steel Titan: The Life of Charles M. Schwab (New York: Oxford University Press, 1975), p. 167.

[82]The Marine Review 16 (December 1916):436-437; The Marine Review 17 (January 1917):29; H. Gerrish Smith and L. C. Brown, "Shipyard Statistics," in The Shipbuilding Industry in the United States of America, vol. 1, ed. F. G. Fassett, Jr., p. 132; Hearings on Navy Estimates (1916), pp. 3599, 3861-3867; Daniels to Wm. Cramp & Sons, 16 October 1915, Wm. Cramp & Sons to Daniels, 17 October 1915, Container 510, Daniels Papers.

[83]San Francisco Chronicle, 15 November 1916; The Marine Review 17 (January 1917):29; Daniels, The Wilson Era: Years of Peace, p. 345; Daniels telegram to five private shipyards, 5 March 1917, Container 510, Daniels Papers; U.S. Navy Department, Annual Report (1919), p. 544. For brief histories of the six private yards which specialized in the construction of surface warships for the Navy, see Historical Transactions, 1893-1943 (New York: The Society of Naval Architects and Marine Engineers, 1945), pp. 199-241. Other private firms which got contracts were the Seattle Construction and Dry Dock Company, which got an order for one scout cruiser, and the California Shipbuilding Company of Long Beach, which got a contract for three coast submarines. Brief histories of the nation's navy yards can also be found in the Historical Transactions, pp. 9-35, and in Clinton H. Whitehurst, Jr., The U.S. Shipbuilding Industry: Past, Present, and Future (Annapolis, Md.: Naval Institute Press, 1986), pp. 220-228.

[84]Millis, pp. 221-222; The Marine Review 17 (May 1917):163.

CHAPTER 4

THE UNITED STATES ENTERS THE GREAT WAR: JANUARY TO APRIL 1917

The Shipping Board and the Coming of War

William Denman was forty-four years old when he became the Shipping Board's first Chairman. He had graduated (Phi Beta Kappa) from the University of California at Berkeley, in 1894, and then, three years later, earned a law degree at Harvard. The following year, 1898, he was admitted to the California bar. After setting up his practice in San Francisco, he gained a reputation as a bright young attorney with a special expertise in admiralty law; he also lectured on legal subjects at the University of California and at Hastings College of Law in San Francisco.

After the turn of the century, Denman, a Democrat, began to play a role in the political sphere. As the progressive movement gained momentum in California, he actively supported various social welfare, direct democracy, and clean government reforms. In 1908 the Mayor of San Francisco, Edward R. Taylor, appointed Denman to chair a committee to "report on the causes of municipal corruption"; the committee's final report, which focused on the graft of "Boss" Abe Ruef, won Denman recognition as an urban reformer. The young lawyer also helped organize an ultimately successful state-wide campaign for the non-partisan election of judges, drafted a charter amendment for non-partisan city-wide elections (which was eventually adopted), and supported campaigns for workmen's compensation and an eight-hour work day for women. Such endeavors made Denman one of San Francisco's leading progressives.[1]

Denman, though, did have several significant character flaws. As one of his acquaintances later put it, he was "not altogether trustworthy." He demonstrated this when the San Francisco Bulletin, on 22 December 1916, notified him of the President's announcement that he

was to have a position on the Shipping Board. Denman, the Bulletin reported, "said that the appointment came as a surprise to him. He said that no one had recommended him, but attributed his appointment to the fact that he had assisted in drafting the shipping bill." Here Denman was intentionally, for reasons that are not clear, misleading the press. His appointment was most definitely not a surprise -- Secretary of the Treasury William G. McAdoo had first asked him to join the Shipping Board in June, and he had agreed to accept the appointment in October. Denman knew full well, furthermore, who had recommended him: McAdoo. This would not be the last time Denman would mislead the press; he would do so on several occasions during his tenure as Chairman of the Shipping Board.

Another notable trait of Denman was his stubbornness. It was thus not surprising that he failed to get along with the equally strong-willed Bernard N. Baker of Baltimore, who resigned from the Shipping Board when he learned that Denman would be Chairman. Arthur B. Farquhar, a friend of Baker, and one of Treasury Secretary McAdoo's advisers on shipping, described the San Francisco lawyer, after meeting him for the first time, as "a man of ability, a very determined man, and an obstinate man." Farquhar added that if Denman could stay "on the right path his obstinacy [would] do no harm."[2]

The obvious implication of this was that if the "obstinate" Denman should stray off "the right path" he could get into serious trouble. The fact that the San Francisco lawyer did not have any previous experience as an administrator, and the fact that his only knowledge of maritime affairs came from handling admiralty law cases, made it seem likely to some shipping men that Denman would indeed have difficulty serving as the chief administrator of the nation's maritime affairs.

Unfortunately, the Shipping Board's new Chairman did not have much time for on-the-job training before being faced with a crisis of the first order. On 31 January, only one day after the first meeting of the Shipping Board, Count Johann von Bernstorff, Germany's Ambassador to Washington, handed Secretary of State Robert Lansing a

dramatic diplomatic note. The Kaiser's government, in a gamble to win the war, had decided to break the pledge it had made -- after the Sussex incident -- to have U-boats observe the rules of visit and search before attacking merchant or passenger ships. Beginning in February, the proclamation said, German submarines would launch torpedoes -- without warning -- against all ships in a "war zone" established around the British Isles. American-flagged tonnage, and that of other neutral nations, would be treated no differently than vessels flying belligerent flags. This announcement touched off the immediate chain of events that would lead the United States into the Great War.[3]

Just before Germany issued its fateful announcement, the Shipping Board made its first policy decision: it recommended that President Wilson "declare by proclamation" that "a national emergency" existed as defined by "section nine of the Act of Congress creating the United States Shipping Board." This presidential action would enable the Board to prohibit the transfer of American-registered vessels to foreign fleets; Denman and the other commissioners believed such a step was necessary to prevent shipowners from shifting their vessels to neutral flags should America become a belligerent. On 5 February, two days after the United States had broken diplomatic relations with Germany over the submarine issue, the White House issued the necessary proclamation. The need for this action was soon demonstrated; during the next several weeks the Shipping Board would receive numerous petitions from shipowners to transfer their vessels out of the American registry. If the tonnage had even limited commercial value, the Board would deny the request; as a consequence, no American-registered ships of any importance were lost to foreign fleets.[4]

The possibility of war now seemed to be very real, but the Administration had not yet given up hope for peace. Wilson told Congress, on 3 February, that he did "not desire any hostile conflict with the Imperial German Government." He added:

> We are the sincere friends of the German people and earnestly desire to remain at peace with the Government which speaks for

> them. We shall not believe that they are hostile to us unless and until we are obliged to believe it.

The majority of Americans supported this position and hoped that the President could find an honorable way to avoid war.[5]

There followed a tense period of waiting to see whether Germany would carry out its threat to torpedo American ships. No tonnage flying the stars and stripes was sunk in February, but this was largely because U-boats had relatively few American targets at which to take aim. American shipowners, reluctant to test the German challenge without some type of protection, kept most of their vessels outside of the war zone -- a development which prevented sinkings, but which also caused severe dislocations in the nation's trade.

Inside the war zone there was plenty of evidence to indicate that the Germans were serious about their threats -- U-boats sank over 500,000 gross tons of merchant shipping during February. The submarine commanders, furthermore, appeared to be ignoring neutral flags -- two Norwegian ships were among those destroyed. As Ernest R. May puts it in his study of America's entry into the war: "It appeared to be pure chance that no American citizens were [yet] among the dead. The occurrence of some critical incident was almost certain."[6]

The Shipping Board, meanwhile, began to study the grave threat unrestricted submarine warfare posed to national security. It was clear that losses of merchant tonnage due to U-boat attacks could be massive if America entered the war on the side of the Allies. Many of these losses would have to be replaced -- otherwise Great Britain and France could be cut off from much of the war material and food they so desperately needed from the United States. The Shipping Board had the authority to place orders in shipyards for merchant vessels, but America's capacity to build commercial tonnage was limited; the country only had forty-four steel shipyards (with 158 ways) and thirty-three wooden yards (with 102 ways) capable of turning out ocean-going vessels. Even operating at full capacity, these yards would not be able to keep pace with the sinkings likely to occur.[7]

American yards, moreover, were not in a position to sign

contracts with the Shipping Board for the construction of new tonnage. As Denman later put it, when he made "a canvass of the steel shipbuilding yards" in February, he discovered "that they were full of orders and that orders were booked ahead for a period of a year or a year and a half." Many of these orders, as a consequence of the giant Naval Appropriations Act of 1916, were for warships -- which meant the Shipping Board would have to compete with the Navy for space on the nation's limited number of shipways. It would also have to compete with foreign shipowners; British, French, and Norwegian firms had on order numerous vessels in American yards. The clogged shipways of the United States thus made it difficult for the Shipping Board to even begin a vessel construction program.[8]

Frederic A. Eustis, a thirty-nine year old amateur yachtsman from Milton, Massachusetts, believed he saw a solution to this problem. Eustis, the son of a successful businessman, had lived a privileged life. After graduating from Harvard in 1901 with a degree in engineering, he had taken a position in his father's firm, which produced special steel alloys used in instruments and fine machinery. His family's wealth made things quite comfortable for him -- he belonged to all the right clubs (Harvard Club of New York, Tennis and Racquet Club of Boston, Exchange Club of Boston, City Club of Boston, Brookline Country Club, Beverly Yacht Club, etc.), and was able, in 1908, to take his new bride on a nine-month-long round-the-world honeymoon (visiting Japan, China, the Philippines, the Straits Settlements, India, Ceylon, and Europe). Early in 1917, after Germany had announced its intention to resume unrestricted submarine warfare, Eustis and some of his yachting friends had talked about how the United States might best meet this threat to shipping. The idea Eustis had hit upon was to mass produce a giant fleet of small wooden steamers -- the United States, he believed, could turn out these light craft faster than German submarines could sink them.[9]

Eustis broached this idea to several prominent individuals, including Major General George W. Goethals, the renowned engineer who

had supervised the building of the Panama Canal. Goethals later recalled his meeting with Eustis:

> Mr. Eustis, a Massachusetts man, came to see me in New York to get my views on the construction of wooden ships for the transportation of supplies to the Allies. I told him that the schooner type of wooden ship, with possibly small auxiliary power, would meet the situation, but I did not regard with favor the construction of wooden ships propelled by steam power, as I did not believe wood could be moulded into ships so as to withstand the pounding of the waves and the racking that would be caused by the engines.

Goethals's lukewarm response to the scheme Eustis so eagerly proposed did not dampen the young man's enthusiasm; he proceeded to Washington, where he was able to arrange, through his congressman, a meeting with Denman. In the Chairman of the Shipping Board he found a more receptive listener than had been the case with Goethals.[10]

On 23 and 24 February Eustis outlined his wooden ship plan to Denman, who found the scheme intriguing. Denman stated that he was familiar with wooden ship construction on the Pacific Coast -- indeed, he had "litigated many cases in which the hulls of wooden ships driven by steam engines had been appraised." Because of evidence he had seen introduced into court on this subject, he disagreed with Goethals's assessment that wooden steamers could not "withstand the pounding of the waves and the racking that would be caused by the engines"; Denman was convinced "that very large vessels could be built of wood that would stand both the strain of the sea and of the engines." Eustis had proposed building relatively small ships, but the head of the Shipping Board, increasingly enthusiastic about the scheme, felt the Massachusetts man was too conservative. As Denman later put it: "I told Eustis that I agreed with him on hulls, but that they need not be as small as he thought they need be; that ships could be built up to 2500 tons and possibly considerably larger than that."[11]

The plan Eustis outlined nicely solved, at least in theory, the dilemma Denman and the Shipping Board had been wrestling with -- the dilemma of how to produce merchant tonnage quickly enough to replace that likely to be lost due to U-boat attacks. The prospects for

getting steel ships looked increasingly bleak; there simply were not enough shipways for constructing the vast amount of new steel tonnage that would be needed by the Shipping Board and Navy, and building additional ways would take a long time. So would training a large work force of skilled shipbuilders. There also appeared to be a problem with steel production; the nation's steel makers would need time to retool their works to expand the output of ship plates, and other demands for steel -- for weapons and munitions -- seemed likely to tax the capacity of the industry.[12] The scheme Eustis proposed neatly got around all of these problems, and did so in a way that sounded feasible to Denman.

Eustis argued that wood shipways were much easier to set up than steel facilities because a great deal of special equipment, such as that needed for riveting together steel plates, could be dispensed with. Furthermore, Eustis said, if the wood was cut into standardized shapes at sawmills, the pre-cut pieces could be shipped to coastal yards and there assembled into hulls by ordinary house carpenters, working under the supervision of a few skilled shipwrights. The beauty of this scheme was that it used a material -- wood -- which was plentiful, employed mass production methods which had worked in other industries -- such as automobile manufacturing, and drew upon a readily available and already trained work force -- house carpenters. This unconventional and bold approach to the problem of building ships thus appeared to offer an innovative escape from the predicament the Shipping Board faced.[13]

In reality, though, there was much about this scheme that would prove to be impractical. For one thing, wood cut into standardized pieces would not retain its precise shape due to shrinkage, checking, and rot. Another difficulty was that house carpenters could not be converted into shipwrights as easily as Eustis believed. There was also a shortage, especially in eastern and southern forests, of the big timbers needed for the frames of wooden steamships. But even if these production problems had not existed, wooden steamers would still have been of only limited usefulness in the transatlantic trade because of

their small size. Vessels made of wood -- even those as large as 2,500 to 3,500 deadweight tons -- were still much smaller than steel freighters, which were normally 8,000 deadweight tons or more. This meant wooden ships would have to make several voyages to transport the same cargo as a steel vessel. Eustis additionally overlooked the problem of fuel; on long ocean trips, coal would have to fill a relatively large percentage of these small ships' holds, thereby reducing cargo space. If a shortage of coal should devel in Europe (as it did later in the war), then ships leaving American ports would have to take on enough fuel for a round trip before sailing; after a double load of coal was put in a wooden ship, there would be almost no room left over for carrying freight. Wooden ships were also slower (and thus more vulnerable to submarines), less reliable, and less efficient than steel ships. Furthermore, if the wooden vessels were built out of green timber, which would have to be the case if the ships were to be constructed quickly, the finished vessel would have to be recaulked, at least above the water line, after only a short time in service.[14]

Had either Denman or Eustis been experienced shipping men -- or shipbuilders -- they might have foreseen some of these practical difficulties. Instead, their enthusiasm for the scheme led them to dismiss the comments of those who argued that the wooden ship plan would not work. For example, Eugene T. Chamberlain, the Commissioner of Navigation in the Department of Commerce (and a man who knew the shipping business), wrote to Eustis that "the scheme was entirely impracticable." As Eustis explained to Denman:

> I [then] called on him [Chamberlain] and interested him a little in the matter, but do not think he ever grasped the scheme in any comprehensive manner. Finding that you would take it up I concluded it was best to leave the Commissioner of Navigation alone.

The amateur yachtsman from Massachusetts, and the attorney from California, did not put much credence in "expert" advice if it challenged the program they both now believed in.[15]

The only technical problem Denman saw with the plan was that there might not be enough marine engines to equip the large number of wooden hulls that were to be built. Eustis was not worried and was sure that there must be numerous factories in the Ohio and Mississippi River valleys capable of turning out the required machinery. Denman was not as confident about this as Eustis, but still believed the overall program looked good: there were plenty of trees to provide the necessary lumber; there were plenty of house carpenters to provide the necessary labor; there were probably enough factories to provide the necessary engines; and there were plenty of waterfront sites where the wooden vessels could be assembled. Eustis's plan, in short, appeared to be a way to get a large number of ships in a short time.[16]

Denman kept in close touch with Eustis through late February and into early March. As the Shipping Board Chairman later told the Saturday Evening Post, he saw Eustis as "an inspired man, and a practical man as well." On 5 March Denman made a long-distance telephone call to Eustis to ask the yachtsman to prepare "detailed plans" on his building program, and two days later Denman officially appointed the Massachusetts man a "Special Agent" for the Board. The "obstinate" man from California had now decided which path the nation should take to acquire the merchant tonnage it needed: the mass production of wooden ships.[17]

Denman feared, however, that it would be difficult to sell the wooden steamer idea to Congress and the public since ships built of wood were commercially obsolete. Eustis replied that if he could get "some of the biggest men in the country" behind the scheme, popular acceptance of wooden steamers would be no problem. When Denman agreed, Eustis mentioned that one of the men he had discussed his ideas with was General Goethals. That name sounded just right to Denman, for Goethals's highly publicized engineering triumphs in Panama had made him a national hero -- and also earned him a reputation as an efficient administrator who could handle big projects. Both Eustis and Denman agreed that if Goethals would head the program, public acceptance would be a foregone conclusion.[18]

A short time later, when Goethals was in Washington on other business, Eustis talked him into visiting the Shipping Board's main office. There the Board's Special Agent showed the General plans for a relatively large wooden steamer (3,500 deadweight tons) designed by Captain Edward Hough, a naval architect from San Francisco. As Goethals looked at these blueprints, Eustis told Denman that the General was in the building; the Chairman immediately went to see him.

Goethals, in the ensuing discussion with Denman, mentioned that there was an extraordinary need for new tonnage to replace that sunk by submarines. What was said next was remembered differently by both men. The General recalled suggesting to Denman, as he earlier had to Eustis, that the Board get "shipbuilders to go ahead and build" wooden vessels "which were of the schooner type of construction with auxiliary power [of] two hundred or three hundred horsepower." Such craft, he felt, might be of some use on transatlantic runs, and American shipyards had a lot of experience building them. Denman, on the other hand, recalled talking about wooden steamers with much more powerful engines -- "1200 or 1500 horsepower." In retrospect, it appears that the two men misunderstood each other. Goethals did, though, try to be friendly and cooperative; he concluded the conversation, according to Denman, by saying: "Anything that I can do to help you in this I shall always be glad to do." This led to another misunderstanding. As Denman later put it:

> I think what the General had in mind at that time was if we wanted to call him before a Congressional Committee he would be glad to offer his services. But I took it to mean that if we wanted to call upon him as constructor to assist us he would be glad to do it.[19]

The drift towards war, meanwhile, had picked up speed. On the evening of 24 February, Wilson had seen a diplomatic telegram intercepted by British Intelligence. The message, sent by German Foreign Secretary Alfred Zimmermann, invited Mexico into an alliance with Germany should the United States enter the war against the Central Powers. The reward for such an alliance would be German assistance in

helping Mexico recover its "lost territory in Texas, New Mexico, and Arizona." President Wilson was shocked by this German attempt to foster war between Mexico and the United States. Although no overtly hostile act had yet occurred on the high seas, the Zimmermann telegram left little doubt in Wilson's mind about Germany's intentions.[20]

On 26 February the President went before a joint session of Congress to request authority to arm American merchantmen. He also wanted the power, in his words, to "employ any other instrumentalities or methods that may be necessary and adequate to protect our ships and our people in their legitimate and peaceful pursuits on the seas." This was a popular proposal; if approved by Congress it would encourage American vessels to enter the war zone, thereby restoring national prestige and reopening the profitable transatlantic trade routes. Noninterventionists, however, were bitterly opposed to the measure. They realized that what Wilson was asking for was the power to wage an undeclared naval war in order to protect American trade on the Atlantic; this, they believed, would lead inevitably to a full-scale war with Germany.[21]

Complex political maneuvering then took place. The Sixty-Fourth Congress was scheduled to expire on 4 March; the Sixty-Fifth Congress, elected in 1916, would not meet -- under normal conditions -- until December. To Senate Republican leaders, such as Henry Cabot Lodge, this was a problem because it meant the country would be "alone with Wilson" for nine crucial months. Republican Senators therefore blocked important pieces of legislation -- especially revenue measures -- in an effort to force the President to call an early session of the next Congress. Wilson's request for an armed ship bill played right into Lodge's strategy. Die-hard noninterventionists in the Senate, such as Robert M. La Follette of Wisconsin and George W. Norris of Nebraska, fiercely debated Wilson's proposal. Their speeches on this issue, combined with the delaying tactics employed by Lodge and other pro-war Republicans, tied up all Senate business.[22]

Wilson, frustrated by the lack of congressional action on the armed ship measure, gave the text of the Zimmermann telegram to the

Associated Press; on 1 March the story of Germany's proposed alliance with Mexico appeared on the front pages of the nation's newspapers. It caused, as Secretary of State Lansing put it, a "profound sensation." The House of Representatives quickly responded to public outrage over the telegram, passing the armed ship bill by an overwhelming majority, 403 to 13. But in the Senate the anti-interventionists stood firm and prevented a vote on the measure. On 4 March the Sixty-Fourth Congress adjourned sine die at noon; it failed to give the Wilson Administration the revenue bills needed to run the government, and it made no provision for the arming of merchant vessels.

A few days later, on 9 March, President Wilson summoned the Sixty-Fifth Congress to meet on 16 April -- Lodge's strategy thus achieved its desired result. Wilson also announced, on the same day, that he would put guns and naval crews on American merchantmen without waiting for congressional approval, legally justifying his action through an interpretation of the piracy statute of 1819.[23]

This political maneuvering prevented passage of an important legislative request made by the Shipping Board which was, as the Los Angeles Evening Express aptly put it, "lost in the shuffle." On 6 February Denman had asked Congress to grant President Wilson the authority to commandeer all merchant vessels under construction in U.S. yards; his goal in this was to stop the delivery of American-built ships to foreign owners. As Denman told the President on 25 February, in Congress the bill encountered "almost no opposition, save from those who desire to force an extra session -- who are more than a few." The delaying tactics employed on Capitol Hill completely stalled the bill's progress; when the Sixty-Fourth Congress expired, the measure had not even been brought to a vote.[24]

The Shipping Board was now caught in an ever-tightening vise. On the one side was the enormous demand for ships that would undoubtedly develop should submarine attacks bring America into the war; on the other was the inability of America's existing yards to increase production schedules quickly enough to meet this demand. The fact that

naval construction would also expand in time of war made the merchant shipbuilding situation all the more serious, for the Navy claimed that its orders had priority over the production of commercial tonnage. Added to this was the frustration of knowing that many of the vessels clogging U.S. shipways would be delivered to British, Norwegian, and French shipowners, instead of to America's merchant marine.

Denman, seeing no solution to the shipbuilding problem other than that proposed by Eustis, now decided to announce the wooden steamer scheme to the public and begin preliminary work on it. Something, he felt, had to be done to meet the crisis. On 10 March the Shipping Board invited representatives from all wooden yards on the Atlantic and Gulf Coasts to a conference in Washington, to be held on 14 March. A spokesman told reporters that the Board was considering a plan to build, in a "comparatively short time," up to one thousand wooden ships, each about 3,600 tons deadweight.[25]

At a press conference on 13 March, Denman explained the proposed program in more detail. He declared that initially it would probably take four months to build a wooden steamer; then, after the program was fully implemented, production would proceed at a much faster pace. This claim was, as later events would demonstrate, totally unfounded. At the time, though, Denman was convinced that Eustis's scheme was the only way the Shipping Board could replace tonnage sunk by U-boats. To make the plan sound more palatable to the public, Denman went on to say -- in a statement he would later regret -- that wooden steamers could prove to be commercially profitable after the war. A number of experienced shipping men shook their heads in consternation at this statement, and at the overall wooden shipbuilding proposal, but this did not diminish the determination with which Denman and Eustis pressed forward their plans.[26]

Eustis recognized that quite a few shipping men viewed his scheme with skepticism; as he told Denman, "many [had] suggested that wooden ships were rather an inferior article." To counter such arguments, Eustis emphasized the support his plan had from some of the nation's most "able men." In a report to the Shipping Board he stated:

> This general scheme has been approved by such men as F. [J.] Sprague, graduate of Annapolis and noted electrical engineer; Capt. W. H. Stayton and Rear-Admiral Wainwright, U.S. Navy, retired; F. W. Wood, iron maker and shipbuilder; Gen. Goethals, Army Engineer; I. N. Hollis, graduate of Annapolis, professor and engineer; Herbert Hoover and W. L. Saunders, engineers, and a great many others in civil life.

Yet none of these men -- aside from F. W. Wood of the Sparrows Point Shipyard, near Baltimore, Maryland -- was particularly prominent in either shipping or shipbuilding circles. Moreover, the devotion of some of these "able men" to Eustis's proposal was questionable -- General Goethals, for example, had talked to Eustis (and Denman) about the scheme, but could hardly be described as an enthusiastic supporter of the wooden steamers the program proposed to build. The same was probably true of other names on Eustis's list. The young yachtsman, caught up in his own enthusiasm, was exaggerating -- apparently even in his own mind -- the support his wooden ship idea had.[27]

There was no question, however, about the enthusiasm of one man identified by Eustis: Mr. Frank J. Sprague, the "noted electrical engineer" who had graduated from Annapolis. Although Sprague was a member of the Naval Consulting Board (an advisory group, headed by the inventor Thomas Edison, which assisted the Navy), his expertise was not in maritime affairs. Sprague's claim to fame was as a pioneer in the development of electric railways (in 1888, in Richmond, Virginia, he had "successfully demonstrated the first electrically driven streetcar"); he had also created a system of train control that was used throughout the world. Despite the fact he had no experience in the building or operation of merchant shipping, Sprague was convinced that Eustis's scheme would prove to be practical and effective. He explained why he felt this way at the Shipping Board's 14 March conference of wooden shipbuilders.

Germany's aim, Sprague said, was "to sink every merchantman" that carried supplies to Europe; the goal of the United States and the Allies, on the other hand, was "to keep the tonnage on the Atlantic Ocean at least equal to what exists now, and to maintain it in such a

degree that it cannot be sunk faster than it can be put overboard." The only practical way to do this, Sprague said, was to produce wooden vessels in great numbers, and he was confident that the nation's wooden shipbuilders had "the power and capacity to bring out a thousand ships." He admitted these would be small -- only about 3,000 tons -- but this he saw as an advantage. As he put it:

> Five boats of 3,000 tons require about five times as many torpedoes to sink as one boat of 15,000 tons. So far as the submarine boats now operating are concerned, I think it may be stated that for every three or four cargo boats that go to the bottom one submarine goes to the bottom, or is captured. It makes all the difference in the world whether you [have to] sink a submarine for four or five boats of 3,000 tons, or for one of 10,000 or 15,000 tons. Where you have a multiplicity of smaller boats you have a multiplicity of diversion.[28]

Sprague's argument that the U-boat could be defeated by flooding the ocean with too many targets for submarine commanders to handle was based on questionable logic. Nonetheless, the audience Sprague spoke to -- wooden shipbuilders -- showed enthusiasm for the scheme; a massive government building program promised their plants plenty of business. Additional support for the plan came from newspapers and politicians in states with wooden shipyards. In California, which had half a dozen wood yards, the San Francisco Chronicle wrote: "The Federal Board seems to have hit upon the policy to which this journal has several times referred as inevitable, and that is the return to wooden ships, with which the world got along so nicely for thousands of years." Senator Miles Poindexter, a progressive Republican from Washington State, which had fourteen wood yards, strongly urged Denman to have the Shipping Board take "immediate steps for the encouragement of the building of wooden ships on the North Pacific Coast." This was the kind of attitude that Denman, still unsure of public support, was glad to see; in fact, he wrote to Poindexter to tell the Senator that his comments were as refreshing "as a San Francisco Bay breeze."[29]

Meanwhile, a fifth commissioner -- Baker's replacement -- had joined the Shipping Board: Raymond B. Stevens of New Hampshire. Stevens was, like Denman, a lawyer and a progressive Democrat, but he

had been much more deeply involved in politics than the man from San Francisco. In New Hampshire Stevens had served two terms as a state legislator and then, in 1912, had been elected to the United States House of Representatives. In 1914 he had given up his House seat to run for the Senate against Jacob H. Gallinger, a staunch Republican opponent of Wilson. Stevens lost the election, but the Wilson Administration took care of the defeated politician by appointing him a Special Counsel for the Federal Trade Commission.

In 1916 Stevens tried to win back his old House seat, but his election campaign again failed. When Wilson then nominated Stevens to be a Commissioner on the Shipping Board, in February 1917, Gallinger and other New England Republicans condemned the appointment, charging it was based solely on political considerations. Shipping men were also disappointed -- their complaint was that Stevens, like all the Board's other members save one (John A. Donald), had no maritime background. The Marine Review, noting that Stevens owned a farm, revealed its frustration by announcing the appointment in an article satirically headlined: "FARMER GETS PLACE ON SHIPPING BOARD." But opposition to Stevens was not strong enough to block his confirmation in the Senate, and the New Hampshire Democrat joined the Shipping Board on 15 March.[30]

Denman and Stevens had several things in common: they were lawyers trained at Harvard (Stevens had earned his degree in 1899, Denman in 1897), they considered themselves progressive Democrats, and they were roughly the same age (Stevens was forty-two, Denman forty-four). Nonetheless, they would not get along well -- as time would reveal. Denman later recalled how he viewed Stevens's appointment:

> Mr. Stevens was our political member, and a very large portion of the patronage was suggested by him. . . . I think there was the feeling that the chairman was markedly lacking in political instinct, and Mr. Stevens, who was a charming and very able man, was hoped to supply the deficiency of the chairman.[31]

Denman was correct in assuming that there was some question within the Administration about his political acumen. This was due to his attitude towards Great Britain. Before Denman joined the Shipping

Board he had a client, George W. McNear, who had been blacklisted by the British for allegedly trading with the Central Powers. This had ruined McNear's substantial export business to Australia and New Zealand. Denman had faced frustrating bureaucratic and diplomatic obstacles in his efforts to have McNear's name removed from the blacklist -- and had become very suspicious of British motives. He clearly stated these suspicions in a letter to McNear on 11 March:

> Our wooden shipbuilding program, if it comes to anything, may, if the submarine warfare against England proves effective, be the agency to maintain a permanent flow of food stuffs to the British Isles. I wish to God that the British would be sensible enough to appreciate that their attempt to steal the commerce of the Pacific from American firms and ship owners, even if successful, will not compensate ten percent for the reluctance that real Americans feel towards helping anyone who is compelling them to submit to such degradation of our commercial life. I am referring now to the British interference, much of it illegal and a very considerable portion of it criminal, with those fields of our commercial activity entirely disassociated from the scene of European hostilities.

This animosity towards Britain had led to a clash between Denman and Bernard N. Baker in January; in March it would lead to a clash between Denman and the Secretary of State, Robert Lansing.[32]

On 16 March Lansing sent a letter about Denman, marked "Personal and Private," to President Wilson. Two days earlier the Shipping Board Chairman had gotten into a fray with Sir Richard Crawford, the British Embassy's Trade Adviser. In the heated exchange Denman had told Crawford that the criminal laws of the United States had been enforced against Germany, but not against Britain. That would change, Denman promised the astonished Crawford, unless London followed fair trading practices. News of this dispute leaked into the press, which caused the Administration some embarrassment. Lansing, who was strongly pro-British, told Wilson:

> I have done everything that I could, as have Secretary McAdoo and [Undersecretary of State Frank L.] Polk, to persuade Mr. Denman to cease at the present time from his very aggressive attitude toward the British authorities. He is interfering very materially with the diplomatic situation and nothing can persuade him, apparently, to cease his activities, which are causing me

> very serious concern.
>
> . . . I am personally satisfied that Mr. Denman has pro-German sympathies, or else anti-British feeling. It is most unfortunate that he cannot be persuaded to avoid attempted coercion in securing American rights because I am convinced his efforts will accomplish little good and may involve us in serious difficulties.

Lansing concluded by asking the President "to do something to relieve us of the embarrassment of having the Shipping Board engage in the conduct of our foreign relations without regard to the greater issues which are at stake."[33]

Denman, like Secretary of the Navy Josephus Daniels, was thus subject to attack by high-ranking officials. But, unlike Daniels, Denman did not have a special relationship with the President; indeed, Wilson hardly knew the man from San Francisco, which severely limited Denman's influence within the Administration. The controversy Lansing brought to the attention of the White House probably did not raise the stock of the Shipping Board Chairman in Wilson's eyes; although the President had earlier been frustrated, like Denman, over the British use of a blacklist, the Administration was now moving in a different direction. As the Wilson scholar Arthur S. Link points out, after breaking relations with Germany "the American government [had] put into practice nothing less than a benevolent neutrality toward the Allies." Bunkering agreements, the blacklist, mail seizures, and other measures that had previously drawn sharp protests from the Administration now went unchallenged; all this put Denman out of step with the White House. Before the President had to intervene in the Shipping Board's squabble with the British, however, dramatic events on the high seas suddenly intervened to change the diplomatic environment -- and led even Denman to realize that cooperation with Britain had become imperative.

On 18 March German U-boats sank, without warning, three clearly marked American freighters that had ventured into the war zone. The test of Germany's intentions was now complete. On 20 March Wilson's Cabinet, in a two-hour meeting, unanimously advised the President to ask Congress for a declaration of war. When the discussion ended,

Wilson simply said: "Well, gentlemen, I think that there is no doubt as to what your advice is. I thank you." Although the President did not discuss his own views, he privately agreed with the Cabinet decision that war was now necessary. On 21 March he moved up the meeting of the Sixty-Fifth Congress to 2 April so that it could "receive a communication concerning grave matters of national policy." When Congress convened, Wilson went before a joint session of the House and Senate to deliver his war message. On 4 April the Senate, by a margin of 82 to 6, passed the war resolution; two days later the House, by a vote of 373 to 50, followed suit. The next afternoon, at 1:18 p.m., Wilson signed the declaration; the United States was at war with Germany.[34]

As these developments unfolded, Eustis labored to lay the groundwork for a vast wood shipbuilding program. In this he was assisted by a young mining engineer from New York City who also believed in the practicality of wooden steamers: F. Huntington Clark. Clark, forty years old, had arrived at the Shipping Board early in March with a letter of introduction from Treasury Secretary McAdoo, who told Denman that Clark was highly recommended by two "warm supporters of the Administration." His father, John Bates Clark, a Professor of Economics at Columbia University, was a long-time friend of President Wilson. Young Clark thus had good political connections. He was also creative -- he had independently thought up a wooden ship scheme remarkably similar to that of Eustis. Clark did not have any maritime background, but that did not bother Denman -- few of the Board's employees did. The Chairman introduced Clark to Special Agent Eustis, and the two men found each other easy to work with. Clark would soon be hired by the Shipping Board as a "Special Expert" at a salary of $4,800 per year (Eustis, who was independently wealthy, was a "dollar-a-year man").[35]

On 20 March, the same day the Cabinet recommended that President Wilson ask for a declaration of war against Germany, Eustis appeared before the Shipping Board to report on the investigation he and Clark had made of the wooden shipbuilding program. Eustis proposed that the Board

> organize a great ship building company under the provisions of the Shipping Act which by the most scientific methods of standardization and multiple production should cut out the parts of ships in the lumber centers, forward these to selected assembling points and assemble them systematically as structures made in large numbers are assembled.

Through "such an operation," Eustis concluded, it would "easily be possible to produce 500 ships in the first year if necessary, and many more the next year." Lumber would be no problem; the annual U.S. production was about forty billion board feet, and to "build 1000 ships would require only about one billion feet." After a general discussion of Eustis's report, with -- as the minutes reported -- "especial reference to present steel yard construction, and to the construction of vessels more rapidly than they could be destroyed," the Board unanimously adopted the proposed plan of action. The wooden ship scheme was then transmitted to the President for his approval.[36]

Wilson forwarded the wooden ship proposal to the Council of National Defense, a Cabinet-level committee, chaired by the Secretary of War, Newton D. Baker, that had been established by Congress in 1916 as part of the preparedness movement. The task of the Council -- assisted by its Advisory Commission, which was made up of prominent citizens, mostly businessmen, who served without pay -- was to study the mobilization of the nation's industrial resources.

On 31 March the Council received -- and approved -- an Advisory Commission report on the shipbuilding situation. The Commission said it was "in full accord" with the Shipping Board's plans to build "a large number of wooden vessels" in order to increase quickly the nation's "ocean carrying tonnage." The Commission did, though, express skepticism about the commercial viability of wooden ships and suggested their only value was as a "war measure." It went on to say: "We believe . . . that every effort possible should also be made to increase the output of the shipyards now engaged in the building of steel vessels, and we think that more can be done in that direction than is now being accomplished."[37]

Denman, apparently influenced by the Advisory Commission's

report, now began to place more emphasis in his public statements on the need for steel construction. However, he continued to stress the fact that steel shipyards were filled to capacity, and that "the only place" the Shipping Board "could turn to for additional tonnage was to the forest" -- and to the carpenters, small machine shops, and small boiler factories that were "not serving the steel yards."[38]

Even before the Council of National Defense approved the Board's shipbuilding scheme, Eustis and Clark began to contact wooden shipyards to make arrangements for future contracts. They also encouraged non-maritime firms to look into the possibility of building wooden ships. The MacArthur Brothers Company was one example. This firm, which had done most of the construction work for the 1904 St. Louis World's Fair, began at this time an "exhaustive" two-month long study of lumber mills and shipbuilding sites; its findings were encouraging enough for it to offer to build one hundred wooden steamers in twelve months -- and two hundred within eighteen months. This suggested quantity production of wooden ships was indeed possible. So was, Eustis and Clark believed, high-quality production. Eustis was particularly impressed by a conversation he had with William T. Donnelly, a consulting engineer from New York City. Donnelly contended, after making what he called "a careful study of the problem on scientific lines," that he could produce, with only "slight modifications," wooden vessels that were in many ways <u>superior</u> to steel ships.

All of this was encouraging news for Special Agent Eustis and Special Expert Clark. The two men were not particularly concerned by disquieting details, such as the fact that the MacArthur Brothers Company had never built a ship -- under Eustis's scheme, after all, only a few skilled shipwrights would be needed to supervise labor that lacked shipbuilding experience. Nor was the pair bothered by the fact that consulting engineer Donnelly had never designed a ship -- although he was not a naval architect, he did have experience in the building of dry-docks, and that seemed close enough for Eustis, who quoted Donnelly extensively in an upbeat letter to Denman on 30 March. Optimistic

about their wooden shipbuilding scheme, Eustis and Clark dismissed all questions raised about its soundness -- and enthusiastically told the firms they visited to start making preparations for wooden ship contracts that would soon be forthcoming.[39]

At this same time Commissioner Theodore Brent, the Republican businessman from New Orleans on the Shipping Board, visited the West Coast to investigate wooden shipbuilding capabilities there. Brent, who had befriended Denman and become the Chairman's strongest supporter on the Board (Denman later had him made Vice Chairman), met with yard owners who specialized in wood construction in California, Oregon, and Washington. The man from New Orleans freely admitted to shipbuilders that he was a "layman" who did "not know anything about the construction of ships"; nonetheless, he was the government official who would have to analyze the ability of western plants to turn out tonnage. His conclusion, after inspecting "every [wooden] yard" on the West Coast "minutely", was that the "output of most existing plants" could "be doubled or trebled quickly." In a telegram to Eustis on 12 April he wrote: "My canvass assures me we can build three hundred hulls in twelve months in existing yards on this coast."[40]

The information about production capabilities gathered by Eustis, Clark, and Brent made the wooden ship scheme look good -- at least on paper. But the reality of the situation was tragicomic. Detailed planning of the nation's emergency shipbuilding program had been entrusted to an amateur yachtsman, a young mining engineer, and a business executive from New Orleans -- none of whom had any experience in the shipping business. Supervising the effort was a San Francisco attorney -- who also lacked practical knowledge of maritime affairs. Companies that had never produced a single ship were making studies that suggested hundreds of vessels could be built in unheard of times, and self-described "experts" were favorably comparing wood to steel as a ship construction material. The advice of experienced shipping men, on the other hand, was being ignored -- indeed, was hardly being solicited.

One naval architect the Shipping Board invited to assist it in

the wooden steamer program, Eads Johnson of New York, quickly noticed that there were no other shipbuilders advising the Board. Johnson later recalled: "I asked Mr. Denman if he would not call in five men competent in shipbuilding to confer with the Shipping Board and get their opinion as to the best thing to do; and he said he thought that would be a splendid idea, but that is as far as it got." As for the advisers the Shipping Board did have, Johnson was not impressed. As he put it after the war:

> There were two men, Eustis and Clark, who came down there with a wonderful idea of building 1000 wooden ships. If they built 1,000,000 rowboats it would have taken 1,000,000 torpedoes to have sunk them, and they had the same idea about building wooden ships; so they thought the more wooden ships they would build the more torpedoes it would take.

According to this scheme, Johnson jokingly suggested, Germany would run out of torpedoes before the United States ran out of little wooden steamers.[41]

Johnson was not the only shipbuilder skeptical of the Shipping Board's program. Atherton Brownell, the editorial director for the National Marine League's journal, told Denman that "experienced builders" were "very much against the plan" because they did not believe "ships built of pine and driven into head seas by power" would "stand the test long enough to make it pay to build them."[42]

Eustis, though, was not dismayed by criticism of his plan; he believed the wooden building program was the only way the nation could quickly produce ships -- and probably saw criticism of the scheme by experienced shipbuilders as the opinion of men so set in their ways that they could not see the value of his novel approach. Denman agreed. The Board's Chairman and Special Agent recognized, however, that to win firm public backing for their unorthodox scheme they would still need to get big-name support, and the big name both men remained committed to was General Goethals. Eustis told the Shipping Board, on 20 March, that there was "no man better suited for so large a task"; the Board's Special Agent went on to say that he believed the builder of the Panama Canal would probably take the job if it was offered.

In light of the General's lukewarm support for the proposed wooden steamers, it is hard to understand why Eustis believed Goethals would be willing to take charge of the project. The man from Massachusetts, apparently, was indulging in some wishful thinking; he may have been interpreting Goethals's polite willingness to listen to a discussion of the scheme as a sign the General was, at heart, in sympathy with it. Denman, recalling his own meeting with Goethals a few weeks earlier, when the General had politely offered his help, apparently felt the same way.[43]

Eustis, with Denman's backing, therefore began a campaign to get the General's help. Through a series of letters, in late March and early April, Eustis asked Goethals for advice of one type or another. He requested that the General recommend a good marine engineer, thanked Goethals for giving him the address of a man named Brown, and so on. The General's polite and helpful responses to the Shipping Board's Special Agent were encouraging to Eustis, who was far more interested in Goethals's willingness to cooperate than in any specific advice that was offered. Eustis's plan, as he later admitted, was to defer to the General's suggestions and show his appreciation for the advice. In this manner he hoped to get on the good side of Goethals -- and then persuade the famous engineer to head the wood shipbuilding program.[44]

As Eustis corresponded with Goethals, Denman gave a speech before the New York Chamber of Commerce on 5 April (the same day the House of Representatives approved Wilson's call for a declaration of war). In his talk, Denman suggested that within the next fourteen to sixteen months the United States would produce eight hundred to one thousand wooden steamers "in the neighborhood of 3,000 to 3,600 [deadweight] tons." By November, he went on, 200,000 deadweight tons of wooden vessels would be launched per month. This wood tonnage, when combined with whatever steel tonnage could be produced, would ensure that ship deliveries "would exceed or keep pace with the destructivity of the submarine." This, Denman said, would guarantee "the successful outcome of the war." To give additional credence to this optimistic appraisal,

Denman mentioned Goethals's name three times; he suggested the famed engineer had endorsed the wooden ship scheme, had volunteered his services to the Shipping Board, and might very well take charge of the Board's entire shipbuilding program.[45]

While Denman spoke in New York, Eustis arranged a meeting with Goethals in Philadelphia. The Board's Special Agent told the General that the proposal for building a great fleet of wooden steamers had just been approved by the President (Wilson had sent Denman a letter to this effect on 4 April); Eustis then went on to explain that the Shipping Board now wanted Goethals to head the program. The General turned down the offer; the work, he said, did not appeal to him. Eustis later recalled Goethals saying: "I am not the man for the job. I don't know a damn thing about shipbuilding." The General added that once the United States entered the war, he would prefer to serve in a military position.[46]

Commissioner Brent, still on his tour of the Pacific Coast, thought Denman and Eustis were putting too much emphasis on Goethals -- he feared the strong-willed General might interfere with the Board's "developing organization." On 7 April Denman had wired Brent that the "wooden shipbuilding scheme" had been formally approved and that Goethals would hopefully agree to "assume control." Brent replied: "I don't give three whoops whether Goethals accepts or not." Responding to this on 10 April, Eustis explained to Brent why both he and Denman felt Goethals was so important: "We anticipate a large publicity campaign in about two days when we hope to have permission to use Goethals's name or to know definitely that we can not. My chief reason for wanting Goethals is effect on public here and abroad."[47]

Goethals, however, had little interest in participating in the Shipping Board's program -- and would have been quite upset had he known that Eustis planned to use him primarily as a public relations ploy. The General realized that he had a standing invitation to head the emergency shipbuilding program, but he did not choose to accept it. When Denman's New York speech publicly implied that Goethals would be joining the Shipping Board, the General simply ignored the remarks and

assumed that his refusal of Eustis's offer would clarify the situation.

That was a mistake, for Denman interpreted the General's silence as meaning he would not object to directing the wood steamer program. A few days following the declaration of war, Denman visited the White House and asked President Wilson to "draft" General Goethals to head up the program. The Shipping Board Chairman suggested to Wilson that Goethals would not object to taking the position, and the President agreed to prepare a letter calling upon the General to serve.[48]

On 9 April Denman held another press conference and told the gathered reporters the planning stage for the wood ship program was virtually complete. He proudly boasted that within five months the first wooden steamers would be ready for delivery. By October, he predicted, shipyards on the Atlantic and Pacific Coasts would be turning out wooden steamships at the rate of two or three a day. He did not mention Goethals by name, but at the White House a letter was being prepared asking the General to join the Shipping Board.[49]

The President's letter to Goethals, dated 11 April, was carefully crafted:

> My dear General Goethals:
>
> Acting under the provisions of Section 5 and 7 of the Shipping Act, I have given my approval to the plan of the United States Shipping Board for the construction of a large emergency wooden fleet to assist in the carriage of supplies and munitions to the Allies and for other services during the war. When this undertaking was conceived, the Board entertained the hope that they might have the use of your directing genius in the marshaling of the resources of the country for the rapid construction of the tonnage required; indeed it was in part upon that hope that they formed the plan. I am informed that they have spoken to you of the plan and that it has received your enthusiastic endorsement and that you indicated to members of the Board that you would be willing to accept in directing the enterprise in cooperation with them. I am writing these lines to express my own personal hope that you will do so.

The President concluded by stating: "I personally would like to see the weight of your connection with this enterprise added to the answer which we will thus be giving to the challenge of the submarine." At

the same time the letter was dispatched to Goethals, the White House announced to reporters that Wilson had written the General to request that he take charge of the nation's shipbuilding program.[50]

This news was in the newspapers before Goethals even received the President's letter. When reporters queried the General about the letter, on 12 April, he phoned his New York office to see if it had received any mail from the White House. The answer was no. Some of the newsmen then pressed Goethals to make a statement, but the General, somewhat perturbed, would only say, "If the call comes to me to serve my country in any way, I can do nothing but respond." A little later his office informed him that a letter from the President had arrived -- he was indeed being asked to head the shipbuilding program. Goethals made no further comment to the press, but immediately made arrangements to meet with the Shipping Board on the following Saturday, 14 April, at 9:30 in the morning. Although Goethals did not display his feelings to the press, he was seething with rage over the way he had been railroaded into this job -- a job he had little interest in and had only recently turned down.[51]

Commissioner Stevens later recalled that when he arrived at the Shipping Board on the morning of 14 April, he found General Goethals striding up and down the hallway outside the conference room. As Stevens put it: "He was the angriest-looking man I'd ever seen. He was just glaring. But when he gave me a look, I saw that he wasn't angry with me."[52]

The meeting of the Board was filled with electricity. Goethals would later recall what happened.

> Mr. Denman outlined the plan very much along the lines stated by Mr. Eustis [in] Philadelphia, and expressed the earnest desire of the Board for me to take hold of the work. I repeated my statement to Mr. Eustis in Philadelphia, concerning my unfitness for the job [and] my lack of desire for the position, in view of which I concluded that either Mr. Eustis had misrepresented me or that some body had falsely stated my position to the President, and, reading from the President's letter the paragraph relative to my desire for the position, stated that I was still more strongly antagonistic to accepting the position because I would be obliged to work with men in whose word I could place no faith. Denman

> jumped up: 'Do you mean to intimate that I am a liar?' I told him I was intimating nothing -- I had read what the President had stated, his statement referred to the Shipping Board and if the Board had made that statement to the President, the Board were liars; if he had made that statement to the President, he was a liar.

When the stormy session ended, Goethals went directly to the White House.[53]

There the President's private secretary, Joseph P. Tumulty, could not give Goethals an immediate appointment to see Wilson, but set up a time during the coming week. When the General returned as scheduled, the President was again unavailable, but Goethals was promised an appointment the next day. On that day, however, he got bad news. As he later put it:

> I was told by Tumulty that the President could not see me but expected me to take hold of the work, as I was subject to orders and he had decided that this should be my task in the war. I then called upon Denman, told him the predicament in which I found myself and told him that since I was obliged to take hold of it some arrangement would have to be made by which I would be given full control, without any interference so far as the construction was concerned by him or the Board.[54]

As Commissioner Brent had feared, Goethals was not willing to accept the "developing organization" as it had evolved under the guidance of Denman and Eustis -- the General wanted to run the show his way. He would be, in effect, far more than a figurehead installed for public relations reasons. Denman, however, had no choice but to accept Goethals's conditions. As Eustis had expected, Goethals's appointment had been widely acclaimed. An editorial run by the Los Angeles Evening Express, under the headline "RIGHT MAN FOR JOB," typified the type of public support the announcement received:

> The man who put through the Panama canal is exactly the man to build up the ship tonnage in the carrying trade to the 3,000,000 tonnage goal set by the shipping board and the president.
>
> If George W. Goethals is given a fair chance, he will be there with the ships on time and with no explanations or apologies to offer.[55]

After all this fanfare over Goethals's appointment, it would have been a public relations disaster if the General had been immediately removed

from his position. Denman thus had to keep the unhappy Goethals on board, and the two men began what would be a rather stormy association.

The Navy and the Coming of War

While the Shipping Board fitfully tried to get itself organized to deal with the demands the war crisis made on commercial shipping and shipbuilding, the Navy Department attempted to analyze the impact of the war on naval operations and naval construction. As 1916 came to a close, the General Board (now headed by Admiral Charles J. Badger -- Admiral Dewey, seventy-nine years old and in ill health, would die in January 1917) continued to believe that the Navy should prepare for a post-war worst-case scenario. The great danger, the Board felt, was a future conflict in which the U.S. would face enemy battle fleets in both the Atlantic and Pacific Oceans -- without any allies. To meet such an imposing contingency, the United States had committed itself to lay down ten battleships, six battle cruisers, ten scout cruisers, and numerous lesser craft in the great three-year naval building program of 1916. President Wilson had signed the act authorizing this massive naval construction on 29 August; three months later, on 1 December, Secretary of the Navy Josephus Daniels reported that his Department, after "carefully studying the occurrences of the European war," had concluded that there was no need for any change in the 1916 program. The goal of the Navy, as 1917 began, was simply to press forward with the existing building plan.[56]

The greatest problem Daniels had with the existing plan was letting contracts for the four battle cruisers authorized during the first year of the three-year program. These were to be big ships -- each would displace roughly 35,000 tons and carry ten 14-inch guns. The vessels were also designed to be fast, with speeds of up to thirty-five knots. But battle cruisers had never been built in the United States, and private shipyards had trouble estimating the cost of production. This uncertainty was further complicated by shortages of labor and material; the boom in American shipbuilding had created

tremendous demands for skilled shipworkers and certain types of raw material -- such as steel plates, copper tubing, zinc, lead, lumber, and cement. Such shortages had led to rising costs in the nation's shipyards. Congress had appropriated $16.5 million dollars for the construction of each battle cruiser, but no firm was willing to bid on the craft at this price.

Daniels also had difficulty placing contracts for three of the four scout cruisers authorized; Congress had appropriated $5 million for the construction of each of these vessels, but only one firm would accept this price, and it only had the capability to build one of the ships. The Navy had not ordered any scout cruisers for well over a decade, and the lack of recent experience in building this type of warship, along with increasing prices for labor and material, made it difficult for shipyards to estimate costs of construction -- precisely the same problems they faced in making bids on the large battle cruisers.[57]

Daniels recognized, early in 1917, that the "increase in the prices on labor and material" made it necessary for private shipyards "to charge more" for the battle cruisers and scout cruisers than what Congress had appropriated. Daniels himself had first-hand experience with rising prices, for the cost of almost everything the Navy purchased had increased sharply during 1916 due to the economic dislocations and demands created by the European War. Daniels also realized that both the battle cruisers and scout cruisers "were new types" of ships that represented a "change and advancement in design," which complicated the problem of estimating their cost. Nonetheless, the Navy Secretary considered the bids he received on all four of the battle cruisers, and three of the four scout cruisers, to be totally unacceptable. This was because the offers were not based on a fixed price, but were rather proposals to build the ships on a "cost-plus-percentage-for-profit basis." Under such an arrangement, the contractor would construct the vessel and bill the Navy for all of the expenses; the firm's profit would then be some percentage (normally five to fifteen percent) of the final cost.[58]

One firm that made a cost-plus-percentage bid on battle cruisers was the Fore River Shipbuilding Corporation of Quincy, Massachusetts. This yard, owned by the Bethlehem Steel Corporation, had refused many commercial orders during the latter part of 1916 to hold space open for naval construction; it preferred the long-term security provided by Navy contracts to the highly profitable, but less secure, merchant orders, which were likely to dry up once the wartime demand for shipbuilding ended (as one shipping journal put it, the "present enormous boom" in ship construction was sure to "be succeeded by an equally severe depression"). In late December Fore River's strategy had paid off on small warship contracts -- the plant won bids to build eight destroyers. On these craft the yard made fixed price bids; it could do this because it had recent experience building destroyers and knew their cost. In the case of the battle cruisers, however, cost was far more difficult to estimate. The firm thus proposed that the Navy pay "the actual cost of labor and material" and thirty-five percent additional to cover both overhead and profit.[59]

This bid got nowhere. Daniels found much to dislike in the cost-plus proposals submitted by Fore River and three other private shipyards (the Union Iron Works of San Francisco, the Newport News Shipbuilding and Dry Dock Company, and the William Cramp and Sons yard in Philadelphia). He was especially concerned by the fact that a firm doing work on a cost-plus contract assumed no risk, for it would earn a profit regardless of what the final cost was. This meant the contractor had no incentive to be efficient. Such contracts also required the government to monitor every item of direct cost -- a massive accounting job, but one made necessary by the fact that the government would have to pay for all labor and material. Still more difficult would be the monitoring of "overhead charges"; as Daniels pointed out, different yards showed "wide variations" in their estimates of overhead expenses, "some claiming overhead should amount to 22% of the actual cost, others claiming much more." All this suggested cost-plus-percentage contracts would be an accounting

nightmare.

Even worse, such agreements could easily be abused by unscrupulous contractors. For example, if the percentage of profit in the contract was ten percent, and a firm built a vessel for $10 million, its profit would be $1 million; but if the firm could somehow drive up the cost of the vessel (through extravagance, waste, inefficiency, or even fraud) to $11 or $12 million, the profit would proportionally increase to $1.1 or $1.2 million.

Daniels did not know of any cost-plus-percentage contracts agreed to by the government in the past, and he believed that there were good reasons for this -- such contracts seemed likely to lead to administrative headaches, profiteering, and corruption. The Navy Secretary therefore refused to place orders for the four battle cruisers and three scout cruisers on which he could not get fixed-price bids.[60]

Daniels went before the House Committee on Naval Affairs, on 10 January 1917, to explain precisely why he had not let contracts for these seven ships. He would not, he said, allow firms to earn exorbitant profits at the government's expense. He then asked Congress for $12 million dollars to expand the construction capabilities of navy yards. Substantial savings could be achieved, he contended, by building the battle cruisers, and the scout cruisers, in government plants.[61]

Predictably, private shipyard owners were enraged. The trade journal International Marine Engineering gave voice to their complaints in a front page editorial titled "Battle Cruiser Contracts":

> The fairness of recent offers made by private shipbuilders for meeting this national need cannot be denied, and if their co-operation in the naval policy of preparedness is valued, their proposals deserve a better reception than antagonism and suspicion.[62]

J. W. Powell, the President of Bethlehem Steel's Fore River yard, was particularly upset. He had refused profitable merchant ship orders to hold ways open for battle cruisers and scout cruisers; he now discovered he would not get contracts for either type of warship because the Navy Secretary felt his firm's profits would be too high.

Powell bitterly complained that Daniels did not understand the basic economics of running a shipyard. Overhead costs, Powell contended, were far greater than Daniels believed, and profits much less. He also argued that navy yards did not properly calculate overhead expenses when they reported costs of construction; if they did, Powell maintained, the Navy would realize that government-built ships were actually more expensive than those produced in private yards. The Boston Herald, in a blistering editorial, supported Powell's position:

> It is time the people of the United States awakened to the prodigious proportions of public waste which Josephus Daniels is inflicting on the country. These battleships [i.e., battle cruisers], if built in the yards which he proposes, will not be completed five years from today. They will cost, if items which the rest of the world must reckon as cost be included [i.e., overhead], millions and millions of dollars more than what the private concerns would charge. These government yards would, however, provide a lot of patronage, a tremendous pay roll, a harvest of political pull, and friendly contracts for friendly politicians. They would do all that and more; but they would not, in the event of a foreign war, save our coast from the perils of invasion. Should one come in the next five years Josephus Daniels would stand out as criminally responsible for our defenseless position.[63]

Daniels was used to such attacks in the press, and was not fazed by the harsh words. His plan now was to seek help from Congress; in addition to asking for funds to expand the navy yards, he requested authority to spend up to $19 million each for the battle cruisers, and $6 million each for the scout cruisers. These higher limits could be justified, he believed, by the rising costs for labor and material, and he hoped to get fixed-price bids that would fall within these budgetary constraints. As a last resort, however, he was prepared to let contracts on a "cost-plus-percentage basis." As much as Daniels detested this arrangement, he had come to realize that this might be the only realistic option available for getting the ships built; labor and material costs had continued to climb during the dispute over contract terms for the battle cruisers and scout cruisers, and this made shipbuilders increasingly reluctant to lock a fixed price into their bids.

Yet if Daniels was forced to let cost-plus contracts, he wanted to build at least one of the battle cruisers in a navy yard. In that way, he told an acquaintance, he "would be able to have a first-hand knowledge of the cost of construction." This was, once again, the "yardstick" concept favored by Assistant Secretary of the Navy Franklin D. Roosevelt and Chief Constructor Admiral David W. Taylor. Although Daniels publicly suggested that all the battle cruisers and scout cruisers might be built in navy yards, in private he recognized that this was not a viable option -- preparing the government plants to build these big ships, and then actually constructing them, would delay their delivery by years. Since government production could not completely supplant private production, the next best alternative, for Daniels, was for the government to be able to determine true costs of production, and be in a position to expose -- and thereby lower -- any exorbitant prices charged by the private plants.[64]

Shipbuilders were not the only group of businessmen Daniels clashed with during the first weeks of 1917; when American firms did not make what he considered to be satisfactory bids on a contract for 14-inch and 16-inch armor-piercing projectiles, the Navy Secretary signed an agreement to have a British company, Hadfield Limited, produce 7,500 of the shells. The American producers of projectiles vigorously protested this foreign contract, but Daniels did not hesitate to defend his action in the press. As he told the New York Times, he was aware that one of the U.S. manufacturers of shells, the "Bethlehem Steel Company, controlled by Mr. [Charles M.] Schwab, . . . [was] filling the papers with advertisements criticizing the Navy Department." Yet the plain truth, the Navy Secretary said, was not difficult to comprehend: the British firm had underbid American manufacturers by "about $200 a shell, [had] offered to deliver the shells in much quicker time, and . . . manufactured shells that [met revised naval specifications], . . . whereas American firms had experienced great difficulty in meeting the new specifications."[65]

Daniels went on to argue that the long-term solution to the

Navy's need for top-quality shells, at reasonable prices, was a government-owned plant. Funding for such a facility had been included in the massive 1916 Naval Appropriations Act -- manufacturers of armor-piercing projectiles thus faced the same challenge as American shipbuilders (who had to compete with navy yards) and armor plate producers (who had seen a government-owned armor plant included in the same 1916 Naval Appropriations Act). Charles Schwab, the head of Bethlehem Steel, was particularly exasperated by Daniels's bent for government production; Schwab's corporation, the nation's largest military contractor, produced shells, ships, and armor -- all of which were now threatened by government competition. As Schwab put it in a pamphlet issued to protest the building of government-owned plants:

> SUPPOSE THIS WAS <u>YOUR</u> BUSINESS! If the Government had asked you to invest your money in a plant to supply Government needs; and after the plant was built, and had become useful for no other purpose, the Government built a plant of its own, making your plant useless and your investment valueless -- would that seem fair?[66]

Daniels response to such arguments was that the manufacturers of shells -- like the manufacturers of armor and warships -- would have a monopoly if there was no government competition. "As I have repeatedly pointed out," Daniels said, "a monopoly invariably leads to stagnation." He went on to say: "It is only human nature for a firm, certain of getting an order, to avoid the expense of the experiments and improved processes required to improve the quality of its goods. This is exactly what has happened in the manufacture of armor-piercing projectiles." Daniels then concluded his argument by succinctly explaining his justification for government production:

> I have never had in mind a navy [projectile] plant of greater capacity, working one shift of men, than one-third of the total amount required by the navy. The two-thirds left for the private manufacturers with our new ships in commission would be greater that the whole amount of a few years ago. Only in case of an utter failure on the part of the private manufacturers to keep their product abreast of the times or to quote prices in any way reasonable would it be necessary for the navy, by working three shifts instead of one, to manufacture enough material to cover our entire needs.[67]

Daniels thus intended to wield the threat of complete government production against projectile manufacturers the same way he employed it against armor plate producers and shipyards. In early 1917, though, he could not make good his threat in any of these areas -- the government projectile and armor factories were still in the planning stages (it would not be until April that the decision would be made to combine these into one large complex, to be built at Charleston, West Virginia), and the navy yards did not have nearly enough capacity to produce the warships called for in the nation's ambitious naval building program. In the short run Daniels therefore had to work with private manufacturers; his efforts to find ways around this were innovative, but ultimately frustrated. Even his attempt to sign a contract for shells with Hadfield Limited came to naught; the British government, which itself had a large demand for projectiles, refused to issue Hadfield the necessary export license.[68]

In Congress, meanwhile, the debate over naval funding continued. The Naval Appropriations Act of 1916 had authorized a massive three-year building program, but had only appropriated one half of the money necessary to fund the authorized construction. Under the original plan, the remaining half of the program would be funded in fiscal years 1918 and 1919 (beginning on, respectively, 1 July 1917 and 1 July 1918). The General Board's recommendation for fiscal year 1918 was that Congress should fund four of the program's remaining six battleships, both of the remaining battle cruisers, four of the remaining six scout cruisers, and the majority of the smaller craft authorized (including twenty of the remaining thirty destroyers and twenty-seven of the remaining thirty-seven submarines) -- sixty-two ships in all. Under this proposal, almost the entire three-year program would have been funded in two years! The Board also called for the building of twelve minesweepers, an additional supply ship, and two seagoing tugs.[69]

Secretary Daniels, as he had so often done before, toned down the Board's request. The Navy Secretary refused to ask for the mine-sweepers, supply ship, and seagoing tugs the Board recommended; more

importantly, he evenly divided the remaining warships authorized by the 1916 program, requesting that half of them be funded in fiscal year 1918, and half the following year. His request, as finally presented to Congress, sought appropriations in fiscal year 1918 for four capital ships (three battleships and one battle cruiser), three scout cruisers, fifteen destroyers, four fleet submarines, fourteen coast submarines, and two auxiliaries -- forty-two ships in all, twenty less than the General Board's total. Daniels also, as explained above, sought additional funding for the four battle cruisers and three scout cruisers from the previous year's appropriation on which he had not been able to sign fixed-price contracts.[70]

As Congress debated these naval issues, Germany announced, on 31 January, its resumption of unrestricted submarine warfare -- to begin the next day. This shocking development created a sense of crisis in the Navy Department; the German action, everyone realized, was a direct challenge to the policy of the Wilson Administration and threatened to bring the United States into the Great War. On 3 February the President severed diplomatic relations with Berlin. Daniels, on the same day, decided to use the national emergency as yet another lever to force private shipyards to meet his terms for signing contracts. He did this by drafting an amendment to the naval appropriations bill, then being debated in the House of Representatives, which would give the government the right to commandeer, "if necessary," private plants building naval vessels and "operate them in the public interest." The amendment would also apply to factories manufacturing armor, shells, and other supplies needed by the Navy.[71]

This action was necessary, Daniels believed, because he had no effective means of forcing private businesses to sign what he considered to be fair contracts. In the long term he planned to have government production capabilities he could use if private shipyards and factories did not make "reasonable" bids -- but it would take years to build such facilities, and the crisis with Germany required quick action. A short-term alternative he had tried was to put pressure on

defense contractors by inviting competition from foreign firms, but his attempt to buy shells from a British company had been stymied. The only recourse he had which would be immediately effective, he decided, was to threaten to seize the factories of those defense contractors who refused to sign the kind of agreements the Navy wanted.

In Congress there were immediate objections to Daniels's amendment from members of both parties. Representative Martin B. Madden, a Republican from Illinois, pointed out that the proposal raised the question of taking private property without due compensation; Representative John J. Fitzgerald of New York, a Democrat, said the amendment could undermine the inviolability of contracts. But Daniels was determined; on 9 February he went to Capitol Hill to argue that "the Navy Department regarded it as essential that the President should be empowered to commandeer private shipyards and munitions plants in time of national emergency." His efforts paid off -- the Naval Appropriations Act of 1917, passed by Congress on 2 March and signed by President Wilson two days later, included authority for the government to seize control of private plants if the President decided such a step was necessary (the legislation, in its final form, stated that the owners of commandeered plants would be compensated with an amount the government considered "reasonable," and that if this was not satisfactory, claimants could "sue the United States" for whatever additional amount they felt was due). A sense of crisis, created by the threat of war, had led congressmen from both parties to support this radical proposal.[72]

The same sense of crisis had made Congress quite generous in its response to Daniels's budgetary proposals. The Naval Appropriations Act of 1917 provided more funding for the Navy than the Department had previously received in any one year: more than $517 million. This included $192.8 million for new vessels (compared to $139.3 million in the huge 1916 app-opriation), and $115 million more, in a "Naval Emergency Fund," which the Department could use, as it saw fit, for new ships or other purposes. The $192.8 million figure provided specific appropriations for building forty-two warships (three dreadnoughts, a

battle cruiser, three scout cruisers, fifteen destroyers, eighteen coast submarines, and two auxiliaries), and also gave the Navy authority to accept bids of up to $19 million for each battle cruiser, and up to $6 million for each scout cruiser -- amounts Daniels hoped would lead to fixed-price bids. The Navy Secretary additionally got, as he had requested, $12 million to expand construction facilities in navy yards. Congress also provided for the building of an additional twenty coast submarines beyond those Daniels had sought. In all, the act's massive funding levels, when combined with the authority to commandeer private plants, gave the Secretary of the Navy everything he had asked for on Capitol Hill -- and then some.[73]

The Navy Department quickly acted to get the construction funded by Congress underway; on the same day President Wilson signed the Naval Appropriations Act into law, Daniels called for a conference of private shipbuilders who had warship contracts to discuss the building program. He also issued a tough statement which strongly implied that disputes over contracts would "not be permitted to stand in the way of carrying out the clear intent of Congress." As the Navy Secretary told the press:

> I will be quick to recommend taking over any plants if it is essential to do so in order to secure the building of new ships in double quick time. We will undoubtedly secure co-operation in putting an end to delays that have impeded the construction of formerly authorized programs.[74]

Two days later, on 6 March, and then again on 7 March, Daniels met, at the Navy Department, with representatives from private shipyards which specialized in naval construction. He bluntly told the assembled shipbuilders that the government was counting on their cooperation -- and that if it was not forthcoming he would start to commandeer their plants. After these tough words, he then (as the New York Times put it) "almost took the breath away from some of his hearers" by saying that the government needed submarines produced in nine months, and destroyers in one year -- the best previous building times for these types had been eighteen months and two years,

respectively. Despite this speed-up, however, Daniels warned the gathered businessmen not to charge "excessive prices for labor or material"; he also warned against attempts to earn larger than normal profits.[75]

During these discussions with shipbuilders, it became obvious to Daniels, despite his tough talk, that it would be impossible to get fixed-price bids on many of the vessels funded by Congress. America's entry into the war seemed to be increasingly likely -- German U-boats were attacking neutral tonnage in the war zone, and it appeared to be only a matter of time until an American ship would be torpedoed; when that happened, it would almost certainly force the United States to become a belligerent. Once the U.S. entered the war, the cost of labor and material would become very difficult to predict; in this kind of environment, shipbuilders did not want to be legally committed to a fixed price in the agreements they signed with the Navy.

Daniels therefore discovered that the only contracts he could get for many of the vessels in the building program would have to be let on the basis of cost plus a percentage for profit. Congress, in order to speed construction, had authorized the Navy to make such agreements; if Daniels refused to do so, his only alternative for getting the ships would have been to ask President Wilson to commandeer private shipyards. But to take this action so soon, before the United States even entered the war, and to justify it by arguing that a form of contract, authorized by Congress, was unacceptable, would be highly controversial -- as well as divisive of national unity. Daniels thus backed away from his threats to commandeer shipbuilding plants; he reluctantly decided that he would have to let contracts for certain types of warships on a cost-plus-ten-percent-profit basis. As he later wrote in his diary: "Did so only because of emergency."[76]

The commandeering authority, though, did have some value; Daniels could use it to prevent the private shipyards which specialized in naval construction from giving up on the building of warships and accepting contracts for merchant tonnage. That was certainly a tempting possibility for shipyard owners -- as the New York Times

pointed out in mid-March, shipbuilding plants were "besieged with offers of merchant work" and could earn "as high as 50 per cent. profit on these jobs." Such contracts must have seemed attractive to businessmen who found the Secretary of the Navy's bull-headed determination to drive down profits frustrating. But if the yard owners turned their backs on Daniels and accepted the lucrative commercial orders (many of which came from foreigners), the Navy Secretary could accuse them of being greedy and unpatriotic -- of putting concern for their own profits before the vital defense needs of the nation. This kind of argument would very likely give Daniels the congressional and public support he needed to commandeer private shipyards. Rather than risk this possibility, yards with experience in naval work turned down the enticing merchant contracts and held ways open for the building of warships. They even pledged, under pressure from Daniels, "to keep 70 per cent. of their working forces on navy construction." This was the primary benefit Daniels received from his commandeering authority.[77]

On 15 March the Navy Secretary announced that he had, at long last, signed contracts for the building of scout cruisers and battle cruisers. Technically Daniels got fixed-price bids on the six scout cruisers that had now been funded by Congress: three yards (the Union Iron Works, William Cramp and Sons, and the Seattle Construction and Drydock Company -- a yard which occasionally did naval work) all bid roughly $6 million to build the vessels in thirty to thirty-two months. But these figures were not an accurate guide to either price or time; the Navy planned to accelerate construction of these ships under the emergency provisions of the Naval Appropriations Act of 1917, and Daniels had agreed to foot the bill for any additional costs resulting from the speed-up.

The contracts for four battle cruisers, meanwhile, were let on a straight cost-plus-ten-percent-profit basis. This was a defeat for Daniels, who had tried every tack he could to avoid signing this type of agreement for the big ships. After publicly announcing that the

Newport News Shipbuilding and Dry Dock Company would build two of the battle cruisers, and the New York Shipbuilding Corporation and Fore River Shipbuilding Company one apiece, Daniels confided his disappointment to his diary:

> Agreed to build battle cruisers on 10% profit with overhead charges and rental for ships & shops to be fixed by a Board of Naval officers. I hated to do this, knowing the danger of overhead and rental being fixed at too high figure but in the emergency nothing else to do.[78]

The "Board of Naval officers" to which Daniels referred was soon established as the "Compensation Board." Its mission was, as the Secretary's 1917 Annual Report put it, "to insure the correct ascertainment of cost and to guard against extravagance" in all cost-plus contracts. To head the Board Daniels chose Admiral Washington Lee Capps, then fifty-four years old. Capps -- like the Navy's Chief Constructor, Admiral Taylor -- shared Daniels's suspicions about the trustworthiness of the businessmen who ran the nation's large shipyards. This was not an unusual attitude in the Navy; as Peter Karsten points out, in his book The Naval Aristocracy, many officers "distrusted the world of corporate business." Capps had had plenty of experience working with that world -- during his long career he had spent many years supervising the building of warships in both government and private shipyards, and from 1903 to 1910 he had served as the Navy's Chief Constructor. In Capps, Daniels found an officer who was used to dealing with businessmen, and who was not afraid to stand up to yard owners or challenge the cost data provided by their accountants. If Daniels had to let cost-plus contracts, he at least planned to have an aggressive watchdog oversee them, and he had full confidence in both Capps and the Compensation Board.[79]

Daniels did not let all of the battle cruiser contracts to private shipyards -- five of the big ships had now been funded, and he awarded one of these to the Philadelphia Navy Yard so that the government could better monitor true costs of production. Before the vessel could be built at the government plant, a shipway would have to be constructed to handle it, and this was an expensive proposition.

Nonetheless, Daniels believed that this kind of investment was necessary if he hoped to challenge the bids of private shipyards in the future; he therefore approved the spending of $6 million to provide the Philadelphia Navy Yard with the facilities it needed to build a battle cruiser.[80]

There were still more ship contracts to be let as part of the 1917 building program approved by Congress: three dreadnoughts, fifteen destroyers, thirty-eight coastal submarines, and two auxiliaries. Daniels had solicited bids on these craft which were to be opened in early April. The Navy Secretary also had $115 million in the Naval Emergency Fund which he could use to order other vessels he believed necessary. Daniels had decided to devote a substantial amount of this sum to patrol boats and destroyers, which were needed to hunt out and sink submarines. It was the U-boat, after all, which was dragging the United States into the war, and the Navy obviously needed some means of dealing with this threat. The battle cruisers and scout cruisers, over which Daniels had just concluded such difficult contract negotiations, would be of no value in countering the submarine: such big ships were not designed to destroy U-boats, and, in any event, would not be completed for at least two or three years. To deal with the submarine threat, smaller ships -- which could be quickly built -- would be needed.[81]

The captains and crews of commercial steamers on Atlantic trade routes already recognized the need for doing something about the submarine threat, for they were sitting ducks for the undersea raiders. During February, the first month of Germany's submarine offensive, U-boats sank 540,000 gross tons of merchant shipping; in March the situation got even worse as submarines sent over 5,900,000 gross tons of merchant vessels to a watery grave. There was no hope for new ship construction to make up such devastating losses: if submarines continued to sink tonnage at the February and March rates, over 6,750,000 gross tons of shipping would be destroyed in one year -- and the merchant ship production of every nation in the world <u>combined</u>,

excluding only Germany and the other Central Powers, had never amounted to more than 2,850,000 gross tons in any one year.

At the time, however, only a few British government officials knew the true magnitude of these losses. To keep up morale, Whitehall did not publicly admit the terrible toll submarines were taking on the merchant marines of Great Britain and other nations. In fact, among the general public in the United Kingdom, and in the press, there was a feeling of confidence; although there were occasional reports of submarine sinkings, this news was not played up, and most British citizens had the impression that the crisis of the U-boat war had already passed. The American public -- and the American government -- had no reason to suspect that this was not the case.[82]

Nonetheless, Americans were concerned about the submarine threat. If a U-boat sank an American ship, it would probably lead to war with Germany, and if the United States entered the war the Navy would have to find some way of dealing with the submarine menace. On the floor of the House of Representatives, Edmund Platt, a Republican from New York, had argued in early February that one solution to the problem would be to convoy American merchant ships across the Atlantic. Platt then went on to raise questions about the building program the Navy had proposed, with its emphasis on dreadnoughts, battle cruisers, and scout cruisers. As he told the House:

> It seems to me that the proper balance of the different classes of vessels in the Navy, battleships, destroyers, cruisers, and submarines, is something we must leave to the naval experts. I believe they are all valuable. If I were going to go blind on my own ideas, I should be inclined to build more destroyers, believing the destroyer a much more valuable ship than any of the others in proportion to its cost. It is fast, and if we should get involved in the present unpleasantness on the other side of the ocean, or if we are going to try to protect our merchant vessels, the destroyer is the ship that we want to do it with. The submarine always runs from a destroyer. The destroyers hunt out and destroy the submarines with considerable regularity.[83]

Although Platt made no claims to being a "naval expert," it would turn out that his analysis of the situation, in early February, was exactly correct -- when the United States entered the war, convoys and

destroyers would be crucial factors in defeating the submarine threat. The "naval experts" on the General Board, other senior naval officers, and the Secretary of the Navy would all come to recognize this -- but not before the Congressman from New York.[84]

The Assistant Secretary of the Navy, Franklin D. Roosevelt, was one man in the Wilson Administration who fervently believed, along with Platt, that something had to be done to fight the submarine. His solution, though, would not be as practical as Platt's. Like the Shipping Board's Special Agent, Frederic A. Eustis, Roosevelt was an avid yachtsman -- and he believed his yachting experiences provided one key to countering the U-boat threat. On 26 February, in a highly publicized conference at the New York Yacht Club, Roosevelt called for a "reserve auxiliary fleet of 750 ships and small craft," manned by ten thousand civilian volunteers, to help defend the New York Naval District. He wanted these small ships to serve as patrol boats, scouts, mine layers, mine sweepers, and submarine hunters. He made similar appeals to yachtsmen, tugboat operators, and fishermen in Boston, Newport News, and Philadelphia. As he would later tell Congress, he believed "one of the most effective methods" of overcoming the U-boat menace was to be found in "small surface craft armed to destroy a submarine."[85]

The British, in fact, were already using large numbers of small craft to hunt submarines -- and many of these vessels had been built by an American firm, the Elco Company, located in Bayonne, New Jersey. In the spring of 1915 the Royal Navy had ordered fifty small wooden submarine chasers from this concern, which normally built "high-grade runabouts and cruisers for pleasure purposes." The hull material for these craft was fabricated in the firm's New Jersey shops and then transported to Canada, where it was assembled into complete boats at yards in Montreal and Quebec. The finished vessels only displaced about thirty-two tons and were just eighty feet long. No armament was put on the submarine chasers in North America, but once the boats were delivered to England they were fitted with a 3-inch gun capable of firing twenty shots a minute. So equipped, the Elco boat had the

capability to sink a surfaced submarine if it could hit the U-boat's thin hull. The Royal Navy found these small radio-equipped boats to be useful for patrol purposes and in late 1915 "sent over a rush contract for 500 more just like the first 50." The Elco Company completed all five hundred of these craft by October 1916 -- in all, the firm delivered 550 boats to England in less than 550 days.[86]

In mid-February 1917, as the United States began to consider its own countermeasures to the submarine, the General Board studied the feasibility of the U.S. Navy acquiring similar types of submarine chasers. On the last day of the month, the Board submitted its report on this topic to the Secretary of the Navy. The "most efficient offensive vessel against submarines," the Board told Daniels, "is the destroyer." The problem, the report continued, was that "in an emergency like the present these can not be supplied in sufficient numbers in a short time."

The report might have added that the reason the nation was caught in this bind, despite having spent more on naval construction in 1916 than had ever previously been the case, was due to the General Board's preoccupation with capital ships -- and its gross underestimation of the submarine threat. After the war one member of the Board, Admiral Albert P. Niblack, recalled that prior to February 1917 the Board's "whole plan was based on fights between battleships." He added: "Nobody dreamed that there would be unrestricted sinking. It bouleversed the whole world. Nobody knew what to do, exactly." As the naval historians Harold and Margaret Sprout put it, with more precision than Niblack:

> While there was no pressing need for more battleships, the [Navy] Department kept on with its regular building program, ignoring the imminent demand for large numbers of destroyers and other craft especially suited to the exigencies of anti-submarine warfare. While certain officers individually gave thought to ways and means for combating submarines, the Department undertook no systematic study of this problem which now overshadowed every other phase of the war upon the sea.[87]

The U.S. Navy was not alone, however, in making such miscalcula-

tions -- other major powers had also long emphasized capital ship construction, and both the British and German Admiralties had been surprised at the effectiveness of the U-boats when they were unleashed in 1917. The true magnitude of the submarine threat, moreover, was still not known to the General Board, nor, for that matter, to anyone else in the Wilson Administration.

The Navy did recognize, though, that submarines might soon threaten American coastal waters. To deal with this danger, the General Board recommended that the Navy order a "large number" of the 80-foot Elco submarine chasers for "immediate use" -- and simultaneously begin the development of 110-foot long boats, which, like the Elco craft, would be built of wood. The Board believed the 110 footers would be much more effective than the 80-foot boats, but since these larger craft had not been previously built, it would take some time to draw up plans and begin construction. Once these 110-foot sub chasers could be delivered on a regular basis, the Board recommended that further building of the Elco boats cease and that only 110-foot craft be constructed.[88]

As the Navy Department studied this issue further, during March, it discovered that the "110-foot type [could] be procured . . . in approximately the same time as that required for the 80-foot type." Since the General Board considered the larger boat "superior in every respect," plans for purchasing any of the Elco boats were dropped. On 12 March Daniels called a conference of small boat builders, representing eighteen different firms, to determine the nation's capability for turning out 110-foot submarine chasers. The responses were encouraging, and by the end of the month the General Board had concluded that "at least 500 hulls" could be delivered by 1 January 1918.[89]

Roosevelt, a small-boat enthusiast, believed the Navy should also build a large number of 50-foot harbor-patrol launches. He argued that these could be built quickly and perform all sorts of useful functions: they "could run down rumors of secret enemy wireless stations, gun-running depots, submarine fuel or repair bases, or even submarines

taking shelter in secluded waters." The General Board was not convinced and bluntly told Daniels that the "proposed 50-foot type of boat [had] little military value." But Roosevelt did not give up; when Daniels failed to order any of the craft, the Assistant Secretary, on his own authority, arranged for the construction of a number of the small launches. Daniels tolerated Roosevelt's actions, but found his Assistant's enthusiasm for the 50-foot patrol boats exasperating. In his diary the Navy Secretary wrote: "F D R & 50 foot boats -- his hobby. Good in smooth water. I fear buying a lot of junk." And, as Daniels suspected, these small craft turned out to have little value.[90]

While the Navy Department pressed ahead with its plans for building 110-foot submarine chasers, the U-boat danger suddenly became quite real for the United States. As described earlier, German submarines sank three American merchant ships without warning on 18 March; two days later Wilson's Cabinet recommended that the President ask Congress for a declaration of war. The following day, 21 March, the White House issued a call for a special session of Congress, to meet on 2 April.

These developments had an immediate impact on the Navy. To demonstrate quick and decisive action, Daniels, after discussions with the President on 19 March, announced to the press that he had placed orders for sixty 110-foot submarine chasers with the New York Navy Yard, and for four more with the New Orleans Navy Yard. Bids for these craft had not been due to be opened until 21 March, but Daniels had planned to place orders in navy yards no matter what the private offers looked like, so he saw no harm in moving up the announcement of this. There were, furthermore, plenty of small boat contracts to go around. After receiving bids from numerous firms for these submarine chasers in late March, Daniels signed contracts for an additional 291 of the small boats in April (seventy-one at navy yards and 220 at private plants).[91]

Daniels also took action to move up the due date for bids on destroyers, from 4 April to 24 March. Fifteen destroyers had been funded by Congress, but the Navy Secretary told the press that far more

than that would be built, with the necessary money coming from the $115 million Naval Emergency Fund. The problem was that there was not much room for building destroyers in America's crowded shipyards -- naval and merchant construction had shipways filled to near-capacity. When Daniels opened the bids for destroyers, he found proposals for constructing twenty-four of these warships (the Union Iron Works bid on ten, Fore River on eight, and William Cramp and Sons on six), but he wanted to order fifty more than that number. He immediately let contracts for the bids he did have, on a cost-plus-ten-percent-profit basis, and then announced that he was ready to grant similar terms to any shipyard able to proceed with the work. He could not get any takers.[92]

Daniels now began an active search for ways to increase the production of destroyers. He made inquiries at yards which had never done naval work to see if th might be able to take some destroyer contracts, but his efforts turned up nothing; American plants which were not building warships were filled to overflowing with orders for merchant tonnage, which was also needed to counter the submarine threat. The only immediate alternative was to stop work on naval contracts for big ships on which construction was not very far advanced, and then use the freed-up space to build destroyers. On 29 March Daniels broached this idea to Assistant Secretary Roosevelt, specifically suggesting that the Navy stop work on the battle cruisers it had just ordered. Both men recognized that they might eventually have to take this drastic step, but decided not to do so right away.[93]

One action Daniels did take was to urge the New York Shipbuilding Company to rush completion of the battleship Idaho. This dreadnought was scheduled for delivery in November 1917, but work on the vessel had been delayed by labor disputes and other problems. If construction of the Idaho went on into 1918, space needed for building destroyers would not be available. To put public pressure on the New York Shipbuilding Company to make up for lost time, the Navy Secretary gave the press copies of his plea to the firm to hurry construction of the big ship.[94]

The Administration, meanwhile, began to take steps towards

military cooperation with the Allies. On 24 March the President asked Daniels to establish confidential communications with the Royal Navy to work out a "scheme of cooperation" between the American and British fleets. The Navy Secretary responded by dispatching Rear Admiral William Sowden Sims, the Commandant of the Naval War College (and a well-known proponent of Anglo-American cooperation), to London to establish direct contact with the British Admiralty. As Sims prepared to cross the Atlantic, Whitehall decided to send its own naval mission to the United States; on 27 March Admiral Sir Montague E. Browning, the senior British commander in the West Indies, was told to make preparations for a visit to Washington to discuss naval matters.[95]

Admiral Sims arrived in Great Britain on 9 April -- the same day Admiral Browning, accompanied by a French naval representative, Admiral R. A. Grasset, got to Washington D.C. By now the United States was a belligerent instead of a neutral (President Wilson had signed the declaration of war on 6 April), which made it appropriate for the British and French to discuss specific military operations. On 11 April Browning and Grasset urged Daniels to send as many destroyers as he could to European waters. The U.S. Navy, however, had less than seventy destroyers in commission, and although another fifty-two were under construction or on order in American shipyards, none of these would be ready for service until 1918. The simple truth was that there were not enough destroyers to meet the defense needs of the Allies and the United States. The Navy Department's building programs had emphasized battleship construction rather than smaller vessels -- now that a technological innovation, the submarine, had dramatically altered the nature of naval warfare, Secretary Daniels had to deal with the consequences of past policies that had downplayed the U-boat threat. As Daniels wrote in his diary after his discussions with Browning and Grasset: "O for more destroyers! I wish we could trade the money in dreadnaughts for destroyers already built."[96]

Yet Daniels was still not aware of the full scope of the U-boat threat -- in fact, no one in the United States was. In London, though,

Admiral Sims was about to discover the truth. At first the British were reluctant to reveal to Sims how grim the situation actually was, but finally the Admiralty frankly disclosed the facts to the astonished American officer. U-boats, Royal Navy officials told Sims, had sunk well over a million tons of shipping during the first two months of Germany's submarine campaign. The preliminary data for April indicated the situation was getting worse -- sinkings during the first ten days of the month amounted to over 200,000 tons. Merchant vessels, in short, were "being sent to the bottom faster than all the shipyards in the world could replace them."[97]

Sims was astounded and expressed his consternation to Admiral Sir John Jellicoe, Britain's First Sea Lord. Donald W. Mitchell, in his history of the U.S. Navy, provides a dramatic description of the ensuing discussion:

> 'It is impossible for us to go on with the war if losses like this continue,' [Jellicoe calmly told Sims].
> 'What are you doing about it?' asked Sims.
> 'Everything that we can. We are increasing our antisubmarine forces in every way possible. We are using every possible craft we can find with which to fight submarines. . . . But the situation is very serious and we shall need all the assistance we can get.'
> 'It looks as though the Germans were winning the war,' Sims remarked.
> 'They will win, unless we can stop these losses and stop them soon,' replied Jellicoe.
> 'Is there no solution to the problem?' Sims asked.
> 'Absolutely none that we can see now,' [Jellicoe answered].[98]

Sims's response to this startling news was to send, beginning on 14 April, "a series of alarmist cables to Washington describing the extent of the submarine crisis and urging all-out American assistance." In his diary entry for 14 April Daniels noted the arrival of the first of these: "Sims sent telegram from Great Britain -- so confidential he sent it in the State Department secret code. Feared it might help the enemy's moral[e] if known. It will be delivered to-morrow." The Secretary of the Navy, and the Wilson Administration, were about to be told that the need for destroyers was far more desperate than they imagined.[99]

The Shipping Board and the Navy Enter the War

Saturday, 14 April 1917, the day Admiral Sims sent his cable to Washington, was the same day General Goethals had his stormy session with the Shipping Board over the way he had been "drafted" into the Board's service. For the Shipping Board, the war was getting off to a rocky start: Chairman Denman had already clashed with Goethals, the new head of the merchant shipbuilding program, and there was considerable skepticism among shipping men over the Board's plan for building a great fleet of wooden steamers. The Navy was also facing problems: destroyers were desperately needed to counter the submarine threat, but the Navy did not have nearly as many as it needed, and the 110-foot submarine chasers it was building were only a stopgap measure of limited usefulness.

The main problem, for both the Shipping Board and the Navy, was the submarine. There were two ways to deal with this threat. The first, the only alternative in the short run, was to employ existing ships as effectively as possible. For the Shipping Board this meant finding the most efficient ways to use the vessels in the nation's merchant marine, so there would be little wasted space or time on transatlantic voyages; for the Navy it meant using the warships already in commission to destroy as many submarines as they could find, and to protect merchant shipping on the high seas. The other response to the U-boat threat was longer term: building ships. For the Shipping Board this meant turning out commercial tonnage as rapidly as possible; for the Navy it meant producing large numbers of destroyers and other warships which could hunt down and kill the undersea raiders.

When the Shipping Board and Navy looked to American shipyards in the spring of 1917 to meet their demands for ships, they found an industry already saturated with orders for merchant and naval tonnage, and apparently unable to expand rapidly enough to meet the ever-increasing need for new vessels. To get the necessary merchant and naval tonnage built, something would have to be done. The Shipping

Board had a plan for building wooden steamers, but the practicality of that plan remained to be seen; the Navy was considering stopping work on some of its own contracts for big ships to make room for the construction of more destroyers, but even this drastic step would not begin to provide the destroyer tonnage needed. As the United States entered the war it was clear that key decisions would have to be made soon about mobilizing the nation's shipyards for the conflict. What those decisions would be, though, was not yet clear.

NOTES TO CHAPTER 4

[1]Who Was Who in America, vol. 3 (Chicago: Marquis Company, 1960), p. 221; C. W. Taylor, Bench and Bar of California, 1937-1938 (Chicago: C. W. Taylor, 1937), p. 146; J. C. Bates, ed., History of the Bench and Bar of California (San Francisco: Bench and Bar Publishing Company, 1912), pp. 291-292; Walton Bean, Boss Ruef's San Francisco: The Story of the Union Labor Party, Big Business, and the Graft Prosecution (Berkeley, Calif.: University of California Press, 1952), pp. 308, 329; William Kent to Wilson, 9 April 1913, in The Papers of Woodrow Wilson, edited by Arthur S. Link et. al. (Princeton, N.J.: Princeton University Press, 1966-), vol. 27; San Francisco Examiner, 3 October 1916; San Francisco Call, 22 December 1916; San Francisco Chronicle, 10 March 1959.

[2]Farquhar to McAdoo, 9 March 1917, Box 175, McAdoo to Denman, Letterbook 40, William G. McAdoo Papers, Library of Congress (hereafter cited as McAdoo Papers); "Minutes of Board Meetings," 30 January 1917, Records of the United States Shipping Board, National Archives, Record Group 32 (hereafter cited as NA/RG 32); San Francisco Bulletin, 22 December 1916; Edward M. House to Wilson, 24 July 1917, The Papers of Woodrow Wilson, vol. 43.

[3]Barbara W. Tuchman, The Zimmermann Telegram (New York: The Viking Press, 1958; New York: Bantam Books, 1971), pp. 144-145; Arthur S. Link, Woodrow Wilson and the Progressive Era, 1910-1917 (New York: Harper and Brothers, 1954), pp. 217, 266-267; Darrell Hevenor Smith and Paul V. Betters, The United States Shipping Board: Its History, Activities and Organization (Washington D.C.: Brookings Institution, 1931), p. 9; Ross Gregory, The Origins of American Intervention in the First World War (New York: W. W. Norton and Company, 1971), pp. 120-121.

[4]Edward N. Hurley, The Bridge to France (Philadelphia: J. B. Lippincott Company, 1927), p. 23; United States Shipping Board, The Shipping Act, Merchant Marine Act, 1920, as Amended and Merchant Marine Act, 1928, Revised to March 4, 1929 (Washington D.C.: Government Printing Office, 1929), pp. 8, 27-29; Smith and Betters, p. 9; "Minutes of Board Meetings," 30 January 1917, 17 February 1917, NA/RG 32; Denman to Wilson, 2 February 1917, Carton 11, "To the Committee on Commerce of the Senate of the United States," 5 May 1917, Carton 12, William Denman Papers, Bancroft Library, University of California at Berkeley (hereafter cited as Denman Papers); U.S. Congress, Senate, Committee on Commerce, Hearings on Senate Resolution 170 to Investigate All Matters Connected with the Building of Merchant Vessels under the Direction of the United States Shipping Board Emergency Fleet Corporation, 65th Cong., 2d sess., p. 1065 (hereafter cited as Senate Hearings). Denman told the Commerce Committee: "We declined to let any of the vessels go

[i.e., be transferred to foreign flags], save two or three specialized types, such as an ice-breaker for Archangel, and some sugar boats for Cuba; and we held in that mass of tonnage under the flag."

[5]Gregory, pp. 122-123; Link, Woodrow Wilson and the Progressive Era, p. 268; Tuchman, pp. 146-147; John M. Blum et. al., The National Experience: A History of the United States, 2d ed. (New York: Harcourt, Brace and World, 1968), p. 589.

[6]Ernest R. May, The World War and American Isolation, 1914-1917 (Cambridge, Mass.: Harvard University Press, 1959), p. 421; J. A. Salter, Allied Shipping Control: An Experiment in International Administration (Oxford: The Clarendon Press, 1921), p. 358; Link, Woodrow Wilson and the Progressive Era, pp. 269-270.

[7]New York Times, 28 December 1917; Transactions of the Society of Naval Architects and Marine Engineers 27 (1919):30-32. There is some confusion over the number of shipyards and shipways in the United States in April 1917. Edward N. Hurley, later Chairman of the Shipping Board, and Charles Piez, later General Manager and Director General of the Emergency Fleet Corporation, both state there were thirty-seven steel yards with 162 ways and twenty-four wood yards with seventy-two ways. See U.S. Congress, House of Representatives, Select Committee on U.S. Shipping Board Operations, Hearings before Select Committee on U.S. Shipping Board Operations, 66th Cong., 2d and 3rd sess., p. 5109 (hereafter cited as House Hearings on Shipping Board Operations) and Report of Director General Charles Piez to the Board of Trustees of the United States Shipping Board Emergency Fleet Corporation -- (Philadelphia) April 30, 1919 (Washington D.C.: Government Printing Office, 1919), p. 80 (hereafter cited as Report of Director General Charles Piez). Another source states that on 1 April 1917 there were sixty-one shipyards in the nation capable of building ocean-going ships. This agrees with Hurley and Piez, but the source reports only 215 ways -- instead of the 234 reported by Hurley and Piez. See P. H. Douglas and F. E. Wolfe, "Labor Administration in the Shipbuilding Industry during War Time, Part I," The Journal of Political Economy 27 (March 1919): 147. Yet another source reports that in April 1917 there were 130 yards with 398 ways, but this includes plants building smaller vessels. See U.S. Shipping Board, Third Annual Report of the United States Shipping Board for the Year Ended June 30, 1919 (Washington D.C.: Government Printing Office, 1919), p. 154. The figures presented in the Transactions of the Society of Naval Architects and Marine Engineers appeared to be most accurate because they were provided by the trade association most directly involved with shipbuilding, and because they were the most detailed statistics available, breaking down shipyards and shipways by states.

[8]W. C. Mattox, Building the Emergency Fleet (Cleveland, Oh.: The Penton Publishing Company, 1920; reprint ed., New York: Library Editions, 1970), pp. 19-20; "Statement of William Denman," Grosvenor

Clarkson interview for the book Industrial America in the World War, 26 November 1920, Unit II, Section 3, The Bernard M. Baruch Papers, Princeton University (hereafter cited as Baruch Papers); "American Shipyards Upbuilding Foreign Merchant Marine," n.d., Box 11, "Vessels under Contract as of August 3, 1917," Box 79, "Inquiry as to the Number of Wooden Cargo Vessels that Can Be Procured on the Atlantic and Gulf Coasts," 14 March 1917, Box 99, Subject-Classified General Files, NA/RG 32; Senate Hearings, pp. 1065-1066; Denman to J. H. Pelhaus, 11 March 1917, Box 30, "To the Committee on Commerce of the Senate of the United States," 5 May 1917, Carton 12, Denman Papers.

[9]"Frederic Augustus Eustis," n.d., carton 13, "America's Plan to Beat the Submarines," 6 May 1917 newspaper clipping, vol. 14, Denman Papers.

[10]"General Goethals and the U.S. Shipping Board (as told by General Goethals himself)," n.d., Box 43, George W. Goethals Papers, Library of Congress (hereafter cited as Goethals Papers); Joseph Bucklin Bishop and Farnham Bishop, Goethals, Genius of the Panama Canal; A Biography (New York: Harper and Brothers, 1930), pp. 271-272, 287-288.

[11]"Statement of William Denman," Grosvenor Clarkson interview for the book Industrial America in the World War, 26 November 1920, Unit II, Section 3, Baruch Papers; Eustis to Denman, 29 March 1917, Box 9, Denman Papers; Denman to G. H. Lorimor, 17 May 1917, Box 21, Subject-Classified General Files, NA/RG 32. Lorimor was preparing an article for the Saturday Evening Post, and Denman suggested he word it this way: "Mr. F. A. Eustis . . . found an instantaneous sympathetic response from Chairman Denman, of the Shipping Board. Denman had amongst his clients the largest wooden shipbuilding yard on San Francisco Bay, and also a number of the great timber owners in Oregon and California. He had litigated wooden steamships over thirty years of age, constructed of this western timber, and was familiar with the labor problem involved in such an enterprise." During the war the Shipping Board's Emergency Fleet Corporation would build wooden ships of 3,500 deadweight tons.

[12]"Statement of William Denman," Grosvenor Clarkson interview for the book Industrial America in the World War, Unit II, Section 3, Baruch Papers.

[13]New York Times, 14 March 1917; Senate Hearings, p. 1110; House Hearings on Shipping Board Operations, p. 3188; Statement by William Denman, Chairman, United States Shipping Board, 2 May 1917, Box 27, Subject-Classified General Files, NA/RG 32.

[14]William N. Thurston, "Management-Leadership in the United States Shipping Board, 1917-1918," American Neptune 32 (1972):159; Senate Hearings, pp. 618-619; Edward N. Hurley, The New Merchant Marine

(London: Gay and Hancock, 1920), p. 63; The Marine Review 48 (November 1918):483; Howey to Eddy, 1 May 1917, Box 27, "Inquiry as to the Number of Wooden Cargo Vessels that Can Be Procured on the Atlantic and Gulf Coasts," 14 March 1917, Box 99, "Preliminary Report upon the Emergency Fleet Corporation's Wood Ship Program," 1 May 1919, Box 211, Vice President and General Manager to Board of Trustees, 11 December 1918, Box 296, Subject-Classified General Files, NA/RG 32.

[15]Eustis to Denman, 29 March 1917, Box 9, Denman Papers.

[16]House Hearings on Shipping Board Operations, p. 3188.

[17]Eustis to Denman, 29 March 1917, Box 9, Denman Papers; Denman to G. H. Lorimor, 17 May 1917, Box 21, Subject-Classified General Files, NA/RG 32.

[18]House Hearings on Shipping Board Operations, p. 3188.

[19]Senate Hearings, pp. 374, 1116; Bishop and Bishop, pp. 291-293; "General Goethals and the U.S. Shipping Board (as told by General Goethals himself)," n.d., Box 43, Goethals Papers; "Statement of William Denman," Grosvenor Clarkson interview for the book Industrial America in the World War, 26 November 1920, Unit II, Section 3, Baruch Papers; "Minutes of Special Meeting," 18 July 1917, Box 8, Records of Shipping Board Commissioners/Raymond B. Stevens, NA/RG 32.

[20]Link, Woodrow Wilson and the Progressive Era, pp. 269-271; Tuchman, pp. 163-164.

[21]Link, Woodrow Wilson and the Progressive Era, pp. 271-272; Patrick Devlin, Too Proud to Fight: Woodrow Wilson's Neutrality (New York: Oxford University Press, 1975), pp. 642-644.

[22]Link, Woodrow Wilson and the Progressive Era, p. 272; Tuchman, p. 190. Under normal circumstances the Sixty-Fifth Congress would not have met until the first Monday in December 1917, as provided for by Article I, Section 4 of the Constitution.

[23]Link, Woodrow Wilson and the Progressive Era, pp. 272-274; Tuchman, pp. 169-171; Arthur S. Link, Wilson: Campaigns for Progressivism and Peace, 1916-1917 (Princeton, N.J.: Princeton University Press, 1965), pp. 353-361.

[24]New York Times, 7 February, 18 February 1917; Los Angeles Evening Express, 14 March 1917; Senate Hearings, pp. 1074-1075; The Marine Review, 47 (March 1917):86; Denman to Wilson, 25 February 1917, Box 30, Denman Papers.

[25]New York Times, 7 March, 11 March 1917; Bishop and Bishop, pp. 295-296.

[26]New York Times, 14 March 1917; Bishop and Bishop, pp. 296-298, 303. In private correspondence Denman also remarked that wooden steamers might be profitably operated after the war; as he wrote to F. A. Warner on 11 March: "The papers tell something of our efforts towards standardization in the construction of wooden ships to meet the present emergency. If the war continues for a considerable length of time, we may have a very large tonnage of this type of vessel, and we are making every effort to have it of a character that, at the termination of the war, we may be of assistance in the new struggle for over-seas commerce into which the nation will enter." See Denman to F. A. Warner, 11 March 1917, Box 30, Denman Papers. Similar comments are in Denman to J. H. Pelhaus and Denman to Calvin Fentress, both on 11 March 1917, Box 30, Denman Papers.

[27]"Report on the Rapid Emergency Construction of Small Ships," 20 March 1917, Eustis to Denman, 30 March 1917, Box 21, Subject-Classified General Files, NA/RG 32.

[28]New York Times, 12 February 1917; "Inquiry as to the Number of Wooden Cargo Vessels that can be produced on the Atlantic and Gulf Coasts," 14 March 1917, Box 99, Subject-Classified General Files, NA/RG 32; Carl N. Degler, The Age of the Economic Revolution: 1876-1900, 2d. ed. (Glenview, Ill.: Scott Foresman and Company, 1977), p. 33.

[29]Poindexter to Denman, 14 March 1917, Denman to Poindexter, 15 March 1917, Box 21, Subject-Classified General Files, NA/RG 32; San Francisco Chronicle, 31 March 1917; "Partial List of Concerns Who Can Start Promptly Building Wooden Ships," n.d., carton 13, Denman Papers. Sunset magazine also reported on the wooden ship program in a positive light; see Sunset, The Pacific Monthly 38 (May 1917):14.

[30]The Marine Review, 47 (March 1917):87; U.S., Congress, Congressional Record, 65th Cong., Special Senate sess., pp. 1, 78, 95; U.S. Shipping Board, Annual Report (1917), pp. 5-6; Who Was Who in America, vol. 2 (Chicago: Marquis Company, 1950), p. 509; Seward W. Livermore, Politics Is Adjourned: Woodrow Wilson and the War Congress, 1916-1918 (Middletown, Conn.: Wesleyan University Press, 1966), pp. 12, 15; "Raymond Bartlett Stevens," n.d., Box 11, Records of Shipping Board Commissioners and Fleet Corporation Officials, NA/RG 32; "Minutes of Board Meetings," 15 March 1917, NA/RG 32.

[31]House Hearings on Shipping Board Operations, p. 3172.

[32]Denman to McNear, 11 March 1917, Box 30, Denman Papers; Baker to McAdoo, 27 February 1917, Box 175, McAdoo Papers.

[33]Lansing to Wilson, 16 March 1917, The Papers of Woodrow Wilson, vol. 41; L. Ames Brown to McAdoo, 8 March 1917, Box 175, McAdoo Papers.

[34]Link, Campaigns for Progressivism and Peace, pp. 67, 377-378, 401-408, 429-431; Link, Woodrow Wilson and the Progressive Era, pp. 274-276, 281-282; Blum et. al., pp. 589-590; Devlin, p. 666.

[35]Who Was Who in America, vol. 5, p. 133; McAdoo to Denman, 10 March 1917, Box 175, McAdoo Papers; "Minutes of Board Meetings," 20 March 1917, 2 April 1917, NA/RG 32; E. T. Chamberlain to Denman, 12 April 1917, Box 21, Subject-Classified General Files, NA/RG 32; New York Times, 8 June 1917. Denman publicly claimed Clark was also a "dollar-a-year man"; this is what he told, for example, the Saturday Evening Post. See Denman to G. H. Lorimor, 17 May 1917, Box 21, Subject-Classified General Files, NA/RG 32. As the "Minutes of Board Meetings" for 2 April 1917 show, this was not the case.

[36]"Minutes of Board Meetings," 20 March 1917, NA/RG 32; "Report on the Rapid Emergency Construction of Small Ships," 20 March 1917, Box 21, Subject-Classified General Files, NA/RG 32.

[37]"Minutes of Special Joint Meeting of the Council of National Defense and Advisory Commission," 31 March 1917, Unit I, Volume 1, Baruch Papers; Arthur S. Link, Confusions and Crises, 1915-1916 (Princeton, N.J.: Princeton University Press, 1964), pp. 338-339; Robert D. Cuff, The War Industries Board: Business-Government Relations during World War I (Baltimore: The Johns Hopkins University Press, 1973), pp. 37-40.

[38]New York Chamber of Commerce Monthly Bulletin 8 (April 1917):50-51.

[39]U.S. Congress, House of Representatives, Committee on the Merchant Marine and Fisheries, Claims of Wooden Shipbuilders: Hearings before the Committee on the Merchant Marine and Fisheries, 66th Cong., 2d sess., pp. 8-9 (hereafter cited as Hearings on Claims of Wooden Shipbuilders); New York Times, 8 June 1917; J. Russell Smith, Influence of the Great War upon Shipping (New York: Oxford University Press, 1919), pp. 275-276; U.S. Shipping Board, Annual Report (1918), p. 168; Bishop and Bishop, p. 305; Eustis to Denman, 30 March 1917, Box 21, Subject-Classified General Files, NA/RG 32; A. F. MacArthur to Emergency Fleet Corporation, 1 June 1917, Carton 11, Denman Papers.

[40]Brent to Denman, 9 April 1917, Brent to Eustis, 12 April 1917, Box 28, "Inquiry as to the Number of Wooden Cargo Vessels that can be Produced on the Atlantic and Gulf Coasts," 14 March 1917, Box 99, "Inquiry as to the Number of Wooden Cargo Vessels that Can Be Produced on the Pacific Coast," 28 March 1917, Box 103, Subject-Classified General Files, NA/RG 32; Denman to J. H. Pelhaus, 11 March 1917, Box 30, Denman Papers.

[41]House Hearings on Shipping Board Operations, p. 2894, 2900.

[42]Brownell to Denman, 16 April 1917, Box 17, Subject-Classified General Files, NA/RG 32.

[43]"Report on the Rapid Emergency Construction of Small Ships," 20 March 1917, Box 21, Subject-Classified General Files, NA/RG 32.

[44]Bishop and Bishop, pp. 304-305.

[45]New York Times, 6 April 1917; Bishop and Bishop, pp. 301-302, 304.

[46]Eustis to Goethals, 5 April 1917, 6 April 1917, File 25-1, Old General File, NA/RG 32; "General Goethals and the U.S. Shipping Board (as told by General Goethals himself)," n.d., Box 43, Goethals Papers; Wilson to Denman, 4 April 1917, The Papers of Woodrow Wilson, vol. 41; Eustis to Denman, n.d. [ca. July 1917], Box 9, Denman Papers; Bishop and Bishop, pp. 289-290. The Bishops mistakenly say the Eustis-Goethals meeting was in early March -- the telegrams from Eustis to Goethals cited above show the meeting was actually on 6 April 1917.

[47]Denman to Brent, 7 April 1917, Brent to Denman, 9 April 1917, Eustis to Brent, 10 April 1917, Brent to Denman, 12 April 1917, Box 28, Subject-Classified General Files, NA/RG 32.

[48]New York Times, 10 April 1917; Bishop and Bishop, pp. 305-306; Wilson to Denman, 4 April 1917, The Papers of Woodrow Wilson, vol. 41; "Statement of William Denman," Grosvenor Clarkson interview for the book Industrial America in the World War, 26 November 1920, Unit II, Section 3, Baruch Papers; Joseph P. Tumulty to Wilson, 10 April 1917, Series 4, File 484A, Woodrow Wilson Papers, Library of Congress.

[49]New York Times, 10 April 1917.

[50]Wilson to Goethals, 11 April, 1917, Box 43, Goethals Papers; New York Times, 12 April 1917; Bishop and Bishop, p. 306.

[51]New York Times, 13 April 1917; Bishop and Bishop, pp. 306-307. On 11 April 1917 Denman wrote to the Mayor of New York, John P. Mitchel, that the wooden ship scheme had the "enthusiastic endorsement" of General Goethals; see Denman to Mitchel, 11 April 1917, Box 21, Subject-Classified General Files, NA/RG 32. This was quite an exaggeration on Denman's part, and was apparently part of the Shipping Board's campaign to put public pressure on Goethals to get the General to head the wooden shipbuilding program.

[52]Bishop and Bishop, p. 307.

[53]"General Goethals and the U.S. Shipping Board (as told by General Goethals himself)," n.d., Box 43, Goethals Papers.

[54]Ibid.

[55]Los Angeles Evening Express, 14 April 1917.

[56]U.S. Navy Department, Annual Reports for the Fiscal Year 1916 (Washington D.C.: Government Printing Office, 1917), p. 11; William Reynolds Braisted, The United States Navy in the Pacific, 1909-1922 (Austin, Tex.: University of Texas Press, 1971), p. 289.

[57]J. W. Powell to Daniels, 3 December 1915, Daniels to G. S. MacFarland, 2 February 1917, Container 510, Josephus Daniels Papers, Library of Congress (hereafter cited as Daniels Papers); New York Times, 12 December 1916, 9 January 1917; The Marine Review 46 (December 1916):425, 437-438; Donald W. Mitchell, History of the Modern American Navy from 1883 through Pearl Harbor, (New York: Alfred A. Knopf, 1946), pp. 132, 140, 194.

[58]Daniels to MacFarland, 2 February 1917, Container 510, Daniels Papers; Paolo E. Coletta, "Josephus Daniels, 5 March 1913-5 March 1921," in American Secretaries of the Navy, vol. 2, ed. Paolo E. Coletta, (Annapolis, Md.: Naval Institute Press, 1980), p. 546; New York Times, 7 December, 12 December 1916; The Marine Review 46 (December 1916):437-438. Congress had authorized Daniels to accept "cost-plus-percentage" bids if he wished to, but he did not. Technically, one of the bids Daniels refused on the scout cruisers was not a strict "cost-plus-percentage" proposal -- the Fore River yard offered to build the ships for $4.9 million each, but made its bid "conditional upon the current cost of labor and material, the government to assume any increased cost." Daniels rejected these terms as simply being another form of "cost-plus" contract. The Union Iron Works, which -- like the Fore River yard -- was owned by the Bethlehem Steel Corporation, offered to build the scout cruisers for "the cost of construction plus a profit of 15 per cent." The only bid Daniels accepted for scout cruisers was that of the Seattle Construction and Dry Dock Company, which offered a fixed-price bid of $4,975,00 for the construction of one ship. All the bids for battle cruisers were made on a straight "cost-plus-percentage" basis.

[59]International Marine Engineering, 22 (March 1917):90; The Marine Review, 46 (December 1916):437; Daniels to MacFarland, 2 February 1917, Container 510, Daniels Papers.

[60]U.S. Navy Department, Annual Report (1917), p. 31; Daniels to MacFarland, 2 February 1917, Container 510, Daniels Papers; J. Franklin Crowell, Government War Contracts (New York: Oxford University Press, 1920), pp. 32, 143, 183-184.

[61]Daniels to MacFarland, 2 February 1917, Container 510, Daniels Papers; New York Times, 16 January 1917; Boston Herald, 11 January 1917.

[62]International Marine Engineering, 22 (February 1917):43.

[63]Boston Herald, 11 January 1917; New York Times, 7 November 1916; Powell to MacFarland, 29 January 1917, Container 510, Daniels Papers.

[64]Daniels to MacFarland, 2 February 1917, Container 510, Daniels Papers.

[65]New York Times, 22 January 1917 (the Times paraphrased Daniels's remarks); Melvin I. Urofsky, Big Steel and the Wilson Administration: A Study in Business-Government Relations (Columbus, Oh.: Ohio State University Press, 1969), pp. 108-109.

[66]New York Times, 22 January 1917; Robert Hessen, Steel Titan: The Life of Charles M. Schwab (New York: Oxford University Press, 1975), p. 223. Schwab's argument in the quoted passage was specifically aimed at the government-owned armor plant Daniels planned to build, but the same reasoning could be applied to protest the development of a government-owned projectile plant. In April 1917 the Navy decided to combine both of these plants into one large complex to be built in Charleston, West Virginia.

[67]New York Times, 22 January 1917.

[68]Urofsky, pp. 108-109; New York Times, 20 February 1917; Josephus Daniels, The Cabinet Diaries of Josephus Daniels, 1913-1921, edited by E. David Cronon (Lincoln, Neb.: University of Nebraska Press, 1963), p. 131.

[69]Congressional Record, 64th Cong., 2d sess., 10 February 1917, p. 3047; U.S. Navy Department, Annual Report (1916), p. 82. The smaller warships the General Board called for were all nine of the remaining fleet submarines, eighteen of the remaining twenty-eight coast submarines, twenty of the remaining thirty destroyers, four of the remaining eight auxiliaries, and the one remaining gunboat.

[70]U.S. Navy Department, Annual Report (1916), p. 11.

[71]New York Times, 4 February 1917.

[72]Ibid., 11 February 1917; Congressional Record, 64th Cong., 2d sess., 3 March 1917, p. 4968.

[73]"Total Vessels Authorized and Money Appropriated for Them," n.d., Container 510, Daniels Papers; Senior Member of the General Board to Secretary of the Navy, 2 April 1920, General Board File 420-2, Records of the Secretary of the Navy, National Archives, Record Group 80 (hereafter cited as NA/RG 80); Coletta, pp. 547-548; New York Times,

7 March 1917. The $12 million appropriated for the expansion of navy yards could only be spent if private yards did not make reasonable bids -- but Daniels had the power to determine the reasonableness of the private firms' bids. Congress gave Daniels everything he asked for with only one minor exception -- it substituted four coast submarines for the four fleet submarines he had requested.

[74]New York Times, 5 March 1917.

[75]New York Times, 7 March 1917; Daniels, The Cabinet Diaries of Josephus Daniels, p. 109.

[76]Daniels, The Cabinet Diaries of Josephus Daniels, pp. 109, 121; U.S. Department of the Navy, Annual Report (1917), p. 31.

[77]New York Times, 8 March, 16 March 1917.

[78]New York Times, 14 March, 15 March, 16 March 1917; Daniels, The Cabinet Diaries of Josephus Daniels, p. 114; U.S. Navy Department, Annual Report (1917), p. 31; The Marine Review, 47 (May 1917):163.

[79]Peter Karsten, The Naval Aristocracy: The Golden Age of Annapolis and the Emergence of Modern American Navalism (New York: The Free Press, 1972), pp. 187, 293, 298; John K. Ohl, "The Navy, the War Industries Board, and the Industrial Mobilization for War, 1917-1918," Military Affairs 40 (February 1976):18; Mitchell, pp. 208-209; U.S. Navy Department, Annual Report (1917), pp. 31-34; Dictionary of American Biography, Supplement 1 (New York: Charles Scribner's Sons, 1944), pp. 150-151; U.S. Navy Department, Paymaster General, Annual Report of the Paymaster General of the Navy for the Fiscal Year 1918 (Washington D.C.: Government Printing Office, 1918), p. 102; New York Times, 22 March 1917. The Compensation Board was formally established on 21 March 1917.

[80]New York Times, 16 March 1917.

[81]Ibid. Twenty of the coastal submarines were to be paid for out of the Naval Emergency Fund; see Senior Member of General Board to Secretary of the Navy, 2 April 1920, General Board File 420-2, NA/RG 80.

[82]Mitchell, p. 205; Salter, p. 358; U.S. Commissioner of Navigation, Annual Report for the Fiscal Year Ended June 30, 1916 (Washington D.C.: Government Printing Office, 1916), p. 134; George T. Davis, A Navy Second to None: The Development of Modern American Naval Policy (New York: Harcourt, Brace and Company, 1940), p. 235.

[83]Congressional Record, 64th Cong., 2d sess., 10 February 1917, p. 3046; U.S. Congress, Senate, Biographical Directory of the American Congress, 1774-1971, 92d Cong., 1st sess. (Washington D.C.: Government

Printing Office, 1971), p. 1549; New York Times, 11 February 1917.

[84]David F. Trask, "The American Navy in a World at War, 1914-1919," in In Peace and War: Interpretations of American Naval History, 1775-1978, ed. Kenneth J. Hagan (Westport, Conn.: Greenwood Press, 1978), p. 209.

[85]New York Times, 27 February 1917, 13 May 1917.

[86]The Marine Review, 47 (April 1917):130-131; Hurley, The New Merchant Marine, pp. 62-63; Director of Naval Intelligence to Assistant Secretary of the Navy, 27 February 1917, General Board File 420-14, NA/RG 80.

[87]Senior Member of General Board to Secretary of the Navy, 28 February 1917, General Board File 420-14, NA/RG 80; Harold and Margaret Sprout, The Rise of American Naval Power, 1776-1918 (Princeton, N.J.: Princeton University Press, 1944), p. 359; U.S. Congress, Senate, Subcommittee of the Committee on Naval Affairs, Naval Investigation, 66th Cong., pp. 1018-1019.

[88]Senior Member of General Board to Secretary of the Navy, 28 February 1917, General Board File 420-14, NA/RG 80; Coletta, p. 550; Holger H. Herwig and David F. Trask, "The Failure of Imperial Germany's Undersea Offensive Against World Shipping, February 1917-October 1918," Historian 33 (August 1971):613-614; David F. Trask, Captains and Cabinets: Anglo-American Naval Relations, 1917-1918 (Columbia, Mo.: University of Missouri Press, 1972), p. 34.

[89]New York Times, 13 March 1917; Senior Member of General Board to the Secretary of the Navy, 26 March 1917, General Board File 420-14, NA/RG 80.

[90]Frank Freidel, Franklin D. Roosevelt: The Apprenticeship (Boston: Little, Brown and Company, 1952), pp. 311-312; Daniels, The Cabinet Diaries of Josephus Daniels, p. 121; Josephus Daniels, The Wilson Era: Years of War and After, 1917-1923 (Chapel Hill, N.C.: The University of North Carolina Press, 1946), p. 254; Kenneth S. Davis, F.D.R.: The Beckoning of Destiny, 1882-1928 (New York: G. P. Putnam's Sons, 1972), pp. 466-469; Trask, Captains and Cabinets, p. 51; Senior Member of General Board to Secretary of the Navy, 26 March 1917, General Board File 420-14, NA/RG 80.

[91]New York Times, 20 March, 22 March 1917; Daniels, The Cabinet Diaries of Josephus Daniels, pp. 116-117; U.S. Congress, House of Representatives, Committee on Naval Affairs, Hearings on Estimates Submitted by the Secretary of the Navy, 1919, 65th Cong., pp. 877-883 (hereafter cited as Hearings on Navy Estimates).

[92]New York Times, 22 March, 25 March, 1917; Daniels, The Cabinet

Diaries of Josephus Daniels, p. 121; Hearings on Navy Estimates (1919), pp. 871-872.

[93]Daniels, The Cabinet Diaries of Josephus Daniels, p. 124; Trask, Captains and Cabinets, p. 57, note 99.

[94]New York Times, 29 March 1917.

[95]Trask, Captains and Cabinets, pp. 54-56.

[96]Daniels, The Cabinet Diaries of Josephus Daniels, pp. 132-133; New York Times, 25 March 1917; Hearings on Navy Estimates (1919), p. 871; Harold Sprout and Margaret Sprout, The Rise of American Naval Power, 1776-1918 (Princeton, N.J.: Princeton University Press, 1944), p. 363; Martin van Creveld, Technology and War: From 2000 B.C. to the Present (New York: The Free Press, 1989), pp. 208-211.

[97]Mitchell, p. 205; Trask, Captains and Cabinets, p. 65.

[98]Mitchell, pp. 205-206.

[99]Trask, Captains and Cabinets, p. 65; Daniels, The Cabinet Diaries of Josephus Daniels, p. 134.

CHAPTER 5
THE WOODEN SHIP DEBATE:
APRIL TO JUNE 1917

The Emergency Fleet Corporation is Formed

George Washington Goethals was born in Brooklyn, New York, on 29 June 1858, ten years after his parents had emigrated to the United States from Holland. A bright boy, he entered the College of the City of New York at age fourteen. To pay his expenses he had to work during his spare time, but despite this busy schedule made an excellent academic record. This won him, in 1876, an appointment to West Point, from which he graduated, four years later, second out of a class of fifty-two cadets. He then entered the Army's Corps of Engineers.[1]

Goethals's military record was exemplary. At his first assignment, with the Department of the Columbia River, his Commander, General William Tecumseh Sherman, called Goethals the finest young officer in the command and predicted a "brilliant future." Goethals's next assignments were in the East, Midwest, and Upper South, where he worked on many engineering projects, most notably improvements to river navigation and harbor fortifications. He also spent six years as an instructor of military engineering at West Point. In 1903, when Secretary of War Elihu Root reorganized the Army's command structure, Goethals was picked to serve on the new General Staff, where he performed impressively. Four years later President Theodore Roosevelt, looking for an engineer who could complete the building of the Panama Canal, decided to send Goethals, now a Colonel, to the Isthmus.[2]

In Panama Goethals's responsibility was to see the canal through to completion. He faced an enormous engineering challenge, as well as the obstacles of disease control and discontented personnel. To accomplish this difficult mission, Colonel Goethals did not try to court popularity; instead, he set demanding standards and required loyalty and hard work from his subordinates. He was a tough

taskmaster, but he was fair -- and he knew how to pick good men. He also knew how to instill determination.[3]

David McCullough, in his history of the Panama Canal, paints a vivid word picture of Goethals's personality:

> He was a model officer, but a soldier like many in the Corps of Engineers who had never fought in a war, never fired a shot except on a rifle range, and who seems in fact to have had little affection for conventional "soldiering." Once on a parade ground in Panama, while watching some troops pass in review on a broiling-hot drill field, he would mutter to a civilian companion, 'What a hell of a life.'
>
> Cool in manner, capable, very correct, he was a man of natural dignity and rigorously high, demanding standards. He had had no experience [prior to his arrival in Panama] with notoriety, nor apparently any craving for it. And it would be hard to imagine him losing himself in Huckleberry Finn or anything other than his work. Asked years later how 'the Colonel' had amused himself, a member of the family would respond, 'He did not amuse himself.'[4]

In the Canal Zone, Goethals had all the powers of a czar, and this he relished. A seven-man Canal Commission had been established to make policy on the Isthmus, but President Roosevelt frankly told each of the commissioners that Goethals was to run the entire show. "If at any time you do not agree with his policies," Roosevelt said, "do not bother to tell me about it -- your disagreement with him will constitute your resignation." Influential congressmen also gave Goethals support; one important member of the House Appropriations Committee, the Republican James A. Tawney of Minnesota, told the Colonel not to worry about money -- he could count on getting from Congress whatever he needed. With this kind of presidential and congressional backing, Goethals truly had absolute power. Once a canal worker with a complaint told Goethals: "If you decide against me, Colonel, I shall appeal." Goethals simply replied, "To whom?"

The zest with which Goethals exercised his power led to resentment among some of his subordinates -- and among their wives. McCullough states that Marie Gorgas, the wife of Dr. William C. Gorgas (who was responsible for controlling the mosquitoes that spread yellow fever and malaria -- and with whom Goethals clashed over policy), claimed

> that it was Goethals' 'passion for dominating everything and everybody' that made him such a trial. He had become, by her account, a man virtually without feeling, except for power. Power was the 'relish and sweetness of his life.' And indeed, one evening while escorting Mrs. Gaillard [the wife of another discontented subordinate, Lieutenant Colonel David D. Gaillard] across the way to her door, Goethals said that he cared very much for the power he exercised. The salary, the title, the prestige, he said, were of but small satisfaction compared to the feeling of such power.[5]

Yet Goethals, despite the antagonisms he touched off among some of his associates, triumphed; seven years after his arrival in Panama, he saw the canal through to completion. In 1915 a grateful Congress promoted him to the rank of Major General by passing a special act. Through the summer of 1916 he remained on the Isthmus as governor of the Canal Zone. He then left Panama in September and, upon his arrival in New York, told reporters that he had quit the Zone for good.

Soon after Goethals's return to the United States, President Wilson appointed him to head a three-man board, created by Congress, to investigate the impact of the Adamson Act of 1916, which established an eight-hour day for railway employees. While serving in this capacity Goethals retired from the Army, effective 15 November. The eight-hour law inquiry, meanwhile, became stalemated due to legal challenges to the Adamson Act; the board Goethals headed faded out of existence without much to show for its efforts. The recently retired General then accepted, on 29 March 1917, the post of State Engineer of New Jersey. His first day on the job was 4 April, when he began an inspection tour of the state's highways with other engineers.[6]

In the meantime, however, Goethals had met Special Agent Frederic A. Eustis of the Shipping Board, who offered the famed builder of the Panama Canal the opportunity to head the Board's wooden shipbuilding program on 6 April. Goethals had turned down the offer, only to find out, six days later, that he had been "drafted" into the service of the Board. Angered at this development, but unable to refuse the position without appearing unpatriotic, Goethals grumpily prepared to begin work on the shipbuilding project in mid April.

When the General arrived in Washington, the Shipping Board took action to create an official position for him to fill. Section II of the Shipping Act gave the Board authority "to form, under the laws of the District of Columbia, one or more corporations for the purchase, construction, equipment, lease, charter, maintenance, and operation of merchant vessels in the commerce of the United States." Congress had appropriated $50 million for this purpose. On 16 April the Board's Chairman, William Denman, had the articles of incorporation for such an organization drawn up. Denman decided to call the new agency the "Emergency Fleet Corporation" to emphasize the fact that it, and the wooden ships it planned to build, were war measures. This corporation could function just like a private company, free of both the red tape of government procedure and the restrictions and delays of the civil service system. Goethals became the General Manager of the Fleet Corporation, and Denman its President; the trustees were these two men, Commissioner John A. Donald of the Shipping Board, Eustis, and three other men selected by Denman as "temporary trustees": Ellsworth P. Bertholf, a senior officer in the Coast Guard; William L. Soleau, the Shipping Board's Chief Clerk and Disbursing Officer; and T. C. Abbott. Denman himself was now filling two important positions: President of the Emergency Fleet Corporation and Chairman of the Shipping Board.[7]

Two of the Fleet Corporation's by-laws would have important repercussions. Article III, Section 2 defined the duties of the President: he was to preside over all meetings of the trustees and "sign all contracts and papers on behalf of the corporation." Article III, Section 4 dealt with the General Manager: he had responsibility for "the general oversight and management of the business and affairs of the corporation," and also the power "to employ and discharge all clerks, employees, and agents, determine their salaries, and prescribe and define their duties." Responsibility was thus divided -- only the President could sign for the Corporation, but the General Manager was responsible for conducting its business. Denman made the by-laws this way so that he, as the Fleet Corporation's President, would have the final say over any action Goethals might take; after his stormy session

with the General on 14 April (when Goethals, upset over being forced to head the shipbuilding program, had called Denman a "liar"), Denman had become wary of what Goethals might do and wanted to have some control over the General's actions.[8]

The Shipping Board announced the formation of the Emergency Fleet Corporation to the press on 17 April. The overall reaction was positive. Goethals's appointment as General Manager was especially popular, both with the public and in Congress. As Denman and Eustis had expected, the General's association with the shipbuilding program did much to enhance the Fleet Corporation's image. The problem was that Goethals was not the kind of man who would gracefully acquiesce to the plans Denman and Eustis had been developing. The General intended, from the very start, to run the Corporation his own way. When he had told Denman, upon reluctantly accepting the job, that he would have to have full authority, he had meant <u>full authority</u> -- just as in Panama. He succinctly summed up his attitude in a letter to his son, George. "A separate corporation was formed," he wrote, "and I am it."[9]

The actual situation was more complex than Goethals's statement suggested. The Emergency Fleet Corporation was authorized to acquire <u>and</u> operate merchant vessels, and Goethals and Denman agreed that the General Manager would not become involved in the operation of ships, nor in the purchase of existing vessels (which the Shipping Board began to approve at the end of April). Goethals was, however, to have complete control over the wooden shipbuilding program (the Fleet Corporation did not yet have President Wilson's authorization to build steel tonnage). The General soon discovered, though, that much had already been done in the area of wooden ship construction by Denman, Commissioner Theodore Brent, Special Agent Eustis, and Special Expert F. Huntington Clark.[10]

One important step Eustis had taken, in late March, was to contact a naval architect, Theodore E. Ferris of New York, about "preparing plans and specifications for a standard type of wooden cargo ship." Although Eustis had at first been enthusiastic about a 3,500

deadweight ton wooden steamer designed by Captain Edward Hough, a naval architect from San Francisco, he had apparently concluded that the Hough ship could be improved upon. One problem with the design was that its maximum speed was only ten knots -- and the British Admiralty recommended that all vessels entering the submarine zone "have a speed of not less than 12 knots" in order to evade U-boats (which could make ten knots while submerged). Ferris promised that his design could achieve eleven and a half knots under normal conditions, and would have "ample boiler capacity" to speed up to twelve knots for short periods of time. On 10 April, two days before Goethals discovered he was to head the shipbuilding program, Eustis hired Ferris to design a standard wooden steamer for the Shipping Board. The Special Agent told the New York naval architect that the plans were needed "as quickly as possible" so that the Board could show "prospective builders" what it wanted.[11]

Ferris quickly responded to Eustis's plea -- after first getting the Shipping Board to agree to his price for the design work (Ferris would always be careful to make sure he received acceptable compensation for his services). Equipped with the blueprints Ferris drew up, Eustis and Clark, in mid April, began to contact wooden shipyards to propose that they build the Ferris-designed ship on a "cost plus ten per cent. basis." On the Pacific Coast, meanwhile, Commissioner Brent -- completing a tour of wooden shipyards in the West -- had "taken responsibility" for placing a "trial order" for twelve ships based on the Hough design. Brent's western activities also, as one shipbuilder later recalled, "got everybody [on the Coast] excited" about the possibility of producing wooden steamers. Denman supported the steps taken by Eustis, Clark, and Brent, telling the press on 16 April "of the pride" the Board took in "its program for the construction of wooden ships."[12]

The actions of Eustis and Clark in the East, and Brent in the West, stimulated enterprising capitalists, as one prospective shipbuilder later put it, "to form companies, to raise capital from the public, and to start yards and go to work" on wooden vessels. Numerous

letters arrived at the Shipping Board offering to build wooden steamers, and Eustis -- eager to launch his scheme -- encouraged all the offers he considered to be serious. After President Wilson announced, on 11 April, that Goethals was being asked to head the shipbuilding program, Eustis immediately began to associate the General's name with wooden ships -- without Goethals's knowledge. On 13 April for example, one day before Goethals even met the Shipping Board for the first time, Eustis sent the following letter to John M. Murdock, a Florida shipbuilder:

> DEAR SIR: This is to assure you that the Shipping Board is ready to contract with you for three wooden hulls for which work is to be started within 30 days. These ships are to be built on a basis of cost plus 10 per cent, as per our conversation of even date and as provided in our contract form, these hulls to be about 275 feet long by 42 feet beam, and approximately 24 feet depth of hold, to be constructed from plans which we will submit to you.
>
> This letter is given to assure you that you will have the work and that you will feel safe in going ahead with the arrangements necessary for starting the work and preparing ways.

The letter was signed "United States Shipping Board, by Gen. Goethals" -- a complete fabrication, for Goethals was still in New Jersey and could not have written the letter, or even known about it.[13]

Eustis's goal was to use Goethals's name as a public relations ploy to enhance the credibility of the wooden shipbuilding scheme. He also planned on having Goethals accept his guidance on the implementation of the plan for building wooden steamers. Once the General actually joined the Emergency Fleet Corporation, Eustis brashly attempted to force the builder of the Panama Canal to accept this role. One day after Goethals was named General Manager, Eustis wrote him about a contract under consideration for a steamship with a steel frame and wooden planking: "I suggest that you learn from Ferris, when you see him tomorrow, whether or not we would be justified in doing this," Eustis instructed the General.[14] The General, however, did not appreciate being told what he should do by the rich young yachtsman from Massachusetts. Goethals never replied to the missive from Eustis and, in a startlingly frank letter to the President, made it clear that

his views about building wooden steamships were quite different than those of Denman and his advisers.

The Debate over Wooden Ships Begins

General Goethals's letter to the White House, on 19 April, must have caused the President some concern about what was going on at the Shipping Board. Goethals did not mince any words:

> I question whether the rosy views entertained by the Shipping Board as to the rapidity with which wooden ships in large numbers may be constructed can be realized. As I infer that perhaps the possibilities have been represented to you more hopefully than the situation apparently justifies, I feel that I ought to acquaint you with my view, at the same time pledging every effort of which I am capable to the fulfillment of the duty and the accomplishment of the best and quickest results.[15]

Wilson reacted to the General's letter by asking Colonel Edward M. House, the President's close friend and confidant, to meet Goethals and sound him out. Two days later House arranged to have dinner with the Fleet Corporation's General Manager and was favorably impressed. "It has been a long time since I have met any one I like so well," House wrote in his diary. "He is modest and able. I feel he is something like Kitchener, slow but sure." House then noted what Goethals wanted:

> He believes if the President will permit him to commandeer certain steel products which foreigners have contracted for, and to commandeer shipyards which are now building for foreign accounts, he can make a creditable showing within a year. The people will be disappointed because the tonnage will be far less than anticipated. Goethals doubts whether he can do better than two million tons the first year, and he does not believe he can get out any tonnage before October 1st.[16]

A few days later, on 27 April, Wilson replied to Goethals's 19 April letter. The President said that he greatly appreciated the General's "frankness." He added: "I had the pleasure of learning something more of your views the other day through our common friend, Colonel House." Wilson also met with Denman to get his side of the story -- and decided, for the time being, that it would not be necessary for the White House to take any action on the shipbuilding

issue. The President, preoccupied with other pressing war-related matters, apparently concluded, after his discussions with House and the Shipping Board Chairman, that Goethals and Denman would be able to work out, on their own, any disagreements between them.[17]

Wilson might have felt differently if he had seen a letter Goethals wrote to his son on 19 April. There the General displayed his true feelings with much more "frankness" than even his letter to the President. Goethals wrote, undoubtedly with Denman and Eustis in mind, that the Shipping Board had "some excellent hot air artists among its members." He added that he had given the Board's members (at his first stormy meeting with the Board, on 14 April) his "opinion of them, from which they gathered that I couldn't serve under them or with them, and I assured them they had drawn correct conclusions. I thought that we had better start fair." Then, talking about the shipbuilding program in general, Goethals told his son his thoughts about the wooden steamer idea: "The ship building job is a bigger undertaking than its advocates . . . have appreciated and as its one so far as the construction of wooden ships is proposed with which I am not in sympathy I am starting a move to change some of the number into steel ships if possible." The General, in short, did not like Denman, Eustis, or the wooden shipbuilding scheme.[18]

Goethals was not shy about letting Denman know his frank opinion of Eustis's program; on 25 April he sent the Chairman of the Shipping Board a memorandum which began with the blunt statement that it was "impossible to carry out the proposed program of supplying 1000 wooden ships in 18 months." The Fleet Corporation's General Manager went on to point out "the advisability of securing steel ships instead of wooden ones if such a course" was possible -- and Goethals believed it was. All that was needed to get started, the General said, was for Denman to have President Wilson sign an executive order which would place the nation's shipyards at the disposal of the government, as was provided for in the Naval Appropriations Act of 1917. To make things easy for Denman, Goethals attached a draft copy of such an order to his letter. Once this was done, Goethals continued, Congress should be

asked to appropriate $500 million for ship construction. The General did not propose that wooden vessels be completely eliminated from the shipbuilding program, but he did intend to reduce substantially the number of wooden ships to be ordered, and to increase steel tonnage dramatically.[19]

Goethals, however, only had authority to order wooden ships. Three of the Board's five commissioners questioned the wisdom of this policy at a Board meeting on 28 April. Commissioner Raymond B. Stevens proposed that "General Goethals be asked to draw up a statement of the possibilities of steel construction"; Commissioner John B. White seconded the motion, and Commissioner John A. Donald announced his support for the measure as well. Commissioner Brent, Denman's chief supporter on the Board (and now the Vice Chairman), prevented a vote on Stevens's motion by arguing that Chairman Denman was not present and that no action should be taken in his absence. The measure was therefore tabled, but not *before* Commissioner White made a good point. If Goethals wanted to go ahead with steel construction, White said, there was no reason to form two corporations -- one to build wooden ships and the other steel. It would make much more sense, White went on, to let Goethals build both kinds of tonnage. Donald and Stevens agreed. This discussion revealed that the General's efforts to focus on steel construction were already having an impact; a majority of the Shipping Board now favored giving him the permission he sought to produce steel ships in addition to those made of wood.[20]

Goethals, meanwhile, discovered the arrangements Eustis, Clark, and Brent had made, before his arrival, to get the wooden shipbuilding scheme underway. He also learned that Eustis and Clark had secretly continued to make promises, behind his back, to prospective wooden shipbuilders. The General erupted into a rage. As he wrote his son in late April:

> I stumbled onto the fact that, without consulting me, one of the members had authorized a firm in Savannah and another in Brunswick, Georgia, to go ahead with the construction of ways for which we would pay. I flew into the air when I heard of it, countermanded the order, and there was trouble, of course. In

> their presence [probably Eustis and Clark] I told Mr. Ludtke, who used to be on the Isthmus, that he was under my orders, that no instructions of any kind were to leave the office without my O.K., and this would be required if anyone else signed the telegram or letter. There were objections, but I told them they would stand until they discharged me or secured my relief.[21]

Thus ended Eustis's plans to have the General follow his guidance on the wooden steamship scheme. There would be no more letters from the Special Agent to the General Manager "suggesting" what actions should be taken, and no more secret arrangements with wooden shipyards. Hereafter, when shipbuilders wrote to the Shipping Board they would be told to get in touch with Goethals; as Commissioner Brent wrote to one firm on 26 April, the "entire building program" would be in the hands of the General. The arrangements for building wooden steamers which Eustis, Clark, and Brent had made -- and the promises they had given to prospective contractors -- now all counted for nothing (a development which would, after the war, lead to claims against the government). Goethals, determined to have absolute power, was doing all he could to gain complete control over the Fleet Corporation's shipbuilding program.[22]

Denman, pushed by Goethals to take a closer look at the prospects for building steel ships, now began to have some second thoughts about the wisdom of putting his primary emphasis on Eustis's scheme for wooden steamers. There was still considerable public skepticism about the wooden steamship proposal; on 29 April, for example, the New York Times reported that some naval architects considered the idea "impossible and absurd." Building substantial numbers of steel ships, on the other hand, no longer looked as infeasible as Denman had earlier believed. The steel shortage turned out to be far less severe than he had expected, and there were signs that steel shipyards were increasing their capacity.[23]

Denman also discovered, to his consternation, that many American yards had been signing lucrative contracts to build steel vessels for Britain's Cunard Steamship Company (which was acting as an agent for the British government, although Denman did not know this) and other

foreign interests. Angered, the Shipping Board Chairman told the press that the same steel shipyards that had advised him that they were saturated with orders had, after turning their back on the government of their own nation, accepted contracts for foreign account (although admittedly for delivery in the distant future). To prevent tonnage under construction in the U.S. from going to overseas owners, Denman drafted a bill for Congress which would give the President the authority to commandeer partially completed vessels in American shipyards, and -- if necessary -- the yards themselves.

General Goethals and his legal adviser, Joseph P. Cotton, a New York attorney, believed the Shipping Board already had this power, and could exercise it simply by using the authority over shipyards which the Navy had already acquired. But Denman, himself a lawyer, apparently had some questions about the legality of this and decided it would be better to get separate legislation from Congress which dealt specifically with the Shipping Board's situation. The mere threat of such action, Denman told reporters, would probably be enough to get shipbuilding firms to cooperate with the government. Denman's proposed legislation additionally requested authority for the President to commandeer privately owned ships in the American merchant marine.[24]

The Shipping Board, meanwhile, had already commandeered the German and Austrian merchant vessels that had taken refuge in American harbors during the period of neutrality. This tonnage (much of which Treasury Secretary William McAdoo had unsuccessfully tried to obtain in 1914 and 1915 through ship purchase bills) was seized by customs officials as soon as the United States entered the war. Many of the ships were damaged by their crews to prevent their use by the United States, but repairs were undertaken by both the Shipping Board and the Navy. By the summer of 1917 twenty-nine German and Austrian ships, aggregating over 180,000 tons, had been restored to operational status and put into service. These seized enemy vessels represented the only steel tonnage the Shipping Board could quickly get control of. Although a boon to the American merchant marine, the German and Austrian ships could not even begin to offset the losses Allied

merchant fleets were suffering due to submarine attacks.[25]

Shortly after the U.S. entered the war, the British sent a high-level delegation to the United States, led by Foreign Secretary Arthur J. Balfour, to coordinate policy with the Wilson Administration. Balfour arrived in Washington on 22 April. As Wilton B. Fowler explains in his study of British-American relations during World War I, Balfour was convinced that "the most pressing need of the moment was American ships to replace British losses." U-boats, Balfour later recalled, were "constantly on my mind. I could think of nothing but the number of ships which they were sinking. At that time it certainly looked as though we were going to lose the war." Sinkings were becoming so frequent that as many as twenty-five percent of the large steamships leaving British ports each week were being torpedoed. Late in April Balfour had the British Embassy forward to Denman statistics on the terrible toll, warning the Shipping Board Chairman that the data was "very strictly confidential" and "should not appear in the Press." The numbers showed Denman that even if the "impossible" task of building one thousand wooden ships in eighteen months was somehow achieved, there would still not be anything like the tonnage needed to make up for losses.[26]

Balfour, in a "private" letter to Denman on 3 May, further underscored the severity of the crisis:

> Prime Minister [David Lloyd George] has telegraphed to me to say that, in order to save the situation created by the recent losses of tonnage, an enormous increase in output of new ships both in the United States and in Great Britain is necessary. He states that our aim ought to be to produce jointly on an annual scale of not less than five or six million tons. Unfortunately we cannot hope to produce more than two million tons a year in Great Britain owing to the great shortage of labour and to the demands made by the Navy for patrol vessels, etc. I most earnestly hope that the vast resources of the U.S.A. may produce the balance.[27]

It was now clear to Denman that some way would have to be found to increase the production of steel merchant ships -- and quickly. He told the press that the Shipping Board had discovered "additional facilities for steel shipbuilding" and that it was "perfecting a plan

for standardized construction which [would] vastly increase the output" of steel tonnage. These optimistic statements, though, were considerably exaggerated. In truth, there were no detailed plans to be "perfected." All that had really happened was that Goethals had begun preliminary investigations related to the building of standardized steel ships. But the General could not take any formal action on what he had discovered because he still lacked permission, from the President and the Shipping Board, to initiate a steel shipbuilding program. His inquiries, however, revealed that there were some very interesting possibilities for increasing the output of steel vessels.[28]

Shortly after taking over the shipbuilding job, Goethals explored the possibility of building standardized ships out of steel rather than, as Eustis and Clark proposed, wood. In late April and early May the General discussed the feasibility of this with three men associated with the shipbuilding business: Henry R. Sutphen, George J. Baldwin, and W. Averell Harriman. Sutphen, a naval architect, was Vice President of the Submarine Boat Corporation (a subsidiary of the Electric Boat Company, which built submarines for the Navy); in 1915 and 1916 he had supervised, for the Elco Company (another subsidiary of Electric Boat), the building of 550 small wooden submarine chasers for the British Navy. Baldwin, who had made his reputation building large-scale electrical utility and traction complexes, was associated with the American International Corporation. This was a large investment firm, organized in 1915, which focused on foreign trade and overseas development projects; Baldwin was in charge of the corporation's shipping and shipbuilding interests, serving as President of the Pacific Mail Steamship Company and Chairman of the Board of the New York Shipbuilding Corporation (two firms wholly owned by the American International Corporation). Harriman, the son of railroad magnate E. H. Harriman, was Vice President of the Union Pacific Railroad and owned the Chester Shipbuilding Company, near Philadelphia. All three men agreed with Goethals that the Shipping Board's emphasis on building wooden steamers was a mistake -- their goal was to find a way to mass produce <u>steel</u> ships.[29]

Sutphen, at Goethals's suggestion, looked into the possibility of having ship parts fabricated in "bridge and tank shops" and then transported to shipyards for assembly. After investigating this proposal, Sutphen became quite enthusiastic about its potential -- as did Baldwin and Harriman when they conducted their own studies a short time later. James A. Farrell, the President of the United States Steel Corporation, also showed considerable enthusiasm for the concept; so did officials of both the American Bridge Company and the Lackawanna Bridge Company, two firms which would have to fabricate many of the ship parts. Theodore Ferris, the Shipping Board's Naval Architect, was enthusiastic as well, and wrote Goethals, on 3 May, that "the steel fabricating proposition" looked "very bright." Ferris added that he was "practically convinced" that the Fleet Corporation would soon "have cause to feel that . . . the wooden ship construction should be limited and the greatest energy possible put to the steel construction."[30]

The advocates of this plan for the mass production of "fabricated ships" saw their scheme as solving two major problems -- the lack of shipyard capacity and the lack of skilled shipworkers. This latter factor was an especially challenging difficulty. According to a Census Bureau estimate, at the time the United States entered the war there were only about 44,000 experienced shipworkers in the country, practically all of whom were employed. Building new plants to produce ships threatened to be counterproductive if the new facilities drew substantial amounts of skilled labor away from existing shipyards. But to train new men to be shipworkers would take a lot of time -- time that would considerably delay ship production. The challenge was thus to create new shipbuilding plants which could turn out large numbers of steel vessels without requiring large numbers of highly skilled shipworkers. The fabricated ship scheme, its proponents said, could do this.[31]

Constructing a fabricated ship was a radical idea. Up until this time most vessels had been custom built, each individual part of the hull being shaped within the shipbuilding plant itself to meet the

requirements of each particular ship design. But the parts for a fabricated vessel, instead of being bent, molded, and fashioned in shipyard shops, would be produced in factories in various parts of the country. These fabricated parts would then be marked with letter and number codes and shipped to an assembly yard. There each marked part would simply be placed into its designated position in the hull being erected. This would greatly reduce the number of skilled workers needed to man various yard shops.[32]

The fabricated ship scheme would also require fewer highly skilled workers on the ways themselves. This was because fabricated vessels could, in a sense, be mass produced. Instead of having a moving assembly line, however, the work force would move. For example, a fabricated shipyard might build vessels in groups of five at a time. Rather than hiring experienced riveters, who had learned how to drive every type of rivet, the yard would teach inexperienced men how to work with one particular class of rivets. Once trained, the men would start driving their specific rivets on hull #1. When finished there, they would move on to hull #2, and then to hulls #3, #4, and #5. By the time the men finished with the fifth hull, the first ship should have been launched -- and they could then begin the cycle all over again with another group of five ships.[33]

By early May Sutphen's Submarine Boat Corporation, Harriman's Chester Shipbuilding Company, and the giant Stone and Webster engineering concern (whose head, Charles A. Stone, was President of the American International Corporation, with which Baldwin was associated), were all ready to draft preliminary plans for the building of fabricated ships. Yet Goethals was not able to proceed. On 4 May he spelled out his frustrations in a letter to his son:

> My own job is the most strenuous one I have struck yet, and I am so handicapped by the promises that have been made to every Tom, Dick, and Harry who has lumber that contracts would be given them. We haven't the plans. I can't get the fool Board to ask for permission to build steel ships as well as wood and though I have been asking for money enough to do something, they haven't submitted their estimates, promising each day that they would do so tomorrow -- and as tomorrow never comes neither do the

> estimates. I have lined up the steel people for steel, congressmen for money. Plans aren't out yet and so it goes. I just sit and fume and try to explain to a stream of callers which starts at 8:30 and continues until 7 why we can't do anything.
> . . . The only bright spot in the whole situation is the support that dealers, etc., offer to help make it a success. If I can only get authority to turn to steel as well as wood and get the money, I can make things hum, but therein is the trouble. The President won't see me, so I long for Teddy [Roosevelt] and action.[34]

Goethals soon got an opportunity to make his case to the President -- once again through Colonel House. On 2 May James A. Farrell, the President of the United States Steel Corporation, accompanied by two other businessmen (Alfred C. Bedford, Chairman of the Board of the Standard Oil Company, and George G. Moore, a New York capitalist), had visited House to discuss the shipbuilding situation. House had agreed to meet with Goethals to discuss the matter and had set up an appointment with Farrell and the General for the following Sunday, 6 May.[35]

That weekend Goethals took the train to New York and met House and Farrell for lunch. The General told Wilson's friend that Eustis's wooden shipbuilding program, as originally drafted, was a hopeless proposition. Many of the firms which had promised to build wooden ships, he said, would "never be able to carry them through." He was ready, he continued, to start on a steel building program, but was "already two weeks behind what he had counted on." At House's request, Goethals then prepared a memorandum for the President showing what was "immediately needful":

> (1) Executive order placing the ship yards at the disposal of the Shipping Board or preferably the United States Shipping Board Emergency Fleet Corporation.
> (2) Authority of the President to build steel ships in addition to wooden ones.
> (3) Appropriation of $500,000,000 for building 3,000,000 tons of shipping.
> (4) Appropriation of $250,000,000 to purchase ships now on the ways if found desirable or necessary.

This was, in effect, exactly what Goethals had requested from Denman eleven days earlier, on 25 April, with one addition -- $250 million to

purchase ships already under construction.

House wrote to Wilson about his meeting with Goethals that very same day. Knowing the President was busy with other important issues, House apologized for introducing the problem. "Please pardon me for bringing this matter to your attention," the Colonel wrote, "but it seems so vital, not only to our success in the war, but also to your own success, that I am doing so." Quick action, House said, was necessary. He enclosed the four-point memorandum Goethals had prepared and told Wilson that if the General could "know by tomorrow or Tuesday if you favor these proposals he [could] make a start at once." House concluded his letter to Wilson with a suggestion that Goethals be given full authority:

> In order to carry through such a program, I know you will agree, that it is necessary to place these matters almost wholly in the hands of one man, as it will never be possible to do it through boards or divided responsibility.

House then added a postscript: "Will you not send me a line about this as I am tremendously interested as to the view you take?"[36]

The President immediately reacted to what House had told him -- the very next day, 7 May, he called in Denman for a long conference. In a letter to House that evening, Wilson reported that his "whole day, nearly, [had] been devoted to the shipping problem, or, rather, to the ship-building problem." He agreed with Denman, he said, that it would "not be possible to follow General Goethals's program in all its length," but added that Goethals could "rest assured that substantially the program" he had outlined would be "adopted by the Congress and carried out." A bill prepared by Denman, the President went on, would soon be introduced on Capitol Hill to provide for government control of the nation's shipyards. Denman would also personally explain to Congress the requirements of the Shipping Board -- and arrange for conferences with key congressmen in which Wilson himself would take part. The President added: "General Goethals may be sure that I am on the job and that the way will be cleared as fast as possible for what I realize to be immediately and imperatively necessary."[37]

Two days later Wilson met with twenty Republican and Democratic

congressmen, from the House and Senate Appropriations Committees, to discuss the legislation the Shipping Board needed. The President informed the legislators that $1 billion would be necessary for the shipbuilding program. He also told them, as Denman wished, that the government needed the power to commandeer shipyards and -- if necessary -- steel mills and fabricating shops. General Goethals, Wilson added, would soon appear before the Senate Appropriations Committee to explain the necessary details. Denman, meanwhile, advised Goethals that the Fleet Corporation now had the President's approval to build steel ships.[38]

House was pleased with these actions and wrote to Wilson that Goethals would "be delighted." The Colonel sent the Fleet Corporation's General Manager excerpts from the President's 7 May letter and told him that Wilson had "the matter much at heart and [would] push as hard as possible." Goethals, though, was far from delighted -- he had hoped that the White House would quickly give him absolute authority over the shipbuilding program, but that had not happened. Indeed, he did not even know the specifics of what Wilson was discussing with Denman and Congress; on 9 May he noted, with some frustration, that he was "not aware of the nature of the legislation proposed" beyond what he had "read in the newspapers."

Much of what Goethals saw in the press did not please him. As he told James A. Farrell of U.S. Steel, "existing legislation" (i.e., the shipyard commandeering authority in the Naval Appropriations Act of 1917) already gave the President the power to control the output of the nation's shipyards; no new laws were necessary. Nor did he see the need to ask Congress to grant authority to commandeer steel mills, which he considered to be "rather drastic action." All of this, he seemed to feel, would generate controversy on Capitol Hill and hold up his plans. The request for $1 billion also concerned him; he apparently feared that debate over such a large sum would delay the approval of <u>any</u> appropriations, and Denman had informed him that steel construction, although now approved by the President, could not begin

until "additional money became available." In short, Goethals told Farrell, the tack Denman and Wilson were taking would "cause additional delay" in the building of steel ships.[39]

Secretary of the Treasury McAdoo was also concerned about the tack the Shipping Board and White House were taking. On 12 May he wrote to Wilson that he had not been consulted by the Board about its request for $1 billion, and "knew nothing of it until I read about it in the papers." Such "enormous expenditures," McAdoo continued, should have been discussed with him before they became Administration policy. The Treasury Secretary, who had done so much to create the Shipping Board, then warned the President that the Board had "developed some weaknesses to which it [would] be a grave mistake to shut our eyes." To oversee the operations of the Board, McAdoo recommended that Wilson have it report directly to a Cabinet officer, such as the Postmaster General or Secretary of Labor (McAdoo said he did not want the job himself -- he already had a full plate -- and he did not believe the Secretary of Commerce, William C. Redfield, was up to the task). The only alternative, McAdoo contended, would be for the President to "take the burden of keeping in direct and intimate touch with [the Board's] activities."

The Treasury Secretary thus provided the White House with an early warning about trouble at the Shipping Board, but Wilson apparently paid no heed; the President did not take any steps to provide Cabinet oversight of shipping and shipbuilding. Instead, Wilson decided, he would take on the "burden" of directly overseeing the Shipping Board's activities. This would be a decision the President would come to regret.[40]

As McAdoo conveyed his concerns to President Wilson, General Goethals prepared for his appearance before the Senate Committee on Appropriations. He wrote to his son that he was going to tell the Senators "some things that won't please some of the people I'm working with." Denman learned of this on the morning of 12 May, the day the two men were scheduled to appear together before the Committee, which was holding closed hearings. Goethals later described what happened

when he met Denman just before the Committee convened:

> I refused to cooperate with him on his commandeering of all bridge shops, stopping of all industrial steel work, the taking over of all the steel output and other fool propositions. I would not agree that $1,000,000,000 was necessary nor would I ask for any such sum. I declined to combine with him in a statement to the press denying a published article that friction existed between us, on the ground that I didn't care what the papers reported and didn't care to begin now what I had never done before, enter into a newspaper controversy. It was in that attitude that we went to see the Committee.

Goethals told the Senators that he was not in favor of building large numbers of wooden ships and that steel construction should be emphasized. Steel freighters, he said, were cheaper and more practical than wooden steamers. Denman, taken aback by the General's bluntness and obstinacy, assured the Committee that Goethals would have complete control of the shipbuilding program.[41]

Goethals, taking Denman at his word, decided that if new legislation was going to be requested, he -- not Denman -- would shape it. The General therefore had his lawyer, Joseph P. Cotton, prepare a bill that gave the Fleet Corporation's General Manager the power to supervise shipyards. When Denman saw this on 13 May, one day before he and Goethals were scheduled to appear for a second time before the Senate Appropriations Committee, he objected. The Shipping Board, Denman said, not the General Manager, should have this authority. That evening Goethals, in another letter to his son, revealed his inability to work with Denman:

> [Denman] objected to the power being given me over the shipyards -- it should be with the Board. <u>If</u> I am to have a free hand in the construction, as he announced to the Committee, and as this is exclusively a construction matter, I couldn't agree with him, and would not consider a change. It's to remain as written, but he's to argue his case before the Committee tomorrow -- and smilingly suggested I'd better get my argument ready. I told him I intended to make no argument, but merely to tell the Committee how it should be. What the outcome is to be remains to be seen.

Goethals added that he wasn't satisfied with his job and had "seriously thought of giving it up, stating my reasons for doing so." He felt, however, that there were some hopeful signs, and to cheer

himself up he resolved "to get rid of some of the Board's useless timber [i.e., employees]" and bring in men he could work with.[42]

News of the dispute between Denman and Goethals was now beginning to appear in the press. The Shipping Board Chairman, hoping to avoid adverse publicity, told reporters -- misleadingly -- that there was no friction between himself and Goethals. He backtracked, however, from his earlier statements about building one thousand wooden ships, and even told reporters that the Shipping Board had never formally "given out a statement of the anticipated number of vessels to be built." Although perhaps technically this was true, during the previous two months Denman, and other spokesmen for the Board, had often suggested to the public -- even if "unofficially" -- that eight hundred to one thousand wooden steamers could be built in eighteen months. Denman now modified these past statements to show that the primary emphasis was shifting to steel construction. He added, though, that the wooden ship scheme was not being abandoned.[43]

Goethals, however, was certainly deemphasizing wood construction. In mid May the General divided the United States into seven shipbuilding districts, and appointed a "District Officer" to supervise ship construction in each of these regions. On 15 May, just before these officials went out to their districts, Goethals met with them in Washington D.C. All these men had shipbuilding experience, and Goethals told them that they would have complete responsibility for recommending who should get contracts. They were not bound, he went on, by the promises that Eustis, Clark, and Brent had made in March and April -- the District Officers, Goethals said, should only sign agreements with firms that had existing yards, sound financial backing, and responsible management. He added: "I do not want to build too many wooden ships; I want to start in on the steel construction, if we can find the steel yards prepared to take it, and then to cut down on the wood. So that [means] go slow on authorizing the construction of wood, unless you have to." After eighteen months, Goethals said, and sooner if possible, he hoped "to have the steel construction in such

shape" that work on "wood construction" could be stopped altogether. Then, to make his point perfectly clear, the General bluntly told the District Officers: "I do not want to build any more wooden ships than absolutely necessary."[44]

But the General was not completely abandoning the wooden steamship idea. The submarine crisis had become so severe that Goethals recognized it would be necessary to build at least some wooden steamers. He decided that the best design to use for these would be that developed by the Fleet Corporation's Naval Architect, Theodore Ferris. If a yard wanted to build a vessel on different lines, it would have to get Ferris to approve the design before a contract could be let. Using these ground rules, Goethals signed agreements for twenty-six wooden steamers by the middle of May. The wooden shipbuilding program was thus not completely moribund, yet neither was it moving forward with the speed its originators had hoped for.[45]

Birds Nesting in Trees

On 14 May the British Embassy forwarded to Denman its latest statistics on U-boat activity, and the extraordinarily bleak picture painted by the report confirmed the need for acquiring whatever tonnage could be had. During April, the dispatch said, German submarines sank 731,000 gross tons of "British, Allied and Neutral" shipping -- almost 200,000 tons more than the already horrifying monthly totals for February and March. Between 29 April and 9 May, the report continued, forty-one ships aggregating 148,000 gross tons had been lost, and only nine vessels, aggregating 35,000 gross tons, had been delivered to the British merchant marine. The "net loss" for this eleven-day period was thus 113,000 tons. Great Britain, the world's greatest shipbuilding nation, was clearly losing the "race of construction" against the submarine. Shipyards in the United States, the British and French hoped, could make good the deficit.[46]

But that would be difficult. Annual losses, based on the April figure, would amount to over 8,700,000 gross tons. On 1 May 1917 American shipyards had under construction, or on order, 415 steel

vessels aggregating only 1,965,000 gross tons -- 940,000 tons of which would not be launched until 1918 or later. These depressing statistics suggested that all the steel tonnage launched in America in 1917 would make up only a fraction of that likely to be needed. Faced with such an apparently hopeless situation, even General Goethals came to realize that it did not make sense to overlook the contribution, no matter how minimal, that wooden ships might make to easing the shipping crisis.[47]

Goethals's main concern, though, was not wooden ships. Most important, he felt, was getting the authority he wanted from Congress. For this he had support in the Senate -- there the Appropriations Committee approved, essentially, his proposed commandeering legislation rather than Denman's. If the measure passed in the form recommended by the Committee, the General Manager of the Fleet Corporation would have the power to take control of the nation's shipyards. Goethals noted, with some glee, that when Denman discovered what the Committee had done he "was as mad as a h[illegible]" and tried, without success, to get the bill changed so as to delegate the commandeering authority to the Shipping Board (i.e., Denman).

Goethals intended, once the legislation and necessary appropriations were passed, to press forward vigorously with his plans for speeding up steel construction and building fabricated ships. This latter scheme was looking more and more promising -- on 18 May George J. Baldwin, of the American International Corporation, told Goethals that his firm had "complete plans and specifications" for the building of fabricated ships ready to go.[48]

Naval Architect Ferris, who had "known Mr. Baldwin . . . for many years," saw no major problems with the fabricated ship plans of the American International Corporation. Ferris also suggested that Goethals, in addition to building fabricated tonnage, speed up production in existing steel shipyards. The best way to do this, the Fleet Corporation's Naval Architect contended, would be to permit each plant to "duplicate the types of ships" which it had already built. By so standardizing designs in each yard, Ferris maintained, the speed of

production could be maximized. Trying to standardize the same design "throughout all the yards," Ferris went on, would be a mistake, for it would force many established plants to build vessels based on designs they had not worked on before, and this would slow production as shipworkers adjusted to the changes. Other ways to speed up work, Goethals learned from experienced shipbuilders, were to have yards work overtime and -- where sufficient skilled labor was available -- to run two shifts a day.[49]

All of this was encouraging news to Goethals -- shipbuilding experts were making reasonable recommendations to him about how the output of steel tonnage could be increased, and at least some progress on ship production appeared to be feasible. The General hoped, he told the Appropriations Committees in both the Senate and House, "to turn out in eighteen months' time three million tons of shipping." To move as quickly as possible once Congress provided him the authority and money he needed, Goethals made arrangements to go to New York City in late May to settle the question of steel prices. He also accepted an invitation to attend, while in New York, the Annual Banquet of the American Iron and Steel Institute. Organizers of this event, scheduled at the Waldorf-Astoria Hotel, suggested to the General that his presence would heighten the awareness of steel men about the needs of the shipbuilding program.[50]

Despite the developments that suggested progress was possible in the building of steel ships, Goethals still had many frustrations. In Congress, as he had feared, the legislation he was seeking ran into hurdles and delays. For instance, on 18 May Senator Reed Smoot, a Republican from Utah, introduced a measure which would have denied the government the right to commandeer shipyards. This was defeated by a vote of forty-nine to nine, but not before Smoot, whose goal was to embarrass the Wilson Administration, told his colleagues -- and the newsmen in the Senate press gallery -- that Goethals's testimony before closed sessions of the Committee on Appropriations had shown the Shipping Board's wooden steamer plan to be unsound. Once again reports of a clash between Denman and Goethals showed up in newspapers, and

once again Denman told reporters there was no truth to the stories. Once again, Goethals said nothing.[51]

More frustrating for Goethals than this "newspaper controversy" was a proposed change to the legislation before Congress that would give the shipyard commandeering authority to President Wilson rather than to him. That would be okay, Goethals wrote his son, so long as the President delegated the power "to the Shipping Board and thence to me"; all that was important, he said, was that "I get it and hold it." He added: "If I cannot do that then I will just throw up the whole thing." Goethals must have wondered, though, whether the President would support him -- thus far Wilson had refused even to meet with him. And working through Colonel House, Goethals had discovered, did not produce the results for which he had hoped.[52]

Yet another frustration was a legal "tangle" that developed on the shipbuilding legislation during debate in the House of Representatives. Congress, it turned out, could not appropriate money except to a government official, and technically Goethals, as General Manager of the Emergency Fleet Corporation, was not a federal official -- even though all the stock of the "corporation" that employed him was owned by the United States government. This technicality threatened to delay even longer the passage of the powers and appropriations Goethals needed. As the General boarded the train on the evening of 24 May for his appointments with steelmakers in New York City, he was tired and aggravated. As he wrote to his son about the problem in Congress: "So there's a snarl and how it is going to be unraveled I don't know. I am also beginning not to care."[53]

Denman was also becoming frustrated. Attacks on the wooden shipbuilding program had become so common that he was forced to be defensive whenever the subject came up. On 20 May he told reporters that the "Shipping Board [had] never wanted to build wooden ships, but [had] been driven to it by necessity" because all the steel plants had been filled with orders. He stressed, though, that the wooden steamer idea had not been discarded. The Fleet Corporation, he maintained,

would order all the vessels that would be necessary, both of wood and steel.[54]

Lumbermen in the West, however, were not making this stand easy for Denman to support. Commissioner Brent, on his tour of Pacific shipyards in early April, had been "assured all up the Coast that prices on ship timbers were ranging from $23 to $30 [per thousand feet], and [that he] could consider $30 as the maximum." When the time came to let contracts, though, the mill owners changed their tune and asked the Lumber Committee of the Council of National Defense (one of many such committees formed by the Council to supervise different aspects of industrial mobilization) to set the price of wood at $40 per thousand feet; when this was turned down, the lumbermen proposed $37.50. As Commissioner Brent wrote to one firm supplying wood, this put "the cost of the finished [wood] ship so perilously close to the cost of the steel ship" that the whole wooden program, at least in the West, might be jeopardized. Finally, on 15 May, the Lumber Committee voted to "approve $35.00 as a fair maximum price," which was still above what Brent had expected.[55]

The frustrations Denman and Brent were experiencing over the price of wood would soon be overshadowed by a dramatic development on the evening of 25 May, a Saturday. At the Waldorf-Astoria Judge Elbert H. Gary, Chairman of the Board of the United States Steel Corporation, and the presiding officer at the Annual Banquet of the American Iron and Steel Institute, announced that General Goethals was in attendance, and -- after the applause died down -- asked the Fleet Corporation's General Manager if he would say a few words. The General had not expected to speak, but the enthusiastic applause of the audience encouraged him to stand up. After hesitating for a moment, Goethals decided to let out the frustrations that had been welling up inside of him:

> On the principle of selective draft, I have been called again into the government service. Why I was selected, not being a shipbuilder, I don't know. I was confronted with the proposition that it was the intention to turn out one thousand 3,000-ton wooden ships in eighteen months. They were going to the wooden

> ship program because it was not possible to get steel, and because the wooden ships could be constructed in less time than steel, even if the steel were procurable. I found that contracts for wooden ships had been promised in all directions, but when I looked into the question of the plans and specifications of the ships that they contemplated building, there were none. When you consider that the birds are now nesting in the trees that are going into those ships, and that in order to escape or stand some chance to escape from the torpedo fired by the submarine, those ships must have a speed on not less than ten and a half knots, with a possible speeding up to eleven knots, the proposition seems simply hopeless. I have never hesitated to express my opinion when opportunity offered. Before doing so, however, I came over to see my friend, Mr. Farrell, told him the situation, and asked him if it would not be possible to turn to steel as well as wood. He assured me that it would be. Acting on that, I announced the impossibility of the program to which I was assigned, and asked for permission to turn to steel as well as wood. I finally succeeded in getting it.

Warming up to his audience as he went on, Goethals then told the steel magnates, to their laughter and loud applause, that he regarded "all boards [undoubtedly including the Shipping Board] as long, narrow and wooden." He added that all he needed now in order to produce ships was "money and authority," and that he hoped to get both from Congress in the next ten days to two weeks.[56]

These remarks were widely reported in the press and caused a sensation. "HOPELESS TASK TO BUILD NEEDED WOODEN SHIPS" was the way the Republican Chicago Tribune headlined the story. The New York Herald ran a cartoon that showed Goethals deep in a forest, where a nesting bird was advising him to "BUILD STEEL SHIPS!" In Congress the speech was discussed on the floor of the House of Representatives, where John J. Fitzgerald, a Democrat from New York, revealed that Goethals had told the Committee on Appropriations that the number of wooden steamers to be built would be limited to somewhere between one hundred fifty and two hundred. This led The Literary Digest to headline its article on the subject "OUR 'WOODEN FLEET' SHRINKS." The New York Times, meanwhile, reported that some shipping men were glad to see the wooden building program so substantially reduced.[57]

Goethals's remarks caught Eustis and Denman by surprise. Both men reacted quickly. Eustis, in a memorandum to the Shipping Board

Chairman the day after the General's speech, defended the feasibility of producing wooden ships. He had changed his mind, though, about the best kind of wooden steamer to build. Eustis now suggested that it would be better to use the Hough design, and also one developed by William T. Donnelly (a New York engineer, befriended by Eustis, who had built wooden dry-docks), rather than the Ferris design General Goethals had come to favor (and which Eustis had, for a short time, used in his negotiations with wooden shipbuilders). The Hough and Donnelly ships, Eustis had apparently concluded, would be so much easier to build than the Ferris design that this factor outweighed the speed advantage of the latter vessel. As Eustis prepared this memorandum, Denman discussed the wooden steamer program with Representative B. Patton Harrison, a Mississippi Democrat. The Shipping Board Chairman stressed that he had not abandoned the idea of building wooden vessels, and Harrison passed this information on to the House of Representatives.[58]

On Monday, 27 May, Denman talked to reporters about Goethals's speech. "No person," he said, "nor any interested group of capitalists, can draw any one of us into a controversy with General Goethals, nor do we think the General is seeking it." Denman went on to explain why he was no longer talking about a plan for a thousand wooden steamers:

> I do not know whether a thousand wooden ships can be built in eighteen months. There was a hope expressed that we could, and I have carefully avoided denying the possibility of realization of this hope. My reason for not denying it is because I do not care to have our German enemies in Berlin receive that amount of comfort. I can state, I think, that General Goethals is of the same point of view with regard to the Germans. Every attempt to make it appear that there is disruption between General Goethals and the Board is adding to German assurance.

Denman concluded by remarking: "We believe that the committees of Congress, and not a public dinner, with the head of the Steel Trust, are the places for the discussion of matters of policy with regard to shipbuilding."[59]

Some reporters, who tried to interpret Denman's remarks as hopefully as possible, suggested that he and Goethals had now had a

reconciliation. But this was not the case. Goethals, in a letter to his son on 28 May, revealed that his relationship with the Chairman of the Shipping Board had not changed:

> [Representative J. Swagar] Sherley [a Kentucky Democrat] came in to see me this morning to inquire wherein I was misquoted in the press, and I told him in only two essential particulars: one the press reported that wooden ships were hopeless and the other that steel ships were to be used instead of wood. In the first instance I had stated that the task which I found confronting me was hopeless and in the second I had stated steel and wood were to be used. I stood by everything else. He was going to see Denman and advise him to keep his mouth shut. Denman came up about 11 bringing a San Franciscan to see me and explained the man's business and departed. I haven't seen anything further of him tho' the evening paper says we've settled our differences!! Of course the newspaper men flocked to see me but I would have word with none of them.[60]

The General, furthermore, did not show any remorse over his public comments. He proudly told his son that he had been congratulated on his speech by Eugene T. Chamberlain, the Commissioner of Navigation (who had been skeptical of Eustis's scheme from the very start); Bernard M. Baruch, an influential member of the Advisory Commission of the Council of National Defense (who would later head the War Industries Board); Admiral Bronson; and two "steel men" he had met at the Willard Hotel while having lunch. Goethals also wrote to the New York Herald to ask for the original drawing of the cartoon that showed the advice of the nesting bird -- a cartoon which especially pleased him.[61]

Commissioner Stevens, who had never gotten along particularly well with Denman, appreciated the General's speech -- and was upset by Denman's critical reaction to it in the press. Stevens wired Denman on 28 May: "I understood no statement to be issued about General's speech. Matter should have been considered by full Board before given out. I do not agree with your statement of Sunday." For the Shipping Board's embattled Chairman, Stevens's telegram -- which suggested there would be conflict at future Board meetings -- was yet one more piece of discouraging news.[62]

Denman was, by this time, both tired and depressed -- he had been working ten to sixteen hours a day since March, and the strain was telling on him. On the last day of May he stayed late in his office to catch up on some correspondence. His frame of mind is clearly shown in two letters he wrote to San Francisco acquaintances. To William J. McGee he said:

> To my great regret I find at the bottom of my personal correspondence your letter of April 17th. My discomforture is only tempered by the fact that I am so sleepy at this hour (4:49 A.M.) that my emotional reactions are not very keen. I do hope your son receives the appointment he was seeking. If I can still be of any service, please wire me.[63]

Denman's letter to E. B. McClanahan, written a couple of hours later, can only be described as pathetic. For one thing, it was sloppy; Denman typed the letter himself, and -- as the carbon copy revealed -- there were several erasures of typographical errors, not all of which were caught. Furthermore, based on statements Denman had made in the past, and in light of what had just happened between him and Goethals, some of the claims he made in the letter were preposterous:

> I am writing this after an all night in the office, and the janitors are just beginning their morning clean-up. I find your letter of April 13th at the bottom of personal file [sic] which I have been obliged to neglect. The wooden fleet idea was discussed by the lumbermen from time to time before the war, and within the last two years as a possibly [sic] way of taking care of the export lumber business of the Pacific Coast. It has always been turned down as impracticable, which is the conclusion that I myself always concurred in. Eustis, an engineer from Boston, brought to us the results of a careful investigation as to the possibility of procuring engines for such wooden vessels, and his enthusiasm compelled our serious consideration of the project as an emergency measure. I do not believe in wooden ships any more than I believe in using battle ships for carriage of goods. . . .
>
> You will probably be amused to know that there never has been anything but smiles and entire cordiality and agreement between General Goethals and myself. How he came to blow off as he did before the steel trust group is beyond my comprehension. . . .
>
> I like my job, but am dreadfully homesick to be back amongst you.

If the Chairman of the Shipping Board believed he had a cordial

relationship with Goethals, he was surely deluding himself. In yet another letter, penned during the wee hours of the same morning, Denman wrote that there had never "been any subject of dispute between" himself and Goethals -- another remarkable statement clearly contradicted by his experiences of the previous two months. If Denman was not deluding himself, he was certainly trying to delude others. His mental condition, moreover, was being affected by extreme fatigue.[64]

The dilemmas Denman faced did not show any signs of improvement in early June. For one thing, the Urgent Deficiencies Bill -- which included the commandeering authority and appropriations the Shipping Board had requested -- was stalled in Congress. In late May both the House and Senate had passed their own versions of the legislation. The measure, as it was sent to a Joint Conference Committee to be worked into final form, provided over $3 billion for national security purposes, $750 million of which was earmarked for the Fleet Corporation's merchant shipbuilding program. In the Senate those who were opposed to Wilson, such as Henry Cabot Lodge, the Republican leader from Massachusetts, and Hoke Smith, an anti-Wilson Democrat from Georgia, wanted to make sure that Goethals, who had proved his independence from the Administration, got the sweeping commandeering powers Congress was prepared to grant. These foes of the Administration were able to get the Senate version of the bill to state that the President could direct only "the General Manager of the United States Shipping Board Emergency Fleet Corporation [i.e., Goethals specifically] to exercise the power and authority" the legislation provided. In the House, however, supporters of the Administration worded the bill the way the White House preferred it: the President could delegate his authority to such agency or agencies as he might from time to time designate. The dispute over this issue was one factor that led to a legislative stalemate in the Conference Committee -- and caused yet further delays in the congressional action needed to launch the shipbuilding program.[65]

Goethals, frustrated at these delays in Congress, at least got a

chance -- for the first time -- to present his case directly to the President; Wilson agreed to an appointment with the General on 31 May. Any hopes Goethals had of winning firm support at the White House, however, were quickly dashed. As the General told his son, he "broached some matters that were pending" during his interview with Wilson, but the President "vouchsafed nothing." Goethals also noted, with perhaps a bit of surprise, that "no reference was made to my speech in any way."[66]

Wilson, though, was aware of the embarrassment the General's speech had caused the Administration, and could see that in Congress the opposition was rallying around Goethals in an effort to restrict the President's power. Wilson was thus not predisposed to support the General. The fact that Goethals was a protege of Theodore Roosevelt -- one of Wilson's most bitter critics -- must have further crippled the image of the Fleet Corporation's General Manager at the White House. In light of all this, it was hardly surprising that Goethals failed to find a sympathetic ear when he met with Wilson.[67]

One man associated with the Shipping Board who did manage to get a sympathetic hearing at the White House was F. Huntington Clark. Clark had become increasingly frustrated over the fate of the wooden shipbuilding scheme during Goethals's tenure as General Manager of the Fleet Corporation. Especially disappointing was the fact that Goethals generally refused to honor the promises of contracts that Clark, along with Eustis and Commissioner Brent, had given to wooden shipyards -- and to firms interested in entering the wooden shipbuilding business -- in late March and April. The problem, Clark believed, was that the General had no faith in the wooden steamer program. "On one occasion," Clark later recalled, Goethals "asked me if I really believed that wooden ships could be built which would be of any use in the emergency. When I said that I did believe this, he said I should have his job because he did not."

Clark and Eustis saw the General's attitude as tragic. The two men continued to believe that their idea for mass producing wooden

ships was America's best hope for countering the submarine threat. Even Denman, though, seemed to be backing away from the wooden steamer program under pressure from Goethals. Something had to be done, Clark felt, before it was too late. Fortunately for him, he had a connection to the White House. His father, John Bates Clark, a professor of economics at Columbia University, had known Woodrow Wilson for a long time. While the elder Clark was on a visit to Washington in early June, he helped his son arrange an appointment with the President. Neither Denman nor Goethals was aware of the meeting, which took place on the evening of 6 June.[68]

Clark later reconstructed what happened at the White House. As his father and Wilson attentively listened, Clark, accompanied by Eustis, explained the delays Goethals had caused in the wooden ship program. Then, Clark recalled,

> President Wilson said that he was aware of these facts and deeply concerned by them; that he was thoroughly disgusted with the squabble between Goethals and Denman and it made him feel like displacing both of them; that General Goethals was very strong in Congress and with the public; that the public believed with the General in charge, ships were being built as rapidly as possible, and, further stated, that if he should displace General Goethals without giving Congress and the public some reason, that it would be attributed to the politics involved in the Goethals-Denman controversy, and he asked if [Eustis] and I would take the facts which I had given him and publish them as widely as possible.[69]

The President's hope, apparently, was that by publicizing Goethals's obstruction of the wooden ship program the Administration could turn public opinion against the General and facilitate his removal. Clark, along with Eustis, offered to resign at once from the Fleet Corporation and tell the whole story to the press, but "the President thought it would be more effective if we made the statements while still connected with the Emergency Fleet Corporation." The following afternoon, 7 June, the two young men, in accordance with Wilson's wishes, called in reporters to publicize their complaints.[70]

Goethals learned something had happened almost immediately, for he "heard a crowd" in his outer office, "just before 6 o'clock" that evening, "which was clamoring to see" him. He next heard his private

secretary, William H. May, tell the noisy group that the General was not available. After the commotion subsided, May entered the General Manager's office to tell Goethals that Eustis and Clark had just given out statements attacking him. The next morning the complaints of the two young men were splashed across the front pages of the nation's newspapers.[71]

Goethals, predictably, was enraged. In an angry letter to Denman, the General stated that he was firing both Eustis and Clark "for lack of loyalty and misstatement and misrepresentation of facts." When newsmen found Denman to get his reaction to these bombshells, the Chairman of the Shipping Board -- who had not been tipped off about the plans of Eustis and Clark in advance -- must have been in a state of near shock. The New York Times reported that Denman "waved aside the idea of a thousand wooden ships, and much of his own most convincing oratory on the subject, as if it had never been anything more than a dream." Denman also declared the shipbuilding program "would not meet the emergency" and asserted that the Germans would have to be "defeated on land." These were hardly the words the nation wanted to hear.[72]

On 8 June the Shipping Board met to discuss the situation that had developed. Goethals provided his son with a colorful account of what he heard about the session:

> I understand that there was quite a stormy meeting of the Board. One of their number, an ex-congressman named Stevens who despises Denman was my adviser. Eustis while a member of the [Fleet Corporation] was also a Special Agent of the Board. The Board hasn't dismissed him, and Stevens said the matter is laid over until Monday. He thought that Denman and Brent both of whom I despise feel that if they keep Eustis I will resign. I told Stevens that it was no concern of mine whether the Board employed him or not, that they need skunks for their tools. I know I am persona non grata but they cannot get rid of me try as they will. They haven't the sand to fire me and make the issue, and I am not resigning.[73]

The only encouraging development in all of this for Denman was that he did manage to maintain control of the Shipping Board. When Commissioner Stevens moved, at the 8 June meeting, that the Board "dispense with the services of Mr. F. A. Eustis," the motion failed for

want of a "second" -- Commissioners Brent, White, and Donald all sided with Denman's view that Eustis should continue as a "Special Agent." Among the public at large, though, Goethals came out of the incident looking more decisive and capable than Denman; indeed, the public statements of the Shipping Board Chairman led many to wonder if he was up to the job. If President Wilson had hoped for a public backlash against the builder of the Panama Canal, he did not get one. Instead, the brouhaha over the Shipping Board simply intensified.[74]

Congress Finally Acts

Before General Goethals could take even the first steps on his commandeering plan and fabricated ship proposal, Congress had to vote the necessary authority and funding. To break the stalemate on Capitol Hill, Goethals asked Senator Oscar W. Underwood, a powerful Democrat from Alabama on the Conference Committee, to have the Senate recede from its position on the delegation of power "and accept the House provision which [left] the whole matter in the hands of the President to delegate the authority to such agency or agencies as he [saw] fit." Goethals then had his lawyers prepare a draft Executive Order for the President which would delegate this authority to the Fleet Corporation's General Manager. As soon as the bill passed and Wilson signed it, Goethals told his son,

> I'm going to send him this Executive Order and request his signature. He's got to do it or turn me down. Of course the Shipping Board knows nothing about my program and haven't any of their own, so as far as preparation is [concerned], in this scramble for the authority I have the vantage tho' I may not get it for it depends on the President.[75]

To convince the President that the authority should be granted to him once Congress acted, Goethals sent Wilson, on 11 June, a five-page single-spaced letter explaining what he had accomplished and what he intended to do. Accomplishments, he said, had been limited due to the fact that the Fleet Corporation only had, under the terms of its original appropriation, $50 million. To date he had used this money to let contracts for 104 ships -- eighteen of steel, thirty-two of

composite construction (steel ribs with wood sheathing), and fifty-four of wood. In all, these vessels aggregated 497,000 deadweight tons and cost $80 million -- $30 million more than Goethals was authorized to spend. The General said that he had taken responsibility for exceeding his budgetary limit because of "the extraordinary emergency confronting the country."

His next steps, Goethals told the President, would be to let large contracts for fabricated steel ships and to take control over all commercial vessels then under construction. Goethals contended the fabricated ship scheme could produce 1,700,000 tons of steel vessels within eighteen months -- and perhaps more. He had already made arrangements for getting the necessary steel, he said, at the price of 4 1/4 cents per pound for steel plates and 3 3/4 cents per pound for steel shapes. By commandeering tonnage already under construction (compensating the owners with amounts determined by a government-appointed "Appraisal Committee"), the Fleet Corporation could, Goethals said, "expedite the work" by treating "the shipyards as component parts of a whole." This would enable the Corporation to distribute material where it was needed, "thus avoiding overstocking one plant to the detriment of another" and keeping all yards "properly supplied through coordination and cooperation." Goethals also intended, he told Wilson, "to secure wooden ships to the amount of 1,000,000 tons," but argued that wooden vessels would take longer to build than steel ships and have little, if any, commercial value.

Goethals concluded his letter to the White House:

> I trust that I have not gone into the matter in too much detail; but as I am in hopes that the appropriation bill may soon become a law, I felt desirous of acquainting you with the shipbuilding program that has been arranged, so that if it is not in accordance with your wishes, I can make any changes in it that you desire.[76]

The obvious implication of this was that when the bill passed Congress Goethals expected to report directly to the President. Indeed, he was doing so already, for he did not bother to send Denman -- or anyone associated with the Shipping Board -- a copy of his letter to the White

House. Wilson must have gotten the obvious hint -- the General wanted the President to grant him complete authority over the shipbuilding program when the Urgent Deficiencies Bill was passed.

The General hoped, as he told his son, that the President would give out his letter to the press. That way his program could be widely publicized and, he apparently believed, help offset whatever negative publicity remained as a legacy of the charges made by Eustis and Clark. Widespread publication of the memorandum would also give the entire country the idea that he was directly responsible to President Wilson for the shipbuilding task, thus putting additional pressure on the White House to grant him the authority Congress was about to vote upon. When the President did not release the letter, or even respond to it, the General tried another tack. As he put it, again in a letter to his son:

> The report that I made to the President of our operations during the past two months lies put away in some pigeon hole, I fear. I was in hopes that he would give it out to the press but he hasn't and I fear that he hasn't read it himself. I put the head of the Censor Bureau [George Creel] wise to my having sent in such a report, and he set out to get it for publication, but thus far without success.[77]

Although Goethals would consistently tell Denman that he had never wanted to become involved in a "newspaper controversy," his actions here demonstrated that such protestations were less than candid. The General's goal was to get complete control of the nation's shipbuilding program, and he was willing to use any means at his disposal to achieve that end. The only way he could build ships, he believed, was the way he had built the Panama Canal -- with absolute power over every aspect of the production process.

Denman, however, had begun to recover from the series of shocks to which he had been subjected -- and he discovered evidence that convinced him it would be a mistake to give Goethals the full authority the General sought. Early in June Goethals had sent Denman a contract for ten steel ships to be built by the Downey Shipbuilding Company of Arlington, New York. The by-laws of the Emergency Fleet Corporation

required that Denman, the Corporation President, sign this. In the contract, the General used the same prices for steel which he had quoted in his letter to the President -- 4 1/4 cents per pound for plates and 3 3/4 cents per pound for shapes. The contract provided that should a lower price for steel be fixed (by, for example, the Council of National Defense, whose Lumber Committee had already set maximum prices for wood), the government would get the benefit of any savings -- conversely, if the cost of steel rose, the contractor would be reimbursed for any higher expense.[78]

Despite this protective clause on the cost of steel, Denman believed Goethals's tentative prices -- based on market quotations offered by the steel companies -- were much too high. Several weeks earlier the Shipping Board Chairman had checked on the price of steel with Secretary of the Navy Daniels, and had discovered that the Navy was buying its steel plates at a very low cost. This was because Daniels, working with Bernard M. Baruch, head of the Raw Materials Committee of the Council of National Defense, had put heavy pressure on steel firms to reduce the prices they charged the Navy. As a result of these efforts, Daniels got the steelmakers to accept, albeit with considerable grumbling, prices "nearly 50 per cent below the current market quotations." To spread out the impact of this development on profits, steel manufacturers agreed to apportion these low-priced naval contracts -- which accounted for two to three percent of the industry's capacity -- among themselves.[79]

Denman, in an attempt to achieve for the Shipping Board what Daniels had achieved for the Navy, attended a meeting of the Munitions Committee of the Council of National Defense in late May. There he closely questioned the President of U.S. Steel, James A. Farrell -- a friend and supporter of Goethals -- about the cost of steel plates. Denman was *not*, however, able to get any specific answers to his inquiries, which made him highly suspicious of the market quotations the steel men were making.[80]

In early June, when Denman saw the tentative prices Goethals was proposing, the Shipping Board Chairman decided to find out for himself

whether these prices were reasonable. He asked Eustis, still employed as a Special Agent for the Shipping Board, to do some investigation into the cost of steel. Eustis was only too glad to do this, for his findings could conceivably embarrass his nemesis, Goethals. Eustis told Denman, on 13 June, that his research revealed that steel plates probably cost less than 2 1/4 cents per pound to produce. This information, he said, was based partly on his own study of the annual reports of U.S. Steel, and partly on the estimate of a "very competent engineer in New York." If this valuation was close to the truth, then Goethals's price of 4 1/4 cents a pound would provide the steel companies with huge profits of almost fifty percent -- or more.

The reliability of Eustis's cost estimate was certainly open to question, for it was hastily put together and based on sketchy evidence. But the data provided was what Denman wanted to see. The Shipping Board Chairman thus took Eustis's report as confirmation of his suspicion that Goethals's prices were far above the cost of production. As things turned out, he was right; an investigation by the Federal Trade Commission would later show that Eustis's study, hasty and sketchy as it was, was not too far off the mark.[81]

On 15 June Denman returned to Goethals, unsigned, the Downey contract. After commenting on the steel prices specified, Denman wrote:

> I do not care to have my name attached to a document computed on this basis, even though there is a provision in the document for a higher or a lower compensation to the builder if the steel be purchased at a higher or a lower rate. The very fact that you accepted 4 1/4 cents a pound, or $95.20 a ton as a computing basis gives it a respectability which it should not receive.[82]

Goethals did not see this issue as particularly significant; he was, quite frankly, far more concerned about speeding up ship construction than driving down prices. Writing to his son about the incident, Goethals said:

> He [Denman] invited an argument, and said he'd consider no contract for higher than 2 1/2 cents for plates. It makes no difference what the basis is just so we protect the price. I would enter into no argument. I had the contract rewritten using

> his basis, and returned it to him. Then I wrote the Council of National Defense sending Denman's letter and asking the steel prices be fixed without delay as the steel ship building was being tied up. I am not going to be held responsible for steel prices.[83]

The whole issue of determining steel prices was, as Melvin I. Urofsky demonstrates in his book Big Steel and the Wilson Administration, quite complex. If the government set artificially low prices for steel, demand would far outstrip supply, which would require the establishment of some sort of rationing system to allocate the steel that was produced. If no price was set, and the laws of supply and demand allowed to operate, the price of steel would skyrocket due to the tremendous needs of the Shipping Board, the Navy, the War Department, and private industry. There was little agreement, early in the war, over how to resolve this dilemma -- both the government and the steel industry were themselves divided over what approach to take.

In the government, Secretary of the Navy Daniels and Secretary of War Newton D. Baker took opposite views. As Urofsky puts it:

> Confusion regarding price regulation . . . abounded in government circles. Some, like Josephus Daniels and Bernard Baruch, saw from the beginning the necessity for extensive price controls. . . . [Daniels] realized that [controls were] needed, not only on finished steel, but on the entire range of materials involved, from coke and ore to beams and bars. Newton D. Baker, on the other hand, opposed price fixing as an extension of central power and authority. While he disapproved of profiteering (without, however, Daniels' passion), Baker rejected price fixing except, in limited circumstances, for government purchases. He wanted production above all, cared little for the expense, and for the most part reflected the business attitude regarding laissez faire.[84]

At the Emergency Fleet Corporation, Denman shared the attitude of Daniels -- and Goethals that of Baker.

The steelmakers were also divided over the issue of price fixing. Large firms -- such as U.S. Steel, Bethlehem, Republic, and Lackawanna -- were willing to accept some government control over prices to stabilize the industry. Their costs were low due to the economies of scale they enjoyed, and they were, as Urofsky notes, "willing to take their chances that [government] set rates would still yield a high

profit margin." Federally mandated prices could also be used to help justify putting a lid on wage rates. Smaller firms -- such as Crucible and Buckeye -- which "had not shared in the pre-war prosperity to the extent that the big mills had, and [which] were just beginning to reap large profits from war orders," viewed price controls in a different light. They saw the war as an opportunity to meet the needs of the country for steel, and, at the same time, make up for previous lean years on their balance sheets. "Stability had less appeal for these companies," Urofsky states, "than did the lure of large, albeit temporary, profits. In brief, small firms operated almost totally on short-run profit calculations, while the large mills looked to a [long] range return, a view that required a stable rate."[85]

The result of all this was a terrible muddle. In May the situation had become so confused that different government agencies were paying different prices for the same types of steel from the same firm. The Navy Department, thanks to Daniels, was getting the best price. This is what Denman had discovered; Daniels later recalled the Shipping Board Chairman saying that "he would never agree to pay the steel corporation a higher price than they were charging the Navy." Something, it seemed, had to be done to put an end to this chaos.[86]

President Wilson, however, was uncertain about what course to follow. He recognized the need to hold down prices during wartime, but had grave doubts -- like Secretary of War Baker -- about the workability of government controls. Philosophically, he also had reservations about the massive intervention in the economy a price-fixing and rationing scheme for steel would require from the government. The issue of steel prices was, furthermore, "but one of many clamoring for attention." Wilson, unsure of what policy to establish, and distracted by other issues, put off taking action for several weeks.

When Wilson finally did act, his decision was closer to the stance of Daniels and Denman than that of Baker and Goethals. On 11 July the President instructed the Federal Trade Commission to make a

study of steel prices in order to set fair rates. Until that study was completed, steelmakers were required to meet all the government's needs at pre-war prices -- prices much closer to those insisted upon by Denman than those used by Goethals. The detailed investigation of the Trade Commission, meanwhile, got underway; it would not be finished until September.[87]

But this is to get ahead of the story. For both Denman and Goethals, the passage by Congress of the Urgent Military and Naval Deficiency Appropriations Act (called by the press, for short, the "Urgent Deficiencies Act"), was far more central to the dispute over shipbuilding than the debate over steel prices. President Wilson signed the act into law on 15 June. As the New York Times reported, this legislation appropriated "the greatest sum ever voted at one time by any legislative body" -- over $3 billion, with $750 million of that going towards merchant ship construction. Denman and Goethals each hoped to have the final say over how this money would be spent.

The legislation also empowered the President, or his designated agent, to "modify, suspend, cancel, or requisition any existing or future contract in American shipyards." The President (or his agent) was additionally authorized to purchase or seize "any ship now constructed or in the process of construction or hereafter constructed" in the United States, to "requisition and take over for use or operation" any shipyard within the country, and to require firms building ships "to place at the disposal of the United States the whole or any part of the output" of their plants. These extraordinary powers were to remain in the President's hands until six months after the end of the war. Both Denman and Goethals wanted this authority -- and each was prepared to make an effort to get it. The result of their actions would be a power struggle that would last for more than a month, and which would, in the end, substantially change the make-up of both the Shipping Board and the Emergency Fleet Corporation.[88]

NOTES TO CHAPTER 5

[1]Dictionary of American Biography, vol. 7 (New York: Charles Scribner's Sons, 1943), p. 355; The National Cyclopaedia of American Biography, vol. 24 (New York: James T. White Company, 1935), p. 6.

[2]David McCullough, The Path between the Seas: The Creation of the Panama Canal, 1870-1914 (New York: Simon and Schuster, 1977), pp. 509-510.

[3]Ibid., pp. 535-536; Dictionary of American Biography, vol. 7, pp. 355-356.

[4]McCullough, p. 509.

[5]Ibid., pp. 510-511, 571-572, 538-539.

[6]Dictionary of American Biography, vol. 7, p. 356; National Cyclopaedia of American Biography, vol. 24, p. 7; Joseph Bucklin Bishop and Farnham Bishop, Goethals, Genius of the Panama Canal: A Biography (New York: Harper and Brothers, 1930), pp. 271-272, 305; Arthur S. Link, Wilson: Campaigns for Progressivism and Peace,1916-1917 (Princeton, N.J.: Princeton University Press, 1965), pp. 88-92, 207; New York Times, 3 October, 5 October, 6 October, 18 November, 24 November, 28 November, 29 November 1916.

[7]Frederic L. Paxson, American Democracy and the World War: America at War, 1917-1918 (Boston: Houghton Mifflin, 1939), p. 70; Bishop and Bishop, p. 309; J. Russell Smith, Influence of the Great War upon Shipping (New York: Oxford University Press, 1919), pp. 276-277; United States Shipping Board, The Shipping Act, Merchant Marine Act, 1920, as Amended and Merchant Marine Act, 1928, Revised to March 4, 1929 (Washington D.C.: Government Printing Office, 1929), p. 9; Denman to Hurley, 29 June 1926, Box 17, Edward Nash Hurley Collection, University of Notre Dame Archives (hereafter cited as Hurley Papers); "Minutes of the Board of Trustees of the Emergency Fleet Corporation," 17 April 1917, "Minutes of Board Meetings," 14 April 1917, Records of the United States Shipping Board, National Archives, Record Group 32 (hereafter cited as NA/RG 32); U.S. Shipping Board, First Annual Report of the Shipping Board (Washington D.C.: Government Printing Office, 1917), p. 30; Who Was Who in America, 1897-1942, vol. 1 (Chicago: Marquis Company, 1942), p. 39.

[8]U.S. Congress, Senate, Committee on Commerce, Hearings on Senate Resolution 170 to Investigate All Matters Connected with the Building of Merchant Vessels under the Direction of the United States Shipping Board Emergency Fleet Corporation, 65th Cong., 2d sess., pp. 13-14 (hereafter cited as Senate Hearings); Edward N. Hurley, The Bridge to

France (Philadelphia: J. B. Lippincott Company, 1927), p. 63.

[9]New York Times, 14 April, 15 April, 18 April, 1917; Edward N. Hurley, The New Merchant Marine (London: Gay and Hancock, 1920), p. 27; Smith, p. 277; Bishop and Bishop, pp. 309-310; Paxson, p. 70.

[10]Senate Hearings, p. 1111; U.S. Congress, House of Representatives, Select Committee on U.S. Shipping Board Operations, Hearings before Select Committee on U.S. Shipping Board Operations, 66th Cong., 2d and 3rd sess., p. 3242 (hereafter cited as House Hearings on Shipping Board Operations); "Minutes of Board Meetings," 30 April 1917, NA/RG 32.

[11]Ferris to Shipping Board, 20 March 1917, Eustis to Ferris, 6 April, 10 April 1917, Box 83, Old General File, NA/RG 32; Josephus Daniels to Denman, 9 April 1917, Box 21, Memorandum on Hough Design, n.d., Box 27, Subject-Classified General Files, NA/RG 32. Ferris sent a good deal of correspondence to the Shipping Board about his compensation. See, in addition to the 20 March 1917 letter cited above, Ferris to Goethals, 25 April 1917, Goethals to Ferris, 27 April 1917, Box 83, Old General File, NA/RG 32 and a second letter from Ferris to Goethals, also on 25 April 1917, Box 39, George W. Goethals Papers, Library of Congress (hereafter cited as Goethals Papers).

[12]Ferris to Eustis, 20 March, 25 April 1917, Box 83, Old General File, NA/RG 32; Eustis to Ferris, 12 April, 18 April 1917, File 34-3, Office Files of Theodore Ferris, NA/RG 32; Emergency Fleet Corporation General Manager to Ship Construction and Trading Company, 3 November 1917, Brent to Denman, 12 April 1917, Subject-Classified General Files, NA/RG 32; Brent to Denman, 18 April 1917, Box 3, Press Statement, 16 April 1917, Carton 12, William Denman Papers, Bancroft Library, University of California at Berkeley (hereafter cited as Denman Papers); Senate Hearings, p. 1136.

[13]U.S. Congress, House of Representatives, Committee on the Merchant Marine and Fisheries, Claims of Wooden Shipbuilders: Hearings before the Committee on the Merchant Marine and Fisheries, 66th Cong., 2d sess., pp. 10-11 (hereafter cited as Hearings on Claims of Wooden Shipbuilders). Numerous letters to the Shipping Board about building shipyards for the construction of wooden vessels can be found in Box 16, Subject-Classified General Files, NA/RG 32.

[14]Eustis to Goethals, 18 April 1917, Box 43, Goethals Papers.

[15]Goethals to Wilson, 19 April 1917, Box 43, Goethals Papers.

[16]Edward M. House, The Intimate Papers of Colonel House, edited by Charles Seymour, 4 vols. (Boston: Houghton Mifflin Company, 1926-1928), vol. 3, p. 18.

[17]Wilson to Goethals, 27 April 1917, Box 43, Goethals Papers; Wilson to House, 7 May 1917 in The Papers of Woodrow Wilson, edited by Arthur S. Link et. al. (Princeton, N.J.: Princeton University Press, 1966-), vol. 42. Wilson told House he had had a "series of conferences" with Denman.

[18]Goethals to George R. Goethals, 19 April 1917, Box 4, Goethals Papers.

[19]Goethals to Denman, 25 April 1917, Box 21, Denman Papers; Bishop and Bishop, pp. 311-313; House to Wilson, with Enclosures, 8 May 1917, The Papers of Woodrow Wilson, vol. 42. Goethals did not specify in his letter to Denman why he felt it was "impossible" to carry out the program for building one thousand wooden ships; apparently the General saw no need to justify his stand to Denman, who -- as President of the Emergency Fleet Corporation -- was Goethals's superior.

[20]"Minutes of Board Meetings," 28 April 1917, NA/RG 32; "Verbatim Minutes of the Shipping Board and the Advisory Committees," 28 April 1917, NA/RG 32; Goethals to Bernard N. Baker, 23 April, 27 April 1917, Box 38, Goethals Papers.

[21]Goethals to George R. Goethals, 29 April 1917, Box 4, Goethals Papers; Smith, pp. 275-279.

[22]Brent to Dowst & Co., 26 April 1917, Denman to R. G. Rhett, 14 May 1917, Box 27, Subject-Classified General Files, NA/RG 32; Bishop and Bishop, p. 314. For information on claims by wooden shipbuilders against the government, see Hearings on Claims of Wooden Shipbuilders and S. Fuller to Eustis, 26 June 1917, Box 27, Subject-Classified General Files, NA/RG 32 and J. M. Murdock to Eustis, 23 June 1917, Box 21, Denman Papers.

[23]New York Times, 29 April, 3 May 1917.

[24]New York Times, 3 May, 4 May 1917; Goethals to House, 7 May 1917, Box 39, Goethals Papers; Jeffrey J. Safford, Wilsonian Maritime Diplomacy, 1913-1921 (New Brunswick, N.J.: Rutgers University Press, 1978), pp. 100-101.

[25]Clyde M. Hill and John M. Avery, The War Book (Montpelier, Vt.: State of Vermont Board of Education, 1918), p. 25; Hurley, The Bridge to France, pp. 39-40; Darrell Hevenor Smith and Paul B. Betters, The United States Shipping Board: Its History, Activities and Organization (Washington D.C.: Brookings Institution, 1931), pp. 25-26.

[26]Wilton B. Fowler, British-American Relations, 1917-1918: The Role of Sir William Wiseman (Princeton, N.J.: Princeton University Press, 1969), p. 27; Robert H. Ferrell, Woodrow Wilson and World War I, 1917-1921 (New York: Harper and Row, 1985), pp. 35-36; E. Percy to

Denman, 27 April, 29 April, Box 10, Denman Papers.

[27]Balfour to Denman, 3 May 1917, Box 10, Denman papers.

[28]New York Times, 3 May 1917.

[29]Goethals to Baldwin, 27 April 1917, Box 43, Harriman to Goethals, 5 June 1917, Box 39, Goethals Papers; Baldwin to Henry Hull, 31 May 1917, Box 30, George J. Baldwin Papers, Southern Historical Collection, University of North Carolina (hereafter cited as Baldwin Papers); Harry N. Scheiber, "World War I as Entrepreneurial Opportunity: Willard Straight and the American International Corporation," Political Science Quarterly 84 (September 1969):486-487; Safford, p. 10; Hurley, The New Merchant Marine, p. 62; Senate Hearings, pp. 1715, 1955-1969; Goethals to Wilson, 11 June 1917, Box 43, Goethals Papers; Walter Isaacson and Evan Thomas, The Wise Men: Six Friends and the World They Made (New York: Simon and Schuster, 1986), p. 84; "Minutes of Special Meeting," 18 July 1917, Box 8, Records of Shipping Board Commissioners/Raymond B. Stevens, NA/RG 32; The National Cyclopaedia of American Biography, vol. 46, pp. 378-379.

[30]Ferris to Goethals, 3 May 1917, Box 39, Goethals to Wilson, 11 June 1917, Box 43, Goethals Papers; Hurley, The Bridge to France, p. 50; Hurley, The New Merchant Marine, p. 62; Speech of George J. Baldwin to the Chamber of Commerce of the United States, n.d. [ca. Mar or April 1918], Box 30, Baldwin Papers; B. L. Worden to H. R. Sutphen, 9 May 1917, Box 83, Old General File, NA/RG 32; "Minutes of Special Meeting," 18 July 1917, Box 8, Records of Shipping Board Commissioners/Raymond B. Stevens, NA/RG 32.

[31]Hurley, The New Merchant Marine, p. 54; Senate Hearings, p. 1453.

[32]Hurley, The New Merchant Marine, pp. 61-62; Senate Hearings, pp. 1458-1459; E. Platt Stratton, Standardization in the Construction of Freight Ships (Washington, D.C.: Government Printing Office, 1916), pp. 5-16; Robert G. Albion and Jennie Barnes Pope, Sea Lanes in Wartime: The American Experience, 1775-1942 (New York: W. W. Norton and Company, 1942), pp. 329-330.

[33]Senate Hearings, pp. 1964-1965.

[34]Goethals to George R. Goethals, 4 May 1917, Box 4, H. J. Stroock to Goethals, 2 May 1917, Goethals to Stroock, 3 May 1917, Box 39, J. P. Cotton to Goethals, 2 May 1917, Goethals to Cotton, 3 May 1917, Box 38, Goethals Papers; "Minutes of Special Meeting," 18 July 1917, Box 8, Records of Shipping Board Commissioners/Raymond B. Stevens, NA/RG 32.

[35]House, vol. 3, pp. 18-19.

[36]House to Wilson, 6 May 1917, The Papers of Woodrow Wilson, vol. 42.

[37]Wilson to House, 7 May 1917, The Papers of Woodrow Wilson, vol. 42; Pacific Marine Review, (February 1919):71.

[38]New York Times, 10 May 1917; Goethals to Ferris, 8 May 1917, Goethals to Farrell, 9 May 1917, Box 39, Goethals Papers.

[39]House to Wilson, 8 May 1917, The Papers of Woodrow Wilson, vol. 42; House to Goethals, 8 May 1917, Goethals to Farrell, 9 May 1917, Box 39, Goethals Papers.

[40]McAdoo to Wilson, 12 May 1917, The Papers of Woodrow Wilson, vol. 42; John J. Broesamle, William Gibbs McAdoo: A Passion for Change, 1863-1917 (Port Washington, N.Y.: Kennikat Press, 1973), p. 225.

[41]Goethals to George R. Goethals, 11 May, 13 May 1917, Box 4, Goethals Papers; New York Times, 19 May 1917.

[42]Goethals to George R. Goethals, 13 May 1917, Box 4, Goethals Papers; Bishop and Bishop, pp. 317-318.

[43]New York Times, 8 May, 21 May 1917; "Memorandum Regarding Wooden Ship Construction," 11 May 1917, Box 21, Subject-Classified General Files, NA/RG 32.

[44]"Memorandum of Conference," 15 May 1917, Carton 12, Denman Papers.

[45]Ferris to Goethals, 7 May, 8 May 1917, Box 83, Old General File, NA/RG 32; "Statement by Chairman, U.S. Shipping Board," 2 May 1917, Box 27, Subject-Classified General Files, NA/RG 32; "Summary of Contracts Let," n.d., Carton 11, Denman Papers; Ferris to Goethals, 8 May 1917, Box 39, Goethals Papers.

[46]E. Percy to Denman, 14 May 1917, Box 10, Denman Papers.

[47]"Steel Ships under Construction or Contracted for in American Shipyards, May 1, 1917," n.d., Box 18, Subject-Classified General Files, NA/RG 32.

[48]Goethals to George R. Goethals, 18 May 1917, Box 4, Goethals to J. P. Cotton, 18 May 1917, Goethals to Baldwin, 13 May 1917, Box 38, Goethals Papers; Goethals to Ferris, 18 May 1917, Box 83, Old General File, NA/RG 32.

[49]Ferris to Goethals, 21 May 1917, Box 83, Old General File, NA/RG 32; "Memorandum of Conference," 15 May 1917, Carton 12, Denman

Papers.

[50]J. C. Jay to Goethals, 17 May 1917, Box 43, Goethals to George R. Goethals, 20 May 1917, Box 4, Goethals Papers; Bishop and Bishop, pp. 321-322.

[51]New York Times, 19 May, 21 May 1917; Press Statement by William Denman, 20 May 1917, Carton 12, Denman Papers.

[52]Goethals to George R. Goethals, 20 May 1917, Box 4, Goethals Papers.

[53]Goethals to George R. Goethals, 20 May, 23 May 1917, Box 4, Goethals Papers; Bishop and Bishop, p. 319.

[54]New York Times, 21 March 1917.

[55]R. H. Downman to Goethals, 28 June 1917, Box 43, Goethals Papers; Brent to A. Polsen, 25 May 1917, Box 34, Subject-Classified General Files, NA/RG 32; Ferrell, p. 103.

[56]Bishop and Bishop, pp. 320-322; American Iron and Steel Institute to Goethals, 5 June 1917, Box 38, Goethals Papers.

[57]Chicago Tribune, 26 May 1917; New York Times, 27 May 1917; The Literary Digest 54 (9 June 1917):1768; U.S., Congress, Congressional Record, 65th Cong., 1st sess., 26 May 1917, p. 2931; Bishop and Bishop, p. 323.

[58]Eustis to Denman, 26 May 1917, Box 9, Denman Papers; Congressional Record, 65th Cong., 1st sess., 26 May 1917, p. 2931.

[59]Bishop and Bishop, pp. 324-325.

[60]Goethals to George R. Goethals, 28 May 1917, Box 4, Goethals Papers.

[61]Goethals to George R. Goethals, 28 May 1917, Box 4, Goethals to New York Herald, 31 May 1917, Box 39, Goethals Papers. Goethals apparently made an attempt to assuage Denman's feelings the day following the speech by saying, as Denman later put it, "some very pleasant things of me that day to some friends of mine." See "Minutes of Special Meeting," 18 July 1917, Box 8, Records of Shipping Board Commissioners/Raymond B. Stevens, NA/RG 32. Denman did not, though, discuss the speech with the General (indeed, he would not do so until 18 July), and he read far too much into whatever "pleasant" comments Goethals made -- perhaps because they were not accurately reported to him. The General's true feelings were revealed in his letters to his son.

[62]Stevens to Denman, 28 May 1917, Box 21, Denman Papers.

[63]Denman to McGee, 31 May 1917, Box 30, Denman Papers. Denman mentioned that he was working ten to sixteen hours a day in a letter to his cousin on 11 March 1917, Box 30, Denman Papers.

[64]Denman to McClanahan, 31 May 1917, Box 27, Subject-Classified General Files, NA/RG 32; Denman to J. L. Cochran, 31 May 1917, Box 30, Denman Papers.

[65]New York Times, 29 May, 14 June 1917.

[66]Goethals to George R. Goethals, 4 June 1917, Box 4, Goethals Papers.

[67]There are many sources which document the hostility between Roosevelt and Wilson during this timeframe -- a hostility which increased after Wilson refused to permit Roosevelt to lead a volunteer division to France. See, for example, John M. Cooper, Jr. The Warrior and the Priest (Cambridge, Mass.: The Belknap Press, 1983), pp. 324-327; William H. Harbaugh, The Life and Times of Theodore Roosevelt (New York: Oxford University Press, 1975), pp. 469-474, 477-478; and Joseph L. Gardner, Departing Glory: Theodore Roosevelt as Ex-President (New York: Charles Scribner's Sons, 1973), pp. 366-373.

[68]Bishop and Bishop, pp. 326-329; New York Times, 8 June 1917.

[69]Bishop and Bishop, p. 329; Memorandum from W. H. May, 27 July 1917, Box 43, Goethals Papers.

[70]Bishop and Bishop, pp. 329-330.

[71]New York Times, 8 June 1917; Denman to George R. and Priscilla Goethals, 10 June 1917, Box 4, Goethals Papers.

[72]New York Times, 9 June, 10 June 1917; Goethals to Denman, 8 June 1917, Box 21, Denman Papers.

[73]Goethals to George R. and Priscilla Goethals, 10 June 1917, Box 4, Goethals Papers. Eustis would remain an employee of the Shipping Board for the remainder of the war at "a dollar a year." See U.S. Shipping Board, Annual Report (1918), p. 168.

[74]Minutes of Board Meetings, 8 June 1917, NA/RG 32; New York Times, 10 June 1917. Clark, who had given up his position of "Special Expert" with the Shipping Board to work exclusively for the Fleet Corporation, was not an issue; Clark, apparently, had no desire to get back his old position with the Board.

[75]Goethals to George R. Goethals, 4 June 1917, Goethals to George

R. and Priscilla Goethals, 10 June 1917, Box 4, Goethals Papers.

[76]Goethals to Wilson, 11 June 1917, Box 43, Goethals Papers. See also Goethals to Stevens, 9 June 1917, Box 8, Records of Shipping Board Commissioners/Raymond B. Stevens, NA/RG 32.

[77]"Minutes of Special Meeting," 18 July 1917, Box 8, Records of Shipping Board Commissioners/Raymond B. Stevens, NA/RG 32; Goethals to George R. and Priscilla Goethals, 10 June, 17 June 1917, Box 4, Goethals Papers.

[78]Goethals to George R. and Priscilla Goethals, 17 June 1917, Box 4, Goethals Papers; Bishop and Bishop, pp. 339-340.

[79]Josephus Daniels, The Wilson Era: Years of Peace, 1910-1917 (Chapel Hill, N.C.: The University of North Carolina Press, 1946), pp. 574-577; Melvin I. Urofsky, Big Steel and the Wilson Administration: A Study in Business-Government Relations (Columbus, Oh.: Ohio State University Press, 1969), pp. 194-201; "Statement of William Denman," Grosvenor Clarkson interview for the book Industrial America in the World War, 26 November 1920, Unit II, Section 3, The Bernard M. Baruch Papers, Princeton University (hereafter cited as Baruch Papers).

[80]"Statement of William Denman," Grosvenor Clarkson interview for the book Industrial America in the World War, 26 November 1920, Unit II, Section 3, Baruch Papers.

[81]Eustis to Denman, 13 June, 16 June, 20 June 1917, Box 9, Denman Papers; Urofsky, p. 211.

[82]Denman to Goethals, 15 June 1917, Box 43, Goethals Papers.

[83]Goethals to George R. and Priscilla Goethals, 17 June 1917; W. C. Mattox, Building the Emergency Fleet (Cleveland: The Penton Publishing Company, 1920; reprint ed., New York: Library Editions, 1970), pp. 24-25.

[84]Urofsky, pp. 198-199.

[85]Ibid., pp. 205-206.

[86]Ibid., p. 200; Daniels, The Wilson Era: Years of Peace, p. 419.

[87]Urofsky, pp. 199-209.

[88]Smith and Betters, pp. 10-12; New York Times, 14 June 1917; U.S. Shipping Board, Annual Report (1918), p. 13; Goethals to George R. and Priscilla Goethals, 17 June 1917, Box 4, Goethals to Wilson, 15 June 1917, Box 43, Goethals Papers.

CHAPTER 6

THE STRUGGLE FOR POWER AT THE EMERGENCY FLEET CORPORATION: JUNE TO JULY 1917

Denman or Goethals: The President's Dilemma

Immediately upon learning that President Wilson had signed the Urgent Military and Naval Deficiency Appropriations Act on 15 June, General Goethals sent the White House a letter transmitting an Executive Order his legal staff had drafted. If Wilson signed the order, it would give all the shipbuilding powers in the just-passed legislation to the Fleet Corporation's General Manager. Goethals's grab for power was thus quickly -- and aggressively -- launched.

To the General's dismay, nothing happened. On 17 June he told his son that "the letter with the Executive Order" had gone to the President two days earlier. "Since then," he continued, "I have heard nothing. I think I will ask for an appointment and go over to see him about it. He may have sent it over to Denman to see what he has to say about the matter, and I should hate to hear his candid opinion."[1]

Goethals also mentioned to his son, in passing, that "a newspaperman came in to warn me that my troubles with Denman aren't ended yet from the way Denman is talking." The reporter was right; Denman had decided to publicize his dispute with the General over steel prices. On 18 June The Washington Post quoted the Shipping Board Chairman as saying that he would put a "ban on $95 [a] ton ship steel." Denman went on, the Post reported, to state:

> I shall sign no contracts at that figure. The price is absurd when the navy is getting steel at $30 a ton less. . . . I feel that we would embarrass the committee [the Raw Materials Committee of the National Defense Council] if we were to embody in contracts now General Goethals's tentative agreement with the steel men for $95 a ton, because in so doing we would give respectability to a price which on its face is absurd for the government to contemplate.[2]

Denman, like Goethals, also began to maneuver for White House

support. On 15 June, the same day Wilson signed the Urgent Deficiencies Act -- and the same day Goethals forwarded his proposed Executive Order to the White House -- Denman sent his own letter to the President. He was "very anxious," he said, to discuss with Wilson "certain aspects of the shipbuilding program" and asked for an appointment on Monday, 18 June.[3]

Wilson agreed to meet with Denman, but must have felt considerable frustration about the entire shipbuilding situation. New tonnage was desperately needed to counter the submarine threat, but Goethals and Denman were obviously not cooperating with each other to meet this challenge. Instead, they were putting Wilson on the horns of a dilemma -- he would have to decide to which one of them he should delegate the sweeping powers Congress had just provided. Whichever way he decided, he was bound to antagonize one of the two men.

Denman, as he prepared to meet the President, was regaining his spunk -- he felt that he had come out ahead in the public controversy over steel prices, and he was now increasingly willing to stand up to Goethals. He revealed his true attitude towards the General in a personal letter to his "Uncle Bill," in which he ruefully admitted that he was "largely responsible for placing the great canal builder in a position where he finds it difficult to stow his reputation in the bilges and limbers of small but highly necessary wooden craft." Goethals, Denman told his uncle, was an "after dinner orator general" who would "rather talk in the papers than build wooden ships."[4]

On 18 June Denman had his meeting with the President. He seems to have stressed two points: first, that the authority over shipyards should be granted to the "Emergency Fleet Corporation" (which would, in effect, grant it to him, since he controlled the votes of the majority of the Corporation's trustees); and second, that Goethals was obstructing the wooden shipbuilding program. The President apparently told Denman that he would take these points into consideration, but that he was not yet ready to announce a decision about the delegation of authority. For the time being, this satisfied the Shipping Board Chairman. Upon leaving the White House, Denman was met by a swarm of

reporters, and he told them -- misleadingly -- that his conference with the President "had nothing to do with the reported differences between myself and General Goethals." He added: "There never has been anything but a smile between us."[5]

The General, however, was not smiling; Denman's comments to the press about steel prices had incensed Goethals. As he wrote his son:

> I have had to keep my mouth shut when the desire was so great to break loose that I had to keep myself under restraint all the time. Denman lied about the steel for as I think I said in my last letter I used $85 a ton [Goethals claimed that Denman's $95 figure was misleading because it was based on "long tons" (2,240 pounds) instead of "short tons" (2,000 pounds)] as a basis, not as a fixed price, yet with all his misrepresentation of figures and facts I have kept my mouth closed, deeming that the wiser course for only by results can the whole situation be viewed, and these I can produce if I only have the opportunity.[6]

Goethals was also upset over the treatment he was receiving from President Wilson. On the same day Denman met the President, 18 June, Goethals phoned the White House to ask for an appointment. He was told nothing would be available until 22 June -- a circumstance which someone on Wilson's staff announced to the press. As the General bitterly explained to his son: "From the publicity given to the fact that I had asked for an appointment last Monday and it wasn't given to me I'm inclined to think the White House is rather antagonistic."[7]

The relationship between Denman and Goethals was also "rather antagonistic" -- and the antagonism was increasing on each side. Goethals took a grim delight in surrounding himself with the kind of men he knew Denman, as a California progressive, was suspicious of. In a letter to his son, Goethals wrote:

> Sam Fuller, a New York banker was very anxious to get with me so I put him in charge of the Contract Department and he certainly is a live wire. Our lawyer is Mr. Cotton, a friend of Mr. Fuller, and the former is also from Wall Street. The man in charge of the Insurance Department is a Wall Street man so I have a group of conspirators, each detesting Denman so I am well surrounded.[8]

If Goethals's goal was to select men who detested Denman -- and whom Denman in return detested -- he succeeded brilliantly. The Chairman of the Shipping Board kept in his office files a little poem,

by Byron R. Newton, which neatly summed up his gut-level feelings about New York City and the businessmen, bankers, and lawyers who came from there:

Owed to New York

Vulgar of manner, overfed,
Overdressed and underbred;
Heartless, Godless, Hell's delight,
Rude by day and lewd by night;
Bedwarfed the man, o'ergrown the brute,
Ruled by Jew and prostitute;
Purple robed and pauper clad,
Raving, rotting, money-mad;
A squirming herd in Mammon's mesh,
A wilderness of human flesh;
Crazed with avarice, lust and rum,
New York, thy name's delirium![9]

A man Denman met at this time who shared his suspicions of New York "interests" -- especially those associated with Wall Street -- was Malcolm R. McAdoo, the brother of the Treasury Secretary. McAdoo, who worked as a consulting engineer in New York City, told Denman, in an interview on 19 June, that the men Goethals was surrounding himself with would have to be watched carefully. In a series of letters that would continue for as long as Denman's association with the Shipping Board, McAdoo constantly warned the man from San Francisco about the dangers of Wall Street conspiracies. "I do not mean to charge dishonesty," he wrote Denman on 20 June, "because I have no direct proof of any, but I do know the ways of the Street." McAdoo would later make a pun of this, warning Denman that Goethals was letting contracts to firms who knew more about "Wall Street ways" than "shipbuilding ways." Denman gave credence to McAdoo's charges, and his correspondence with the Treasury Secretary's brother would strongly reenforce his skepticism about Goethals's plans.[10]

Malcolm McAdoo was not the only person outside the Shipping Board to get involved in the shipbuilding situation at this crucial time -- Colonel House once again entered the picture. Goethals, on 20 June, discussed his frustrations with two acquaintances of House, who

forwarded the General's comments to the President's friend. House responded by wiring Wilson: "Denman and Goethals are both positive characters and I am afraid are too much alike to ever work in harmony. Is it not possible to divide their authority so as to avoid conflict?" This was a complete reversal of the recommendation House had made to the President six weeks earlier, when he had said that the shipbuilding program should be placed "almost wholly in the hands of one man" because it would "never be possible to do it through boards or divided responsibility." House, apparently, was just as confused -- and indecisive -- about how to handle the Denman-Goethals imbroglio as Wilson was.[11]

Another man who gave the President advice was Commissioner Raymond B. Stevens of the Shipping Board. Stevens was an inveterate foe of Denman, as he demonstrated at a 7 June meeting of the Shipping Board when he introduced a resolution that called for authority over shipyards to be delegated to Goethals. Denman immediately quashed discussion of this issue -- he preferred that the unpleasant subject of Goethals's authority not be brought up at all. At the time Stevens introduced his resolution, Denman could count on the support of other Board members. His close ally, Commissioner Brent, the elderly (and ailing) Commissioner White, and the Board's only shipowner, Commissioner Donald, were all willing to back the Chairman. This gave Denman a comfortable four-to-one majority in any dispute with Stevens.

In mid June, though, there was a defection. Commissioner Donald, frustrated with delays in the shipbuilding program, and with the way Denman was running the Board, decided to side with Stevens and Goethals. That made the frail Commissioner White the deciding vote in any contest that pitted Denman and Brent against Stevens and Donald. If White should side with Stevens, as he had on some occasions in the past, Denman could suffer a devastating defeat on the matter of Goethals's authority, for if Stevens's resolution should pass, the Shipping Board itself would go on record in favor of Goethals getting the powers approved by Congress. To forestall any possibility of this, Denman did all he could to prevent the issue from coming up -- such as

limiting the number of Board meetings, and severely restricting the agenda at the meetings that were held.

Denman's tactics were frustrating for Stevens and Donald, who resented the way they were being frozen out of the policy making process. On 15 June the two men submitted a memorandum to Denman calling for more frequent and more substantive meetings of the Board. As they put it:

> The Board meetings that have been recently held have been brief and unsatisfactory. There are many matters of general policy of the Board which require careful consideration, and many applications and matters which require immediate attention as they come in.
>
> We both are more convinced than ever that the only method of doing the work of the Board satisfactorily is to meet regularly and attend to business systematically; and if this is not adopted, confusion and chaos will result.[12]

The Shipping Board Chairman did not take any action in response to this plea. Stevens, whom Denman called the "political member of the Board," then decided to use his connections in the Democratic Party to get an appointment with the President. On 20 June he secretly visited the White House to recommend what he thought should be done. His message to Wilson was straightforward: "the powers and the money" granted by Congress should "go directly to the man in charge of the work [i.e., Goethals], and not the Corporation [i.e., Denman]." Stevens also gave the President a copy of his 7 June resolution supporting Goethals. Wilson was apparently impressed with Stevens's arguments and wrote the Commissioner: "You made [your] point quite clear to me and you may be sure I will not drop it out of my thought until the thing is settled."[13]

Denman seems to have found out about Stevens's visit to the White House the next day -- and feared that his adversary had talked the President into immediately delegating authority to Goethals. To prevent this, Denman fired off a letter to Wilson:

> I was taken by surprise this afternoon to hear [from someone who knew of Stevens's talk with Wilson?] that the question of the delegation under the commandeering Act was to be taken up within twenty-four hours. . . . I beg of you that this matter be held

> over until I have had another opportunity to discuss it with you. If the commandeering power with regard to steel ships is to be decided immediately, I beg that it be given to the Corporation [i.e., the trustees -- whom Denman controlled -- and not Goethals].

Denman then tried to discredit Goethals. Referring to the General's instructions to District Officers to build no "more wooden ships than absolutely necessary," Denman wrote:

> . . . I am gathering documentary evidence together showing a definite expressed intention to depress wooden ship construction and to discourage it; -- this at a time when the rate of destruction by the Germans was three times greater than the highest estimated hope of reproduction of steel vessels. There is, for instance, a stenographic report of General Goethals' instructions [on 15 May] to men who would place wooden ship contracts.

The Shipping Board Chairman, apparently aware that Goethals had been in touch with Colonel House, also explored the possibility of presenting his side of the story to the President's friend. "Is Colonel House within reach?" Denman wrote. "I have never met him, but I wish I could have his counsel, advice, and a chance to give him all the facts." Nothing would come of this, but Denman's interest in meeting the Colonel revealed his determination to pursue all possible avenues that might lead the President to delegate power to the Fleet Corporation's trustees -- rather than to Goethals.

Denman concluded his letter to Wilson with yet one more plea ("I have not seen a copy of General Goethals's proposed scheme of commandeering, and beg that before it is acted upon I have a chance to consult with you concerning it") -- and with a dire warning:

> . . . the rate of sinkings the past fortnight amount to twelve million tons dead weight a year. Our program, including the few wooden ships we intend building, will not give us over four millions of tons in both English and American construction in that time. No matter how long it may take to build wooden ships, even if it were longer than steel, we must have them for supplements to the steel program. The rate of reproduction will [even] then be far behind the rate of destruction.[14]

On 22 June, the day after Wilson received Denman's letter, General Goethals arrived at the White House for his appointment. The

President, perhaps as a result of Commissioner Stevens's visit, was more cordial to Goethals than he had been at their earlier meeting. The General described the program he wanted to implement and noted that for the first time Wilson showed "enough interest in the subject . . . to ask a number of questions." "In this respect," Goethals said in his weekly letter to his son, "it was the most satisfactory interview" he had had with Wilson. "I never mentioned Denman," Goethals wrote, and "didn't argue or ask for the authority to be placed in me. I had written him [the President] about the latter and it would be infra dig for me to take it up. We parted." Thus ended, Goethals said -- thinking of the steel price dispute, the publicly announced delay of his appointment at the White House, and his continuing frustrations at the Fleet Corporation -- "a very trying week."[15]

It had also been a very trying week for the President. Between 18 and 22 June he had been bombarded with conflicting advice about how to deal with the shipbuilding program from Denman, Goethals, Colonel House, and Commissioner Stevens -- and, earlier in the month, from Special Agent Eustis and Special Expert Clark. The controversy between Denman and Goethals was, furthermore, making headlines in the press that raised public doubts about the way the Administration was managing the shipbuilding program. The dispute was causing problems in Congress as well, where it provided a cause celebre around which Wilson's enemies could rally.

The controversy at the Shipping Board was now taking up a good bit of Wilson's time, but it was not his only concern. At the same time Denman and Goethals were battling with each other for control of the shipbuilding program, the President was trying to push important food control and war revenue measures through Congress. The Administration was also grappling with such massive tasks as mobilizing the Army and Navy for war, reorganizing the industrial mobilization effort through the development of a War Industries Board, and establishing working relationships with the Allies on diplomatic, military, and financial matters. With these issues all demanding attention, Wilson must have found the Denman-Goethals dispute an

exasperating distraction. As he wrote to one acquaintance, it would be a "thorny business determining" to whom he should delegate authority.[16]

Especially worrisome for the President was the threat that the brouhaha at the Shipping Board would lead to congressional interference in the Administration's direction of the war effort. As Seward W. Livermore notes, in his study of the wartime Congress, in April Senator John W. Weeks -- a Republican from Massachusetts and close ally of Henry Cabot Lodge -- had "offered a resolution to create a Joint Committee on the Conduct of the War." Weeks wanted such a committee "to act as a sort of watchdog over executive expenditures for the purpose of preventing extravagance and corruption." Wilson, who saw this maneuver as a challenge to his ability to run the government, managed to have friendly Democrats "bury the obnoxious resolution" in the Rules Committee shortly after it was first proposed. During the Civil War such a committee had been created and had, "in the opinion of many, harassed [President Abraham] Lincoln by interfering at will with the administration of the Union Army and by running roughshod over military and civilian officials alike." Wilson did not want "a repetition of the ordeal to which his Civil War predecessor had been subjected."[17]

After the Rules Committee quashed the Weeks resolution in April, "nothing more was heard of it" for the next two months. On 19 June, however, Weeks brought up the subject once again; on the Senate floor he proposed that a Committee on the Conduct of the War be created to investigate developments such as the Denman-Goethals conflict. Weeks's suggestion did not lead to any action, but it did reveal the potential political consequences of allowing the controversy at the Shipping Board to continue.[18]

Wilson was also well aware of another continuing problem -- the devastating toll U-boats were taking on merchant tonnage. News of the true seriousness of the submarine threat, moreover, had finally begun to appear in the press. The New York Times, for example, reported on 26 May that debate in the French Chamber of Deputies revealed 2,500,000

gross tons of shipping had been sunk during the first four months of 1917, a remarkably accurate figure (final tabulations, after the war, showed the actual total was approximately 2,400,000 gross tons). The next two months were no better: U-boats destroyed almost 600,000 gross tons in May, and almost 700,000 in June. The need for new tonnage was thus critical, a fact the public was becoming increasingly aware of. The British Prime Minister, David Lloyd George, had told an American audience in London, shortly after the U.S. entered the war, that the key to victory was "to be found in one word, ships, in a second word, ships, and a third word, ships." Many Americans now agreed.[19]

The President recognized the need for ships, but was at a loss as to what to do about shipbuilding. Confused by the conflicting advice he had received, Wilson decided to seek additional information about the shipping crisis on his own. He should have been able to task the Shipping Board to track this data down, but the split between Denman and Goethals precluded this; each man seemed likely to slant the results of any report to support his own case. Wilson thus decided to do the necessary research and analysis himself. On 23 June -- a day after his meeting with Goethals -- the President wrote the British Ambassador, Sir Cecil A. Spring Rice:

> My dear Mr. Ambassador,
>
> I must within the next day or two decide the final details of our shipbuilding programme, but I cannot do so without the following information:
> 1) Great Britain's present remaining tonnage available for the sea-carriage of supplies;
> 2) The present remaining tonnage of the other Allies available for the same purpose;
> 3) The neutral tonnage available for that purpose; and
> 4) The actual destruction of tonnage by submarines since the first of January last, listed month by month.
> I would be very much obliged to you if you would be good enough to let me have this information in as full detail as possible. . . . The Congress has given me full powers in this matter of shipbuilding and I can act intelligently and effectively only if I have the information which will enable me to judge whether, in order to tide us over the time between this and the first of next year, I shall go in for quantity regardless of kind [i.e., wooden ships and Denman's program] or whether I shall be at liberty to

> confine our construction to the safest and soundest models [i.e., steel ships and Goethals's program].[20]

The President, in other words, despite his busy schedule and many responsibilities, was prepared to make a detailed study of the shipping situation.

On 25 June the British Embassy responded to Wilson's request -- and provided a welter of statistics. The President learned, for example, that there were "about 3050 ocean going vessels on the United Kingdom Register (1600 tons gross or 2500 deadweight) 2400 of these being mainly cargo vessels and 650 passenger vessels." He discovered, as well, that the Danish merchant marine had 499 ships of 731,000 gross tons, the Dutch 894 ships of 1,400,000 gross tons, the Greek 233 ships of 617,000 gross tons, the Japanese 772 ships of 1,600,000 gross tons, the Norwegian 1424 ships of 2,000,000 gross tons, the Spanish 354 ships of 670,000 gross tons, and the Swedish 559 ships of 652,000 gross tons. The President was also told that Britain had a "net loss after allowing for new building, etc." of 185,047 gross tons in January, 137,277 gross tons in February, 181,874 gross tons in March, 384,710 gross tons in April, and 199,076 gross tons in May. To elaborate on the specifics of all this, the British Embassy thoughtfully attached a detailed memorandum (over nineteen pages long) which provided "supplementary information as to the tonnage situation."[21]

Knowledgeable shipping men would have been able to sit down with this raw data and, after sifting through it, make some sense out of it. But for Wilson the morass of statistical information was so overwhelming as to be useless -- the busy President did not have the time, or expertise, necessary to analyze the data. Wilson, unsure of what to do, and fearing an explosion by Denman or Goethals -- and yet another public controversy -- if he decided against either man, finally determined to do nothing, at least for the time being. Apparently he hoped that events would clarify the situation and make a decision easier.

But the problem would not go away -- Denman and Goethals continued to maneuver to get the President's support for the power they

both felt they had to have. On 24 June General Goethals sent Wilson a six-page memorandum outlining his plans for the shipbuilding program. Four days later Denman acted; he had the Shipping Board pass a resolution calling upon the President to delegate his authority to the Fleet Corporation (in effect, Denman). Commissioners Stevens and Donald voted against the resolution, but Denman had the support of his ally, Brent, and of Commissioner White, whose vote he had now won over. But White was a physically frail supporter -- in fact, he had to leave a sickbed to vote on Denman's resolution, and several times suggested he would resign due to health. Denman, who desperately needed White's support to maintain control of the Board, tried to talk the elderly Commissioner out of this. On 28 June, though, after voting for Denman's resolution, White secretly tendered his resignation to President Wilson. Apparently Denman learned of this and convinced the President to keep White on the Board, at least for the time being.

On 29 June Denman sent the White House the Shipping Board resolution Commissioner White had helped him pass. He enclosed, for the convenience of the President, a "proposed Executive Order" which Wilson could sign to carry out the intent of the resolution. Goethals, discovering what had happened, sent yet another letter to Wilson, on 2 July, which again explained his shipbuilding plans. The General also reminded the President that on 15 June he had sent to the White House the "form of Executive Order" needed to "carry out the program" that he, Goethals, was recommending. Wilson thus had two Executive Orders before him -- all he had to decide was which one to sign.[22]

Fabricated Ships, Motorships, and Wooden Ships

By the time summer arrived in Washington, President Wilson must have been disillusioned with both Denman and Goethals. Of the two, however, he felt more comfortable with Denman. The Democratic progressive from California had much more in common with the President than Goethals, a military man. The General was, moreover, a protege of Theodore Roosevelt, Wilson's arch-enemy -- a fact that did nothing to

enhance Goethals's image at the White House.

In late June or early July Denman, aware of Wilson's sympathies, may have suggested to the President, according to some historians, that Goethals be dismissed as General Manager. If such a suggestion was made, Wilson did not take any action on it. Goethals's reputation was such that his dismissal would have caused, as Wilson realized, a furor in the press. The President, furthermore, apparently hoped that some way might yet be found to get Denman and Goethals to work together. The General, Wilson noticed, mentioned in his 2 July letter to the White House that the Fleet Corporation planned to order over 900,000 tons of wooden vessels. This demonstrated, the President seemed to believe, Goethals's flexibility on the issue of wooden steamers. Wilson forwarded to Denman a copy of the General's letter, apparently hoping that Goethals's comments about building wooden tonnage would persuade the Shipping Board Chairman to cooperate with his General Manager.[23]

Unfortunately, Denman and Goethals were in no mood to cooperate. In fact, they became increasingly isolated from each other, often going for days at a time without even meeting. The two men also failed to keep one another fully posted on what they were doing. Goethals spent much of his time developing plans for the building of fabricated ships. This involved detailed discussions with Henry R. Sutphen and his associates from the Submarine Boat Corporation, George J. Baldwin and other executives of the American International Corporation, and the shipbuilding organization being put together by W. Averell Harriman. Denman sent Goethals several letters requesting information about the status of these negotiations, but only got sketchy replies from the General. Finally, in desperation, Denman telephoned the Fleet Corporation's Naval Architect, Theodore E. Ferris, to get a verbal summary of the basic plans for each of the three proposed fabricated shipyards.[24]

Denman, meanwhile, had begun investigations into the building of "motorships" (i.e., vessels powered by Diesel engines rather than steam) -- and on this issue he did not keep Goethals informed. When

the possibility of using Diesel power had first been brought to Denman's attention, he had concluded that it was not feasible; as he told the press on 2 May, the "supply of Diesel motors was limited," the motors "were uncertain in operation," and it required highly skilled men "to keep them running." In June, however, Denman changed his views when the William Cramp and Sons shipyard proposed building "twenty-four Diesel motor ships engined by Burmeister and Wain motors." Burmeister and Wain, a Scandinavian firm, was renowned for its Diesel engines, some of which had been successfully used on big steel ships. The Cramp yard had acquired a license to manufacture these Diesels in the United States, and the plant's experienced shipbuilders believed they could use these motors in merchant vessels in a way that would be commercially feasible.

The major advantage of a commercial motorship was that it had more cargo space than a steamer. A Diesel engine took up much less room than a steam power plant, and the oil it burned was much less bulky than the coal used by most steam engines. Diesels also required less manpower to operate, thus reducing labor costs. Denman encouraged the Cramp yard to proceed with its motorship plans. He knew, however, that General Goethals was opposed to "making experiments in power" and "convinced . . . that he must stick to steam during the emergency." Denman therefore kept the General only vaguely aware of the plans the Cramp yard was making. Once everything was in place, the Shipping Board Chairman apparently intended to present Goethals with a fait accompli on Diesel contracts -- just as Goethals was apparently trying to do to Denman in the negotiation of contracts for fabricated ships.[25]

The attention Denman and Goethals devoted to Diesel engines and fabricated ships, respectively, did not mean that their disputes over wooden steamers had ended. One issue they fiercely debated was the design of the wooden vessels that were to be built. Both Denman and Eustis now believed that Goethals should be letting contracts for wooden steamships designed by Captain Edward Hough of San Francisco, and William T. Donnelly of New York City. Goethals opposed these

designs, claiming that neither the Hough nor Donnelly ship "was suitable for overseas service." The General did let a few contracts for a modified version of the Hough design, but did so only "because of promises that had been made" by Commissioner Brent during his western trip in March and April -- promises that Brent put pressure on Goethals to keep. All the other wooden contracts Goethals proposed to let were based on the Ferris design. Denman and Eustis saw this as a mistake; the Ferris ship, they felt, would take much longer to build than the Hough or Donnelly designs. They further believed that the Hough and Donnelly vessels, contrary to what Goethals stated, were perfectly capable of overseas service (a matter, it turned out, on which even experts disagreed).[26]

The design of wooden ships would play a central role in yet another phase of the Denman-Goethals controversy. In May the Shipping Board Chairman asked Goethals to get in touch with the Coos Bay Lumber Company, which Denman had long represented as a lawyer in San Francisco. This firm offered to supply timber to wooden shipbuilders at a price of $30 per thousand feet, $5 less than the price set by the Lumber Committee of the Council of National Defense. Goethals -- as Denman wished -- agreed to order lumber from the firm. When the General attempted to sign a contract for the wood needed to build Ferris ships, though, the Coos Bay Company told him "that the price named of $30.00 per thousand was not based on the Douglas fir timber schedule for the Ferris ship, but on the Hough schedule (which called for smaller pieces), and that the price would not be applicable to the Ferris design." Goethals, with a bit of amusement, told Denman that the price offered by his former clients had a catch in it.

The Shipping Board Chairman, angry -- and a bit mortified -- at the failure of the Coos Bay firm to live up to its promise, immediately wired an associate connected with the company:

> I am insisting on purchase of your cheap lumber. Do not put Coos Bay Company in position of reneging on any excuse. I am very glad to be able to obtain advantageous contract for Government from my former clients. I have vouched for them here, and find it very embarrassing that they did not make good on their thirty

dollar agreement.[27]

The lumber firm replied that it would "conform to its agreement although hampered by lack of money." Denman then sought to have Goethals place the contract, but, finding the General out of town for the day (29 June), the Shipping Board Chairman took it upon himself to close the deal. He ordered Captain A. F. Pillsbury, the Fleet Corporation's District Officer in San Francisco, to place an order with Coos Bay for "three hundred thousand dollars worth of ship timbers." Denman then issued a statement to the press, titled "PATRIOTIC CONTRACTORS," in which he praised the Coos Bay Company for assisting the government and refusing to profiteer. The firm provided a "happy example," the press release said, which others would hopefully "learn to follow."[28]

Goethals, predictably, was not satisfied with Denman's plans for such a large order with the Coos Bay firm -- and did not know that Denman had already let a contract. On 2 July the General wrote to the Shipping Board Chairman about the matter. "The difficulty," he told Denman, "is that if we buy this timber we would have no immediate use for it, because all the contractors either have made their timber arrangements or will want to make them with the timber companies nearest to their operations."

"My Dear General Goethals," Denman replied, "I am sorry I did not make clear in my previous correspondence that it was necessary for us to close the contract of sale for $300,000 worth of this timber. . . . [during] your absence from Washington." The lumber, Denman added, could certainly be put to good use. "I presume," he told Goethals, that "with the great shipbuilding facilities around San Francisco Bay, you have under consideration many contracts for the construction of wooden vessels there." Coos Bay, Denman pointed out, in nearby Oregon, could supply plenty of timber to San Francisco area yards.[29]

Denman thus presented the General with a successful fait accompli, and at the same time pressured Goethals to place additional contracts with wooden shipyards in California. The General Manager was not happy, but could not overturn the signed agreement. Denman's

"patriotic contractor," though, was going to embarrass the Shipping Board Chairman yet one more time. Strapped to make deliveries at the price of $30, the Coos Bay Lumber Company added surcharges for planing the wood and for other labor services -- fees which other lumber firms normally included in their basic prices. Goethals, upon discovering this, revealed his irritation to Denman:

> I have no copy of any contract with Coos Bay Lumber Company, which is an arrangement which was entered into by Capt. Pillsbury at your direction. If you have a copy of such contract, will you kindly let me have same. If you have no copy, I shall be glad to receive any instructions you care to give in the matter. I have meanwhile advised Capt. Pillsbury that I assume that the price of $30.00 is based on delivery at the lumber mill; and that as regards planing, I assume that the same conditions apply to the Coos Bay Lumber Company as apply to the lumber being purchased through the Lumber Committee.[30]

Denman forwarded to Goethals a copy of the contract, which apparently did not rule out the surcharges. The issue then simmered for a while -- only to develop into yet another newspaper controversy in mid July, when William Randolph Hearst's San Francisco Examiner accused Denman of using his influence to get a plump contract for his former clients in Coos Bay. Denman, who had once denounced Hearst before a California State Democratic Convention (in 1904) as "a betrayer of the Democratic Party and a traitor to the state of his birth," was convinced that Hearst's attack was based upon this old grudge. The Shipping Board Chairman had one of his close associates, G. S. Arnold, write a letter to the San Francisco Bulletin to deny the charges made by Hearst. Arnold, to Denman's delight, used blunt language; "Lies in Hearst's papers," Arnold wrote, "are like sewer rats -- easily enough caught but always stenchful of their source."[31]

General Goethals would probably have been inclined to side with Hearst in this dispute, but this was one newspaper controversy with Denman that the General managed to avoid. By mid July Goethals would discover that he would need the lumber of the Coos Bay firm -- and much more as well, for he came to the conclusion that the wooden ship program had to be substantially expanded. On 22 June Goethals had told

Admiral Ralph Earle, head of the Navy's Bureau of Ordnance, that the Fleet Corporation was "expecting to build approximately 250 wooden steamships." By 13 July, however, Goethals had "let, or agreed upon," contracts for 348 wooden vessels, and had "under negotiation contracts for about 100 [additional] wood ships." During this three week period, in other words, the General almost doubled the size of the wooden shipbuilding program.

The reason for this dramatic change was the U-boat, which was taking such a great toll of merchant tonnage that Goethals realized every kind of ship possible had to be built. His primary emphasis continued to be on steel production, and his main hope was still the fabricated ship scheme -- but, he told Denman in mid July, he would "let all [the] contracts for wood ships . . . which [he could] secure from responsible bidders."[32]

Denman felt vindicated by the General's change of heart on wooden ships. The man from San Francisco believed he had triumphed in the dispute with Goethals over steel prices, and now he felt the same way about the wooden steamer issue. The Shipping Board Chairman persuaded himself that Goethals had finally come around to the position that he, Denman, had always held: namely, that the main priority should be on steel production, but that as many wooden vessels as possible should be ordered, despite the fact they were commercially worthless.

This, though, was a distortion of the truth, for Denman had originally seen wooden ships as possibly having some commercial value, and his first shipbuilding scheme had emphasized wood -- not steel -- construction. Nonetheless, Denman had convinced himself -- and would spend the rest of his life trying to convince others -- that from the very start he had seen wooden steamers as playing only a subordinate role in the Shipping Board's plans, and that his main goal had consistently been the massive production of steel tonnage.[33]

The truth of the matter was that the positions of both Denman and Goethals had changed -- and their views had become increasingly similar. In fact, by the end of June the two men were in surprisingly close agreement on the basic shape the overall shipbuilding program

should take; they both felt that the main thrust should concentrate on the building of steel ships, but that this tonnage should be supplemented by as many wooden steamers as possible. If it had not been for personality conflicts between the two men, they probably would have been able to cooperate in the execution of this program. But personality, unfortunately, prevented agreement; each man was stubbornly determined to have his own way. As Colonel House told the President, Denman and Goethals were "too much alike to ever work in harmony."

The President Delegates His Authority

By late June it was clear that Goethals and Denman could not work with each other. Indeed, they were hardly on speaking terms -- the two men rarely met face to face, and communicated primarily through written notes. Each was, furthermore, highly suspicious of the other. Goethals, for example, firmly believed that Denman was out to torpedo his shipbuilding plans. The General told his son, early in July, that the Shipping Board was up to no good, doing "dirty work" behind his back. But Goethals did not make his frustrations public, even though, as he told one acquaintance, "I have some good friends among the press here, who are only too willing to place matters aright, should I consent." Instead, to avoid antagonizing the White House -- whose support he was seeking -- Goethals decided to take a low profile and avoid "all risk of newspaper controversies."[34]

Denman, meanwhile, feeling a renewed sense of justification in the positions he had staked out, was increasingly determined to stand up to the famous builder of the Panama Canal. The Shipping Board Chairman began to task Goethals to track down all sorts of detailed information on ship production, and sent the General Manager a steady stream of questions related to the shipbuilding program. Denman, an accomplished lawyer, also began to raise technical questions about the contracts drawn up by Goethals's legal staff. The General had no choice but to respond to these directives from the Shipping Board

Chairman. Goethals did not like being ordered about, but he was determined not to say or do anything that might jeopardize his chances of getting the authority Wilson would delegate.

Denman, buoyed by the success of his efforts to assert himself in his dealings with Goethals, pushed himself into his work with renewed vigor, frequently staying at his office, once again, until two or three in the morning. To friends he now freely admitted his frustrations with Goethals, and claimed that the appointment of the General had been a serious mistake; he no longer pretended, at least to his intimate associates, that his relations with Goethals were "cordial." He felt, he said, "like a fighting cock." In high spirits, he proudly told one acquaintance that "the executive work seems to agree with me."[35]

President Wilson, though, may have had questions about Denman's talent for "executive work." For one thing, the Chairman of the Shipping Board had obviously lost control of the organization he headed. General Goethals, technically a subordinate of Denman, was communicating directly with the White House without keeping Denman informed. Eustis and Clark had also gone to the President without telling Denman of their plans, as had Commissioner Stevens. Wilson could have easily corrected this problem by refusing to see anyone from the Shipping Board, or Fleet Corporation, unless they went through Denman, but this he did not do -- probably because he himself now lacked confidence in the Shipping Board Chairman.

Denman's dealings with the White House, furthermore, did little to enhance the President's impression of the San Francisco lawyer's administrative abilities. At times, in fact, Denman appeared to view Wilson, rather than himself, as the chief administrator of the Shipping Board. A letter he sent to the White House on 28 June 1917 reveals the petty issues Denman would sometimes seek a presidential decision on:

My dear Mr. President:

> I made a promise some weeks ago to deliver an address at Springfield, Mass., to a gathering of manufacturers and exporters of New England. If I go I cannot well return here before Saturday noon [i.e., 30 June -- Denman would be gone a day and a half]. Will it be convenient, so far as you are concerned, for me to

leave Washington during this time? Should you decide that it will not be convenient, I shall not grieve. My daily mail, involving questions of policy the answers to which cannot be delegated, keeps me often well into the early morning before it is disposed of, and every hour's absence from Washington is in the shadow of that accumulating pile.

Very faithfully yours,

William Denman

Surely Wilson must have wondered why Denman saw it necessary to involve the White House in decisions about his personal schedule. The course of action Denman finally took -- sending a telegram apologizing for his cancellation due to the "pressure of emergency matters" -- could have been accomplished without troubling the President about the issue. Wilson may also have wondered why Denman had to stay in his office "well into the early morning" to answer his daily mail -- certainly, contrary to Denman's contention, some of this work could have been delegated to a staff. The letter, in short, must have caused the President to question whether the attorney from San Francisco possessed any flair for administration at all.[36]

Colonel House also apparently had questions about Denman's competence -- and was concerned over the negative impact the Denman-Goethals controversy was having on the Administration. Early in July the Colonel decided to see if his intervention might help resolve the mess at the Shipping Board. His sympathies were now again with Goethals. Through a mutual acquaintance, M. J. Stroock of New York City, House subtly attempted to let the General know that he was willing to help. "I will be very glad," Stroock wrote to Goethals on 3 July, "to seek to enlist the further activities and interests of the Colonel, if you so desire." Goethals, unimpressed with the results of House's previous interventions (and perhaps unimpressed with the Colonel himself), replied that he appreciated the "kind offer," but had "placed the whole matter before the President through the medium of reports" and "did not think anything else [could] be done."

House, disappointed by this rebuff, then had Stroock approach Goethals with less subtlety. On 6 July Stroock wrote:

> I know . . . that the Colonel is of the same thoughts as you, appreciates the necessity for promptly investing you, rather than a certain Board, with full authority, and has sought to impress his ideas upon his friend; further, I know that the Colonel is ready and anxious to talk over the situation with you whenever you will to do so with him. Under these circumstances, and if not "infra dig" so far as you are concerned -- I believe that if you will, through me, indicate to him when you can arrange to spend an hour or so with him at Magnolia [House's home in Massachusetts], that he will extend to you an invitation and will thereafter again promptly take the matter up with his friend.

Stroock added that he would be willing to come to Washington to get the General's views, and then forward them to House, if Goethals could not get away to Magnolia.[37]

Here was an opportunity for Goethals to line up an extraordinarily influential ally in his campaign for the President's support, but the General had apparently lost all confidence in House's ability to help. Goethals's reply to Stroock left little doubt in House's mind about the limited value the General attached to his support:

> I appreciate very much your motives and interest [Goethals wrote Stroock on 7 July], and, if I felt the situation were such that you could improve it in any way, I certainly would not hesitate to call upon you.
>
> The matter is in the hands of the President. I have explained to him the situation from every angle and am awaiting his decision. . . . Under the circumstances, I doubt very much whether it would be advisable for me to leave here to make the trip to Magnolia as you suggest, and, furthermore, it might have an unfortunate effect should it become known I had made such a visit.
>
> I also wish to thank you for your willingness to come here for a personal interview, but inasmuch as there is no apparent step that you can take, it seems useless to avail myself of your kindness.

After this snub, House withdrew from any intervention in the Shipping Board dispute, and Goethals -- by his own hand -- denied himself what might have been decisive influence with the White House. The truth of the matter was that Goethals was frustrated with Wilson's delay in making a decision, and this frustration apparently extended to Colonel House. As the General told his son: "If it weren't war time I'd get out and say a few things."[38]

The General, as he impatiently waited for Wilson to delegate his

authority, made preparations to take immediate action should the President decide in his favor. By early July Goethals had had his legal staff draw up practically all the paperwork necessary to "federalize" the nation's shipyards and to requisition vessels under construction. The General also pushed forward with his negotiations for the building of fabricated ships. The contracts, he told his son, could "be drawn up ready for execution" shortly after "the President gives the word." On 4 July Goethals wrote to Denman that the Submarine Boat Corporation was "proposing two hundred ships, of 5,000 tons deadweight capacity," the American International Corporation was "talking of two hundred ships of 7,600 tons deadweight capacity," and the "W. A. Harriman combination" was looking to build "possibly eighty ships" of "8,800 tons deadweight capacity." Goethals admitted, though, that the price for the fabricated ships was "not yet settled."[39]

Denman was suspicious of these fabricated ship contracts -- and the big businessmen behind them. Since Goethals provided the Shipping Board Chairman with only a few details about his negotiations, Denman turned to others for information about what was going on. He was especially influenced by Malcolm McAdoo, who continued to feed him reports from New York about the untrustworthy nature of the organizations Goethals was talking to. McAdoo was especially hard on the American International Corporation, which he told Denman was "simply a greedy Wall Street concern" -- a "typical Morgan-Standard Oil group" that, "with the usual modesty of such concerns, [wanted] two-thirds of all the business in sight."[40]

Denman forwarded his own suspicions, which were in harmony with those of McAdoo, to the White House. Goethals, Denman wrote the President on 5 July, was negotiating contracts for fabricated ships with firms dominated by the "masters" of the steel industry. Although Denman indicated that he did not know the details of these contracts, he said that there would probably "be a liberal profit to the firms" involved. This was a valid point, for General Goethals was not as concerned about cost as Denman. Although the main purpose of this

missive was to discredit Goethals, the letter also demonstrated Denman's lack of control over the Fleet Corporation; it made clear that Denman, the President of the Corporation, had only the vaguest idea about what the General Manager -- technically his subordinate -- was doing.[41]

As Denman strove to convince President Wilson to be wary of Goethals, he worked, as well, on developing the shipbuilding plans he would implement if Wilson decided to delegate authority to him. With the help of Eustis, the Shipping Board Chairman sought to revive the wooden shipbuilding program that had been developed prior to the arrival of Goethals. The General had not followed through on the promises Eustis and Clark had made to numerous firms that wished to build standardized wooden ships -- if Denman got the authority the President delegated, he planned to redeem those promises. Denman also intended, if Goethals balked at these wooden ship plans, to make an end run around the General by creating a second corporation under the Shipping Board -- as was possible under the provisions of the Shipping Act of 1916.[42]

The specifics of Denman's plan for two corporations appeared in the press in early July. The Shipping Board Chairman and Special Agent Eustis were undoubtedly behind this leak; they apparently saw the press story as a useful trial balloon that could suggest to President Wilson a way out of the dilemma he faced. According to their scheme, the President could delegate his authority to the Fleet Corporation, and then a second corporation could be created to focus on wooden tonnage. This would be headed by, as Denman noted, a "vigorous man who appreciates the need" for wooden steamers. That would permit Goethals, as General Manager of the existing corporation, to devote all his attention to steel tonnage -- thus freeing him from any frustrations he felt about ordering wooden ships, and preventing his interference in the wooden steamer program. Denman, of course, as President of the existing corporation, would still be in a position to oversee all the General's actions, for only Denman -- according to the Corporation's by-laws -- had the authority to sign contracts.[43]

General Goethals was not impressed when he learned of this scheme. The General had now determined that if he did not have absolute authority over all aspects of the shipbuilding program, he would give up his position. He bluntly told his son the way he felt in a letter on 8 July:

> The President continues his waiting policy. The Washington Herald on the 4th stated that even though his action might cause trouble in Congress and delay the Food bill he intended to act the middle of [this week] and might create another organization to construct wooden ships leaving the steel for me to build. . . . [The Herald reported] Denman had notified the contracting companies [i.e., the firms to which Eustis and Clark had promised wood ship contracts, but which Goethals had ignored] to keep their organizations intact for work would soon be given them and had dissuaded some contractors from bringing suit, with the promise of contracts soon. Should the two organizations materialize then I will quit for these will be two outfits bidding against each other for machinery and equipment: there would be constant friction and inefficiency must result. I have decided that if this be his solution then there is no other course open to me -- for the best results can only be obtained thru' concentration of authority, and since it cannot be centered on me then it's best that I withdraw and someone selected who can handle the whole thing.
>
> Should he vest the authority in the Shipping Board I cannot withdraw without laying myself liable to the charge of being peeved. I'll submit but not last long for the Board will soon cause a crisis by requiring me to make contracts which I cannot approve or to adopt a type of ship I cannot accept [as Goethals probably knew, Eustis was trying to get the Board to replace the Ferris design for wooden ships with the Hough and Donnelly designs]. I am not going to withdraw unless I have an excuse that will hold water in the public estimation.

Goethals then succinctly summed up his attitude towards the President:

> I don't see where anything can be accomplished by another visit to the President. He's a peculiar type and knows everything. If he has read the papers that I have sent to him, there he has my views in full, and if he needs any further information or explanation, then it's up to him to send for me.[44]

On 11 July -- almost a full month after the passage of the Urgent Deficiencies Act -- President Wilson finally made his determination about the delegation of authority. A decision, he realized, had to be made to get the shipbuilding program out of limbo. His efforts to resolve the issue had been difficult, as he made clear in his letter to

Denman:

> After very mature consideration of the matter and after checking my own judgment as best I could by consultation with others who might be regarded as entirely disinterested and separated from the matter (and who remain unidentified), I have come to the conclusion that the enclosed Executive Order recommended by the Shipping Board is the best solution of a difficult matter, and I have therefore today signed it.[45]

Although hardly a ringing endorsement, this is what Denman had been hoping for: the President had chosen his Executive Order.

Wilson realized that Goethals's reaction to this decision might be a hot-tempered one, so he sent a letter to the General to soften the blow. The decision, he wrote Goethals, "will not in any way hamper your own activities." The President added, somewhat hopefully: "I find everybody willing and anxious to contribute to the completion of the programme you have entered upon and to the efficiency of the work you are doing, and I know that the directors of the Emergency Fleet Corporation (i.e., the trustees) share my desire that you should not in any way be hampered." Wilson then concluded with yet another protestation of his support for the General: "May I not express the pleasure we all have in dealing with you and cooperating with you in this all-important national service?" As Wilson would soon discover, these reassurances -- apparently designed to soothe the General's feelings and encourage him to cooperate with the Shipping Board -- would be open to serious misinterpretation.[46]

When the President's decision was announced to the press, on 12 July, there was some confusion over what it meant. The Executive Order Wilson issued (his letters to Denman and Goethals were not released) simply delegated the President's authority to the "United States Shipping Board Emergency Fleet Corporation." Technically, this could mean the Corporation's trustees (or, as they were sometimes called, the Board of Directors), who were controlled by Denman, or it could mean Goethals, the Corporation's General Manager. Denman, who had drafted the order, obviously intended it to mean the trustees. But in this instance the skillful attorney from San Francisco had slipped up; the

document he had drawn up did not precisely identify who had the presidential authority. The resulting ambiguity led the New York Times to report that the victor in this phase of the controversy was not clear. Some knowledgeable observers, the Times said, considered the contest between Denman and Goethals to be a draw. That was, in truth, the most accurate analysis, for Wilson had tried to give something to each man.[47]

The President's rather clumsy effort to please both Denman and Goethals would quickly backfire. Denman, delighted that the President had signed his Executive Order, could interpret Wilson's decision as meaning that he had triumphed; Goethals, by noting the ambiguity of the Executive Order, and Wilson's assurances that the General Manager "should not in any way be hampered," could interpret the decision as meaning that he had prevailed. By failing to make a clear-cut decision, the President had, in effect, made no decision at all. Denman and Goethals would immediately attempt to resolve the issue of authority over the shipbuilding program themselves. Their struggle would, to Wilson's horror, take place on the very public battleground of the nation's newspapers.

The Struggle for Power

Denman fired the first shot in the ensuing struggle for power. In a private letter to Goethals on 12 July, the Shipping Board Chairman, somewhat smugly, informed the General that the President had delegated his authority to the "United States Shipping Board Emergency Fleet Corporation." Denman then asked Goethals to forward to the Shipping Board any plans he had for requisitioning vessels under construction so that the Board could deliberate the proposals. There was apparently no doubt in Denman's mind that final authority over the shipbuilding program now lay with him.

Denman's power base was impressive. He was the Chairman of the Shipping Board and, since he now had the firm support of Commissioners Brent and White, he was assured of at least a three to two majority on any issue which came before the Board. He was also the President of

the Emergency Fleet Corporation, which meant that only he could sign contracts -- thus giving him an effective veto over any shipbuilding plans Goethals proposed. Denman, furthermore, controlled the majority on the Corporation's Board of Directors, where he normally could count on the support of five of the seven trustees (himself, Eustis, and the three "temporary trustees" he had selected -- Ellsworth P. Bertholf, William L. Soleau, and T. C. Abbott; the only trustees to oppose Denman were Goethals and Commissioner Donald). Since the trustees now had the President's commandeering authority, Denman could control that power as well. The Shipping Board Chairman was, he must have felt, firmly in the driver's seat.[48]

Goethals had a different view of the situation. First off, he ignored Denman's letter -- he had no desire to submit any of his plans to deliberation by the Shipping Board. Then, on Friday, 13 July, the General launched his own dramatic bid for power. As Goethals had told his son, he did not intend to remain with the Fleet Corporation unless he had full authority, and there was enough ambiguity in the President's decision for Goethals to claim that this was now the case. The General realized, of course, that Wilson had not made a clear-cut decision in his favor, but he nonetheless decided to press ahead with his plans as if the President had -- and to do so in such a way that it would be difficult for Wilson, or Denman, to call his bluff.

Goethals began by sending Denman a four-page letter which shocked the Shipping Board Chairman. Now that the President had delegated his authority to the Fleet Corporation, Goethals said, "I intend, on Monday, to start ship construction which will complete my shipbuilding program." The General then outlined his intentions. He described the steel and wood contracts he had already let and -- to Denman's surprise -- announced finalized plans for fabricated ship construction and the requisition of steel tonnage being built in private shipyards.

"On Monday," the General wrote, "I shall offer contracts for the building of two plants (to be owned by the Government) for the construction of fabricated steel ships, to produce 400 ships of an

aggregate tonnage capacity of 2,500,000 tons within the next eighteen to twenty four months." These contracts would be with the Submarine Boat and American International Corporations (Goethals had temporarily suspended talks with the Harriman group, whose price, he felt, was too high). Everything was in place for the fabricated ship scheme, Goethals told Denman. "The design of the ship is ready, the plans of the yards are ready, the distribution of the work of furnishing the material and of fabrication is arranged." The two companies that built these yards and ships, the General went on, would act as "agents" of the government and would be compensated with "a fee of approximately 6 per cent. of the total cost of the work, with rewards for savings on cost and for speed in delivery."

"On Monday," the General continued, "I shall [also] deliver to shipbuilders a general statement of the progress which I have long been maturing for commandeering ships now under construction for private account (such ships having an aggregate tonnage considerably in excess of 1,500,000 tons)." He went on:

> The essence of this program is to commandeer all such ships and expedite their construction by adding labor and cutting out refinements. By thus federalizing each yard, giving it Government help and putting it on a speed basis, we shall produce its greatest efficiency. As fast as the berths are cleared each yard will be devoted to the production of a single type of tonnage for which it is best suited. . . .
>
> My investigation has satisfied me that citizens of the United States and of our Allies will pay the cost of expediting ships now building for them, and take them off our hands. If this policy is adopted it will conserve our fund.

The General concluded: "Each days delay in Summer -- in commandeering or contracting -- means two days less of time in throwing the work into the winter months. It is for that reason I am urgent that the program start on Monday." Goethals then, to make it difficult for Denman to halt the program, gave out his letter to reporters. The next day it was published, in toto, in the New York Times and other newspapers. If Denman wanted to challenge the General, he would have to do it in the public forum of the nation's press.[49]

The letter Denman had sent to Goethals, on 12 July, requesting

information on the General's requisitioning plans, looked like a popgun when compared to the massive artillery barrage Goethals had just launched at Denman. The Shipping Board Chairman was upset -- and determined not to back down. On the thirteenth, the same day he got Goethals's letter, Denman fired an angry response back at the General:

> I thank you for your letter of July 13th, inclosing your proposed program for the building of ships. I shall be glad to take it up with the Board of Directors of the Corporation at an early date. As Commissioner White is not here [Denman planned to have White, despite his poor health and continued desire to resign, elected as a trustee of the Corporation], I can hardly do so tomorrow.

Denman then told Goethals, quite bluntly: "There seems to be some misapprehension as to the order of the President." No final decisions could be made, Denman firmly stated, until the Corporation's Board of Directors discussed them. In a postscript, Denman added:

> Personally, I am not at all in accord with your suggestions that any foreign [mainly British] contractor for ships should take any of the tonnage that is speeded up, and this will have to be a matter of serious discussion amongst all of us. This is not a matter of conservation of funds, but deeply concerns the prosperity of our mercantile marine.[50]

Goethals fired back a response on the same day. "The order of the President as I understand it," Goethals told Denman, "delegates clearly authority to the Emergency Fleet Corporation, and I take it that he wants the Corporation to go ahead and not come back to him for deliberation." Goethals then informed Denman of Wilson's statements that he, Goethals, "should not in any way be hampered." After discussing several points about the fabricated shipyard contracts, the General then closed with an explanation of his stand on foreign ships -- and a question:

> As to the suggestion about foreign shipowners, do not misunderstand me. I do not for a moment pretend to discuss the national policy of the Mercantile Marine. That decision is entirely outside my province. If that decision is reached, our funds can be conserved.
>
> Do I understand that you do not desire me to take preliminary steps in this program on Monday?[51]

The General, Denman realized, would push ahead with his plans

unless he was ordered to stop -- and Denman was prepared to issue that order. First, though, he sought again to discredit Goethals with the President. In yet another letter on 13 July (a busy day for correspondence at the Shipping Board and Fleet Corporation), Denman wrote to Wilson that Goethals was willing to allow a "million tons of British ships" under construction in American shipyards to escape the control of the U.S. government. The General planned to do this, Denman said, "apparently without discussion" by the Shipping Board or coordination with the State Department. This was a distortion of Goethals's views -- the General had raised the possibility of having foreign governments pay for and take delivery of the ships they had on order, but had not announced this as a firm policy. Still, by publicly raising the issue, Goethals had complicated the sensitive diplomatic negotiations that would have to be conducted over the commandeering of foreign tonnage. Denman seemed to believe that this gaffe would cause Wilson to become infuriated with the Fleet Corporation's General Manager.[52]

The President's reaction was quite different from what Denman had anticipated. Wilson, exasperated by the fact that another newspaper controversy had erupted, and tired of Denman's constant appeals to the White House to intervene in Shipping Board business, told the man from San Francisco, in effect, to run his own show. On 14 July Wilson made this point to Denman as plainly as he could:

My dear Denman:

I have just a minute or two to ask a question concerning your letter of yesterday, which has just been laid before me.

In it you show apparent concern over what General Goethals may do with regard to the English contracts and other matters. According to the Executive Orders which I signed at your suggestion, this whole matter is in the hands of the Shipping Board as directors of the Emergency Fleet Corporation and surely can be controlled in any way that is thought wise. You do not entertain any apprehension on that ground, do you?

In haste,

Cordially yours,

Woodrow Wilson

The President, in other words, was losing his patience; busy with other matters, he wanted to wash his hands of personal involvement in the affairs of the Shipping Board and have Denman take care of whatever needed to be done.[53]

One problem Denman had in taking charge was his reluctance to confront the General face to face -- probably because of Goethals's intimidating manner. Denman communicated with the Fleet Corporation's General Manager through written notes and letters, sometimes sending three or four of these missives a day. On 14 July he provided the General with plenty of reading material, including a nine-page memorandum that bitterly assailed the actions Goethals had just taken. "Personally," Denman wrote, "I am not of the opinion that going into the public prints with a letter addressed to the President of the Corporation by its General Manager before the Board of Directors of the Corporation had had an opportunity to examine it, is a method of speeding up the adoption of the plan." The Board of Directors, Denman said, did not mean to hamper Goethals in the execution of any program "<u>that has been decided upon</u>"; this did not apply, though, to a program the Board of Directors had not had an opportunity to make a decision about. Just to make sure that there was no question in the General's mind about what Denman intended, on Sunday, 15 July, the Shipping Board Chairman sent Goethals a handwritten note: "Will you please see that no action is taken regarding commandeering any yards or contracts, or any agreements for government plants [made] till the Board [of Directors] meets."[54]

Goethals's power play was thus checked by Denman. The by-laws still required that the Corporation President sign all contracts; Denman's refusal to do so meant Goethals was powerless to act. On Monday, 16 July -- the day the General had hoped to commandeer shipbuilding plants and let contracts for fabricated ships -- he instead announced to the press that the Shipping Board was responsible for holding up his program. He then laid out his position in a candid letter to Denman:

> [The key] question is whether the final decision in regard to the conception and carrying out of the shipbuilding program is to rest with the board of directors of the Emergency Fleet Corporation or with me. Now that the question is raised it should be settled immediately. . . .
>
> Your position is that since technically the President gave the authority to the Emergency Fleet Corporation, I am, in carrying out my program, to take orders as an employee from the directors of that Corporation. Whatever argument may be made about it, the fact is that if you stop my present program and require me to justify every detail, as you now do, I shall be seriously hampered in the building of ships. . . .
>
> . . . I advise that every question of personality between us cease. I think the only way is for us to meet at once and see if I cannot convince you that I am right. Our differences are interfering with a national work.[55]

Denman responded to the General with an angry letter. "We do not intend to be rushed into acceptance of a program you say you have been weeks in preparing," he wrote to Goethals, "without knowing the general facts we have requested." Specifically, Denman wanted a detailed written report on the cost of the fabricated ships, the background of the contractors, the terms of the contracts, the procedures for commandeering, the plans for dealing with foreign-owned vessels under construction, the price to be paid for steel, and similar matters. Goethals replied the next day, with considerable bitterness:

> I have your letter of July 16, 1917, which is insistent upon a written report -- instead of accepting my suggestion of an immediate conference.
>
> Ships cannot be built by correspondence. I could answer questions orally quicker than is possible to do by writing letters to and fro, but as you ask specific questions, here are some answers.

The General then provided cursory responses to some of Denman's questions.[56]

The situation at the Shipping Board and Emergency Fleet Corporation was now chaotic. Denman, apparently, did not see the humor of the opening sentence in one of his letters to Goethals: "I beg to acknowledge the receipt of your letter . . . which is in reply to my two letters. . . ." That comment, however, nicely summarized the flurry of correspondence between the Shipping Board Chairman and Fleet

Corporation General Manager on 16, 17, and 18 July.

Finally, at 4:30 in the afternoon of 18 July, the two men met, face to face, at a special two-hour session of the Shipping Board; at 9:30 the next morning the meeting resumed and continued for two hours more. The discussion, heated at times, covered a wide variety of topics: contracts for wooden ships, designs for wooden steamers, plans for fabricated ships, prices for steel, prices for steel ships, prices for wooden ships, programs for requisitioning contracts, plans for commandeering shipyards, Goethals's speech about nesting birds, the amount of money needed from Congress, plans for speeding up ships already under construction, the fate of foreign ships being built in American yards, Denman's plans for ordering Diesel-powered ships, and a myriad of similar subjects. The two special sessions of the Shipping Board revealed how little Denman and Goethals knew about each other's activities, and demonstrated how little coordination they had done with each other. Apart from this, though, the four hours of discussion accomplished little.[57]

These developments at the Shipping Board did not escape the notice of the press. Indeed, they could not have, for Goethals had decided to use newspaper publicity as part of his power play. Once the General's side of the story was out, Denman, to defend his own actions, had called in reporters on 16 July. The Fleet Corporation's Board of Directors, Denman had told the newspapermen, was ultimately responsible for the money to be spent on shipbuilding, and should therefore have the opportunity to deliberate over the General Manager's program before it was implemented.

Denman also released a prepared statement to the press. The Shipping Board and the Board of Directors of the Fleet Corporation, the statement said, wanted speedy construction of ships, but wanted as well to ensure that the government paid a reasonable price for both the steel and the vessels it purchased. Specific prices, the statement contended, would thus have to be discussed before any contracts were let. The statement went on to say that the Shipping Board and the trustees of the Fleet Corporation favored U.S. seizure of alien tonnage

under construction in American yards, and government retention of the fabricated shipyards that were to be built. Goethals's plan, the press release noted, proposed allowing foreigners to pay for and take delivery of the ships they had on order, and gave the two firms that were to build the government's fabricated shipyards the option of eventually buying the plants. These issues, the statement maintained, would also have to be discussed before any action was taken.[58]

The feud between Denman and Goethals was now making headlines throughout the country -- and the nation was losing its patience with delays in the shipbuilding program. The National Security League took out a full-page advertisement in the New York Times: "Shipbuilding," it read, "is being prevented by internal squabbles which imperil victory and are criminal in this crisis." The Marine Review, in a front-page editorial, demanded, "Let's build ships, not quarrels." The situation at the Fleet Corporation had become a national scandal.[59]

This public controversy naturally attracted the attention of Congress. On 17 July Senator Benjamin R. Tillman of South Carolina, who called himself "an old friend" of Wilson, sent the President some urgent advice:

> I know nothing about the merits of the controversy between Denman and Goethals as between iron and wooden ships. We need ALL WE CAN GET OF BOTH KINDS AS SOON AS POSSIBLE, and we can not get any at all as long as these two men keep up their controversy. Stop it please. To quote Hamlet: 'It is time for them to leave off their damned nonsense and begin.'[60]

The next day Senator Reed Smoot, a Republican from Utah -- who was no friend of Wilson -- introduced a resolution to have the Shipping Board prepare a report on its activities for the Senate. The Board, Smoot said,

> got a $50 million appropriation under the act creating it. Under the Ship Emergency Bill [i.e., the Urgent Deficiencies Act] it got $750 million more, and now it wants an additional $500 million [Denman intended to ask Congress for more money, but had not yet forwarded a specific request]. I simply want to know what this board has been doing with all the money. Congress is entitled to know how the money is being spent.

On 19 July the Senate passed Smoot's resolution -- to the disappoint-

ment of President Wilson, who asked his Cabinet why Democrats in the Senate would "pass any old resolution of inquiry a Republican offers?"[61]

More threatening to the Administration than Smoot's measure was the revival of Senator Weeks's proposal to create a Joint Committee on the Conduct of the War. Wilson had been able to kill this scheme when it had come up before, but now the Denman-Goethals controversy -- along with alleged corruption in the letting of some war contracts -- had convinced many Senators that Congress had to oversee the Administration's wartime policies. To Wilson's dismay, the Senate made Weeks's proposal an amendment to the Food Administration Bill on 21 July. It would only be with some difficulty that the President would eventually be able to convince the House, and then the Conference Committee, to reject this amendment. The success the measure had in the Senate, however, revealed the political damage the Shipping Board dispute was causing the Administration.[62]

Denman, meanwhile, had come to believe that the shipbuilding controversy might get even worse -- he suspected that there was an ugly contracting scandal brewing within the Fleet Corporation. Malcolm McAdoo had continued to write the Shipping Board Chairman about the "gang of pirates" on Wall Street who were negotiating with Goethals to build fabricated ships. There was, McAdoo suggested, "a large sized conspirency [sic] in a great many directions which has been underway for several months." Denman, whose political views made him naturally distrustful of big bu[illegible]essmen, took McAdoo's charges seriously. As he wrote to one friend: "In an intensified national way, the same forces are working themselves out here that we had to face during the ["Boss" Ruef] graft prosecution period in California."[63]

On 16 July, as these suspicions about corruption were developing in Denman's mind, the Shipping Board Chairman sent President Wilson a letter that raised the possibility of a conspiracy targeted at the White House:

> The editor of a leading paper in Washington has just telephoned me that a very skillful agent of the group that is behind these

> large [fabricated] ship contracts has examined the correspondence between General Goethals and myself, and told him that he has not a leg to stand on if it is ever published; that this man is now addressing a letter to you, which probably will be signed by the General or some important person, which will endeavor to put the entire matter in your hands. There is strong evidence that this is the program.

Goethals, Denman went on to suggest, appeared to be "in the hands of" the profiteers who were planning to approach the President. As a consequence, Denman said, there would have to "be a very substantial modification of the General's program" before any thought could be given to implementing it.[64]

Denman finished his letter to Wilson by adding a postscript -- and an eight-page long enclosure. If Goethals had decided to resign abruptly after his power play had been checked, Denman said, "I should have published the inclosed statement, every line of which I can establish beyond question." The statement, a lengthy rehash, in some detail, of the disputed issues between Denman and Goethals, presented Denman's side of the argument in a lawyerly fashion. What attracted the attention of Wilson, however, was the apparent willingness of both Denman and Goethals to continue to use the newspapers to pummel each other.[65]

The President immediately responded to Denman's letter with a hastily penciled note:

> My dear Denman:
>
> I earnestly request that all publicity in respect of the ship-building and requisition matter be suspended until I can communicate with you further -- which I shall do very shortly -- but push the work forward, please. In haste and preoccupation,
>
> Faithfully yours,
>
> Woodrow Wilson[66]

The Denouement

Something, Wilson now realized, had to be done about the whole shipbuilding situation. On 19 July he sent letters to both Goethals and Denman in yet another attempt to resolve the issue. At long last,

he made a firm decision between the two men -- and cleared up the ambiguity his Executive Order and letters of the previous week had caused. To Goethals he wrote:

> I am writing you a letter because if I were to ask for a personal interview in the midst of the present elaborate misunderstanding which the newspapers have created it would of course be said that I had sent for you for purposes of discipline, and of course I have no such thought in mind. I merely want to put before you very candidly my conclusions with the hope that you will acquiesce in them.

The President then gave Goethals the bad news: "I have no doubt that it is as clear to you as it is to me that the right way to get action harmoniously and at once is to put yourself in the hands of the directors of the [Emergency Fleet] Corporation." This left no doubt about the President's intentions -- Goethals was not going to get the absolute authority he wanted. Wilson then closed by suggesting to the General that "no further resort be had to the public prints, either directly or indirectly."[67]

The President's letter to Denman, like that to Goethals, made it clear that the Fleet Corporation's Board of Directors would have final authority over shipbuilding matters. Despite Wilson's frustrations with the Chairman of the Shipping Board, the President felt more comfortable working with the California progressive than with the protege of Theodore Roosevelt. Wilson told Denman, however, that it was "imperatively necessary that we ignore public impressions of a controversy at present and also for the time being pay little regard to settling the question as to who was right or who was wrong." Denman, in other words, had won presidential support in his struggle with Goethals, but Wilson nonetheless wanted him to watch his step and make every effort to get along with the General.[68]

Denman quickly moved to take advantage of his victory. On the same day he got Wilson's letter, he sent Treasury Secretary McAdoo a long memorandum outlining the financial requirements of <u>his</u> shipbuilding program. He intended, he said, to revive the original plans to mass produce eight hundred wooden steamers; all the arrangements Eustis

and Clark had made with prospective wooden shipbuilders in March and April -- arrangements Goethals had ignored -- would now be consummated. Furthermore, the Ferris design for wooden ships, which Goethals had insisted upon, would be largely replaced by "simplified" designs such as those developed by Captain Edward Hough and the engineer William T. Donnelly. Moreover, since Goethals, the General Manager of the Fleet Corporation, was "clearly not sympathetic to wooden construction," the Shipping Board would probably "create a second corporation . . . to handle the wooden or more purely emergency end of the work." To carry out this program, Denman told McAdoo, the Fleet Corporation would probably need an additional "half billion dollars."[69]

Denman was now determined to run the shipbuilding program his way. He candidly revealed his attitude to a friend, the Republican Senator Hiram W. Johnson, a fellow California progressive. "Denman," Johnson wrote in a letter to his son on 20 July,

> showed me a letter from the President upholding him (Denman), and Denman then said, in so many words, although this must be kept in absolute confidence, that Goethals would have to go or change entirely his attitude, and, substantially, take his orders.[70]

The General realized that the game was up -- he would either have to go or submit to the Shipping Board Chairman. For Goethals, the choice was an easy one. "I am satisfied," the General wrote Wilson on 20 July, "that I cannot secure efficient results under the conditions of your letter." He continued: "I am convinced, therefore, that the best interests of the public welfare would be served if I were replaced by some one on whom full authority can be centered and whose personality will not be a stumbling block." Goethals added that he would be willing to remain on the job until his successor was selected; in the meantime, he said, he would loyally acquiesce to any instructions he received from the White House or the Fleet Corporation's Board of Directors. Unable to get the full authority he believed he needed, Goethals had decided to leave.[71]

The day Goethals wrote his letter, 20 July, was a Friday -- the next morning the President left Washington to take a weekend cruise on the presidential yacht the Mayflower. As the small ship carried the

executive party out into Chesapeake Bay, Wilson wrote a letter to his daughter; as he did, he probably had the Denman-Goethals situation in mind:

> Edith [Wilson's wife] and I are on the Mayflower to-day to get away from the madness (it is scarcely less) of Washington for a day or two, not to stop work (that cannot stop nowadays), for I had to bring [the stenographer Charles M.] Swem and my papers along, but to escape people and their intolerable excitements and demands.[72]

As the Mayflower leisurely sailed to Hampton Roads, and then back to Washington, the President must have spent some time mulling over what he should do at the Shipping Board. Goethals's letter of resignation left no doubt about the General's position -- he would not oversee the shipbuilding program unless he had practically dictatorial authority, and Wilson was not comfortable enough with Goethals to delegate such sweeping powers to him. There was thus no doubt in Wilson's mind that the General's offer to resign would have to be accepted.

But what should be done with Denman? The President recognized that if he announced Goethals's resignation, and kept Denman on, there would be a public outcry. Many of his opponents strongly backed the General, and they would certainly launch severe attacks against the Administration if their man departed and Denman remained. Perhaps they would win enough support to pass Senator Week's amendment providing for a Joint Committee on the Conduct of the War. Or perhaps they would try to embarrass the Administration through a congressional investigation of the Shipping Board. Or perhaps they would try to limit the President's war powers. At the very least, they would raise a loud howl of protest on Capitol Hill, and in the press. Would trying to save Denman be worth these risks?

More to the point, was Denman worth saving? He had not proven himself to be a good administrator, he was scorned by many shipping men and shipbuilders, he had frustrated Wilson with his constant pestering of the White House, he had made enemies in the Cabinet,[73] he had no real influence in Congress, and he was a prominent target for the anti-

Administration press. Indeed, there seemed to be little to recommend keeping Denman on board. Sometime over the weekend, or on Monday, 23 July, the President decided that Denman would also have to go.[74]

Denman, meanwhile, unaware of the General's decision to resign -- and of the threat to his own job -- pushed forward with his plans for the shipbuilding program. Feeling confident of his authority, he focused on developing comprehensive procedures for commandeering the nation's shipyards. Resolutions to accomplish this were discussed and adopted at morning and afternoon sessions of the Shipping Board on 23 July.[75]

As Denman moved forward with his shipbuilding program, he continued to be suspicious of Goethals. On 22 July the Sunday newspapers reported that the General had sent a confidential letter to Wilson. This was, of course, Goethals's letter of resignation, but Denman did not know that -- and probably suspected the Fleet Corporation's General Manager was making another power play. Indeed, Denman may have believed that this was the conspiratorial letter he had warned Wilson about on 18 July. To get his side of the story to the White House, Denman wrote to the President on Monday, 23 July.

Goethals, Denman told Wilson, was using "stalling" tactics to delay work on the shipbuilding program. The Shipping Board Chairman added that further investigations into the General's activities had revealed that Goethals's "commandeering scheme," as well as "his scheme for fabricating ships," had been poorly thought out. This comment may have irritated Wilson, for it flew in the face of his instructions to Denman, only four days earlier, to "pay little regard to settling the question as to who was right or who was wrong." Perhaps this was, if Wilson had not yet fully made up his mind, the final nail in Denman's coffin.

Denman, however, showed no awareness in his letter of the peril he was in. He told the President that the Shipping Board had developed a "commandeering plan," but would not, in accordance with Wilson's wishes, give out any publicity on it until the White House had formally

approved the program. Here, at least, Denman was complying with Wilson's instructions -- but this would not be enough to save his job.[76]

On 24 July the Shipping Board met at 11:00 o'clock in the morning and resumed discussion of its commandeering plan. Goethals's cooperation, as the Fleet Corporation's General Manager, would be needed in this project. Denman thus had the Board approve the following resolution:

> Resolved, That the General Manager of the Emergency Fleet Corporation be requested to meet with us at 2:30 today, and produce the data which was suggested would be necessary for the discussion of the plans to commandeer ships at the last discussion with him, and also suggested to him in the letters from the Chairman of the Shipping Board.

The minutes of the meeting describe what happened next:

> The Chairman left the Board room at 11:45 a.m.
>
> - - - - -
>
> At 11:55 Commissioner White [still in poor health, and whose wishes to retire from the Board were known by Wilson] announced that he had received advice from the President to the effect that his resignation had been accepted.
>
> - - - - -
>
> The Chairman, William Denman, resigned effective today.
>
> - - - - -
>
> The President sent to the Senate the nominations of Edward N. Hurley, of Chicago, as Commissioner, vice William Denman, and Bainbridge Colby, as Commissioner, vice John B. White.[77]

The President, finally, had taken firm action -- he had sent Denman a letter which politely, but forcefully, insisted that he resign. This caught the Shipping Board Chairman completely by surprise. Denman wrote to Wilson that he would "of course comply" with the request, but he asked for a "personal interview" with the President "at the earliest possible date." Specifically, Denman said, absurd attacks were being made on him in the Hearst papers over "an alleged personal interest in contracts for timber [with the Coos Bay Lumber Company]," and the "suggested action" Wilson proposed would "have a peculiarly unfortunate significance at this time." Perhaps Denman

planned, as well, to make a personal plea for a reconsideration of the President's decision. If so, his hopes were quickly dashed. Wilson, taking a page from the way Denman and Goethals (especially the latter) had operated, immediately released to the press the text of what he had written to each man.

The letter to Denman left no doubt about the President's strong desire to have him resign:

> I hope and believe that I am interpreting your own best judgment as well as my own when I say that our duty concerning the debates and misunderstandings that have arisen in connection with the shipbuilding programme ought to be settled without regard to our personal preferences or our personal feelings altogether and with the single purpose of doing what will best serve the public interest. No decision we can now arrive at could eliminate the elements of controversy that have crept into almost every question connected with the programme; and I am convinced that the only wise course is to begin afresh -- not upon the programme, for that is already in large part in process of execution, but upon the further execution of it.
>
> I have found both you and General Goethals ready to serve the public at a personal sacrifice. Realizing that the only manner in which the way can be completely cleared for harmonious and effective action is to carry our shipbuilding plans forward from this point through new agencies, General Goethals has put his resignation in my hands; and I have adopted it in the same spirit in which it was tendered -- not as deciding between two men whom I respect and admire, but in order to make invidious decisions unnecessary and let the work be developed without further discussion of what is past. I am taking the liberty of writing to tell you this in the confidence that you will be glad to take the same disinterested and self-forgetting course that General Goethals has taken. . . .[78]

The letter to General Goethals was similar in tone:

> Your letter of July twentieth does you great honor. It is conceived in a fine spirit of public duty, such as I have learned to expect of you. This is, as you say, a case where the service of the public is the only thing to be considered. Personal feelings and personal preferences must be resolutely put aside and we must do the thing that is most serviceable.
>
> It is with that thought in mind that I feel constrained to say that I think that you have interpreted your duty rightly. . . .[79]

When Wilson got Denman's request for a personal interview, he immediately rejected it:

> You have asked for a personal interview and I want to make a suggestion to you about it. I have learned to have a sincere and warm admiration for your ability and I hope that you have felt my genuine friendship, for it has been very real, and therefore I can say this to you frankly, that I do not think it would be wise for us to have a personal interview at present. It would certainly be misconstrued in ways which I think a moment's reflection will easily reveal to you. It would be taken to mean either that we were still discussing the situation or that there was some difference between us that needed to be straightened out.
>
> I want to serve your interest in every way that I can, and frankness I am sure is one of the ways. There was, as I take it for granted you also think, no other solution for the impasse we had arrived at but that which I suggested, and I have confidence that in the end all the merits involved will be clearly revealed.[80]

Denman, bitter about his predicament, responded to Wilson with a short note:

> I had no idea that your letter would have been so soon given to the public. Had I known it, I would not have added to the burden of your many cares a matter of personal consideration. I beg of you to forget that the suggestion (of a personal interview) was made to you. What becomes of the tiny reputation of one man is a matter of insignificance in a World's struggle.[81]

Denman then sent Wilson a brief letter of resignation. A few days later he left Washington for San Francisco, where he resumed his law practice. He would subsequently become a distinguished federal judge. For the rest of his life, however, he would staunchly defend all of his actions as head of the Shipping Board.[82]

Commissioner White, in frail health, appreciated the opportunity President Wilson gave him to resign and withdrew from the Board the same day as Denman. Despite the unfortunate timing of his exit, White was not bitter; the press was well aware of his health problems and did not suggest that the President was dissatisfied with his performance.[83]

Commissioner Brent, Denman's closest ally on the Board, sent Wilson a letter on 24 July defending the actions of his just-dismissed boss and offering to resign should that best serve the wishes of the Administration. The President, now determined to put all aspects of the Denman-Goethals affair behind him, responded by accepting Brent's offer. "I do not feel at liberty to ask you to remain feeling as

intimately identified with the controversy, now happily passed, as you evidently do," Wilson wrote Brent on 25 July. "I, therefore, accept your resignation without desiring it." Brent's departure left only two commissioners on the Shipping Board, Stevens and Donald. Both men, as the press correctly reported, had supported Goethals during the struggle for authority over shipbuilding.[84]

To replace General Goethals the President chose Admiral Washington Lee Capps, the head of the Navy's Compensation Board. Goethals stayed in Washington for a few days to help Capps get settled into his new job, but the two men did not get along particularly well (as Denman had discovered, Goethals could be hard to get along with) and by the end of July the General was no longer associated in any way with shipbuilding. But Goethals's role in the war effort had not ended. In December 1917 he became the War Department's Quartermaster General, where he performed -- according to the Wilson scholar Robert H. Ferrell -- brilliantly. Goethals's style of leadership turned out to be much more effective in a military-style organization, with clear-cut lines of authority, than it had been at the Shipping Board.[85]

The Denman-Goethals Controversy had now ended. There were no winners, but plenty of casualties: Eustis -- fired (from the Fleet Corporation); Clark -- fired; Goethals -- resigned; Denman -- forced to resign; White -- resigned; Brent -- resigned. And what had become of the shipbuilding program? An ambitious but sadly unrealistic scheme to build one thousand wooden steamers in eighteen months had gotten off to a fast start on paper, only to have run into serious roadblocks when Goethals entered the picture. Congress, after much bitter debate, had finally passed a law granting the government vast powers over the shipbuilding industry, but due to bickering over who should exercise this power none of it had yet been used. And all the while the nation's shipyards had continued to operate as they had before the United States entered the war, building vessels on private account and taking new orders.

So far, the only major effect the Fleet Corporation had had on shipbuilding was the contracts it had placed. At the time of

Goethals's resignation these amounted to sixty-eight steel steamships, aggregating 572,000 deadweight tons; fifty-eight composite steamships (i.e., part steel and part wood), aggregating 197,000 deadweight tons; seventy-seven wooden steamships, aggregating 286,000 deadweight tons; and 152 wooden hulls (which the Fleet Corporation would have to provide machinery for), aggregating 534,000 deadweight tons. In all, this represented roughly 1,600,000 deadweight tons of shipping -- a substantial amount. Still, this was only a fraction of what was needed to make up for losses due to submarines, which totaled well over 6,000,000 deadweight tons during the first seven months of 1917. Much of the tonnage ordered by the Fleet Corporation, moreover, had not even begun to be built -- before it could get started, contracts placed earlier for private shipowners had to clear the ways.[86]

The situation was indeed bleak. Britain, in fact, had recently been reduced to a mere six-weeks' reserve of food due to the terrible toll the U-boats were taking on merchant shipping. A true crisis was at hand.[87] Two new men, Edward Nash Hurley, a Democratic businessman from Chicago, and Admiral Capps, a well-known naval architect, would now serve, respectively, as Chairman of the Shipping Board and General Manager of the Fleet Corporation. Their shipbuilding task would be as daunting as it was important.

The Denman-Goethals Controversy: Post-mortem

In late April, shortly after Goethals took the position of General Manager of the Emergency Fleet Corporation, he received a letter from the Ladies' Home Journal:

> The Ladies' Home Journal is gathering data for an article to be entitled "Have You Ever Been Fired?", in which we hope to quote the personal experiences of a number of eminent men in regard to the fact that losing one's job is not necessarily a calamity for the young man. . . .
>
> May we ask you, then, Have You Ever Been Fired? Is so, will you -- for the profit of the younger generation in business -- dictate for us an account of the experience in about five hundred words: how it came about, how it reacted on you, and whether you deduce from your own career any general principles of the desirability of being removed from a job?

Goethals provided a succinct reply on 28 April: "I have only a moment to acknowledge your letter of April 23rd; but inasmuch as I have had no personal experience on the subject regarding which you desire an account, I am not in position to comply with your request."[88] Three months later the General, although he had not technically been fired, might have felt able to respond to the Ladies' Home Journal -- but probably would have had trouble doing so in five hundred words or less. What had gone wrong?

In the General's case, the main problem was his personality. Goethals refused to cooperate with Denman and insisted on having absolute authority, just as he had had in Panama. He was used to being a dictator and did not feel he could function under any other arrangement. The General put considerable time and effort into his attempts to seize control of the shipbuilding program -- when it finally became evident that he would not be able to do so, he resigned.

The shipbuilding program he developed, though, was a good one. The commandeering of vessels under construction, the building of fabricated steel ships, the letting of contracts for steel tonnage with existing yards, and the ordering of as many wooden ships as established yards could produce (a position Goethals came to late in his tenure) would turn out to be the basic policy adopted by his successors at the Fleet Corporation.

The General was also right about the need for acting quickly. His proposal, shortly after coming to the Fleet Corporation, that the Shipping Board take advantage of the commandeering authority which had already been granted to the Navy was sound. If Denman had concurred, a major part of the shipbuilding program -- the requisition of tonnage under construction -- could have gotten underway in May, rather than, as things turned out, in August. Speed was also important in the letting of contracts for fabricated ships. The delay in signing these agreements pushed construction of the fabricated shipyards, as Goethals had feared, into the winter months. That would greatly slow down the shipbuilding process; if these contracts had been let when Goethals was

ready to do so, the fabricated tonnage delivered before the end of the war would have been far more impressive than it turned out to be. Perhaps if Goethals had been willing to cooperate with Denman, the two men could have moved quickly to get these contracts signed. The General, however, loathed Denman -- and doubted that the Shipping Board Chairman knew enough about ships to make any worthwhile suggestions. He therefore kept Denman in the dark about what he was doing, which raised the suspicions of the man from San Francisco and made cooperation impossible.

If Goethals had a difficult personality, so did Denman, who was strong-willed, convinced of the rightness of his position, and suspicious of those who opposed him. He was also, it turned out, a disastrously poor administrator who could not control the organization he headed. Denman additionally lacked practical shipping and shipbuilding experience, which led him to support a wooden steamer program that was, in truth, totally infeasible. Gavin McNab, a prominent California Democrat who knew Denman, discussed his personality and abilities with Colonel House during the height of the controversy. As House recalled the conversation, McNab said: "I consider him [Denman] intellectually able, very tenacious, not altogether trustworthy, and without any executive ability. . . . I believe his cleverness as a lawyer will give him the advantage over Goethals in any controversy which may arise." That was, overall, a fair appraisal.[89]

Still, Denman made some good decisions. His emphasis on driving down cost saved substantial sums on steel purchases. The Hough and Donnelly designs he preferred for wooden ships were, as events would demonstrate, easier to build than the Ferris ship, favored by Goethals, which would have numerous design problems. Denman's idea of trying to build two dozen motorships also made sense. After the war Diesel-powered vessels proved their worth on overseas trade routes -- as did several which operated, primarily under Scandinavian flags, during the conflict. If Denman's program for building motorships had been implemented, the American merchant marine would have been in a much

better competitive position when the war ended.[90]

But Goethals would not cooperate with Denman on motorships, or -- so it seemed -- on anything. The Shipping Board Chairman and the General Manager of the Fleet Corporation became increasingly isolated from each other during their time in office. Thus Denman worked on his plans for motorships without keeping Goethals informed, and Goethals on his plans for fabricated ships without keeping Denman posted. The Shipping Board Chairman, unaware of what Goethals was doing, became suspicious of the General's activities and eventually believed, wrongly, that Goethals had unwittingly become the tool of corrupt Wall Street manipulators. Goethals, meanwhile, treated Denman as neither a superior nor as a colleague, but as a contemptible obstacle that stood between him and his mission. Goethals had no respect for Denman, and the man from San Francisco realized this -- and resented it. Denman's unwillingness to face the General's domineering personality in a direct meeting led to further misunderstandings and suspicions; during most of their tenures, the two men -- whose offices were not that far apart -- communicated only through written notes.

Given these personality differences, it is clear, in retrospect, that it was impossible for the two men to work together, even though their respective shipbuilding programs were not necessarily incompatible. Denman, after all, was prepared to consider Goethals's fabricated ship plan, and Goethals was willing to order large numbers of wooden steamers. As Secretary of the Navy Daniels pointed out, in a letter to one of his acquaintances, the overall approaches the two men took to the shipbuilding program differed more in emphasis than in fundamentals. Both Denman and Goethals agreed, Daniels noted, that we "must build these ships and that it is better to pay too much than not to have the ships." Nonetheless, Daniels stated, General "Goethals would probably put the question of speed so much in the foreground that the matter of prices would be very secondary to him, though he would always wish to get a fair price"; Denman, on the other hand, felt "deeply that the great steel concerns, which control perhaps seventy

per cent. of the ore in the country, [were] making an undue profit out of the war and compelling the Government and the people to pay extortionate prices." It should have been possible, Daniels suggested, to find a compromise that would balance the need for speed with the need for economy.[91] Reasonable men might have been able to work this out -- but Denman and Goethals could not. What was incompatible was not the program of each man, but the personality of each.

The other major figure who became involved in the shipbuilding dispute, President Wilson, eventually concluded that Denman and Goethals could not work together and decided to dismiss both of them. But it took the President several months to reach this conclusion and take this action -- months that significantly set back progress on ship construction. The Denman-Goethals controversy was a difficult matter for the President to deal with, and provides a good case study of his leadership style.

Wilson did not know anything about shipbuilding, and had no desire to become involved in the business of the Shipping Board. When Denman first proposed building wooden steamers, the President merely forwarded the plan to the Council of National Defense; when the scheme was approved there, Wilson gave the program -- with very little thought -- his blessing.

As disputes between Denman and Goethals developed, the President was reluctantly forced to intervene in the shipbuilding program. In so doing, Wilson's natural inclination was to support the Shipping Board Chairman. It was much easier for Wilson to relate to Denman, a Democratic progressive, than to Goethals, a military man close to Theodore Roosevelt. Indeed, Wilson was reluctant even to meet with Goethals.

Problems between Goethals and Denman developed right off the bat. When Wilson became aware of these, due to a letter from the General, he reacted by having Colonel House talk with the builder of the Panama Canal while he discussed the issue with Denman. These initial discussions did not lead the President to take any action, and the dispute between Goethals and Denman worsened. The General's

frustration led to a second meeting between him and House, while Wilson again talked with Denman. This time the President did take action; he backed Denman's proposals for congressional action -- and had Colonel House assure the General that the White House was working the shipbuilding problem. But Congress did not act quickly, and Goethals and Denman continued to disagree. Wilson, distracted by other issues, and unsure about what to do, permitted the situation to drift.

After Goethals made his speech about birds nesting in tress the Shipping Board controversy became front-page news. Wilson was disturbed by this and frustrated with both Denman and Goethals. Still, he took no action -- and the frustrating muddle continued. Then, when Eustis and Clark presented their complaints at the White House, the President decided, on the spur of the moment and without much thought, to have the two young men publicize their story. Apparently Wilson hoped this would publicly discredit Goethals and permit his removal. The action instead proved to be an embarrassing blunder that intensified the Shipping Board brouhaha and led many Americans to question whether the Administration could meet the shipbuilding challenge. Burned by this development, Wilson once again withdrew from the problem and allowed the situation to drift.

Congressional approval of the Urgent Deficiencies Act, in mid June, forced the President to make a choice between Denman and Goethals, for he had to designate which of them would have authority over the shipbuilding program. Wilson was, quite frankly, at a complete loss as to what to do. He correctly realized that there would be an explosion no matter what he did; if he supported either man, the other would strenuously object. Wilson got all kinds of advice -- from Denman, Goethals, Colonel House, Commissioner Stevens, and others -- but the recommendations he received were conflicting, and none of them suggested an ideal solution. In desperation, Wilson even tried to bone up on the shipping situation himself so that he could make a knowledgeable choice between Denman and Goethals, but found himself swamped by a flood of raw data provided by the British Embassy. With

no good choice available, Wilson became paralyzed by indecision -- and the situation drifted yet longer. When the President finally did take action, almost a month after Congress had passed the Urgent Deficiencies Act, his decision turned out to be a clumsy -- and poorly thought out -- attempt to please both Denman and Goethals.

In the final analysis, it was Goethals -- not the President -- who took decisive action. When Wilson failed to make it crystal clear to whom he had delegated his authority, the General pressed ahead as if the decision had been in his favor; when the President finally made it clear to the General that that was not the case, Goethals resigned. Overall, Wilson handled the entire matter rather badly -- and bore the ultimate responsibility for the long delay in getting the wartime shipbuilding program launched. The Emergency Fleet Corporation, almost four months after U.S. entry into the war, would have to begin again, with two new men at the helm, its attempt to put together a shipbuilding plan.

The Fleet Corporation, however, was not the only government organization overseeing a shipbuilding effort; there was also the Navy Department. There were, to be sure, problems in warship construction, but at least -- to Wilson's relief -- there was not a public controversy over the building of naval craft anything like the Denman-Goethals affair.

NOTES TO CHAPTER 6

[1]Goethals to George R. and Priscilla Goethals, 17 June 1917, Box 4, George W. Goethals Papers, Library of Congress (hereafter cited as Goethals Papers).

[2]Goethals to George R. and Priscilla Goethals, 17 June 1917, Box 4, Goethals Papers; Washington Post, 18 June 1917, quoted in Joseph Bucklin Bishop and Farnham Bishop, Goethals, Genius of the Panama Canal: A Biography (New York: Harper and Brothers, 1930), pp. 340-341. See also New York Times, 18 June, 19 June 1917.

[3]Denman to Wilson, 15 June 1917, Box 30, William Denman Papers, Bancroft Library, University of California at Berkeley (hereafter cited as Denman Papers).

[4]Denman to W. Thomas, 18 June 1917, Box 30, Denman Papers.

[5]Denman to Wilson, 21 June 1917, House to Wilson, 21 June 1917 [Editor's note 1] in The Papers of Woodrow Wilson, edited by Arthur S. Link et. al. (Princeton, N.J.: Princeton University Press, 1966-), vol. 42.

[6]Goethals to George R. and Priscilla Goethals, 23 June 1917, Box 4, Goethals Papers. Denman claimed the General's price worked out to $95 a ton, but Goethals argued this was a misleading calculation.

[7]Ibid., House to Wilson, 21 June 1917 [Editor's note 1], The Papers of Woodrow Wilson, vol. 42.

[8]Goethals to George R. and Priscilla Goethals, 23 June 1917, Box 4, Goethals Papers.

[9]"Owed to New York," n.d., Carton 12, Denman Papers. Someone, perhaps Denman, penciled the word "thug" above "Jew" in line six of the poem.

[10]M. McAdoo to Denman, 20 June, 14 July 1917, Box 14, Denman Papers. Ironically, Malcolm McAdoo, who was so quick to play upon Denman's suspicions, was not himself above trying to use influence to get advantages for firms he was associated with. During 1916 Malcolm McAdoo was hired by the Electric Boat Company as a consultant. To help that firm win submarine contracts from the Navy, he had his brother, the Secretary of the Treasury, ask President Wilson to talk to the Secretary of the Navy, Josephus Daniels, about giving Electric Boat the contracts it was seeking. Daniels, in his memoirs, recounts this story and makes plain that he considered Malcolm McAdoo's attempt to use his brother's influence unethical. See M. McAdoo to Daniels, 31 October

1916, Container 510, Josephus Daniels Papers, Library of Congress (hereafter cited as Daniels Papers) and Josephus Daniels, The Wilson Era: Years of Peace, 1910-1917 (Chapel Hill, N.C.: The University of North Carolina Press, 1946), pp. 334-335.

[11]House to Wilson, 6 May, 21 June 1917, The Papers of Woodrow Wilson, vol. 42. See also M. J. Stroock to Goethals, 25 June 1917, Box 39, Goethals Papers.

[12]Stevens and Donald to Denman, 15 June 1917, Box 21, Denman Papers; Stevens to Wilson, 21 June 1917, Box 11, Old General File, Records of the United States Shipping Board, National Archives, Record Group 32 (hereafter cited as NA/RG 32); "Minutes of Board Meetings," 7 June 1917, NA/RG 32.

[13]Stevens to Wilson, 21 June 1917, Wilson to Stevens, 21 June 1917, Box 11, Old General File, NA/RG 32.

[14]Denman to Wilson, 21 June 1917, The Papers of Woodrow Wilson, vol. 42.

[15]Goethals to George R. and Priscilla Goethals, 23 June 1917, Box 4, Goethals Papers; Bishop and Bishop, p. 347; New York Times, 23 June 1917.

[16]Seward W. Livermore, Politics Is Adjourned: Woodrow Wilson and the War Congress, 1916-1918 (Middletown, Conn.: Wesleyan University Press, 1966), pp. 48-61; Wilton B. Fowler, British-American Relations, 1917-1918: The Role of Sir William Wiseman (Princeton, N.J.: Princeton University Press, 1969), pp. 25-60; Robert H. Ferrell, Woodrow Wilson and World War I, 1917-1921 (New York: Harper and Row, 1985), pp. 16-17, 37-40; Wilson to W. Saulsbury, N. D. Baker to Wilson, 27 June 1917, The Papers of Woodrow Wilson, vol. 43.

[17]Livermore, pp. 15-16.

[18]Ibid.; New York Times, 20 June 1917.

[19]David M. Kennedy, Over Here: The First World War and American Society (New York: Oxford University Press, 1980), p. 175; George T. Davis, A Navy Second to None: The Development of Modern American Naval Policy (New York: Harcourt, Brace and Company, 1940), p. 235; New York Times, 26 May 1917.

[20]Wilson to Spring Rice, 23 June 1917, The Papers of Woodrow Wilson, vol. 42.

[21]R. F. Crawford to Wilson, 25 June 1917, The Papers of Woodrow Wilson, vol. 43. Additional information was sent to the President in Crawford to Wilson, 29 June 1917, The Papers of Woodrow Wilson, vol.

43.

[22]Jeffrey J. Safford, Wilsonian Maritime Diplomacy, 1913-1921 (New Brunswick, N.J.: Rutgers University Press, 1978), pp. 101-102; Denman to Wilson, 29 June, 16 July 1917, Box 30, Denman Papers; Goethals to Wilson, 24 June, 2 July 1917, Box 43, Goethals Papers; "Minutes of Board Meetings," 28 June 1917, NA/RG 32; White to Wilson, 28 June 1917, Series IV, File 484A, Woodrow Wilson Papers, Library of Congress (hereafter cited as Wilson Papers).

[23]Goethals to Wilson, 2 July 1917, Box 43, Goethals Papers; Wilson to Denman, 3 July 1917, The Papers of Woodrow Wilson, vol. 43. The editors' note 2 in The Papers of Woodrow Wilson for the 3 July letter states that Denman had suggested "the dismissal of Goethals as the head [actually the General Manager] of the Emergency Fleet Corporation." No source is given for this information.

[24]Bishop and Bishop, pp. 338, 343-347; Denman to Goethals, 4 July, 7 July 1917, Goethals to Denman, 4 July, 7 July 1917, Record of Telephone Conversation between Denman and Ferris, 7 July 1917, Box 232, Subject-Classified General Files, NA/RG 32.

[25]John Guthrie, A History of Marine Engineering (London: Hutchinson, 1971), pp. 211-212; "Press Statement by William Denman," 2 May 1917, Box 27, Brent to P. L. Bell, 25 May 1917, Denman to W. G. McAdoo, 14 July 1917, Box 70, Subject-Classified General Files, NA/RG 32; Pacific Marine Review (February 1919):71-72.

[26]Eustis to Denman, 28 June 1917, Box 9, Denman Papers; Brent to Goethals, 24 April, 28 May 1917, Box 21, Goethals to Wilson, 24 June 1917, Box 43, Goethals Papers; Ferris to Goethals, 27 May, 5 June 1917, Goethals to Denman, 23 June 1917, Box 55, Subject-Classified General Files, NA/RG 32. There was a dispute over the seaworthiness of the Hough design. Lloyd's Register of Shipping, which approved ship designs for insurance purposes, said it could not approve the Hough design for "unrestricted" ocean-going service; the American Bureau of Shipping, however, the "American Lloyd's," did approve the Hough design. See Eustis to Lloyd's Register of Shipping, 12 July 1917, Lloyd's Register of Shipping to Eustis, 17 July 1917, Box 28, Subject-Classified General Files, NA/RG 32. Naval Architect Ferris approved the modified Hough design which Goethals, under pressure from Brent, used in contracts with certain West Coast yards.

[27]Goethals to Denman, 22 June 1917, Box 21, Denman to G. S. Arnold, 27 June 1917, Box 30, Denman Papers.

[28]Arnold to Denman, 28 June 1917, Box 2, Denman to Goethals, 29 June 1917, Box 30, "Patriotic Contractors," 29 June 1917, Carton 12, Denman Papers.

[29]Goethals to Denman, 2 July 1917, Box 21, Denman to Goethals, 3 July 1917, Box 30, Denman Papers.

[30]Goethals to Denman, 13 July 1917, Box 25, Subject-Classified General Files, NA/RG 32; Denman to Goethals, 13 July 1917, Box 30, Denman Papers.

[31]Denman to G. S. Arnold, 23 July 1917, Box 30, G. S. Arnold to San Francisco Bulletin, 23 July 1917, Box 2, Denman Papers; San Francisco Bulletin, 29 June 1917.

[32]Goethals to Earle, 22 June 1917, Box 51, Subject-Classified General Files, NA/RG 32; Goethals to Denman, 13 July 1917, Box 43, Goethals Papers.

[33]An example of Denman deluding himself can be found in a letter he wrote in 1920 to a publisher: "Thank you for your generous promise to publish my statement about the war emergency [and] wood ship project. . . . As you know, this was not originally my project. I wanted steel ships, and a very considerable percentage of them. . . . The idea was originally suggested by Mr. F. A. Eustis, the well known yachtsman and manufacturing metallurgist. This project was to build as many sea going wooden steam ships as possible without diminishing the total output of steel hulls and engines. It was not adopted by me as Chairman of the Board until General Goethals came to my office in Washington, a month before we employed him, and urged me to make it a part of the shipping program. Both of us were disgusted at the war necessity which drove us to build a tonnage economically nearly valueless after the war." See Denman to Gay, 9 December 1920, Carton 11, Denman Papers. Here Denman downplays his own enthusiasm for the wooden ship scheme, exaggerates the support of Goethals for the scheme, and ignores his statements in March and April 1917 about the commercial viability of wooden ships -- and does so with such apparently sincere conviction that it seems more likely that he was deluding himself than consciously misleading Gay. For similar statements made by Denman after the war, see his interview with Grosvenor Clarkson -- "Statement of William Denman," Grosvenor Clarkson interview for the book Industrial America in the World War, 26 November 1920, Unit II, Section 3, The Bernard M. Baruch Papers, Princeton University (hereafter cited as Baruch Papers) -- and an article he wrote in the February 1919 Pacific Marine Review, pp. 71-72.

[34]Goethals to George R. and Priscilla Goethals, 2 July 1917, Box 4, Goethals to E. Harding, 26 June 1917, Box 39, Goethals Papers.

[35]Denman to E. A. Wiltsie, 25 June 1917, Denman to E. R. Zion, 25 June 1917, Denman to Goethals, 27 June, 3 July, 10 July 1917, Denman to J. O. Davis, 28 June 1917, Box 30, Denman Papers; Denman to Goethals, 10 July 1917, Box 232, Subject-Classified General Files, NA/RG 32.

[36]Denman to Wilson, 28 June 1917, Denman to Springfield Board of Trade, 28 June 1917, Box 30, Denman Papers.

[37]Stroock to Goethals, 3 July, 6 July 1917, Goethals to Stroock, 5 July 1917, Box 39, Goethals Papers.

[38]Goethals to Stroock, 7 July 1917, Box 39, Goethals to George R. and Priscilla Goethals, 2 July 1917, Box 4, Goethals Papers.

[39]Goethals to George R. and Priscilla Goethals, 2 July 1917, Box 4, Memorandum for General Goethals, 3 July 1917, Goethals to Denman, 4 July 1917, Box 43, Goethals Papers.

[40]M. McAdoo to Denman, 6 July 1917, Box 14, Denman Papers.

[41]Denman to Wilson, 5 July 1917, Box 232, Subject-Classified General Files, NA/RG 32.

[42]Draft letter from Denman to W. G. McAdoo with notations by Eustis, 6 July 1917 (not sent), Box 30, Denman Papers.

[43]Ibid.; Eustis to Denman, 6 July 1917, Box 126, Subject-Classified General Files, NA/RG 32; House to Wilson, 21 June 1917, The Papers of Woodrow Wilson, vol. 42.

[44]Goethals to George R. and Priscilla Goethals, 8 July 1917, Box 4, Goethals Papers.

[45]Wilson to Denman, 11 July 1917, Box 232, Subject-Classified General Files, NA/RG 32. On 11 July Wilson also decided to have the Federal Trade Commission investigate steel prices, thus taking action on another issue on which he had been procrastinating. See Melvin I. Urofsky, Big Steel and the Wilson Administration: A Study in Business-Government Relations (Columbus, Oh.: Ohio State University Press, 1969), p. 209.

[46]Wilson to Goethals, 11 July 1917, Box 43, Goethals Papers.

[47]New York Times, 13 July 1917.

[48]Denman to Goethals, 12 July 1917, Box 30, Denman Papers.

[49]New York Times, 14 July 1917; Goethals to George R. and Priscilla Goethals, 2 July 1917, Box 4, Goethals to Denman, 13 July 1917, Box 43, Goethals Papers.

[50]Denman to Goethals, 13 July, Denman to Wilson, 16 July 1917, Box 30, Denman Papers.

[51]Goethals to Denman, 13 July 1917, Box 232, Subject-Classified

General Files, NA/RG 32.

[52]Denman to Wilson, 13 July 1917, Box 30, Denman Papers. The reason behind Goethals's proposal that foreign owners be permitted to take delivery of ships they had ordered if they would pay the cost of speeding up construction is not clear. He may have been primarily interested in, as he claimed, conserving the funds appropriated for shipbuilding. He had originally told Denman that $1 billion would not be needed for ship construction; it was now obvious that he had been wrong. Rather than admitting this, and asking Congress for more money so soon, he may have seen allowing foreigners to pay for the ships they had on order as a way to make the money he had from Congress last longer. Ships delivered to British and French owners, of course, would be just as effectively employed on transatlantic trade routes during the war as ships delivered to American owners. In the long run, though, such a policy would hurt the development of an American merchant marine. Denman would later claim that this policy had been suggested to Goethals by P. A. S. Franklin, the President of the International Mercantile Marine (an American firm that operated British-registered ships), and Vice Chairman of the Shipping Committee of the Council of National Defense. Whether or not Goethals discussed this matter with Franklin is not clear. In 1925 Senator Wesley Jones, a Republican from Washington, would accuse Franklin of having signed a secret agreement, on behalf of the International Mercantile Marine, not to "pursue a policy injurious to the British Mercantile Marine or British trade" during the war. Denman was convinced by Jones's statements that Franklin had sold out the interests of the United States. Denman's successor as Shipping Board Chairman, Edward N. Hurley, however, claimed, in his 1927 book The Bridge to France, that Franklin performed superbly during the Great War. See Denman to Franklin, 25 January 1925, "Statement Regarding the Anti-American Agreement of the International Mercantile Marine," n.d., "Light Thrown on Britain's Shipping Plot," n.d., Carton 13, Denman Papers and Edward N. Hurley, The Bridge to France (Philadelphia: J. B. Lippincott Company, 1927), pp. 101-104. See also "Minutes of Special Meeting," 18 July 1917, Box 8, Records of Shipping Board Commissioners/Raymond B. Stevens, NA/RG 32.

[53]Wilson to Denman, 14 July 1917, Box 23, Denman Papers.

[54]Denman to Goethals, 14 July, 15 July 1917, Box 43, Goethals Papers; Denman to Goethals, 14 July 1917, Box 232, Subject-Classified General Files, NA/RG 32; Denman to Goethals, 14 July 1917, Box 30, Denman Papers.

[55]Goethals to Denman, 16 July 1917, Box 232, Subject-Classified General Files, NA/RG 32; Denman to Goethals, 16 July 1917, Box 43, Goethals Papers.

[56]Denman to Goethals, 16 July 1917, Box 43, Goethals Papers;

Goethals to Denman, 17 July 1917, Box 232, Subject-Classified General Files, NA/RG 32.

[57]Denman to Goethals, 16 July, 18 July 1917, Goethals to Denman, 18 July 1917, Box 43, Goethals Papers; Denman to Goethals, 17 July, 18 July 1917, Box 30, Denman Papers; Goethals to Denman, 16 July, 17 July, 18 July 1917, Box 232, Subject-Classified General Files, NA/RG 32; "Minutes of Special Meeting," 18 July 1917, Box 8, Records of Shipping Board Commissioners/Raymond B. Stevens, NA/RG 32.

[58]New York Times, 17 July 1917.

[59]Ibid., 19 July, 23 July 1917; The Marine Review 47 (July 1917):227.

[60]Tillman to Wilson, 17 July 1917, The Papers of Woodrow Wilson, vol. 43.

[61]New York Times, 19 July 1917; Josephus Daniels, The Cabinet Diaries of Josephus Daniels, 1913-1921, edited by E. David Cronon (Lincoln, Neb.: University of Nebraska Press, 1963), p. 179; U.S., Congress, Congressional Record, 65th Cong., 1st sess., 14 July 1917, pp. 5142-5143, 19 July 1917, p. 5245.

[62]Congressional Record, 65th Cong., 1st sess., 17 July 1917, p. 5176; Livermore, pp. 15-16, 53-57.

[63]Denman to J. P. Chamberlain, 23 July 1917, Box 30, M. McAdoo to Denman, 14 July, 16 July, 17 July, 19 July 1917, Box 14, Untitled Memorandum, "I don't think we should approve the proposed contracts . . . ," n.d., Carton 11, Denman Papers. For a discussion of the suspicions many progressives had towards big businessmen see George E. Mowry, The Era of Theodore Roosevelt, 1900-1912 (New York: Harper and Row, 1958), pp. 97-99.

[64]Denman to Wilson, 18 July 1917, Box 232, Subject-Classified General Files, NA/RG 32. I could not uncover any evidence of the plot Denman mentioned.

[65]Denman to Wilson, 18 July 1917, Box 232, Subject-Classified General Files, NA/RG 32; Enclosure Provided by William Denman, 18 July 1917, Series II, Wilson Papers.

[66]Wilson to Denman, 18 July 1917, Box 23, Denman Papers.

[67]Wilson to Goethals, 19 July 1917, Box 43, Goethals Papers.

[68]Wilson to Denman, 19 July 1917, Box 23, Denman Papers.

[69]Denman to McAdoo, 19 July 1917, Box 30, Denman Papers.

[70]Johnson to Hiram W. Johnson, Jr., 20 July 1917 in The Diary Letters of Hiram Johnson, 1917-1945, edited by Robert E. Burke (New York: Garland Publishing Company, 1983), vol. 1. Denman probably showed Johnson his 14 July letter from the President, for Johnson states that his meeting with Denman was on 17 July; Wilson's 14 July letter assured Denman that "the whole matter is in the hands of the Shipping Board as directors of the Emergency Fleet Corporation." See Wilson to Denman, 14 July 1917, Box 23, Denman Papers.

[71]Goethals to Wilson, 20 July 1917, Box 43, Goethals Papers.

[72]Wilson to Jessie Sayre, 21 July 1917, The Papers of Woodrow Wilson, vol. 43. Wilson did not leave Washington, apparently, until Saturday morning, which makes it likely that Goethals's letter, dispatched on Friday, would have been among the papers Swem brought on board the Mayflower.

[73]Secretary of the Treasury William G. McAdoo, who had selected Denman to serve on the Shipping Board, now had his doubts about his fitness to head the Board, as did Secretary of State Robert Lansing. So did Secretary of War Newton D. Baker, who told Josephus Daniels that "Denman is impossible." See Daniels, The Cabinet Diaries of Josephus Daniels, p. 174; Lansing to Wilson, 16 March 1917, McAdoo to Wilson, 12 May 1917, The Papers of Woodrow Wilson, vol. 42.

[74]The President discussed this issue with Secretary of War Newton D. Baker and Secretary of the Navy Daniels on 23 July. As Daniels put it in his diary: "Went to Baker's office where talked with the Pres[ident] about G[oethals] & D[enman]. It was painful. [The President said] 'I have so many pains -- it is like a tooth that hurts -- you get pleasure only in pain.'" Daniels also mentioned that the Shipping Committee of the Council of National Defense had lost patience with Denman -- this may have been an additional factor in Wilson's decision to remove the Shipping Board Chairman. As Daniels noted in his diary, also on 23 July: "Then Council of National Defense. Shipping Com. wished to know what they were to do. Said their position with Denman as chairman was intolerable. He had asked them in writing to suggest prices for carrying freight to Europe. They asked whether all ships would be commandeered or some. He did not answer -- too busy. Part of the friction was due to Denman's insistence upon just prices." See Daniels, The Cabinet Diaries of Josephus Daniels, p. 181.

[75]"Minutes of Board Meetings," 23 July 1917, NA/RG 32.

[76]Denman to Wilson, 23 July 1917, Box 30, Denman Papers; New York Times, 22 July 1917.

[77]"Minutes of Board Meetings," 24 July 1917, NA/RG 32.

[78]Wilson to Denman, 24 July 1917, Box 43, Goethals Papers; Denman to Wilson, 24 July 1917, Box 30, Denman Papers.

[79]Wilson to Goethals, 24 July 1917, Box 43, Goethals Papers.

[80]Wilson to Denman, 24 July 1917, Box 23, Denman Papers.

[81]Denman to Wilson, 24 July 1917, Box 30, Denman Papers.

[82]For examples of Denman's extensive efforts to defend himself, see Philadelphia Public Ledger, 22 December 1918; Denman to D. U. Fletcher, 11 January 1918, Carton 11, Denman Papers; Congressional Record, 65th Cong., 1st sess., 15 August 1917, pp. 6050-6058; U.S. Congress, House of Representatives, Select Committee on Shipping Board Operations, Hearings before Select Committee on U.S. Shipping Board Operations, 66th Cong., 2d and 3rd sess., pp. 3166-3167 (hereafter cited as House Hearings on Shipping Board Operations); U.S. Congress, Senate, Committee on Commerce, Hearings on Senate Resolution 170 to Investigate All Matters Connected with the Building of Merchant Vessels under the Direction of the United Shipping Board Emergency Fleet Corporation, 65th Cong., 2d sess., pp. 53-55, 186-187 (hereafter cited as Senate Hearings). Denman's determined efforts to justify himself before the Committee on Commerce were so intense that he became the butt of joking by Senator Warren G. Harding of Ohio and Senator Wesley Jones of Washington, both Republicans. Denman's bitterness was revealed in a letter he sent to Treasury Secretary McAdoo -- the man who had chosen Denman for his position -- on 30 July 1917. On the twenty-fifth, the day after his resignation, Denman had sent Commissioner Brent to see McAdoo in an effort to ensure that the new Shipping Board would follow his policies, and not those of Goethals. McAdoo, however, did not discuss his interview with Brent with the President. Denman wrote: "I am assuming, unless I hear to the contrary, that after Brent placed the situation before you last Wednesday, a week ago, you did nothing, but left for your vacation on Friday, and that the reason for this was that the matter had been taken from your hands by the President. That is to say, you were no longer in a position to assist one who assumed he could claim your friendship in the presentation of the real facts to a much harassed man with whom your contact was most intimate." McAdoo responded the same day: "I told Mr. Brent that my lack of familiarity with the situation in the Board, due to the fact that I had nothing to do with its policies or procedure since its organization, made it impossible for me to advise." McAdoo added: "I stated to you that I would not express myself with reference to any matters that have occurred between the President and yourself." On 31 July Denman bitterly wrote back: "Please do not write me any more letters which are manifestly for the record. Mine was not intended to be that. The fact remains that, when you knew that the policies and principles that I stood for needed clarifying to the President, you felt, for reasons obviously satisfactory to yourself, that you could do nothing." Denman concluded his letter to the

Treasury Secretary by stating that "out of the turmoil of the last six months" one of his main "remembrances" would be of McAdoo's "enforced desertion." In the 1920s Denman and McAdoo would become more cordial towards each other, but their relationship would never again be close. See Denman to W. G. McAdoo, 30 July, 31 July 1917, Box 30, W. G. McAdoo to Denman, 30 July 1917, 3 July 1923, Box 14, Denman Papers.

[83]New York Times, 24 July, 25 July, 26 July, 27 July 1917; "Minutes of Board Meetings," 26 July 1917, NA/RG 32.

[84]Brent to Wilson, 24 July 1917, Series II, Wilson Papers; Wilson to Brent, 25 July 1917, The Papers of Woodrow Wilson, vol. 43; New York Times, 25 July 1917.

[85]Ferrell, pp. 28-30; Bishop and Bishop, pp. 371-401; Goethals to George R. and Priscilla Goethals, 29 July 1917, Box 4, Goethals Papers.

[86]Assistant to Naval Architect to Admiral Capps, 28 July 1917, Box 84, Old General File, NA/RG 32; Davis, A Navy Second to None, p. 235. The statistics Davis gives for losses due to submarines are in gross tons -- this is true of most of the data on this subject. Davis's numbers show that a total of roughly 4,225,000 gross tons were sunk by U-boats during the first seven months of 1917. To convert this into deadweight tons, a very rough figure can be achieved by multiplying the gross tons by a factor of 1.5 to 1.6; this would put the deadweight tonnage between 6,300,000-6,800,000. See Senate Hearings, p. 1068 and Appendix.

[87]R. R. Palmer and Joel Colton, A History of the Modern World, 6th ed. (New York: Alfred A. Knopf, 1984), p. 679.

[88]C. Morley to Goethals, 23 April, Goethals to Morley, 28 April 1917, Box 39, Goethals Papers.

[89]House to Wilson, 24 July 1917, The Papers of Woodrow Wilson, vol. 43.

[90]House Hearings on Shipping Board Operations, pp. 3182-3184; "Preliminary Report upon the Emergency Fleet Corporation's Wood Ship Program," 1 May 1919, Box 211, Subject-Classified General Files, NA/RG 32; C. T. Clayton to Shipping Board, 5 June 1917, Box 9, Denman Papers; William Joe Webb, "The United States Wooden Steamship Program during World War I," American Neptune 35 (October 1975):279-280.

[91]Daniels to G. S. MacFarland, 10 July 1917, Container 599, Daniels Papers.

CHAPTER 7
NAVAL SHIPBUILDING IN WARTIME: APRIL TO DECEMBER 1917

The Navy's Shipbuilding Dilemma: Destroyers or Capital Ships?

On 14 April 1917 Admiral William Sowden Sims, the U.S. Navy's liaison officer with the British Admiralty, sent a confidential cable to Washington D.C. Sims, who had arrived in London only five days before, had discovered, from discussions with Britain's First Sea Lord, Admiral Sir John Jellicoe, the desperate straits to which the United Kingdom had been reduced as a consequence of Germany's U-boat offensive. Submarines, Sims told the Navy Department, had sunk far more tonnage than the British had publicly admitted. Great Britain's grain supply, he reported, had been reduced to levels that would only last for several weeks. As a consequence the British urgently needed from the United States "merchant tonnage and a continuous augmentation of anti-submarine craft." There was an especially "serious shortage," Sims went on, "of the latter."[1]

Sims's report that Britain was in desperate straits and in immediate need of substantial American assistance was received with some skepticism by the Navy Department. As David F. Trask notes, in his study of Anglo-American naval relations during World War I, many senior naval officers regarded Sims to be an Anglophile -- and with good reason. In 1910, during a good-will cruise to England, Sims -- who had been born in Canada (the son of an American father and Canadian mother) -- had said, in a speech at London: "If the time ever comes when the British Empire is seriously menaced by an external enemy, it is my opinion that you may count upon every man, every dollar, every drop of blood, of your kindred across the sea." Although President Taft had publicly reprimanded Sims for making such a startling diplomatic suggestion, Sims's British audience had been delighted. As

for Sims himself, his viewpoint apparently remained unchanged. This open admiration for England by the Admiral led many naval policy makers to suspect that Sims was exaggerating Britain's plight in an effort to get maximum U.S. assistance for London.

Secretary of the Navy Josephus Daniels was one man who came to believe that Sims's reputation as an Anglophile was well deserved. After the war Daniels would complain that Sims had been "hypnotized by British influences." The Admiral recognized that this presented a credibility problem for him; shortly after his arrival in London he bluntly explained his concern to the American Ambassador to the Court of St. James's, Walter Hines Page. The Wilson Administration, Sims told Page, thinks "that I am hopelessly pro-British and that I am being used."

Nonetheless, Sims kept bombarding the Navy Department with dire warnings about the plight of Britain. On 21 April he wired Washington that over 400,000 gross tons of merchant shipping had been sunk since the first of the month. The United States must, he said, "give maximum assistance" to the Royal Navy. He urged the "immediate sailing of all available destroyers" to European waters; "every other consideration," he maintained, "should be subordinated." Sims then asked Ambassador Page to send a cable to President Wilson supporting this point of view. Page wrote to the White House on 27 April:

> Whatever help the United States may render at any time in the future, or in any theatre of the war, our help is now more seriously needed in this submarine area for the sake of all the Allies than it can ever be needed again, or anywhere else.
>
> After talking over this critical situation with the Prime Minister and other members of the Government, I cannot refrain from most strongly recommending the immediate sending over of every destroyer and other craft that can be of anti-submarine use. This seems to me the sharpest crisis of the war, and the most dangerous situation for the Allies that has arisen or could arise. . . .
>
> There is no time to be lost.[2]

Page, however, was considered in Washington to be as much of an Anglophile as Sims. President Wilson, in fact, complained that his Ambassador in London was a "British-American." This greatly reduced

Page's influence in the Administration, which meant the support the Ambassador gave to Sims's viewpoint did little to buttress the Admiral's arguments.[3]

One highly placed officer in the Navy Department who was skeptical about the recommendations of Sims and Page was the Chief of Naval Operations, Admiral William S. Benson. Benson was in a key position: he was responsible to the Secretary of the Navy for the "operations of the fleet" and the preparation of "plans for its use in war." As the naval historian Dean C. Allard notes, Benson "has sometimes been viewed as an Anglophobe." But it is more accurate, Allard says, to describe him "as a nationalist who trusted no state's benevolent intentions." Before Sims left for London, Benson -- aware of Sims's admiration for the English -- frankly told him: "Don't let the British pull the wool over your eyes. It is none of our business pulling their chestnuts out of the fire. We would as soon fight the British as the Germans."

Benson was willing to send some destroyers to Britain -- on 24 April he had the Navy dispatch a flotilla of six -- but he also established a patrol force of destroyers off the American coastline to guard against U-boat attacks there. This disturbed Admiral Sims, who, as Allard puts it, "saw [German] submarine operations in American waters as unlikely and, if they occurred, as diversions of little military consequence." By early May the absence of U-boat activity in the Western Atlantic, and the desperate pleas of the British for destroyers, finally led Benson -- and the Navy's General Board -- to agree that at least thirty-six of the U.S. Navy's fifty-two destroyers should be used "for patrol work in British and French waters."

But that was fewer than Sims wanted -- he urged that <u>all</u> the Navy's destroyers immediately be sent to the submarine zone around the British Isles. Benson, however, just as fervently believed that some destroyers had to remain in American waters to defend the U.S. shoreline, and to serve as a screen for the nation's battle fleet when it ventured into open water. Benson also wanted to keep a few destroyers in reserve to serve as escorts for the first troop

transports that would sail for France.[4]

The strategic positioning of the Navy's destroyers was not Benson's only point of contention with Admiral Sims. Sims argued that the Navy's building program should now concentrate on destroyers to deal with the U-boat threat. Benson, on the other hand, was convinced that Sims, by putting such heavy emphasis on antisubmarine warfare and support for Britain, was ignoring vital long-range considerations related to the national security of the United States. Benson told Daniels that London's "fixed and continuous aim" was "to further the interests of British commerce at the expense of the commerce of every other nation, whether friend or enemy." The United States, Benson said, should "cooperate fully" with the Allies, "but in a manner that will serve our permanent interests." That would require the production of capital ships, as well as destroyers, to ensure that the Navy could stand up to whatever powers emerged from the war victorious.[5]

The Navy's General Board, chaired by Admiral Charles J. Badger, agreed. On 5 April, the day before the United States entered the war, the Board told Daniels that the Navy would need to continue work on the big warships funded by the Naval Appropriations Acts of 1916 and 1917. Daniels had already placed contracts for most of these vessels (four of the seven battleships, all five of the big battle cruisers, all seven of the scout cruisers, forty of the forty-eight submarines, the only gunboat, three of the five auxiliaries, and all thirty-five of the destroyers -- plus nine additional destroyers paid for by the 1917 act's $115 million "Naval Emergency Fund"). The General Board suggested that by mobilizing "the shipbuilding industries, both commercial and governmental," these established naval construction plans could be carried out "with as little interference" as possible with "the rapid building of destroyers and other small craft for the Navy and cargo ships for the merchant marine." This, however, was faulty reasoning, for the nation's shipyard capacity was nowhere near large enough to produce all the tonnage desired by the Navy and the Shipping Board. The General Board was either engaged in wishful

thinking, or was making a desperate attempt to rationalize the continuation of work on capital ships -- or perhaps both.[6]

On 20 April the General Board amplified its position on the naval construction program in a memorandum to Daniels:

> In making preparations to meet the emergencies of the present war as they arise, it is the part of wisdom to keep constantly in view the possibilities of the future. One of these possibilities is a war resulting from the present one in which the United States may be confronted by Germany and Japan operating conjointly in the Atlantic and Pacific; it is also possible [should Britain and France be defeated] that we may have to meet these two powerful navies without allies to restrict the operations of the German fleet.

The Board then went on to say that in comparison to "our two possible enemies" (i.e., Germany and Japan) the United States was "lamentably weak in battle cruisers, scouts [i.e., scout cruisers] and destroyers." The Navy therefore required, and required "at once," a great increase "in the number of fast cruisers and seakeeping destroyers in excess of those we have in commission, building, or authorized." More dreadnoughts and battle cruisers were also needed. Ideally, the Board said, the United States should build, by 1920, thirteen more dreadnoughts, ten more battle cruisers, six more armored cruisers, sixteen more light cruisers, eighty-six more destroyers, and 108 more submarines than it currently had under contract.

Even the General Board recognized that such a massive expansion was impossible, so it prioritized its recommendations. The "most urgent need of the fleet today is to provide a screen for the fleet," the Board stated. That meant "that every possible effort should be made, beginning now, to increase (1) scouts and cruisers, (2) destroyers, [and] (3) battle cruisers." Furthermore, the Board said, "the construction of battleships and submarines should be continued and expedited, using the full resources of the nation to do so." In other words, the top priority of the General Board was building up the strength of America's battle fleet and the screening vessels needed to protect it -- not chasing after submarines.[7]

This was a view quite different than that held by Admiral Sims

and Ambassador Page -- and, of course, by the British. Admiral Sir Dudley R. S. DeChair, the naval adviser who accompanied Britain's Foreign Secretary, Arthur J. Balfour, on a mission to Washington in April 1917, urged the United States, in secret sessions with naval and congressional leaders, to concentrate its shipbuilding efforts on "destroyers, convoy sloops, and other smaller types." To meet these requests would mean shutting down the Navy's entire capital ship program. That was a step the General Board was not prepared to take. As the naval historian William R. Braisted notes, the Board "warned Daniels that, should Britain fall, the United States would face a strengthened Germany 'with possibly an ally of Germany [i.e., Japan] in the Pacific.'" The Board therefore argued strenuously that there should be no halt in the construction of battleships and battle cruisers.[8]

Captain William V. Pratt, a bright, talented officer assigned to Admiral Benson's staff in the Office of Operations, disagreed with the advice his boss and the General Board were providing to Daniels. Pratt, an 1889 graduate of the Naval Academy, had spent most of his career at sea, where he had served with distinction. Between 1911 and 1913 he had attended the Naval War College, where he had impressed his instructors by demonstrating a keen appreciation of strategic topics. In 1915 -- after another tour at sea, and an assignment to the Panama Canal Zone -- Pratt had reported to the Army War College. There the Navy intended to have him broaden his perspective, and prepare for a high-level staff position. When the United States entered the Great War, Pratt had immediately been transferred to Benson's staff.

Pratt outlined his views on the naval building program in a memorandum that was forwarded, in early May, to both the General Board and the Navy Secretary. "Except for the battleships almost completed," Pratt wrote, which "should be pushed to completion, the naval demands on construction should be limited to -- destroyers -- [submarine] chasers -- submarines." The first two types would be needed to "conduct offensive operations against" U-boats; American submarines, on the other hand, were necessary as a reserve force in case Germany

should emerge victorious from the present conflict. If "this war ends unfavorably for the Allies," Pratt argued, "the United States must be in a position . . . to impose upon Germany with our submarines the same conditions she seeks to now impose upon the Allies" (Pratt did not say, though, whether he would go so far as to endorse attacks on merchant shipping without warning). Shipbuilding facilities not used for "destroyers -- chasers -- submarines," Pratt maintained, should be devoted to "the construction of merchant tonnage" rather than to battleships and battle cruisers. Building capital ships, Pratt concluded, would severely interfere with the vessel construction needed to meet the immediate crisis.[9]

Secretary Daniels, receiving conflicting advice about what to do, decided to keep his options open. Shortly before the United States entered the war, he had written to the Shipping Board to suggest that capital ship construction would have to continue -- the viewpoint of the General Board and Admiral Benson. Yet on 19 April, after having seen the initial alarmist cables from Admiral Sims, Daniels -- despite his suspicions that Sims was exaggerating the plight of the British -- told the press that the Navy was contemplating a "temporary suspension of construction work on the five new battle cruisers and also on other capital ships." This, he said, would allow the nation's limited shipbuilding capacity to concentrate upon "small fighting craft" and the merchant shipping needed "to make good submarine losses." Here Daniels was giving credence to the opinions held by Sims, Pratt, Page, and the British. The next day, though, the Navy Secretary sent another letter to the Shipping Board, this time advising it to "take no action" on the merchant shipbuilding program that would "delay or interfere with the early completion of the vessels under contract" with the Navy -- contracts that included big capital ships.

What all this meant was that Daniels, uncertain about what to do, was reluctant to commit himself to any one course of action. The question, he realized, was a difficult one -- and also very important. As he wrote in his diary: "Ships? Shall we build battle cruisers or

postpone them & build only destroyers and merchant ships?" That was, indeed, the key issue.

After the war several naval officers would complain that the Navy Secretary was a "slow decider"; in the case of the construction program, this was primarily due to the barrage of conflicting recommendations Daniels received from his naval "experts." The North Carolina newspaper editor, who did not have much of a background in naval strategy or shipbuilding, was not sure which "experts" to believe. Concerned about making a serious mistake, he decided -- for the time being -- to delay making a firm decision about the suspension of work on capital ships. Further developments, he hoped, would clarify the situation.[10]

The brash Assistant Secretary of the Navy, Franklin D. Roosevelt, was far more certain about what needed to be done. According to his biographer, Frank Freidel, Roosevelt believed "the greatest task of the Navy during the war would be to bring the submarines under control." Like Admiral Sims, he wanted to send all of America's destroyers to European waters as soon as possible. Roosevelt repeatedly urged this point of view on Daniels and Admiral Benson, but could not get them to take immediate action. The Assistant Secretary became impatient and frustrated -- but there was nothing more he could do. Daniels, after all, was the man who had the final responsibility for determining what naval policy would be proposed to the Commander-in-Chief -- and the Secretary of the Navy had not yet made up his mind.[11]

The Commander-in-Chief himself, although he did not make any claims to being a naval strategist, believed that a large part of the submarine problem was due to British mishandling of the U-boat threat. In February, as the German submarine campaign was just beginning, Wilson asked Daniels why the British did not convoy merchant ships across the Atlantic. Daniels replied that the British Admiralty thought that dispersion gave merchantmen a higher probability of survival than concentration in a convoy. Wilson, however, remained skeptical. So did Assistant Secretary of the Navy Roosevelt, who felt,

as Freidel puts it, that the British were being "far too conservative and unimaginative in their anti-submarine campaign." One answer to the U-boat menace, Roosevelt believed -- along with Wilson -- was the convoy.[12]

In Britain a growing number of naval officers -- "Young Turks at the Admiralty," as the historian Roger Dingman labels them -- also believed that the Allies should be convoying merchant shipping. Dispersal of merchantmen allowed U-boats to pick off unprotected cargo vessels one at a time; in a convoy, these naval officers reasoned, merchant ships could be protected by fast and maneuverable destroyers which could hunt down and sink any submarines that might approach. Admiral David Beatty, commander of the Grand Fleet, came to support this viewpoint, as did some of Britain's most important political leaders. Late in April, Dingman states, the War Cabinet, intrigued by the possibilities of using convoys to protect merchantmen, directed Prime Minister David Lloyd George "to go to Admiralty House to see what could be done to bring about vigorous, successful antisubmarine operations." Admiral Jellicoe had doubts about the merits of convoying, but agreed -- as a result of this pressure from both the government and a number of naval officers -- to make an "experimental adoption of the convoy system."[13]

The convoying of merchant ships, as one historian would later put it, "immediately achieved notable success." The first "experimental" convoy reached England on 20 May without the loss of a single ship -- and the very next day the Royal Navy decided to adopt the convoy system for all merchant shipping. This was a wise decision, for the convoy turned out to be "the most effective of all anti-submarine measures" employed during the war; only one tenth as many convoyed ships were sunk as those that sailed independently. But to operate at maximum effectiveness, convoys required large numbers of destroyers to serve as escorts -- more than the Royal Navy felt it could spare from other missions.

Roughly half of Britain's two hundred destroyers, for example,

were directly attached to the Grand Fleet, which meant they could not perform convoy duty. If the German High Seas Fleet left port, the Royal Navy would immediately need these destroyers to serve as a screening force for the battle fleet. As Admiral Sims put it after the war:

> By keeping its dreadnaught fleet intact, always refusing to give battle and yet always threatening an engagement, the Germans thus were penning up 100 British destroyers [at the Grand Fleet's base] in the Orkneys -- destroyers which otherwise might have done most destructive work against the German submarines off the coast of Ireland.

The London government, to get more destroyers for convoy duty, put pressure on the Wilson Administration to send as many of these craft as possible to the submarine zone. Admiral Sims did the same. But the United States, even if it sent all of its destroyers to Britain (which it was not yet prepared to do), did not have enough of these ships to meet the convoying requirements. That meant new destroyers would have to be built. Moreover, since Germany was turning out more U-boats, it appeared that these destroyers would have to be produced quickly and in large numbers, for the submarine threat promised to become even worse in the not-too-distant future.

At the Navy Department, however, Admiral Benson and the General Board were still reluctant to begin a massive destroyer building program. Producing submarine hunters, and deemphasizing capital ship construction, could, in their opinion, make the American battle fleet vulnerable in a naval contest following the war. If the United States had too few capital ships, and too many destroyers, its future security, they believed, could be threatened.[14]

Josephus Daniels mentioned one possible solution to this dilemma in his diary on 21 April. "R - - [probably Roosevelt] proposed we . . . send destroyers to England & tell her we would expect her to furnish in return some of her best dreadnaughts." Under this innovative scheme American shipyards could focus on destroyer production and, after the war, the battleship strength of the U.S. Navy would be augmented by the acquisition of some of Britain's most

powerful warships. But, Daniels noted, Secretary of State Robert S. Lansing had made the same suggestion at a Cabinet meeting -- and President Wilson "had not approved" of the idea.[15]

Yet this scheme did not die; it was picked up and pursued by the President's friend, Colonel Edward M. House. On 13 May House discussed the issue with Sir Eric Drummond, Balfour's personal secretary. "In talking with Drummond," House wrote in his diary,

> I called attention to the Allied demand that we build submarine destroyers at the expense of our major battle ship program. To do this would leave us at the end of the war where we are now, and in the event of trouble with Japan or Germany, we would be more or less helpless at sea. I thought if Great Britain would agree to give us an option on some of her major ships in the event of trouble with Japan, we would go ahead with our destroyers without fear of subsequent events.
>
> Drummond replied that Germany's navy might be left intact after the war and Great Britain might have need of all her fleet in a further war with Germany. In this event I suggested we give Great Britain an option to read that in case of war with Germany we would return the battle ships which we had taken over, and would give her in addition an option on some of our major ships. He thought this an excellent arrangement and is to take it up with Mr. Balfour and let me know the result.[16]

There now followed complex private negotiations between Colonel House and the British Foreign Secretary -- negotiations which lasted until July, and of which President Wilson was unaware. If the President had known of these talks, he would have disapproved. In fact, when Balfour discreetly suggested to Wilson, in late May, that American shipyards concentrate on destroyers in return for the United States having "some kind of call upon Allied Capital ships should the need for them arise," the President showed no interest in the proposal. When House finally revealed the nature of his negotiations to Wilson, in a letter written on 8 July, the President remained unimpressed. In an interview a few days later with Sir William Wiseman, a British intelligence officer who served as Colonel House's liaison with the British government, Wilson repudiated House's proposition. As David F. Trask notes, the "proposed naval agreement was dead, slain by a President who had never authorized the introductory conversations undertaken with Balfour."

House made one last attempt to save his program; on 17 July he wrote to Wilson: "I hope you will insist upon some arrangement with England by which this country may obtain some of their capital ships at the end of the war." But the President was determined to drop the issue -- he did not want, as Trask points out, to become involved in any "diplomatic entanglements that might prejudice his plans for the peace settlement," and this arrangement with Britain would have committed the two countries to close naval cooperation in the post-war world. In light of this opposition from Wilson, House's audacious scheme did not have any chance of being implemented.[17]

House's negotiations -- which Daniels, like Wilson, did not know about until July -- represented one attempt to solve the Navy's shipbuilding dilemma. The question was a simple one: should America's limited shipyard capacity be filled largely with destroyers and merchant tonnage to combat the immediate submarine menace, or should a significant number of ways be devoted to the big capital ships needed to protect the nation against potential future threats? During the spring and early summer of 1917 Colonel House was not the only one seeking a solution to this problem.

The Dilemma Continues

On 2 May Captain Harris Laning, an assistant to the Chief of the Navy's Bureau of Navigation, recommended that Secretary Daniels ask Congress for "a special naval emergency fund of $250,000,000" to build or purchase the destroyers, submarine chasers, and other small craft needed to meet the U-boat threat. Daniels, however, did not take action on Laning's proposal. The Secretary recognized the need for destroyers, but there did not seem to be any room to build them in the nation's shipyards. Indeed, in late March he had ordered twenty-four destroyers on a cost-plus-ten-percent-profit basis, and had offered to let contracts for fifty more on the same generous terms -- but had gotten no takers. The nation's shipbuilding plants were too swamped with orders from the Navy, private shipping firms, and -- after mid

April -- the Emergency Fleet Corporation to take on the additional work. That fact, not a lack of congressional appropriations, was the major problem Daniels faced.[18]

The only way to build additional destroyers on short notice would be to stop capital ship construction. On 14 May the General Board suggested that this might be possible -- to a limited degree. Congress, in the Naval Appropriations Act of 1917, signed by President Wilson on 4 March, had approved the construction of three big battleships. Daniels had not, thus far, let contracts for these. The Navy Department, the General Board said, might further delay ordering these three big ships to make space for building destroyers. That, though, was as far as the Board would go.

The five battle cruisers approved by Congress, the Board maintained, had to "be proceeded with." Contracts for these ships had been let in March -- four had gone to private yards and one to the Philadelphia Navy Yard -- and preliminary work had already begun on building the huge shipways on which these vessels would be constructed. The United States, the Board told Daniels, was "very deficient" in battle cruisers compared to Germany -- which was the truth, for the Navy did not have even one ship of this type. The Board warned Daniels that there would be "serious consequences" if the Allies lost the war and the American Navy -- without any battle cruisers to serve as powerful scouts -- had to face the German High Seas Fleet.[19]

Daniels was influenced by the General Board's advice. Although he recognized the need for destroyers, he was reluctant to make room for these by suspending work on the seven scout cruisers, five battle cruisers, and nine battleships that were currently under contract in American shipyards. The only action he took on big ship construction was to delay, as the Board suggested, the letting of contracts for three battleships. As for destroyers themselves, the Navy had fifty on order. To find out how many more could be built without interfering too severely with work on scout cruisers and capital ships, Daniels tasked the Navy's Bureau of Construction and Repair and Bureau of Steam Engineering to prepare a joint report on the subject.

The findings of the two Navy Bureaus, reported to Daniels in May, were not particularly encouraging. Yards which had not previously constructed warships, the Bureaus stated, were too inexperienced to produce destroyers quickly -- and were, at any rate, filled "practically to capacity until the Spring of 1918" with merchant ship contracts. Since the navy yards were also saturated with work, this meant that the only plants that could potentially produce destroyers with any speed were the six yards that specialized in surface warship construction: the Bath Iron Works in Bath, Maine; the Fore River Shipbuilding Company near Boston; the New York Shipbuilding Corporation in Camden, New Jersey; the William Cramp and Sons Company in Philadelphia; the Newport News Shipbuilding and Dry Dock Company in Virginia; and the Union Iron Works in San Francisco.

The two Bureaus estimated that these yards were capable of producing a combined total of thirty additional destroyers by temporarily delaying work on the battleships, battle cruisers, and scout cruisers they had under contract. The extent of this delay, the Bureaus reported, would be "impossible" to predict -- but the interruption in capital ship construction could be severe. Thirty additional destroyers, moreover, did not appear to be anywhere near what was needed. Building these thirty ships could therefore lead to the worst of all possible worlds, for the Navy might not get enough destroyers to make a difference in the present war, and might also delay capital ship construction so much as to be unprepared for a future war.[20]

Further complicating Daniels's dilemma was the fact that he was not the only Administration official looking for ways to build more ships. General George W. Goethals, the General Manager of the Emergency Fleet Corporation, wrote to Daniels on 28 May to see if the Navy could release for merchant ship construction the four big shipways being prepared in private yards for battle cruisers. Goethals noted that "two to four cargo vessels could be laid down simultaneously on each of these large building ways." This, Goethals said, "would delay

the battle cruisers, but would greatly facilitate the building of large cargo vessels."

Both the Navy's Office of Operations, headed by Admiral Benson, and the General Board believed that Daniels should turn down Goethals's request. Daniels was inclined to do so, but again was cautious about making a decision. Goethals, ten days after submitting his request to Daniels, still did not have a reply.[21]

Captain William V. Pratt, who since early May had been calling for the construction of submarine chasers, destroyers, submarines, and merchant tonnage rather than capital ships, viewed Goethals's request in a different light than the Office of Operations (for which he worked) and the General Board. Pratt outlined his thoughts in a memorandum he prepared for his boss, Admiral Benson, on 7 June. The Navy Department, Pratt wrote, should be "glad to cooperate with the Emergency Fleet Corporation in every way possible" because the building of cargo vessels was "a measure of importance commensurate with the building of warships." Pratt reminded Benson that the United States "did not enter this war alone"; the U.S. had allies whose needs were "immediate and imperative." For Britain and France, Pratt said, merchant ships were "as essential to the successful termination of this war as battleships." The construction of merchant tonnage to replace that sunk by U-boats, moreover, was "even more important" than the building of capital ships. The Allied cause, Pratt said, was now "our cause" as well; the United States should therefore try to meet the needs of Britain and France for cargo vessels.

As for "warships to be laid down," Pratt argued (as he had in May) that the Navy should emphasize submarine chasers, destroyers, and submarines -- instead of battleships and battle cruisers. He maintained that the possibility of the United States becoming involved in a future conflict would be remote if the Allies triumphed, for hostilities between the U.S. and Britain or France seemed unlikely. If the present war was won, Pratt asserted, peace would probably be ensured for many years.

Yet even if he was wrong, Pratt said, and if relations with

London became so strained after the defeat of the Central Powers that hostilities broke out between the United States and Britain, it would still not make sense to build capital ships. As he correctly pointed out, "no amount of feverish building of dreadnoughts or battle cruisers could hope to put [the U.S. Navy] in a position to cope with [the much larger Royal Navy] on the high seas." Pratt stated that if the Navy Department felt it had to be ready for a potential war between the United States and Britain, the quickest way to prepare for this contingency would be to build up the American submarine force as rapidly as possible. Submarines could threaten any British battle fleet which approached the U.S. shoreline, and building submarines would not seriously interfere with the merchant and destroyer construction needed for the present war.

Pratt's memorandum also looked at the possibility that the Central Powers would be victorious. Many naval officers on the General Board, and in the Office of Operations, feared that if this happened Germany would gain control of the Royal Navy. Pratt argued that this was not a serious threat. As he put it: "England's fleet will never be allowed to pass into German hands. . . . It is the death of England to allow it." If the Allies lost the war and the United States had to fight a future conflict, Pratt said, the capital ships currently available to the U.S. fleet, augmented by submarines, would probably be sufficient to defend the nation. But if battle cruisers had to be acquired, Pratt contended, they could be obtained more quickly through purchase "from our present allies" than through construction. By this he apparently meant that a defeated Britain would prefer to sell its battle cruisers to the United States than to see them fall into German hands.

Pratt also believed that the likelihood of a Japanese naval threat in the Pacific -- a threat which concerned many naval planners -- was exaggerated. When the United States entered the war against Germany, he said, "a certain tension existing between this country and Japan was immediately relaxed." Both the U.S. and Japan were now

fighting on the same side, Pratt noted, and the Japanese appeared to be seeking "a close cooperation with the United States." That cooperative attitude, Pratt maintained, would prove to be "the key to the solution of what might have been a future problem."

Pratt finished his memorandum by recommending that the Navy cooperate "with the Shipping Board to produce cargo carriers," and focus its warship construction on the building of "a standard type of destroyer to meet present needs" (i.e., the needs of the "present" war) and "submarines, large and small, to meet future needs" (i.e., the needs of a possible "future" war). Capital ship construction, Pratt argued, should be halted -- except for battleships "laid down and now on the ways," which should be launched (but not necessarily fitted out) as rapidly as possible to make room for the destroyers and merchant tonnage needed to meet the immediate crisis. This overall building program, Pratt concluded, would be best not only for the United States, but also "for the Allies, whose war is now our own."[22]

As the naval historian William R. Braisted puts it, Pratt's memorandum -- which expanded upon the ideas he had first presented in early May -- was "masterful." Pratt's forceful arguments helped convince his boss, Admiral Benson, that the Navy's list of warship priorities should place destroyers <u>first</u> and battle cruisers <u>last</u>. This was a dramatic change for the Chief of Naval Operations, who now agreed with Pratt that the Navy should concentrate almost exclusively on winning the present war, rather than preparing for a future conflict.

Secretary Daniels, who relied heavily on Admiral Benson's advice, was also impressed with Captain Pratt's memorandum. When Admiral Sims requested that Pratt, one of his former subordinates, be assigned to the American naval staff in London, Daniels refused -- the Navy Secretary wanted the Captain to stay in Washington. Daniels intended to make good use of Pratt's talents: early in June he appointed the Captain to head a board to investigate the best methods of combating the submarine menace (the "Board on Devices and Plans Connected with Submarine Warfare"), and later in the month the Secretary named Pratt

an assistant to the Chief of Naval Operations.

This latter move delighted Admiral Benson, who -- as Benson's biographer, Mary Klachko, puts it -- "regarded Pratt so highly that he [would later make] provision for the captain to succeed to his office" should he (Benson) become incapacitated or killed. Pratt, meanwhile, admired the man he worked for; in October 1917 he would write, somewhat awkwardly, to Benson: "I am not much given to saying things, but I want you to know I have learned to admire the character you show in every line of your face: the dignity, poise, fine clear judgement, and above all the sterling rugged integrity which is the soul of honor and which this country needs so much at present."[23]

Captain Pratt's memorandum on the need for destroyer construction, and Admiral Benson's conversion to this cause, helped Secretary Daniels move towards a resolution of the shipbuilding dilemma he faced. Although the General Board still advocated proceeding with the authorized battle cruisers on schedule, Daniels was coming to believe -- like Roosevelt, Sims, Pratt, and now Benson -- that these big ships should be delayed and the production of destroyers sped up. On 14 June the Navy Secretary sent a joint tasking to the Bureau of Construction and Repair and the Bureau of Steam Engineering which clearly revealed his feelings about the building program:

> SUBJECT: Rapid completion of destroyers.
>
> 1. It is desired that all destroyers at present authorized be completed as rapidly as possible. It is therefore directed that the [two] Bureaus consult as rapidly as possible with contractors and make a joint report upon a plan which will accomplish the delivery of the present authorized construction by December 31, 1917.
>
> 2. It is realized that in asking for delivery within the present calendar year, that a task is being outlined which it may be impossible to perform, but the Department feels that if the proper machinery is set to work even this can be accomplished. . . .
>
> 3. Please regard this as a war measure and express to all contractors that they should be guided by that thought and that their cooperation in developing the forces of the country is

urgently needed.

> 4. It is desired that information concerning this subject be furnished as soon as possible in order that the Department may take the necessary steps to secure the ships and also to provide the properly trained personnel [to man them].[24]

The Secretary of the Navy, after weeks of delay, was now seriously examining what it would take to shift the emphasis of the Department's building program to the construction of destroyers.

In mid June the Navy had under contract fifty destroyers. Three of these were being built at the Mare Island Navy Yard, one at the Norfolk Navy Yard, one -- ordered in 1915 -- at the Seattle Construction and Dry Dock Company (a private yard that occasionally did naval work), and the remaining forty-five at four private yards that specialized in naval construction: Fore River, Cramp and Sons, the Bath Iron Works, and the Union Iron Works. The two Bureaus asked these latter four plants how quickly they could turn out destroyers if "nothing else in the yard [was] allowed to interfere with the destroyer work." That meant delaying the construction of all other ships for the Navy, and also any merchant tonnage that was under contract.

The Fore River yard and the plant of Cramp and Sons provided the most positive responses. Fore River, which had contracts for sixteen destroyers, projected it could finish six to ten of them in 1917, and "the balance at the rate of three per month thereafter." To do so, however, it would have to abandon work on a battle cruiser, on several submarines, and on merchant vessels under construction. The Cramp and Sons yard, which had contracts for eight destroyers, suggested it could deliver three of these in 1917 and the remaining five during the first four months of 1918. Again, though, other work would have to suffer -- progress on two scout cruisers and several merchant vessels would come to a halt. The Bath Iron Works, building five destroyers, was already dedicating its entire capacity to this type of warship; as a consequence, the Bath plant did not have any other contracts it could slight in order to speed up destroyers, which made accelerated production at this yard difficult. The fourth plant, the Union Iron

Works, had contracts for sixteen destroyers, some of which it could speed up by delaying the building of scout cruisers, submarines, and merchantmen.

Accelerating the construction of destroyers already under contract thus promised some early deliveries, but not many. The disadvantages, moreover, were significant. Other naval construction could be substantially delayed, as could the production of merchant tonnage, which was desperately needed to make good the losses due to U-boat attacks. There could be a stiff monetary price as well. Most merchant ship contracts provided for heavy penalties if specified delivery dates were not met; if the Navy told shipyards to stop work on cargo vessels, the government would be responsible for paying these penalty fees. Another monetary cost would be the payment of overtime to shipyard workers, yet one more step that would be required to speed up destroyer production.[25]

Nonetheless, Daniels now decided to give destroyer construction a higher priority, and in late June he began to shift the emphasis in the naval building program away from big ships. On the 18th the Navy Secretary instructed the Cramp and Sons yard to delay work on two scout cruisers in order to speed up destroyers. Three days later, in a letter to the Fore River plant, he indicated that the Navy would temporarily halt construction of a battle cruiser at that yard, again for the purpose of speeding work on destroyers. Daniels also placed new contracts for destroyers with two private yards that had been concentrating on capital ship construction: on 17 May -- in his first tentative step towards substituting destroyers for capital ships -- he had ordered six destroyers from the Newport News yard; now, on 18 June, he ordered six more from the New York Shipbuilding plant. This meant that these two firms would have to delay work on the battleships and battle cruisers they were building, but that was a price Daniels was willing to pay.[26]

The private yards that Daniels told to build destroyers did not always welcome this kind of work. As Homer L. Ferguson, President of the Newport News yard, later explained, his plant, which was "laid out

for doing large work," had originally decided not to bid for destroyer contracts. The yard's shipways were over six hundred feet long, and it only took three hundred feet to build a destroyer. It was therefore far more cost effective -- and profitable -- to use the whole way to build one capital ship, which might displace 31,000 tons and cost $12 million, than to use half a way to build one destroyer, which displaced only 1,200 tons and cost less than $1.2 million. Although it was true that destroyers could be built faster than capital ships, they could not be built ten times as fast, which was what it would take for destroyer contracts to earn as much as a single battleship.

Building destroyers was also an inefficient proposition for the Newport News yard. As Ferguson pointed out, the yard had shops that specialized in producing the huge steel shapes and sections that were used in dreadnoughts, and had massive cranes to handle these heavy materials. By comparison, the parts used in a destroyer were tiny, which meant that the yard's shops and cranes could only operate at a fraction of their capacity. If smaller ships had to be built in the yard, Ferguson would have preferred to have worked on merchant tonnage. Private shipowners and the Emergency Fleet Corporation were paying top dollar for cargo vessels, and the profit potential from these appeared to be much greater than what could be earned by building destroyers -- especially in light of Secretary Daniels's well-deserved reputation for hammering down profits.[27]

In early June General Goethals, at the Emergency Fleet Corporation, discovered how Ferguson felt. The General, who never received a reply to his 28 May request that cargo tonnage be substituted for battle cruisers, wrote once again to Daniels on 8 June:

> Dear Mr. Secretary:
>
> Referring further to my letter of May 28, in which I submitted for your consideration certain propositions which would tend to facilitate the building by this corporation of cargo carrying merchant vessels with as little interference as possible to the naval program for battleships and battle cruisers, I might say that information is coming to my attention through persons (not connected with either the New York Shipbuilding Co. or the Newport

> News Shipbuilding & Drydock Co.) to the effect that officers of both of these corporations have stated that they would be in a position to turn out a large number of the larger cargo vessels for this corporation provided the Navy program to which they are committed could be deferred.

Goethals concluded by suggesting that Daniels put t[illegible] "entire facilities" of these two yards -- or of two other large yards doing naval work -- "at the disposal" of the Fleet Corporation for the purpose of building large cargo vessels.[28]

Daniels was willing to cooperate with the Fleet Corporation, but he could not allow Goethals to take over the "entire facilities" of any of the big private yards that specialized in naval construction. As the Bureau of Construction and Repair and the Bureau of Steam Engineering had told Daniels, only yards with experience in building warships could reasonably be expected to produce destroyers quickly. To turn over two of these plants entirely to the Fleet Corporation would seriously hamper the Navy's ability to meet its own shipbuilding needs. Daniels was amenable to sharing some shipyard capacity with Goethals, but he could not agree to the General's 8 June request.

Goethals's letter suggested that some of the private yards working on naval contracts were tempted to switch to merchant construction. Most of these plants, in fact, already were building cargo vessels that had been ordered by private shipowners before the United States entered the war. Fortunately for Daniels, the shipyard commandeering authority Congress had granted the Navy in March gave him the power to take over any yard which refused to cooperate with the Navy's shipbuilding program. As a consequence, Daniels could prevent these plants from taking any more contracts for cargo vessels. Armed with his commandeering authority, Daniels forced yards that specialized in building warships to pledge that they would "keep 70 percent of their working forces on navy construction." As Homer Ferguson of the Newport News plant later put it, "in accordance with the congressional acts. . . . [the Navy] changed us from taking up a merchant's shipbuilding program and put us on destroyers."[29]

By the end of June the Secretary of the Navy had thus made a key

decision -- he was now willing to proceed with destroyer construction at the cost of delaying progress on bigger warships. Specifically, Daniels had decided that work on the six scout cruisers and five battle cruisers he had ordered in March would be temporarily suspended, and that the letting of contracts for three battleships that were funded -- but not yet on order -- would be further delayed. But, as he told the Fore River plant on 21 June, he was not yet prepared to hold up work on submarine construction, or on merchant shipbuilding that was in progress, in order to speed destroyers.[30]

Daniels's actions revealed that he was now closely following the recommendations of Captain Pratt's 7 June memorandum: he was stopping work on capital ships -- except for the nine battleships already on the ways (three at New York Shipbuilding, three at Newport News, two at the New York Navy Yard, and one at the Mare Island Navy Yard) -- in order to facilitate the construction of destroyers, submarines, and merchant tonnage. But Daniels did not yet have a plan for producing the large number of destroyers that would apparently be needed to counter the U-boat menace. In late June and early July he had ordered a dozen additional destroyers at two private yards (Newport News and New York Shipbuilding), and had taken preliminary steps to speed up the construction of destroyers building in four other yards (Fore River, Cramp and Sons, the Bath Iron Works, and the Union Iron Works). In all, there were now sixty-two destroyers underway for the Navy -- four in navy yards and the remainder in private plants. In mid July Daniels increased this number to sixty-six by letting contracts for four more destroyers to the Bath Iron Works, the maximum that that crowded plant could handle. Yet far greater numbers than this would have to be produced to counter the U-boat threat -- hundreds, not dozens, of destroyers appeared to be necessary. To get a program that could promise this kind of production, Daniels turned again to Captain Pratt, whose "Board on Devices and Plans Connected with Submarine Warfare" was intensely studying this very problem.[31]

Plans for Building the Navy's Destroyers

On 6 July Pratt's Board submitted its report to Daniels. The Board recommended that the Navy, "regardless of additional expense," take steps to "secure the completion of destroyers now building at the earliest possible moment." This meant authorizing design modifications that would expedite the work, giving local Navy inspectors the power to approve changes on the spot, permitting shipyards to subcontract whatever work could be done more quickly outside their plants, and similar steps. But, more important than these suggestions for speeding up existing work, the Board proposed building a destroyer that could be "constructed quickly on one standard design." Pratt's Board argued that this would "enable all auxiliary machinery and equipment to be procured in lots of identical units and thus secure the benefits of quantity production." These standardized destroyers, the Board went on, might be built somewhat smaller than the existing destroyers in order to speed construction -- perhaps displacing only 750 tons rather than 1,200. In all, Pratt's Board concluded, two hundred of these simplified ships should be built, and Congress should immediately be asked for the necessary appropriations.[32]

Daniels approved the recommendations of Pratt's Board on 6 July, the same day he received them. He then promptly instructed the Bureau of Construction and Repair, the Bureau of Steam Engineering, and the Bureau of Ordnance to "take immediate steps to carry out" these proposals. The Navy Secretary also, on 12 July, requested that Congress appropriate additional money -- $100 million in a new emergency fund -- for the shipbuilding program. Unless this was done, Daniels warned the lawmakers, the letting of contracts for additional destroyers could be delayed.

The Navy Secretary did not, however, tell Congress how many additional destroyers he planned to order. Assistant Secretary Roosevelt felt that this was a mistake. On 12 July, as Daniels prepared to send his appropriations request to Congress, Roosevelt forwarded a memorandum to the Navy Secretary: "If we are going to build any more destroyers, no matter what type, the estimates should go in

now, whether the number be 50, or 100, or 200." The problem was that Daniels was still not sure which of these numbers to choose, for the General Board, the Bureau of Construction and Repair, and the Bureau of Steam Engineering had all raised serious questions about the recommendations made by Pratt's Board (as Pratt bluntly told Admiral Sims, the General Board and the Bureaus "went up in the air when the blow [i.e., Daniels's approval of the 6 July report] descended"). Daniels, who seemingly had decided to proceed with the building of two hundred standardized destroyers, was now reconsidering his position.[33]

Admiral David W. Taylor, the Navy's Chief Constructor (i.e., the head of the Bureau of Construction and Repair), and Admiral Robert S. Griffin, the head of the Bureau of Steam Engineering, argued that building standardized destroyers would not save time. The only way to produce two hundred such vessels, the two Admirals told the General Board and Secretary Daniels, would be to rely on the facilities of five private shipyards that specialized in naval work: Fore River, New York Shipbuilding, Cramp and Sons, Newport News, and the Union Iron Works (the Bath Iron Works, a relatively small yard with limited potential for expansion, was left off the list). As Taylor and Griffin put it:

> These [five] yards are now crowded to the limits of their building capacity by the work in hand and in prospect by that already contracted for. The firms controlling them would have to be persuaded or coerced to suspend work in hand, cancel contracts, remodel and enlarge their plants to do standardized and specialized work, change their methods, double their working forces, and train new personnel.
>
> Time, a most important element in the present war emergency, would be consumed in making the necessary changes and adjustments before actual construction work could be started.

These delays in getting work on standardized destroyers underway, Taylor and Griffin said, would probably preclude the delivery of very many of these ships during the next eighteen months -- and that would be precisely the period when destroyers would most be needed to counter the U-boat threat. The two Admirals concluded:

> In the opinion of the [two] bureaus, time would be saved by complete standardization only if it is the intention of the department to continue to construct destroyers at the maximum

> capacity of the country for at least 2 years and possibly 30 months. If it is the department's desire to obtain the greatest number of destroyers practicable during the next 18 months, we believe it would not be wise to undertake the construction of a new standardized type, but that the maximum results be obtained by duplicating the vessels now under construction. . . .
>
> The additional number of destroyers which could be completed by January, 1919, along the above lines without materially interfering with the construction of submarines, and without entirely stopping the construction of merchant ships at the large yards, but slowing up all large naval vessels as necessary to avoid interfering with destroyers, can be determined only by detailed investigation and consultation with the shipbuilders. We estimate, however, that they would be between 40 and 50. This might involve special measures to increase the facilities at the shipyards, and undoubtedly would require that special consideration be given destroyer material.[34]

The General Board, headed by Admiral Badger, found the arguments of Taylor and Griffin to be convincing -- except for the part about "slowing up all large naval vessels as necessary to avoid interfering with destroyers." Badger, along with the other members of the General Board, still believed that the Navy had to prepare for the possibility of a future conflict. Noting that the Bureau of Construction and Repair and the Bureau of Steam Engineering predicted that it would take "at least 2 years and possibly 30 months" to turn out two hundred standardized destroyers, the General Board once again cautioned Daniels about the risks involved in postponing the building of big warships:

> To suspend for two and a half years naval construction now in hand and to that extent delay the construction of other essential fleet units already authorized, or which may be authorized, will not sufficiently strengthen the existing fleet to meet a possible new alignment of powers at the end of the present war or the German Fleet if it succeeds in taking the offensive.

The General Board therefore recommended that the Navy make contracts for only "50 additional destroyers of the present type, to be completed by January, 1919." The Board did not, though, explain how these fifty destroyers could be produced while work on capital ships proceeded unabated.[35]

The points raised by the Bureau of Construction and Repair, the Bureau of Steam Engineering, and the General Board caused Secretary

Daniels to take another look at his decision to proceed with the destroyer program advocated by Pratt's Board. The objections of Admirals Taylor and Griffin were particularly worrisome, for these were the technical experts who would have to oversee implementation of the program -- and their estimates of what could be done were far more pessimistic than those of Captain Pratt.

Concerned by these arguments, Daniels had Admiral Benson, on 14 July, ask Captain Pratt -- and the members of his Board -- to prepare "a statement expounding their reasons for the recommendation of 200 anti-submarine destroyers." Pratt prepared a response the very same day. Basically, he justified his Board's recommendations by reemphasizing the points he had made in his 7 June memorandum. Destroyers were the best ships available for killing submarines, he said, and as many as possible needed to be built. His Board believed, he went on, that a standardized type of destroyer could be developed that could be built faster than present designs -- and this without disrupting the work on destroyers already underway.

As for the construction of capital ships and scout cruisers, Pratt made it clear that these types would have to be delayed due to the "submarine situation." He argued that postponing work on the "big naval ships" that had recently been contracted for, but on which little work had been done, would make room in shipyards for building destroyers and merchant tonnage. As for battleships already under construction, he went on, the main concern was not "how many of the big types we should lay down," but rather "clearing the ways and releasing the men and machinery" tied up on these vessels as quickly as possible so that more urgent work, on destroyers and cargo vessels, could be pressed forward.

Pratt concluded his 14 July memorandum, which was signed by all the members of his Board, by summarizing what needed to be done:

> The first steps to be taken to put any such policy through would be for the naval representatives, the merchant ship representatives, and the builders to get together and to definitely decide upon the ways and means to do it.
>
> The above may not be the true solution of our building problem.

> It is, however, a definite statement of a policy and the reasons that influenced that choice.[36]

Daniels again procrastinated -- he was not yet ready, in the face of opposition from the Bureau of Construction and Repair and the Bureau of Steam Engineering, to make a decision to build two hundred standardized destroyers. But neither was he willing, as the General Board suggested, to resume the construction of capital ships. As Daniels wrote the President on 14 July, the Navy was putting "all stress . . . upon destroyers and small craft." Dreadnoughts already under construction, he said, were still being worked on, but the Navy was "holding up upon battle cruiser construction and . . . [had] not even decided upon the plans for the three dreadnaughts authorized" but not yet ordered.[37]

Daniels's views were consistent with those of President Wilson, with whom the Navy Secretary probably discussed his shipbuilding plans (as David F. Trask points out, Daniels, like "most of his colleagues in the Cabinet . . . was particularly desirous of avoiding conflicts" with the President). Wilson revealed his beliefs about the naval construction program in a discussion with Sir William Wiseman on 13 July. As Wiseman recalled the conversation, the President said that "in his opinion the war had proved that capital ships were not of much value; that future naval warfare depended on a large number of destroyers and submarines." Wilson, Wiseman noted, therefore saw "no difficulty in delaying the building of capital ships . . . to make room for the laying down of destroyers." Colonel House, when he learned of this, felt that "the President [had] gotten a wrong view concerning the value of capital battleships." On 17 July House, who shared views similar to the General Board on the need for big ships, wrote to Wilson "that the nation having the most potential capital battleships in both size and speed" would be the "nation that [would] dominate the sea." The President, however, did not change his opinion.[38]

By mid July Wilson and Daniels had thus both concluded that destroyers had to take priority over capital ships. For Wilson this was partially because he believed capital ships were no longer very

important in naval warfare, but primarily because he -- like Daniels -- believed it was more important to focus on winning the present war than preparing for a future one. The President, after all, saw this conflict as "the war to end wars."

Admiral Sims also favored building destroyers over capital ships, but his justification for this was different than that of Wilson and Daniels. "Concentrate all naval construction on destroyers and light craft," Sims cabled the Navy Department on 11 July, "and postpone construction of heavy craft, and depend upon the fact, which I believe to be true, that regardless of any future developments we can always count upon the support of the British navy." Sims added: "I have been assured this by important government officials" in London. Sims's assurances notwithstanding, neither Wilson nor Daniels was willing to rely on the Royal Navy to defend the United States against future threats; in fact, Sims's comments just reenforced the impressions of both men that the Admiral was blinded by his Anglophilia.[39]

Although Daniels had now reached a decision to postpone construction on many of the Navy's capital ships, he had still not decided whether or not to approve Pratt's plan to build a large number of standardized destroyers. The Secretary, faced with conflicting advice from his naval advisors about the practicality of doing this, procrastinated. Admiral Benson, however, who was now in complete agreement with Pratt, did all he could to convince Daniels to build destroyers. As Pratt wrote to Admiral Sims early in July: "Benson is strong for it [the destroyer building program] and every effort of his will be directed towards getting the Secretary to make a decision." On 20 July these efforts began to pay off -- Daniels ordered twenty destroyers, based on existing designs, at two plants: fifteen at the Cramp and Sons yard, and five more at the Mare Island Navy Yard.

Yet Daniels continued to question whether he should order a large number of standardized destroyers of the type recommended by Pratt's Board. On 21 July Admiral Benson, as Pratt put it in a letter to Sims, "went to the mat" with Daniels on this issue. After Benson presented

his case, Daniels finally made up his mind: the Navy Secretary decided to build fifty destroyers (a figure that included the twenty he had just ordered) based on existing designs -- as the Bureau of Construction and Repair and the Bureau of Steam Engineering had recommended -- and to order 150 (instead of two hundred) standardized destroyers. This meant that the Navy, which already had sixty-six destroyers on order, would build a total of 266. Daniels, informing President Wilson of this plan on 28 July, noted that these new destroyers were scheduled for completion within "perhaps 18 months or two years."[40]

The Navy Secretary quickly began to implement this building program; it would take him less than three weeks to place contracts for all fifty of the destroyers that were to be based on existing designs. Daniels had ordered twenty of these on 20 July -- contracts for the remaining thirty soon followed: on 31 July the Navy ordered four destroyers from the New York Shipbuilding plant, on 2 August ten from Fore River, on 3 August ten from the Union Iron Works, on 7 August one from the Charleston Navy Yard, and on 9 August five from the Newport News yard. Daniels unambiguously told these plants that work on destroyers took "precedence over all other classes of naval construction, with the exception of repairs and conversion work on completed ships and work on submarine chasers."[41]

Even progress on many battleships that were "on the ways" now came to a halt so that destroyer deliveries could be expedited. This was contrary to Pratt's recommendation; the Captain had suggested that dreadnoughts be launched as quickly as possible to free their ways for destroyer construction. The shipyards discovered, though, that the large numbers of skilled workers needed to build and launch these battleships could not be spared if work on destroyers was to be accelerated. During the war only two of the nine battleships that were building in American yards at the time the United States became a belligerent would be delivered to the Navy -- the Mississippi (which Newport News finished in December 1917) and the New Mexico (which the New York Navy Yard finished in May 1918). Both of these ships had been contracted for in 1914 and were in the final stages of construction by

the summer of 1917. As the Navy noted after the war, "work was practically suspended" on the seven other battleships under construction (although limited progress was made on the Maryland and West Virginia, both of which were under contract at Newport News). Even the Idaho, which had been ordered in 1914 from the New York Shipbuilding plant -- and on which work was far advanced -- would not be delivered until after the Armistice. Work on destroyers took precedence.[42]

But destroyers were not the only craft the Navy was building to deal with the U-boat threat; as Daniels told the shipbuilders, submarine chasers had just as high a priority. These small wooden boats, powered by three light gasoline engines, were 110 feet long and fifteen feet wide. They displaced only seventy-five tons and carried (quite uncomfortably) a crew of twenty-six officers and men. Their armament consisted of a 3-inch gun that could pierce the hull of a surfaced submarine, two machine guns, and a "Y-gun" that could deploy depth charges. In late March and early April the Navy ordered 355 of these little craft -- 135 in Navy Yards, and 220 from thirty-one different firms that were located on the Atlantic and Gulf Coasts, the Great Lakes, and even inland (two boats were built in Dubuque, Iowa, and then floated down the Mississippi River to New Orleans).

Although some of these private firms had previous experience in the building of small vessels -- such as life boats, launches, and yachts -- many of the contracting companies were new to the boat-building business. The Navy's procurement officers did not see this as a problem, apparently assuming that the small size and simple design of the submarine chasers would make them easy to build. But Assistant Secretary of the Navy Roosevelt, a yachtsman and small-boat enthusiast, was less sanguine.[43]

Roosevelt did not like the way the submarine chaser program was being handled, and he repeatedly let the Secretary of the Navy know this. On 18 April he put his complaints on paper in a memorandum to Daniels:

> Just for your own information, I want to call to your attention the fact that it is two weeks since the awards were made to

> private companies for building the 110-foot patrol boats, and that I am told today by Naval Constructor Furer and the Bureau of Supplies & Accounts that not one single contract has been signed. They say that the contracts in every case but one have been sent to the builders, but again I want to call attention to what I have many times repeated, that at least half of these bidders cannot be called responsible firms with adequate equipment for the work, and again I want to prophesy that we are going to fall down very sadly in the actual delivery of these boats at the times and in the numbers we expect.[44]

Roosevelt's concerns were legitimate. In late March the General Board had suggested that up to five hundred submarine chasers could be finished in 1917. Since the Navy only ordered 355 of the boats, it must have seemed likely to the Board that that number could easily be achieved. In reality, however, only 120 of the 110-foot boats would be produced before 1 January 1918. Deliveries were slower than expected from both the Navy Yards and the private contracting firms. Part of the problem was undoubtedly due to the fact, as Roosevelt noted, that some of the builders were inexperienced. More serious, though, were delays in the production of the gasoline engines used to propel the boats. The gravity of this engine shortage was revealed by a status report the Navy prepared on 15 August: on that date keels for 265 of the submarine chasers had been laid, 209 of the boats had been completely framed, and 150 had been completely planked -- but only nineteen sets of engines had been delivered. As the Navy's Bureau of Steam Engineering ruefully noted in mid September, "the estimates of delivery [for the engines] were originally very optimistic."[45]

Roosevelt felt these submarine chasers were necessary to protect shipping in American waters against U-boat attacks. In October 1916 the U-53, after making a brief port call in the then neutral United States, had sunk several Allied merchantmen off the New England coast. Now that the U.S. was a belligerent, Roosevelt feared Germany might resume submarine operations in the Western Atlantic. The Navy's Office of Operations agreed and estimated that up to four thousand small craft would be needed to conduct scouting, mine-laying, mine-sweeping, and submarine patrol duties off the nation's shorelines. To get that number of vessels Roosevelt had appealed to yachtsman, tugboat

operators, and fishermen to make their boats available to the government. But the response he got was disappointing. Although roughly two hundred small-boat owners signed agreements to turn their craft over to the Navy upon request, many more than this refused to cooperate. Frustrated and angry, Roosevelt wrote an open letter to the Chairman of the House Committee on Naval Affairs, Lemuel P. Padgett of Tennessee, on 12 May. Roosevelt's letter, printed in the New York Times and other newspapers, suggested that legislation be passed that would enable the Navy to commandeer, at reasonable prices, the small boats it needed.[46]

Congress quickly provided the Navy the commandeering authority Roosevelt requested, but the need to seize small boats to patrol the nation's shoreline was not very great. As Roosevelt later admitted, he overestimated the U-boat threat off the coast of the United States. Indeed, during 1917 there was no threat at all, for the German High Command decided against conducting submarine operations in American waters until a "continuous" campaign could be mounted. Isolated U-boat attacks off the U.S. coast, the Germans believed, would have little impact on the war -- and could actually be counterproductive if they stirred up "war fever" in the United States.[47]

The lack of U-boat activity in the Western Atlantic convinced the Navy that it should send its 110-foot submarine chasers to Europe. As the General Board pointed out to Daniels, these craft were "too small for . . . efficient offshore service against submarines." That meant their only real utility would be in European coastal waters, where they could serve as patrol vessels. For that mission, the 355 boats the Navy had on order (fifty of which were sold to France) seemed more than sufficient. The Navy did not accept any more bids for submarine chasers after April, but left open the option of ordering more. In early August, though, Secretary Daniels told the press "that the Navy Department had decided, following the recommendations of the Navy General Board, to place no more contracts for submarine chasers, but to build every destroyer possible." As one unnamed naval official told

the New York Times, one destroyer was "worth fifty chasers in operations against submarines."[48]

Daniels, to get the 150 "standardized destroyers" he had decided to acquire, tasked the Bureau of Construction and Repair and the Bureau of Steam Engineering to investigate methods by which this might be done. On 26 July the Chief Constructor, Admiral Taylor, asked the Bethlehem Steel Corporation -- which owned the Fore River shipyard and the Union Iron Works -- to "submit a proposition for the construction of 150 additional destroyers of a comparatively simple type." Five days later Bethlehem replied that it could build all of these ships by expanding its facilities at the Fore River plant (near Boston) and at the Union Iron Works (in San Francisco). On 1 August, Taylor -- along with Admiral Griffin, the head of the Bureau of Steam Engineering -- requested that Bethlehem provide further information on its proposition. The two Admirals emphasized, however, that Bethlehem's plan must not "encroach too much on work" being done for the Emergency Fleet Corporation.

On 6 August the big steel corporation outlined its proposal to the Navy in more detail. The scheme called for the building of two "assembling yards," each of which would have twenty ways. One of these plants would be located near the Fore River yard, and the second on land that already belonged to the Union Iron Works. Since the boilers for the destroyers would be "too large to be transported by rail," Bethlehem planned to build two boiler shops "at points available for water shipment" -- one at Providence, Rhode Island, and another on San Francisco Bay. To produce the turbines needed by the destroyers, the firm intended to construct a turbine shop "in the vicinity of Buffalo, where power and housing facilities, excellent railroad connections and labor [were] available." A turbine reduction gear plant would also be needed (to produce vital engine components), and Bethlehem suggested that this be located in Chicago. To build all of these facilities, the firm estimated, would cost no more than $20 million.

Bethlehem offered to construct "this plant and equipment" at no profit to itself, and noted that after the war all of these facilities

"would remain the property of the Government." Bethlehem's only profit would come from the ships it produced, half of which would be turned out "on the East and half on the West Coast." The firm boldly declared that "the first vessel under this program" could be delivered nine months after authority was granted "to proceed with the work" -- and the last nine months later. That would be, if Bethlehem could be taken at its word, 150 destroyers in eighteen months.[49]

On 8 August representatives of Bethlehem discussed their proposal with Secretary Daniels, who tasked Chief Constructor Taylor to prepare a memorandum on the subject. The Admiral, who had earlier dismissed the idea of building large numbers of standardized destroyers as impractical, was now more amenable to giving the scheme a try. Bethlehem, after all, was the nation's biggest shipbuilding firm, and its opinion counted for something. Taylor, moreover, ran the risk of appearing to be a defeatist if he continued to argue that building so many destroyers was a hopeless proposition. On 10 August the Admiral told Daniels that if Bethlehem's project was "undertaken, during 1918 the country [would] be able to turn out about 200 destroyers instead of about 100" -- as he had earlier projected. He added: "The General Board, the Chief of Operations, and the Special Board on the Submarine Menace [i.e., Pratt's Board], all agree in believing the construction of the maximum number of destroyers the most desirable materiel project for the Navy, and a vital military necessity." As for cost, Taylor estimated the price tab for Bethlehem's entire 150-destroyer project to be roughly $350 million.[50]

The Chief Constructor, however, did not believe that the 750-ton standardized destroyers suggested by Captain Pratt's Board would best meet the needs of the Navy. Existing destroyers displaced about 1,200 tons, had a speed of thirty-five knots, carried a crew of ninety-five, and were armed with four 4-inch guns, four triple torpedo tubes, and two antiaircraft guns. Taylor recommended that the new destroyers be practically identical in size and armament. The only major differences would be that the newer destroyers would have a slower speed -- twenty-

eight knots instead of thirty-five -- and a longer cruising radius -- 4,900 nautical miles rather than 3,600 (due to a much larger fuel oil tank). This design, Taylor argued, could be built just as quickly as 750-ton destroyers, but would provide the Navy with a much superior ship. On 10 August a committee of staff officers, on which Captain Pratt sat, endorsed Taylor's design recommendation; later that same day Daniels approved the design and instructed the Navy's Bureaus to submit, "as early as practicable . . . the plans, organizations and arrangements that should be made to insure the earliest practicable production of the largest number possible of this type of Destroyer."[51]

Although Daniels had now ordered the Bureaus to make preliminary studies of the scheme for building standardized destroyers, he had still not taken any steps that committed the Navy to proceed with this plan. The General Board hoped that he would not; contrary to what Admiral Taylor had said in his 10 August memorandum, the Board was not solidly behind the destroyer building program. In fact, in late August it again warned the Navy Secretary that "a new alignment" after the war might find the United States "unprepared to meet possible enemies in the Atlantic and the Pacific." To be ready for such a challenge, the Board said, the nation's shipbuilding effort should focus on all types of warships -- not just destroyers. The battleship, the Board emphasized, remained "the principal reliance of the sea power of a nation"; by 1920, it estimated, the Navy should ideally have no less than <u>twenty-six</u> additional capital ships. As William R. Braisted notes, even "the General Board conceded the futility of attempting such a giant program when every naval resource was devoted to antisubmarine construction." Nonetheless, the Board asked Daniels to obtain appropriations for "at least seven additional capital ships (two battleships and five battle cruisers)" and fifteen scout cruisers in his budget requests for the coming year.[52]

By now Daniels had heard plenty of severe warnings from the General Board about the danger of a future conflict and the need for capital ships. This latest installment may have caused the Navy Secretary a bit of anxiety, but it did not persuade him to resume

capital ship construction. Daniels -- like Admirals Benson and Taylor -- had by now come firmly around to the view that destroyers had to be favored over the building of capital ships. In November, to be sure, Daniels would advise President Wilson to ask Congress for appropriations to build three battleships, one battle cruiser, and three scout cruisers. These, though, were the big warships that were already scheduled to be funded during the final year of 1916's three-year building program. Daniels did not -- despite the General Board's recommendation -- ask for any additional capital ships or scout cruisers; he also made clear to the President that merchant ships and destroyers would continue to have priority over big warships. The only advantage to requesting appropriations for continuing the three-year building program, Daniels told Wilson, was that this would enable the Navy to start construction of these vessels as soon as the need for merchant tonnage and destroyers eased. Until then, however, the building of capital ships would continue to have a low priority.[53]

Now that Daniels had made the decision to delay capital ship construction, the most serious dilemma facing him was determining how the nation's shipbuilding capacity could most effectively be divided between destroyers and merchant ships. Both types of vessels were needed to meet the U-boat threat, and both types were making substantial demands on America's crowded shipyards. On 7 August Daniels had agreed with the Emergency Fleet Corporation that merchant tonnage should take precedence in private yards over battleships and battle cruisers -- but that left open the question of the priority cargo ships should have relative to destroyers.[54]

Daniels raised this issue at a Cabinet meeting on 10 August by discussing Bethlehem's proposal for building 150 destroyers. Four days later the topic came up again -- as Daniels noted in his diary on 14 August:

> At Cabinet discussed building destroyers. Shall we build merchant ships or destroyers? McAdoo rather thought the first. W[ilson] said much would depend upon how long the war would last. We are building 117 (actually 116 destroyers) & the proposed 150 could not be secured until 1919 & later. Then it would be a top-

> heavy Navy whereas the merchant ships would get in trade & that was the chief need. Decided to confer with [Admiral] Taylor & report.[55]

Daniels discussed the issue with Taylor sometime during the next two days. The Admiral told the Navy Secretary that destroyers had to be given preference over merchant tonnage. As one staff officer in the Office of Operations, Captain Josiah S. McKean, had told Captain Pratt a few weeks earlier, the Shipping Board's program of building merchant tonnage would only provide U-boats with more targets; the Navy's destroyer program, on the other hand, sought a more permanent solution to the U-boat menace -- killing off the submarines that threatened merchant shipping. Taylor may have presented a similar argument in his conversation with Daniels; whatever he said, he convinced the Navy Secretary to proceed with plans for building 150 destroyers. On 16 August Daniels sent a telegram to all the private yards that specialized in naval work requesting them to send representatives to a conference, to be held in Washington on 20 August, to investigate the construction of "a large number of additional destroyers with expedition."[56]

The Standardized Destroyer Program Begins

At the 20 August conference, held in Daniels's office, representatives from the Bath Iron Works, New York Shipbuilding, Cramp and Sons, and Newport News "were asked in turn to state the maximum number [of additional destroyers] that they would undertake." As J. W. Powell, then the President of Bethlehem's Fore River yard, recalled after the war, the total that these four plants "were willing to accept was less than a dozen" -- their ways were filled to capacity with existing work. "The Bethlehem Steel Corporation," Powell remembered, then offered, once again, "to undertake the construction of the entire 150." Daniels, though, questioned the wisdom of putting too much reliance on one firm and asked the other yards, as Powell put it, "to make a further study of the possibilities of increasing their capacity to handle part of this program."[57]

After the meeting Daniels talked to reporters and made public his decision to proceed with a massive destroyer program. "If we get what we want," he told the press, "the United States will have more destroyers than any other power. They are the one thing that a submarine fears." Daniels added that the Navy would order "all the destroyers which the builders could produce." As the New York Times perceptively explained, Daniels's announcement demonstrated "that the officers who have been contending that the best answer to the U-boat was to turn out an enormous number of destroyers have carried their point."[58]

The days following the conference were hectic ones for the shipyard executives at the four non-Bethlehem plants that specialized in naval construction. On short notice these men had to come up with plans for rapidly increasing destroyer output above the relatively high levels they had already achieved (on 20 August, the day of the conference, the Bath Iron Works was working on nine destroyers, compared to only five before 15 July; New York Shipbuilding had ten on order, compared to zero before 18 June; Cramp and Sons was working on twenty-three, compared to only eight before 20 July; and Newport News had orders for eleven, compared to zero before 17 May). These yards were not particularly enthusiastic about further increasing their production of destroyers, but they were willing to cooperate with the government to meet the national emergency. A letter to Daniels from the New York Shipbuilding Corporation of Camden, New Jersey, on 21 August, nicely sums up the attitude these firms took on the subject of building additional destroyers:

> At the conference held in Washington on the 20th instant, you requested our representative to submit a report as to the number of additional destroyers we could take for 18 to 20 months delivery on the supposition that our plant is expanded for this purpose.
>
> We had not previously considered an expansion of our plant for the reason that we have had difficulty in getting sufficient labor to permit us to work our present plant to advantage. . . .
>
> We are not now very optimistic regarding the labor situation, though we have improved somewhat recently in the number of men employed because of our favorable location. There are, however, a

> number of new shipyards building, and others contemplated [i.e., the fabricated shipyards of the Emergency Fleet Corporation]. These plants will have to be manned to a large extent from the experienced men of existing plants such as our own, and this does not tend to increase the output of ships as a whole, but only to increase their cost and demoralize the men by the competitive bidding for their services.
>
> However, counting on the Government's cooperation in assisting us to keep the men we have, and increasing our force as far as they are able to do so; and dependent on getting the necessary material in time, including possibly both turbines and boilers; we believe that because of the fact that we have an established concern, and a going organization, we can expand our facilities for building twenty or thirty additional destroyers as quickly as any other concern in a similar situation, and certainly much more quickly than a concern which contemplates the construction of a new plant.[59]

Admiral Taylor advised Daniels that New York Shipbuilding's proposal, although stated "in very general terms," would require "careful consideration when the Department" received appropriations from Congress for additional destroyers. Funding to build these craft was Daniels's next priority, and during the last week of August he announced to the press that he would ask Congress -- as Taylor had recommended -- for $350 million for destroyers. That figure, Daniels told reporters, was "a minimum" that might "have to be increased substantially."[60]

The only yard building destroyers which seemed unable to take additional orders was the Bath Iron Works. Daniels talked with the owners of this plant on 21 August and apparently concluded that the yard could not quickly expand its limited capacity. The other private shipyards building destroyers, however, suggested -- like New York Shipbuilding -- that increased production could be possible. On 31 August the Navy Secretary called for another conference, once again in his office, to discuss the destroyer building program. He told five yards -- Fore River, New York Shipbuilding, Cramp and Sons, Newport News, and the Union Iron Works -- that on 5 September they were "required to have a representative present prepared to discuss and settle further details" of the destroyer construction plan. The Navy Secretary was now moving rapidly towards the implementation of a large

destroyer building program.[61]

At the 5 September conference Daniels and the shipbuilders agreed on a tentative plan for increasing destroyer production. The two Bethlehem yards -- Fore River and the Union Iron Works -- would construct assembly plants to build ninety of the 1,200 ton standardized destroyers; the other three yards each proposed building twenty-five of the standardized ships. The design of the destroyer to be built was discussed at some length. The destroyers currently under construction had a speed of thirty-five knots, but the standardized destroyer being proposed by the Navy would only make twenty-eight knots. The slower ship, although less capable, would supposedly be easier to build. The pros and cons of these tradeoffs were extensively debated, but no final decision was made. The main concern turned out to be, as Daniels put it in his diary, the shipbuilders' ability "to secure turbines." That problem, Daniels wrote, appeared to be "very difficult."[62]

The next day the Navy Secretary went over the turbine shortage with representatives from the General Electric Company and the Westinghouse Electric and Manufacturing Company. Although the initial discussions did not make much headway, eventually the Navy was able to make arrangements with General Electric to build a large turbine shop at Erie, Pennsylvania. That facility, combined with the turbine plant Bethlehem intended to build at Buffalo, would meet the needs of the expanded destroyer construction program.[63]

On 7 September, as the shipyards developed their plans for building additional destroyers, Daniels appealed to Congress for the appropriations needed to carry out the program. He, along with Admirals Taylor and Griffin, appeared before the House Appropriations Committee to explain what had to be done. The Navy Secretary told the Representatives that $350 million would be needed to build 150 standardized destroyers -- and to construct the facilities needed to produce these. Daniels also renewed his 12 July request (on which Congress had not yet taken action) for a second "Naval Emergency Fund" of $100 million. This could be used to acquire whatever type of

vessels the Navy Department felt necessary: submarines, patrol craft, mine sweepers -- or even more destroyers.[64]

When Daniels appeared before the Senate Appropriations Committee, on 20 September, to make the same request, he got a rather hostile reception from the Committee Chairman, the Democrat Thomas S. Martin. Seward W. Livermore, in his history of the wartime Congress, calls Martin (who was also the Majority Leader) "an unfriendly old Bourbon reactionary from Virginia." Martin bluntly told Daniels (perhaps thinking of the open-ended nature of the "Naval Emergency Fund"): "We are voting all this money for war and we do not know how it is being spent. Congress did not ask any questions at first, but now demands to be informed." Daniels responded that his Department was "prepared for the closest scrutiny into every expenditure." That led Martin to back off for the time being, but the "old Bourbon reactionary" remained skeptical of the Navy's budget request -- and of the budget requests submitted by other government agencies, which he felt were "extravagant and almost reckless."[65]

Congress, though, had little choice but to pass the Administration's requests. As Senator Martin told the Senate, with some bitterness, on 25 September:

> We are compelled to shut our eyes and appropriate a great deal rather than hamper our men on the battlefield. But our duty to scrutinize these estimates grows every hour. We must give every dollar necessary to prosecute the war, but our duty is to trim down extravagant and useless appropriations.[66]

The Administration was not deaf to the point raised by Martin. Secretary of the Treasury William G. McAdoo, in fact, reduced Daniels's request for standardized destroyers to $225 million -- if more money was needed, McAdoo apparently reasoned, it could be requested later. That sum, plus the $100 million for a second "Naval Emergency Fund," was what Congress provided the Navy for shipbuilding in the Urgent Deficiencies Act signed by President Wilson on 6 October. This gave Daniels the appropriations he needed to start building destroyers.[67]

Daniels did not bother to wait for the formal signing ceremony before taking steps to get work underway. As soon as Congress passed

the Urgent Deficiencies Act, the Navy Secretary got in touch with the Bethlehem Shipbuilding Corporation. This organization, which had been formed in late September "to consolidate the Bethlehem Steel Corporation's shipbuilding interests under a single management," controlled both the Fore River yard and the Union Iron Works. On 5 October Daniels placed an order for eighty-five destroyers with this big shipbuilding concern. Bethlehem's plan was to produce forty-five standardized destroyers at its facilities near Boston, and another forty in San Francisco. The destroyers to be built in Massachusetts would be turned out by the Fore River plant, in Quincy, and at a new ten-way shipyard to be constructed at Squantum, on nearby Dorchester Bay. The destroyers to be built in California would be produced at the Union Iron Works and at an adjoining inactive shipyard that Bethlehem intended to refurbish -- the Risdon Iron Works. Daniels approved these plans, and also gave Bethlehem authority to build a turbine shop in Buffalo and a boiler plant in Providence. On 7 October, upon telegraphic instructions from Assistant Secretary Roosevelt, Bethlehem broke ground for its new plant at Squantum and began its ambitious destroyer program.[68]

Daniels also made arrangements with three other yards for standardized destroyers -- New York Shipbuilding got an order to build twenty, Cramp and Sons twenty-five, and Newport News twenty. That brought the total number of standardized destroyers to 150. On 8 October Daniels met with representatives from these three firms, and from Bethlehem, to work out the terms of the contracts.

The Navy had been letting "cost-plus-ten-percent-profit" contracts, but on the standardized destroyers it agreed to reimburse the shipbuilders "for the actual cost plus a fixed profit per ship." This arrangement was better for the government in that it eliminated any incentive the contractor might have to drive up costs. In a cost-plus-percentage-for-profit contract, higher costs automatically meant higher profits (e.g., a ten percent profit on a destroyer that cost $1.5 million would be $150,000, but this would increase to $175,000 if

the cost went up to $1.75 million). A cost-plus-fixed-profit contract, on the other hand, did not provide the shipbuilder any additional fee if costs increased.

The profit Daniels and the contractors agreed upon for the standardized destroyers was $135,000 per ship -- which worked out to nine percent of the estimated cost of $1.5 million per ship. If the destroyers turned out to be more expensive than the estimated price, the shipbuilders would still earn $135,000 for each vessel. There was, however, a strong incentive to reduce expenses; if the ships cost less than the estimated price, the contractor could keep fifty percent of the savings as additional profit (e.g., if the vessel could be built for $1.25 million instead of $1.5 million -- thereby saving $250,000 -- the firm could add half of this saving, $125,000, to its fixed profit of $135,000).[69]

The contractors would not earn anything for constructing the shipways, shops, and other facilities needed to build the standardized destroyers. Shipbuilders, realizing that there would not be much demand for destroyers after the war, were not willing to invest their own money in these capital improvements. The Navy thus paid the yards -- with no provision for profit -- the cost of building whatever new facilities were necessary. This meant that the government -- not the private shipyards -- owned the resulting plant extensions. Once the destroyer construction program ended, the shipbuilding plant to be constructed at Squantum, the improvements to the Risdon Iron Works, the turbine plants at Buffalo and Erie, the boiler plant at Providence, and the shipways, buildings, and equipment added to existing shipyards could be disposed of, by the government, as it saw fit.[70]

By mid October, the firms that were to produce the 150 standardized destroyers had agreed on these terms. They also discovered the Navy had changed the design of the vessel that they were to build. The General Board believed that the new destroyers should have a speed of thirty-five knots rather than twenty-eight -- and still retain the enhanced cruising radius of 4,900 nautical miles. This meant the new standardized destroyers, which were originally intended

to be simpler in design and easier to build than the existing destroyers, would be just as large and fast as the destroyers already under construction, and have a substantially enhanced range. The modifications necessitated by this change led, as the Bethlehem Shipbuilding Corporation later put it, to "the entire re-design of the vessels." Although there were some complaints from shipbuilders about this, the Navy approved the new design and work on standardized destroyers finally began.[71]

On 9 October the Navy announced the destroyer building program to the press. "This is the biggest project we have ever undertaken," Daniels told reporters; the Navy Department, he said, was "putting every energy and facility" into the plan. But destroyers -- and 110-foot submarine chasers -- were not the only vessels that the Navy was building. Although work on capital ships and scout cruisers had pretty much come to a halt, the Navy had continued to construct two other types of vessels: submarines and mine sweepers.[72]

Submarines, Mine Sweepers, and Merchantmen

During the summer of 1917 the Wilson Administration had created a War Industries Board to oversee the nation's industrial mobilization. On 13 October Secretary Daniels wrote the Board's Chairman, Frank A. Scott, to request that the destroyer building program be given the highest possible industrial priority. Four weeks later, on 9 November, Daniels wrote again to Scott. "Later studies of the problem of combating the submarine menace," Daniels said,

> have convinced the Department that next in importance to the construction of destroyers is the early completion of our submarines now under construction. . . .
>
> In view of the importance of the submarine program in meeting the submarine menace, it is requested that the yards building submarines be directed to give them precedence over all other construction, either Navy or merchant, except destroyers; in other words that the destroyers, as previously arranged, have precedence over everything and submarines should come second.[73]

The main reason the Navy was now putting such a heavy emphasis on submarine construction was because it had discovered -- from Britain's

experience -- that submarines could effectively be used to hunt down and sink other submarines. German U-boats, operating far from their home bases, had to spend much of their time on the surface to recharge the batteries they needed for subsurface operations. In general, U-boats would only submerge when they saw the smoke of an approaching vessel. Allied submarines, on the other hand, operated in waters relatively close to their bases. This meant that they did not have to economize as much as the German boats on electric-battery power. As Donald W. Mitchell states, in his history of the U.S. Navy, the "Allied submarine could therefore spend most of its time under water" and stalk the surfaced U-boat "without showing more than its own periscope, and discharge torpedoes before the enemy knew that anyone was in the vicinity." These tactics were so successful that the British designed and built a special type of submarine exclusively for the purpose of hunting U-boats.[74]

At first the U.S. Navy had not intended to employ submarines against U-boats; in February 1917, in fact, the General Board had told Daniels that "submarines can not be used effectively against other submarines." As a consequence, the Navy did not give submarine construction a very high priority during the first half of 1917. Congress, in the Naval Appropriations Act it passed in March, provided the funding necessary to build thirty-eight 800-ton submarines; eighteen of these had been authorized as part of the three-year building program approved in 1916, and the other twenty were new authorizations. The Navy had not asked for these additional subs, but Congress, apparently impressed by the impact German U-boats had had on naval warfare, tacked these vessels onto the Navy's request.[75]

The General Board and Secretary Daniels, however, were at first in no hurry to build these boats. In late April Daniels had agreed with the General Board that obtaining improved military capabilities (in terms of submerged speed, surface speed, operational radius, etc.) was far more important in the construction of submarines than achieving early deliveries. The General Board, accordingly, approved a design

that set tough performance specifications. One of the contractors, the Electric Boat Company, complained on 7 May that the adoption of the Navy's design would delay completion of the submarines by "at least five or six months." The General Board reluctantly agreed to permit Electric Boat to use an alternate design which the firm claimed could be built more quickly -- but the Board insisted that the contract guarantee, "under penalty," that the submarines produced by the firm meet or exceed certain capabilities found in the Navy's preferred design.[76]

By 17 May Daniels had ordered all thirty-eight of the submarines that Congress had funded in March. The Portsmouth Navy Yard, in New Hampshire, got orders for ten of the boats; the Lake Torpedo Boat Company, of Bridgeport, Connecticut, landed a contract for four; and the Electric Boat Company, headquartered in Groton, Connecticut, signed an agreement to build twenty-four.

Since there were already fifty-five submarines under construction from previous congressional appropriations, the United States now had a fleet of ninety-three submarines under contract. Twelve of these were at the Portsmouth Navy Yard, and the rest at private plants. The nation's biggest submarine contractor -- the Electric Boat Company -- did not have its own shipyard and subcontracted all the orders it got: in mid 1917 Bethlehem's Fore River yard was building thirty-eight submarines for Electric Boat, Bethlehem's Union Iron Works eighteen, and the Seattle Construction and Dry Dock Company three. Lake Torpedo Boat, on the other hand, did have a shipyard, located in Bridgeport, and there it was building nineteen submarines. The Lake firm also licensed the California Shipbuilding Company, in Long Beach, to build three submarines based on a Lake design.[77]

During the spring and early summer of 1917 this submarine construction was not given much attention by the Navy Department, which was concentrating its shipbuilding effort on destroyers and submarine chasers. By late summer this began to change, perhaps because of Captain Pratt's argument that submarines could help defend the United State against enemy battle fleets. In September, for example, Daniels

established a "permanent Board on submarine design" to reduce delays in construction caused by design changes. It was not until October and November, though, that the Navy really got serious about speeding up the production of these craft. This was a consequence of Britain's success in using submarines against U-boats. Unfortunately for the Navy, when it closely examined the status of the submarines it had on order, it discovered -- as the General Board told Daniels in a 30 November memorandum -- that there was a serious lack of progress. This was due to several factors.

One problem was that many submarine contracts had been let before the United States became a belligerent. These contracts were on a fixed-price basis, which meant the contractor got a "lump sum" for building the boat. Due to the war, the cost of both labor and material had increased substantially, making these lump-sum contracts unprofitable. As the Lake Torpedo Boat Company told Admiral Taylor, it was "unable to compete with plants working on a strictly cost plus basis." This was especially a problem in the area of labor -- a yard with a "cost-plus" contract could raise wages and have the government pick up the extra expense, whereas a yard with a lump-sum contract had to cover any pay raises out of its own profits. Lake Torpedo Boat had raised its wage rates, but could not keep pace with the pay hikes offered by yards working under cost-plus arrangements. As a result, the firm lost many of its skilled workers to higher paying yards, which slowed work considerably on the submarines it was building. Several times the yard asked Daniels to convert its lump-sum contracts to a cost-plus basis, but this would not be done until 1918.

Lake Torpedo Boat also complained about the large number of design changes in the submarines it had under contract. "We appreciate the Department's desire to have all vessels embody all the latest improvements at the time of their commissioning," the firm explained to Admiral Taylor, "but we desire to call attention to the fact that these numerous changes interfere materially with the rapid completion of the boats." The Navy's Board on Submarine Design had been set up to deal

with this very problem, but it did not provide a complete solution. As the Lake Torpedo Boat's Assistant General Manager, P. B. Brill, told naval officials on 15 December, almost half of the sixty-three men his firm had hired for "drafting and design work" spent all their time working on changes to design specifications.[78]

Another problem was the relatively low priority that shipyards building destroyers and merchant ships gave to submarines. This was the situation at the plants to which the Electric Boat Company subcontracted its work: Fore River, the Union Iron Works, and Seattle Construction and Dry Dock. These yards never stopped work on submarines, but -- with encouragement from the Navy Department and Shipping Board -- put their primary emphasis on the contracts they had for destroyers and cargo vessels. When the Navy decided to emphasize submarine construction late in 1917, it was difficult to get the languishing work on these boats back on track. As the General Board told Daniels in November, only four of the more than ninety submarines under construction "made normal peace time progress during October."

The General Board recommended to Daniels that the Navy Department put pressure on private yards, and on the Portsmouth Navy Yard (where progress was also slow), "to speed up submarine building." As the Board told Daniels: "No new designs are necessary; no new construction need be authorized." All that was needed, the Board said, was for the submarines already on order to be finished as quickly as possible. But that was easier said than done. During all of 1917 the Navy would only take delivery of four submarines; 1918, the Department hoped, would be a better year.[79]

The other type of vessel the Navy pushed work on during 1917 was sea-going mine sweepers. Between May and December Daniels placed orders for fifty-four of these relatively small ships, each of which displaced 950 tons. Eleven different private yards (all of which specialized in merchant construction) and two navy yards got mine sweeper contracts. These vessels were needed to clear mines laid by German U-boats and, if necessary, make lanes for friendly ships through Allied mine fields.[80] This latter consideration became important as a

consequence of an American decision to lay a massive mine barrage between Scotland and Norway.

Assistant Secretary of the Navy Roosevelt was the most vigorous proponent of this North Sea mine barrage, and in this he had the support of President Wilson. More than once Wilson had asked Daniels, "Why don't we shut the hornets up in their nest?" It was already difficult for German U-boats to get to sea through the English Channel, where the British had laid an extensive minefield between Dover and Calais, and where Royal Navy and French patrol boats and destroyers constantly searched for submarines. That meant U-boats had to pass between Scotland and Norway, in the North Sea, in order to get to their patrol stations in the Atlantic. As Roosevelt later recalled, during the "first week we were in the war I had been studying a map of European waters, had measured the distances across the English Channel [and] across the North Sea from Scotland to Norway," and had concluded that a mine barrage could be laid in the latter area -- just as one had been in the former.

The British and French Navies both opposed the scheme as impractical, and many high-ranking American naval officers -- including Admiral Sims -- were highly skeptical of the proposal. But Wilson felt the plan had potential when Roosevelt outlined it at the White House on 4 June; the President, in fact, established a commission to study the idea. It was not until November, however, that the persistent Roosevelt, along with several naval officers who also supported the concept of a mine barrage (most notably Admiral Frederic R. Harris, Chief of the Navy's Bureau of Yards and Docks), got permission to proceed with the scheme. As Roosevelt later put it, "Admiral Sims and the British Admiralty said to the Navy Department, in effect: 'We think the plan is a bit wild-eyed but go ahead if you want.'" That was enough of an endorsement for Roosevelt, who got Daniels to approve the mine-laying program.

For Roosevelt this was "a bigger matter than sending destroyers abroad or a division of battleships, or building a bunch of new

destroyers"; it was "vital," he believed, "to winning the war." That turned out to be an exaggeration. Nonetheless, during the next year American and British ships would lay 70,000 mines in the North Sea -- and although the complete barrage (intended to have 100,000 mines) was not finished before the Armistice, the mines that were laid did hamper U-boat operations. After the war ended, the American mine sweepers Secretary Daniels ordered in 1917 would play an important role in clearing this massive mine barrier.[81]

During 1917 America's naval shipbuilding effort thus focused on four types of ships: destroyers, submarine chasers, submarines, and mine sweepers. By the end of the year this building program was firmly in place and the Navy was proceeding with the construction of these vessels as rapidly as it could. Secretary Daniels and Assistant Secretary Roosevelt recognized that merchant ship construction was also important, but they would not let it interfere with naval work. As Roosevelt told one firm that was producing machinery for destroyers: "The Navy Department would like to see the work of the Emergency Fleet Corporation progress as rapidly as possible, but cannot for that reason grant any precedences to this work over Destroyer work." Roosevelt added that the 110-foot submarine chasers had just as high a priority as destroyers. Submarines, Daniels told the War Industries Board in November, were next in importance -- which put them ahead of all merchant vessels. And mine sweepers, at least in the Navy's estimation, were not too far behind submarines in significance.[82]

Given these urgent naval priorities, there was not much Daniels could do to assist the Emergency Fleet Corporation turn out merchant tonnage. From the Fleet Corporation's viewpoint, the most helpful action the Navy took was <u>not</u> placing contracts for warships (apart from mine sweepers) in yards that specialized in the construction of cargo vessels. Indeed, Daniels and Roosevelt repeatedly told merchant shipbuilding firms that applied for naval contracts that the Navy did "not desire to compete" with the Emergency Fleet Corporation. Yet this was not the only reason the Navy Department turned down such offers. As Roosevelt told one prospective destroyer contractor, the Navy did

not believe that yards without previous experience building warships could quickly turn out such "highly complicated and specialized" vessels.[83]

The Navy, to build the destroyers and submarines it needed, had to rely largely on the private shipyards which specialized in naval work. Before the United States had entered the war, five of these plants had signed contracts for seventy-four merchant ships (Fore River, Cramp and Sons, and Newport News each had orders for nine, New York Shipbuilding for twenty-three, and the Union Iron Works for twenty-four). The Navy did not order these yards to stop work on this commercial tonnage, but it did have them slow the pace so that destroyers -- and later, submarines (at Fore River and the Union Iron Works) -- could be accelerated. The Navy also prevented the Fleet Corporation from ordering any additional cargo ships in these yards during 1917. Since these five plants were among the nation's largest and most experienced shipyards, this policy hampered the rapid production of merchant tonnage. The Navy, however, had to use these facilities for its own shipbuilding effort; it had no choice, for the navy yards -- despite the fact that Daniels had taken steps to expand their capacity -- could not produce anything like the number of destroyers and submarines needed. The record these private plants would make in 1918, Daniels realized, would largely determine the success of the naval building program.[84]

Naval Shipbuilding in 1917

After the war ended, Admiral Sims would severely criticize Secretary Daniels for being too slow to make a decision about building destroyers. As Sims told a congressional committee investigating the Navy in 1920, "it was not until July 20, 1917, that the approval of the [Navy] department had been obtained to switch the building program to a concentration on destroyers." Only then, Sims continued, were contracts let for the "destroyers which were built from funds authorized by Congress on March 4; that is, four and one-half months

had passed after Congress had made the money available before the destroyers were contracted for by the department." And that, Sims said, was not all: "Similarly, as Congress did not appropriate the money for the additional program of 150 destroyers until October 6, 1917, it is a fair assumption that this delay was due to the failure of the department to state its needs earlier." It was not until 9-15 October, Sims went on, that "contracts for these 150 destroyers were let." These "tragic months of delay in 1917," Sims concluded, were inexcusable and severely hampered the American war effort.[85]

Sims's charges had some foundation. After the United States entered the war, Secretary Daniels was initially very cautious about making decisions on many aspects of naval policy. This was exasperating for his brash Assistant Secretary, who yearned for action. As Frank Freidel puts it, Roosevelt "was extremely upset by what he regarded as the dilatory behavior of both the Secretary of the Navy and the Chief of Naval Operations [Admiral Benson]." To put pressure on Daniels to act more quickly, Roosevelt tried "to get his complaints before President Wilson." As Freidel explains:

> He could not, of course, go directly to the President without being guilty of the sort of insubordination that could only result in dismissal [Roosevelt -- recognizing Daniels's close ties to Wilson -- had more qualms about approaching the President than William Denman's subordinates at the Shipping Board and Fleet Corporation, who constantly seemed to be beating a path to the White House door]. . . . Instead, he [Roosevelt] encouraged a third person to present the case against Daniels to Wilson without his own name being involved. The person was one of the most famous of American historical novelists, Winston Churchill, who was already renowned in the United States before the British Winston Spencer Churchill became known.

Churchill, a "friend and admirer of President Wilson" (and, incidentally, a relative of Admiral Sims's wife), served as a reporter during the war and wrote a series of syndicated newspaper articles on the Navy. During the course of his research and interviews, Churchill -- a graduate of the Naval Academy -- became concerned about what he perceived to be poor morale and inefficiency in the Navy Department. Roosevelt, in a confidential conference with Churchill, agreed with

these conclusions and apparently encouraged the novelist to present his findings to the President. Churchill arranged for an appointment at the White House on 25 July. As Freidel states, Churchill

> prepared a careful statement, complete with concrete citation of delays. Obviously he tried to be fair, paying tribute to the attractive personality of Daniels, and granting that in the last few weeks the Secretary had shown signs of being less obstructionist. Though eminently reasonable, Churchill did warn that various newspapermen and Congressmen were anxious to expose the impasse at the Navy.[86]

Wilson was impressed with Churchill's presentation and asked the novelist to prepare a report on what should be done. On 30 July Churchill personally discussed this issue with Secretary Daniels, who was aware of the novelist's meeting with the President (but not of Roosevelt's role in bringing it about). Churchill then submitted his recommendations to Wilson, who forwarded them to the Navy Department on 2 August. The memorandum Daniels received from the White House described Admiral Benson as "too prudent, too unimaginative" -- and tactfully suggested that greater authority be given to "much younger men." The memorandum also recommended that the General Board be reorganized. Roosevelt was pleased with these suggestions and would later write his wife: "I am encouraged to think that he [Wilson] has <u>begun</u> to catch on, but then it will take lots more of the Churchill type of attack."[87]

Daniels, however, retained both Benson and the General Board -- and paid little attention to Churchill's suggestions. Churchill's intervention, in fact, had almost no impact on naval policy. Before the novelist even met with Wilson, Daniels had already taken two key steps Roosevelt had been concerned about -- the Navy Secretary had deployed seventy percent of America's destroyers to British waters, and he had authorized a massive destroyer construction program. Churchill's intervention came too late to play a role in either of these decisions; as Churchill himself admitted to the President at his 25 July meeting, Daniels had become more decisive during the previous few weeks.[88]

Still, there was some justification for the concerns about policy

drift that Roosevelt voiced to Churchill, and Churchill to Wilson. During the first months of the war, for example, Daniels did take time to make up his mind over the direction the naval shipbuilding program should take. This was due to the conflicting advice the Secretary received from professional naval officers. Admiral Sims, from the time the U.S. entered the war, had emphasized the need for building destroyers instead of capital ships. But Admiral Benson, the General Board, Chief Constructor Taylor, and other senior naval officers had initially been wary about abandoning work on battle ships, battle cruisers, and scout cruisers. Daniels was understandably perplexed by these contradictory recommendations from the naval "experts" upon whom he had to rely.

As a result, the Navy Secretary was hesitant to make a quick decision about what should be done -- instead of taking vigorous action at the outset of the war, he took small steps. He approved building submarine chasers relatively quickly, but that was an easy decision to make, for the construction of these little boats did not threaten to delay work on capital ships. As the severity of the submarine threat became increasingly apparent, Daniels began to consider delaying work on big ships in order to build destroyers. The formidable warnings of Admiral Benson (before he changed his viewpoint) and the General Board, though, held Daniels back from this decision during April and May. If Britain had been defeated, which appeared to have been a possibility during the bleak spring of 1917, the United States might have had to face, as the General Board suggested, the battle fleet of a victorious Germany. To meet that contingency, capital ships, not destroyers, would have been needed. The heads of the Bureau of Construction and Repair and the Bureau of Steam Engineering, moreover, had advised Daniels that even if he wanted to build destroyers he would not be able to get many in the near future -- the nation's shipbuilding capacity was simply too limited.

During the first months of American belligerency, therefore, a decision to stop work on capital ships in order to concentrate on

destroyers appeared to be highly risky. According to what the Chief of Naval Operations, the General Board, and the Bureaus were telling Daniels, the United States could, if it took this step, not only not have new destroyers in time to deal with the U-boat threat, but also not have new capital ships in time to deal with a potential postwar conflict. However, Admiral Sims in London, and Captain Pratt in Washington, disagreed with this pessimistic assessment and forcefully urged the building of destroyers as quickly as possible. Daniels's uncertainty over what to do reflected the conflicting advice he was receiving.

In June of 1917 the situation began to change. Admiral Benson, influenced by the persuasive arguments of Captain Pratt, came to believe that destroyers should take precedence over capital ship construction after all. Daniels, who was also impressed by Pratt's views, began to take action along these lines, despite the opposition of the General Board -- which still wanted to build big ships. Specifically, the Navy Secretary stopped preliminary work on five battle cruisers and six scout cruisers he had ordered just before America entered the war, and he further postponed letting contracts for three additional battleships. By mid July, though, Daniels had only ordered sixteen destroyers beyond the number building at the time the United States became a belligerent. As Admiral Sims would point out after the war, it was not until after 20 July that Daniels began a large destroyer construction program.

Was the delay prior to 20 July, as Admiral Sims charged after the war, unjustifiable? Captain Pratt argued, in response to Sims, that it was not. "That there were delays, that there were mistakes, that it took time before we got into this war in full force, is fully and frankly admitted," Pratt said. Nevertheless, he continued, by June the process of switching naval shipbuilding from "battleship construction to chasers, destroyers," and other vessels needed to combat the submarine was underway. "The problems confronting us were stupendous," Pratt maintained, and the Navy met the challenge, "in the main," as well as could be expected. "The entire building program of the Navy,"

Pratt emphasized, "had to be changed to make it effective to engage in operations for which it had never been planned, that is, to operate against the submarine exclusively." Pratt might have added that the American experience was not that much different from that of Britain. The Royal Navy was also reluctant to abandon capital ship construction; indeed, it was not until 26 June that the British government decided to concentrate its naval building program on destroyers -- a date not that much earlier than Daniels's decision to do the same.[89]

Daniels, however, has to be faulted for some tardiness. The Navy Secretary could be a notoriously "slow decider" and procrastinator. Roosevelt was particularly frustrated over Daniels's penchant for dragging out "amiable consideration" of decisions, and his willingness to delay taking action. On 27 July, for example, Roosevelt entered Daniels's office and was horrified to find the Secretary "signing a big batch of Bureau of Navigation mail. . . . dated July 5th." Daniels displayed a similar reluctance to take action between mid June, when he agreed to postpone the construction of many of the Navy's big ships, and late July, when he finally approved a program to build two hundred destroyers (fifty on existing lines and 150 according to a standardized design). During this period Daniels was uncertain about how to proceed with such a large destroyer program -- and perplexed by the conflicting advice he was receiving from the naval officers assigned to his staff. Puzzled about his options, Daniels delayed making a decision until Admiral Benson brought the issue to a head on 21 July.[90]

Daniels was, as David F. Trask puts it, also "a cautious administrator during the war years" -- and politically very sensitive. Although Daniels approved the idea of building 150 standardized destroyers on 21 July, he carefully investigated all aspects of the scheme before proceeding. Tentative plans for the project were not fully developed until a conference with shipbuilders on 5 September, almost seven weeks after the Navy Secretary had told Benson he would support the plan. And Daniels would not go to Congress to request appropriations for this scheme until 7 September. The Secretary,

apparently, did not want to make the mistake of committing himself to a program that was impractical or poorly thought out. Perhaps the sorry fate of the Shipping Board's hastily adopted scheme to mass produce wooden ships served as an object lesson.

Yet once Daniels committed himself, the Navy turned to the task of building destroyers with efficiency. When Congress finally provided funds in October, the Navy had detailed plans in place which could immediately be implemented. Unfortunately, the time spent developing these plans, and getting congressional appropriations, pushed construction of the facilities needed to build these ships into what turned out to be an extraordinarily harsh winter. That would cost the Navy both time and money. Overall, however, the Navy Department was, as Freidel puts it, "functioning very actively on a large scale" by the end of the year -- even "Roosevelt's criticisms subsided."[91]

But criticism of Daniels -- and of his counterpart at the War Department, Newton D. Baker -- by Roosevelt's cousin, ex-President Theodore Roosevelt, was not subsiding; instead, it was reaching a thunderous crescendo. As Seward Livermore notes, during the fall of 1917 Roosevelt "embarked upon a one-man crusade to expose Wilson's shortcomings in the conduct of the war." The former Rough Rider attracted much attention with his vicious anti-Administration outbursts -- and made such a spectacle of himself that even Republican newspapers were reluctant to endorse his opinions wholeheartedly. Nonetheless, as Livermore suggests, many Americans -- including Democrats -- "could not suppress an uneasy feeling that although Roosevelt might be exaggerating, all was not well with the war effort." When the Sixty-Fifth Congress met on 4 December to begin its second session, the "apparent snail's pace of vital war preparations troubled Republicans and Democrats alike, and [congressmen] fumed over the official policy of withholding information on all such matters."[92]

On 11 December the Senate asserted itself and called for an investigation of the War Department by the Military Affairs Committee. "Roosevelt and his congressional allies," Livermore states, "cherished the notion that a public airing of the dismal facts [related to a

shortage of arms and ammunition in the Army] would blast the Secretary of War out of the Cabinet and wreck Wilson's political prospects." On the very next day the hostile inquisition began.[93]

The Senate Committee on Naval Affairs, meanwhile, prepared to conduct a similar investigation of the Navy Department's mobilization effort. Before the Committee could act, however, the House Committee on Naval Affairs, chaired by Lemuel P. Padgett of Tennessee, announced that it would investigate the Navy. This preemptive action by the House may have been arranged -- on short notice -- by the Administration.

Two of Wilson's most bitter congressional critics, Henry Cabot Lodge of Massachusetts (a close friend of Theodore Roosevelt) and Boies Penrose of Pennsylvania, were the ranking Republicans on the Senate Naval Affairs Committee. The questions they might ask during an investigation could be unfriendly -- and perhaps malicious. Two other Republicans on the Committee, Carrol S. Page of Vermont and Frederick Hale of Maine, had also demonstrated a willingness to attack the Administration. With the War Department already under harsh fire from the Senate Military Affairs Committee, the President must have been anxious to have the Navy spared a similar fate. Since an investigation in the House promised to be much less severe than a Senate inquiry, the Administration may have been responsible for convincing Representative Padgett to take action.

On 14 December Padgett announced the House investigation to the press -- and made clear that the inquiry would not be hostile:

> In our unanimous agreement to ask officials of the Navy Department for complete information as to the conduct of the war there was no hint in the committee that any one lacked confidence in its management. We want this investigation so as to be able to give full assurance that affairs are being properly conducted by making the facts known in an authentic way. There is no reflection or suspicion of mismanagement. Our purpose is to ascertain the facts and let people have full confidence in the Administration.

The New York Times, noting that the Senate Naval Committee had also been planning an investigation, stated that the House members "thought

themselves better qualified to undertake a square and impartial investigation than the Senate Committee." The Administration undoubtedly felt the same way.[94]

The House Committee, though, was not without its critics of the Administration. The New York Times reported that Fred A. Britten, a Republican from Illinois, would "probably ask some pertinent questions." That would indeed be the case. As Britten told reporters: "I personally believe that greater efforts should be made in the construction of destroyers for immediate assignment to the war zone." But Britten did not have as sharp a tongue as Henry Cabot Lodge or Boies Penrose, and the House investigation of the Navy would not cause the Administration very much heartburn.[95]

The War Department and the Navy were not the only government agencies that Congress started to investigate in December 1917. In all, five major inquiries began -- the Fuel Administration, the Food Administration, and the Shipping Board also came under the congressional spotlight. The Shipping Board, investigated by the Senate Commerce Committee, would face a much more hostile inquiry than the Navy. Although the Denman-Goethals controversy had ended in late July, public squabbles had continued to plague the merchant shipbuilding effort. In the middle of these disputes would be two naval officers, Admiral Washington Lee Capps and Admiral Frederic R. Harris, and two businessmen from Chicago, Edward Nash Hurley and Charles A. Piez.

NOTES TO CHAPTER 7

[1]Donald W. Mitchell, History of the Modern American Navy from 1883 through Pearl Harbor, (New York: Alfred A. Knopf, 1946), pp. 205-206; William Sowden Sims and Burton J. Hendrick, The Victory at Sea (Garden City, N.Y.: Doubleday, Page and Company, 1920), pp. 374-375.

[2]David F. Trask, Captains and Cabinets: Anglo-American Naval Relations, 1917-1918 (Columbia, Mo.: University of Missouri Press, 1972), pp. 55, 66-68; Army and Navy Journal, 57 (15 May 1920):1147; Edward M. Coffman, The War to End All Wars: The American Military Experience in World War I (New York: Oxford University Press, 1968), pp. 94, 104-105; Elting E. Morison, Admiral Sims and the Modern American Navy (Boston: Houghton Mifflin Company, 1942), pp. 6-7.

[3]As Wilton B. Fowler points out, it is remarkable that Wilson kept Page -- a man whose reports and analysis he could not trust -- in such a critical diplomatic post throughout most of the war. See Wilton B. Fowler, British-American Relations, 1917-1918: The Role of Sir William Wiseman (Princeton, N.J.: Princeton University Press, 1969), pp. 10-11.

[4]Dean C. Allard, "Anglo-American Naval Differences during World War I," Military Affairs 44 (April 1980):75-76; U.S. Congress, Senate, Subcommittee of the Committee on Naval Affairs, Naval Investigation, 66th Cong., 2d sess., pp. 1107-1109 (hereafter cited as Naval Investigation); Trask, Captains and Cabinets, pp. 55, 68, 77; Mary Klachko with David F. Trask, Admiral William Shepherd Benson: First Chief of Naval Operations (Annapolis, Md.: Naval Institute Press, 1987), pp. 65, 70-71.

[5]William Reynolds Braisted, The United States Navy in the Pacific, 1909-1922 (Austin, Tex.: University of Texas Press, 1971), p. 290; Klachko and Trask, p. 69.

[6]Construction Memorandum, 27 March 1917, "Total Vessels Authorized and Money Appropriated for Them," n.d., Container 510, Josephus Daniels Papers, Library of Congress (hereafter cited as Daniels Papers); Braisted, pp. 290, 293; Naval Investigation, pp. 1104-1105.

[7]General Board to Secretary of the Navy, 20 April 1917, General Board File 420, Records of the Secretary of the Navy, National Archives, Record Group 80 (hereafter cited as NA/RG 80); Braisted, pp. 293-294.

[8]Braisted, p. 294; Naval Investigation, pp. 1107-1109.

[9]Undated memorandum by Pratt attached to a report from the General Board to Daniels, 14 May 1917, General Board File 442, NA/RG 80; Karl Schuon, U.S. Navy Biographical Dictionary (New York: Franklin Watts, Inc., 1964), p. 199; Braisted, p. 296.

[10]New York Times, 20 April 1917; Josephus Daniels, The Cabinet Diaries of Josephus Daniels, 1913-1921, edited by E. David Cronon (Lincoln, Neb.: University of Nebraska Press, 1963), pp. 137, 139; Daniels to Shipping Board, 20 April 1917, Box 27, Subject-Classified General Files, Records of the United States Shipping Board, National Archives, Record Group 32 (hereafter cited as NA/RG 32); Naval Investigation, p. 399; Coffman, p. 107; Morison, p. 395; Trask, Captains and Cabinets, pp. 47-48; Braisted, p 293.

[11]Frank Freidel, Franklin D. Roosevelt: The Apprenticeship (Boston: Little, Brown and Company, 1952), pp. 304-307.

[12]Freidel, pp. 304-305; Trask, Captains and Cabinets, pp. 72-73; Daniels, The Cabinet Diaries of Josephus Daniels, p. 105; Morison, pp. 344-345.

[13]Roger Dingman, Power in the Pacific: The Origins of Naval Arms Limitation, 1914-1922 (Chicago: The University of Chicago Press, 1976), pp. 28-29; Holger H. Herwig and David F. Trask, "The Failure of Imperial Germany's Undersea Offensive Against World Shipping, February 1917-October 1918," Historian 33 (August 1971):614; Nathan Miller, The U.S. Navy: An Illustrated History (New York: American Heritage Publishing Company, 1977), pp. 261-262; Morison, pp. 348-349.

[14]Herwig and Trask, p. 616; Trask, Captains and Cabinets, pp.47-49, 101; Freidel, p. 305; Mitchell, pp. 218-219; Klachko and Trask, p. 69; Harold Sprout and Margaret Sprout, The Rise of American Naval Power, 1776-1918 (Princeton, N.J.: Princeton University Press, 1944), pp. 362-363; Thomas G. Frothingham, The American Reinforcement in the World War (Garden City, N.Y.: Doubleday, Page & Company, 1927), p. 157; Sims and Hendrick, pp. 36-37, 113-116.

[15]Daniels, The Cabinet Diaries of Josephus Daniels, p. 139; Freidel, p. 305. Freidel implies that "R - -" may have been Roosevelt, but was apparently unable to establish this definitely. Dingman, however, suggests it was Roosevelt who broached this idea. See Dingman, p. 41.

[16]Trask, Captains and Cabinets, pp. 104-105; Edward M. House, The Intimate Papers of Colonel House, edited by Charles Seymour, 4 vols. (Boston: Houghton Mifflin Company, 1926-1928), vol. 3, pp. 66-67.

[17]The most thorough account of House's negotiations is in Trask, Captains and Cabinets, pp. 102-125. See also Lansing to Wilson, 25 May 1917, Wilson to Lansing, 28 May 1917 in The Papers of Woodrow Wilson,

edited by Arthur S. Link et. al. (Princeton, N.J.: Princeton University Press, 1966-), vol. 42; Fowler, pp. 243-245; and House to Wilson, 17 July 1917, Series II, Woodrow Wilson Papers, Library of Congress (hereafter cited as Wilson Papers).

[18]Naval Investigation, pp. 408-409; New York Times, 25 March 1917.

[19]General Board to Secretary of the Navy, 14 May 1917, General Board File 442, NA/RG 80.

[20]Bureau of Construction and Repair and Bureau of Steam Engineering to Secretary of the Navy, "Construction of Additional Destroyers," [May 1917], Taylor to Daniels, 10 August 1917, File 27424, NA/RG 80. The two Bureaus estimated five yards -- Fore River, New York Shipbuilding, Cramp and Sons, Newport News, and the Union Iron Works -- could each build six additional destroyers by shifting labor and resources from capital ships and cruisers to destroyer construction. The Bath Iron Works, however, was a relatively small yard which was building destroyers exclusively -- it could therefore not shift any labor or resources from other work to build additional destroyers.

[21]Naval Investigation, pp. 1206-1207, 1209; Braisted, pp. 295-296.

[22]Naval Investigation, pp. 1207-1209; Braisted, pp. 295-296.

[23]Klachko and Trask, pp. 72, 87; Naval Investigation, pp. 1209, 1529; Trask, Captains and Cabinets, p. 138; Braisted, pp. 296-297; Paolo E. Coletta, "Josephus Daniels, 5 March 1913-5 March 1921," in American Secretaries of the Navy, vol. 2, ed. Paolo E. Coletta (Annapolis, Md.: Naval Institute Press, 1980), p. 556; Morison, p. 368.

[24]Daniels to Bureaus of Steam Engineering and Construction and Repair, 14 June 1917, File 27424, NA/RG 80.

[25]Bureaus of Steam Engineering and Construction and Repair to the Secretary of the Navy, 21 June 1917, Cramp and Sons to Secretary of the Navy, 19 June 1917, Fore River to Secretary of the Navy, 20 June 1917, Bath Iron Works to Secretary of the Navy, 21 June 1917, Taylor to Daniels, 10 August 1917, File 27424, NA/RG 80; U.S. Congress, House of Representatives, Committee on Naval Affairs, Hearings on Estimates Submitted by the Secretary of the Navy, 1919, 65th Cong., pp. 869-871 (hereafter cited as Hearings on Navy Estimates); U.S. Navy Department, Annual Reports for the Fiscal Year 1919 (Washington D.C.: Government Printing Office, 1920), pp. 564-565.

[26]Bureau of Construction and Repair and Bureau of Steam Engineering to Secretary of the Navy, "Construction of Additional Destroyers," [May 1917], Daniels to New York Shipbuilding, 18 June

1917, Cramp and Sons to Daniels, 19 June 1917, Daniels to Fore River, 21 June 1917, Roosevelt to New York Shipbuilding, 5 July 1917, File 27424, NA/RG 80; U.S. Congress, Senate, Committee on Commerce, Hearings on Senate Resolution 170 to Investigate All Matters Connected with the Building of Merchant Vessels under the Direction of the United States Shipping Board Emergency Fleet Corporation, 65th Cong., 2d sess., pp. 598-599 (hereafter cited as Senate Hearings); Hearings on Navy Estimates (1919), p. 871; U.S. Navy Department, Annual Report (1919), p. 572. Daniels, in his letter to the New York Shipbuilding Corporation on 18 June, frankly stated: "In accordance with the Department's program of construction destroyers are given precedence over battleships and battle cruisers and for that reason the construction of the destroyers hereby awarded you would take precedence over work on battle cruiser No. 3 and the battleships Colorado and Washington building at your yards."

[27]Senate Hearings, pp. 598-599; The Marine Review 47 (May 1917):163.

[28]Naval Investigation, pp. 1206-1207.

[29]Senate Hearings, pp. 307, 599; New York Times, 16 March 1917.

[30]Daniels to Fore River, 21 June 1917, File 27424, NA/RG 80.

[31]U.S. Navy Department, Annual Report (1919), pp. 570-577.

[32]Naval Investigation, pp. 1209-1213.

[33]Carroll Kilpatrick, ed., Roosevelt and Daniels: A Friendship in Politics (Chapel Hill, N.C.: University of North Carolina Press, 1952), p. 36 (emphasis in original); Naval Investigation, pp. 1213, 3255-3256; New York Times, 13 July 1917; Braisted, pp. 299-300.

[34]Naval Investigation, pp. 1218-1220.

[35]Ibid., pp. 1218-1219.

[36]Ibid., pp. 1213-1215. The members of Pratt's Board were Commander F. L. Pinney, Naval Constructor B. S. Land, Lieutenant Commander W. R. Van Auken, Lieutenant Commander S. C. Hooper, Professor G. K. Calhoun, and Lieutenant J. H. Towers.

[37]Daniels to Wilson, 14 July 1917, The Papers of Woodrow Wilson, vol. 43.

[38]Fowler, pp. 243-244; Trask, Captains and Cabinets, pp. 123-124, 138; House to Wilson, 17 July 1917, Series II, Wilson Papers; "From the Diary of Colonel House," 14 July 1917, The Papers of Woodrow Wilson, vol. 43. Wilson was not alone in taking the view that capital ships

were no longer important -- after the war several naval officers would publicly debate this issue. The notion that battleships were "fast becoming as obsolete as eighteenth century ships-of-the-line," however, was "rejected by the British Admiralty, by the United States Navy Department, and generally by practical students of naval warfare." See Sprout and Sprout, pp. 372-373.

[39]Daniels to Wilson with Enclosure from Admiral Sims, 14 July 1917, The Papers of Woodrow Wilson, vol. 43; Klachko and Trask, pp. 78-79.

[40]Daniels to Wilson, 28 July 1917, The Papers of Woodrow Wilson, vol. 43; Klachko and Trask, p. 72; Braisted, p. 300; Naval Investigation, pp. 3255-3256. There are two misprints in the copy of Pratt's letter to Sims in the transcript of the Naval Investigation: the letter printed there reads "our building program calls for 116 destroyers of the standard type and 180 of the type we recommended. In other words, 256 craft." Those numbers do not add up; the correct numbers are 116, 150, and 266 respectively. Braisted, referring to the original copy of Pratt's letter, provides the correct figures.

[41]Hearings on Navy Estimates (1919), pp. 870-872; Daniels to Chief of Operations and Bureaus, 20 July 1917, Daniels to New York Shipbuilding, 31 July 1917, Daniels to Fore River, 2 August 1917, Daniels to Union Iron Works, 3 August 1917, Daniels to Newport News, 9 August 1917, Judge Advocate General to Assistant Attorney General, 23 September 1921, File 27424, NA/RG 80.

[42]Hearings on Navy Estimates (1919), pp. 869-872; U.S. Navy Department, Annual Report (1919), p. 564. When the Navy Department ordered work suspended on the battleships and scout cruisers it had ordered (before the U.S. entered the war) on a fixed-price basis, it usually converted the contracts to a cost-plus arrangement. Because of wartime inflation, the Department recognized that firms could not reasonably be expected to complete these vessels for the sums quoted in their original bids if work on the ships was delayed and wartime rates for labor and material had to be paid. See, for example, Daniels to New York Shipbuilding Corporation, 21 June 1917, Roosevelt to Union Iron Works, 8 August 1917, Daniels to Seattle Construction and Dry Dock Corporation, 27 August 1917, File 27424, NA/RG 80.

[43]Hearings on Navy Estimates (1919), pp. 877-883; General Board to Secretary of the Navy, 28 February 1917, Daniels to All Bureaus and Navy Yards, 13 June 1917, File 27219, NA/RG 80; Fletcher Pratt, The Navy, A History: The Story of a Service in Action (Garden City, N.Y.: Garden City Publishing Company, 1941), p. 391; Jane's Fighting Ships, 1922 (London: Sampson Low, Marston & Company, 1922), p. 396; Mitchell, p. 207. One man who served on a 110-foot submarine chaser later wrote about what it was like to be on board: "Water and dampness are everywhere. Combined with the nerve-racking roll and pitch is the

constant vapor of salt spray and spent exhaust gases belching from the engine ports. . . . At no time at sea -- and we spent most of our time there -- was the reek of gasoline and salt spray any better than just endurable." See Coffman, pp. 115-116. The small 3-inch gun on board these submarine chasers could be lethal to U-boats. As Sprout and Sprout point out, a "single well placed shell, even of small caliber, could sink a submarine floating upon the surface." See Sprout and Sprout, p. 362.

[44]Kilpatrick, p. 35.

[45]General Board to Secretary of the Navy, 26 March 1917, "Progress Report of 110' Submarine Chasers," 15 August 1917, Bureau of Steam Engineering to Chief of Naval Operations, 13 September 1917, File 27219, NA/RG 80; Hearings on Navy Estimates (1919), pp. 877-883.

[46]Freidel, pp. 310-311; New York Times, 13 May 1917; United States Naval Institute Proceedings 91 (October 1965):86-87; Dudley W. Knox, A History of the United States Navy (New York: G. P. Putnam's Sons, 1936), p. 384.

[47]Kenneth S. Davis, F.D.R.: The Beckoning of Destiny, 1882-1928 (New York: G. P. Putnam's Sons, 1972), p. 480; Trask, Captains and Cabinets, p. 160; Herwig and Trask, pp. 617-618; Freidel, p. 310, 327.

[48]New York Times, 7 August 1917; General Board to Secretary of the Navy, 29 May 1917, File 27424, NA/RG 80; Industrial Manager to Commandant of the New York Navy Yard, 4 August 1917, Telephone Conversation between New York Navy Yard and Captain McKean, 27 August 1917, File 27219, NA/RG 80.

[49]J. W. Powell to Daniels, 2 January 1919, H. S. Snyder to Bureaus of Steam Engineering and Construction and Repair, 6 August 1917, File 27424, NA/RG 80.

[50]Taylor to Daniels, 10 August 1917, J. W. Powell to Daniels, 2 January 1919, File 27424, NA/RG 80.

[51]Taylor to Daniels, 7 August 1917, "Memorandum for the Admiral," 10 August 1917, Daniels to Navy Bureaus, 10 August 1917, File 27424, NA/RG 80; Jane's Fighting Ships, 1922, p. 385.

[52]Braisted, pp. 300-301; Trask, Captains and Cabinets, p. 139; General Board to Secretary of the Navy, General Board File 420-2, NA/RG 80.

[53]Daniels to Wilson, 30 November 1917, The Papers of Woodrow Wilson, vol. 45; Braisted, p. 301.

[54]Braisted, p. 300.

[55]Daniels, The Cabinet Diaries of Josephus Daniels, pp. 189-190. Daniels's diary entry for 10 August 1917 reads: "I brght up proposition of Bethlehem Co. to build 750 submarines, some in 8 months & all in 18 months." Daniels must have meant the proposal to build 150 (not 750) destroyers (not submarines). Bethlehem never proposed building 750 submarines.

[56]Daniels to Bath Iron Works, Fore River, et. al., 16 August 1917, File 27424, NA/RG 80; Naval Investigation, p. 1216.

[57]Daniels, The Cabinet Diaries of Josephus Daniels, p. 193; Powell to Secretary of the Navy, 2 January 1919, File 27424, NA/RG 80.

[58]New York Times, 21 August 1917.

[59]New York Shipbuilding Corporation to Daniels, 21 August 1917, File 27424, NA/RG 80; Hearings on Navy Estimates (1919), pp. 871-872.

[60]Taylor to Daniels, 31 August 1917, File 27424, NA/RG 80; New York Times, 28 August 1917.

[61]Daniels, The Cabinet Diaries of Josephus Daniels, p. 193; Newport News to Daniels, 21 August, 28 August 1917, Daniels to Fore River, New York Shipbuilding, et. al., 31 August 1917, File 27424, NA/RG 80.

[62]Powell to Daniels, 2 January, 1919, File 27424, NA/RG 80; Daniels. The Cabinet Diaries of Josephus Daniels, p. 201.

[63]Daniels, The Cabinet Diaries of Josephus Daniels, pp. 201-202; Powell to Daniels, 2 January 1919, File 27424, NA/RG 80; Westinghouse and General Electric to Daniels, 12 September 1917, General Electric to Daniels, 24 September 1917, Container 510, Daniels Papers.

[64]"Total Vessels Authorized and Money Appropriated," n.d., Container 510, Daniels Papers; Daniels, The Cabinet Diaries of Josephus Daniels, p. 202; U.S., Congress, Congressional Record, 65th Cong., 1st sess., 7 September 1917, p. 6714.

[65]Seward W. Livermore, Politics Is Adjourned: Woodrow Wilson and the War Congress, 1916-1917 (Middletown, Conn.: Wesleyan University Press, 1966), p. 10; Daniels, The Cabinet Diaries of Josephus Daniels, p. 208; New York Times, 26 September 1917.

[66]New York Times, 25 September 1917.

[67]"Total Vessels Authorized and Money Appropriated for Them," n.d., Container 510, Daniels Papers; Powell to Daniels, 2 January 1919, File 27424, NA/RG 80; New York Times, 7 September 1917.

[68]Powell to Daniels, 2 January 1919, File 27424, G. Egerton to Daniels, 29 April 1920, "History of Squantum, the Victory Plant," n.d., File 28908, NA/RG 80; Bethlehem Shipbuilding Corporation, Ltd. (Bethlehem, Pa.: Bethlehem Shipbuilding Corporation, n.d.), pp. 29-31. The Bethlehem Shipbuilding Corporation also controlled three yards that specialized in merchant ship construction -- the Samuel L. Moore and Sons yard at Elizabethport, New Jersey; the Harlan and Hollingsworth yard at Wilmington, Delaware; and the Maryland Shipbuilding yard at Sparrow's Point, Maryland.

[69]U.S. Navy Department, Paymaster General, Annual Report of the Paymaster General of the Navy for the Fiscal Year 1918 (Washington D.C.: Government Printing Office, 1918), p. 103; Daniels to F. A. Scott, 13 October 1917, Powell to Daniels, 2 January 1919, File 27424, NA/RG 80; Daniels, The Cabinet Diaries of Josephus Daniels, p. 217.

[70]New York Times, 10 October 1917; Powell to Daniels, 2 January 1919, File 27424, NA/RG 80.

[71]Taylor to Daniels, 24 September 1917, Daniels to All Bureaus, 27 September 1917, Powell to Daniels, 2 January 1919, File 27424, NA/RG 80; Jane's Fighting Ships, 1922, pp. 385-387.

[72]New York Times, 10 October 1917; U.S. Navy Department, Annual Report (1918), p. 511.

[73]Daniels to Scott, 13 October 1917, 9 November 1917, File 27424, NA/RG 80.

[74]Mitchell, pp. 214-215; Sims and Hendrick, pp. 263-264, 272-273; Trask, Captains and Cabinets, p. 151.

[75]General Board to Secretary of the Navy, 2 April 1920, General Board File 420-2, General Board to Secretary of the Navy, 21 February 1917, General Board File 420-15, NA/RG 80; John D. Alden, The Fleet Submarine in the U.S. Navy: A Design and Construction History (Annapolis, Md.: Naval Institute Press, 1979), p. 8.

[76]General Board to Secretary of the Navy (with Daniels's endorsement), 25 April 1917, Electric Boat to Daniels, 7 May 1917, General Board to Secretary of the Navy, 8 May 1917, General Board File 420-15, NA/RG 80. The General Board insisted that the Electric Boat submarines meet the speed specifications of the Navy-preferred design, but waived the requirement that the boats meet the same operational radius capabilities.

[77]Daniels to Scott, 9 November 1917, File 27424, NA/RG 80; New York Times, 12 April 1917; Hearings on Navy Estimates (1919), pp. 875-876.

[78]Alden, p. 8; Daniels to Chief of Naval Operations and Bureau Chiefs, 29 September 1917, File 27219, Brill to Taylor, 3 December 1917, Brill to Superintending Constructor and Inspector of Machinery, 15 December 1917, File 27424, General Board to Secretary of the Navy, 30 November 1917, General Board File 420-15, NA/RG 80.

[79]General Board to Secretary of the Navy, 30 November 1917, General Board File 420-15, NA/RG 80; U.S. Navy Department, Annual Report (1919), p. 566.

[80]Hearings on Navy Estimates (1919), pp. 883-884; New York Times, 22 May 1917; U.S. Navy Department, Annual Report (1919), pp. 248-250, 603-604; Jane's Fighting Ships, 1922, p. 404. The eleven private yards that got mine sweeper contracts were Todd Shipyard Corporation, Staten Island Shipbuilding Company, Standard Shipbuilding Company, Gas Engineering and Power Company, Charles L. Seabury Company, New Jersey Dry Dock and Transportation Company, Chester Shipbuilding Company, Pusey and Jones, Baltimore Dry Dock and Shipbuilding company, Sun Shipbuilding Company, and Alabama Dry Dock and Shipbuilding Company; the two navy yards were Philadelphia and Puget Sound.

[81]Davis, p. 475; Kilpatrick, pp. 42-43; Franklin D. Roosevelt, F.D.R., His Personal Letters: 1905-1928, edited by Elliott Roosevelt (New York: Duell, Sloan and Pearce, 1948), pp. 364-367; Freidel, pp. 312-317; U.S. Navy Department, Annual Report (1919), pp. 49-51; Sims and Hendrick, pp. 285-295. Sims states that the North Sea minefield "was officially adopted by both the American and the British governments" on 2 November 1917.

[82]Daniels to Scott, 9 November 1917, Roosevelt to De Laval Steam Turbine Company, 15 December 1917, File 27424, NA/RG 80.

[83]Daniels to American Bridge Company, 26 September 1917, Roosevelt to S. G. Gibboney, 5 October 1917, File 27424, NA/RG 80.

[84]New York Times, 11 July 1917; Senate Hearings, pp. 307, 597.

[85]Naval Investigation, pp. 3256-3258.

[86]Freidel, pp. 307-309; Churchill to Wilson, 2 August 1917, (editor's note 1), The Papers of Woodrow Wilson, vol. 43; Davis, p. 462; Klachko and Trask, pp. 79-80.

[87]Freidel, pp. 309-310; Roosevelt, Personal Letters, pp. 356-357; Wilson to Daniels, 2 August 1917, The Papers of Woodrow Wilson, vol. 43; Daniels, The Cabinet Diaries of Josephus Daniels, p. 185.

[88]Allard, p. 76; Daniels, The Cabinet Diaries of Josephus Daniels, pp. 184-185; Naval Investigation, pp. 3255-3256; Freidel, p.

309; Morison, p. 355.

[89]Naval Investigation, pp. 1205, 1464-1465; Trask, Captains and Cabinets, p. 79.

[90]Freidel, pp. 302-304, 307; Roosevelt, Personal Letters, pp. 364-367. Roosevelt, in a letter to Wilson on 29 October, suggested to the President that the "speed and method employed" by Daniels to mobilize the Navy for war had wasted months of time. See Roosevelt, Personal Letters, p. 366.

[91]Trask, Captains and Cabinets, p. 138; Freidel, pp. 307, 310; Sprout and Sprout, p. 365.

[92]Livermore, pp. 64-65.

[93]Ibid., pp. 65, 70.

[94]Ibid., 54-56, 76-77, 92-93, New York Times, 15 December 1917; U.S. Congress, Official Congressional Directory, 65th Cong., 2d sess., p. 168.

[95]New York Times, 15 December 1917. Interestingly, the following summer Lodge would make a speech defending the Navy Department on the floor of the Senate. As E. David Cronon notes, on 6 June 1918 "Senator Lodge, a member of the Senate Naval Affairs Committee and not a particularly warm admirer of Daniels, nevertheless defended the Navy Department against criticism in a Senate speech . . . declaring that the Navy was taking every precaution to protect American shipping." See Daniels, The Cabinet Diaries of Josephus Daniels, p. 310 and Josephus Daniels, The Wilson Era: Years of War and After, 1917-1923 (Chapel Hill, N.C.: The University of North Carolina Press, 1946), pp. 146-148. Whether Lodge would have been as supportive of the Navy during a congressional investigation six months earlier, in December 1917, is questionable. Perhaps he would have been -- on 18 December he told the Senate: "The ships of the Navy are being built and they are being turned out with the greatest possible rapidity in the classes which are most needed." On the same day, however, he was highly critical of the Shipping Board -- the New York Times quoted Lodge as saying: "I think the Shipping Board ought to be abolished. We've had the Shipping Board for a year and we haven't got the ships yet; and there's no prospect, apparently, of getting them for a long time to come. The system is wrong and ought to be changed before there is any more delay." See New York Times, 19 December 1917 and U.S. Congress, Congressional Record, 65th Cong., 2d sess., 18 December 1917, p. 485. It is possible Lodge's viewpoint on the Navy would have become more similar to his viewpoint on the Shipping Board if he had had the opportunity to investigate the Navy Department's building program; this was, at any rate, an apparent concern of the Wilson Administration.

CHAPTER 8

THE SHIPPING BOARD -- NEW MANAGEMENT AND NEW PROBLEMS: JULY TO DECEMBER 1917

Hurley and Capps Take Charge

The new Chairman of the Shipping Board, Edward Nash Hurley, was born in Galesburg, Illinois, in 1864 -- the fifth of ten children. His father, an Irish immigrant, was a railroad mechanic who never made more than fifty dollars a month. Young Hurley initially followed his father's trade, quitting high school after two years to take a job in the railroad shops. He soon left, though, to become the fireman of a switching engine, and then a train engineer. A union man, he participated in an 1888 strike and served as secretary to the Grand Chief of the Brotherhood of Locomotive Engineers, P. M. Arthur.

In 1889 Hurley, an enthusiastic and personable young man, became active in Democratic Party politics in Cook County, Illinois. As a reward for his party service, he received two patronage appointments, serving first as a Deputy Collector of Internal Revenue, and then as the Chief Engineer of Cook County's public institutions. But these political jobs apparently held little attraction -- Hurley soon left to become a traveling salesman for a Philadelphia firm that manufactured railroad supplies. He prospered modestly, thanks to his friendly personality and powers of persuasion.

When Hurley was thirty-two, in 1896, his career suddenly changed. After a dispute with his employer over commissions, he quit his job in Philadelphia and returned to Chicago. There he met an old acquaintance, from his railroad days, whose brother had recently invented a piston air drill. Impressed by the apparatus, Hurley -- by now an accomplished salesman -- offered to help market it. Mortgaging his home to obtain capital, he organized the Standard Pneumatic Tool Company and acquired patent rights to the compressed-air device. Carrying demonstration models of pneumatic hammers and drills, he

traveled through the factories and shipyards of Great Britain and America, urging businessmen to install compressed-air systems. Sales rapidly grew, the company prospered, and after six years Hurley sold his interest in the business for over $1.25 million.

Hurley took these earnings and bought a tract of land in Wheaton, Illinois, where he spent the next five years as a wealthy "gentleman farmer." Eventually tiring of this, he returned to the world of business in 1906, when he was elected President of the First National Bank of Wheaton. Two years later he founded the Hurley Machine Company in Chicago, which manufactured household electrical appliances. This quickly became one of the most successful firms of its kind in America.[1]

It was in the late spring of 1910 that Hurley first met Woodrow Wilson, then the President of Princeton University. From the beginning the two men liked each other, and Hurley -- still interested in Democratic Party affairs -- played a small role in Wilson's nomination that year as the Democratic candidate for Governor of New Jersey. Two years later, when Wilson ran for President, Hurley was one of his most ardent supporters in Illinois.[2]

After moving into the White House, Wilson remembered the friendly Irish Catholic businessman from Chicago -- and decided to make use of his talents. In 1914 the President asked Hurley to go to South America as a "Special Commissioner" to prepare a report on banking and credits in the Argentine, Brazil, Chile, and Peru. When Hurley returned to the United States, Wilson appointed him to a position on the newly organized Federal Trade Commission. There Hurley -- serving first as Vice Chairman and then as Chairman -- preached a doctrine of voluntary cooperation between business and government.

Hurley outlined his views on this topic in a 1916 book entitled Awakening of Business. He argued that the government should provide businessmen with information on market conditions, production techniques, foreign trade opportunities, accounting standards, and so on. Businessmen themselves, he added, should share this same kind of information among themselves, through trade associations. All of this,

he said, would help American business improve its productivity and profitability, and that, in turn, would promote American prosperity.[3]

After three years with the Federal Trade Commission Hurley resigned, on 1 February 1917, to return to private life. As he told one friend, his "last month or two on the trade commission" had been "rather strenuous" and he looked forward to getting some rest. After the United States entered the war, however, Hurley volunteered his services to President Wilson, who appointed him a member of the Red Cross War Council. There he used his salesmanship skills to direct a campaign that ultimately raised a hundred million dollars for war relief. Then, early in July, at the request of Secretary of Commerce William C. Redfield, Hurley accepted a position with the recently organized Exports Council.[4]

Hurley was just getting started on this new job when the President's personal secretary, Joseph P. Tumulty, called on him -- probably on the afternoon of 23 July. Hurley later remembered being surprised when Tumulty asked him to become the new head of the Shipping Board. The man from Chicago protested that he did not know much about shipbuilding, that he was very happy in his present job, and that the new position did not appeal to him. "Well," he recalled Tumulty as having said, "I told the President you would not be interested but he replied: 'You tell Hurley this is personal.'" Upon hearing this, Hurley immediately agreed to accept the position.[5]

Wilson appreciated Hurley's willingness to serve. The President had been impressed with the job the retired Chicago businessman had done at the Federal Trade Commission. Hurley had efficiently administered that agency, and Wilson had approved of his efforts to promote voluntary cooperation between business and government -- the type of cooperation that now seemed necessary to get the shipbuilding program back on track.

Just as important as this experience at the Trade Commission, though, was the fact that Wilson felt he could count on Hurley's loyal support. As the historian Robert D. Cuff points out, the President,

"in a crisis, leaned on those men whose friendship and loyalty" he felt he could rely on. A letter Wilson wrote on 25 July demonstrates the warmth of his feeling towards Hurley -- and the trust he had in the man from Chicago:

My dear Hurley:

> You are certainly a soldier and I honor you greatly. I did not have time, as you will understand, at the crisis of the matter just settled [i.e., the Denman-Goethals affair] to express to you my feeling, but the way you responded to the call I sent you through Tumulty was evidence enough that you understood.
>
> This line is sent merely for my personal gratification, because I want you to know how warmly grateful I am.

Cordially and sincerely yours,

Woodrow Wilson

One advantage Hurley would have over his predecessor was this close relationship with the President.[6]

It meant a lot to Hurley to have Wilson's trust and friendship, for he greatly admired the occupant of the White House. It "is a great pleasure and privilege," Hurley wrote in his diary, "to be associated with this great man with such a wonderful mind." Hurley would hold to this opinion of Wilson throughout his life; in his memoirs, published in 1927, he titled his concluding chapter: "Our Wise Counsellor -- Woodrow Wilson." There he spoke of the "inspiring leadership" and "almost super-human ability" of the President. Wilson, during the war, would have no more loyal or admiring subordinate than Edward Nash Hurley.[7]

The new General Manager of the Emergency Fleet Corporation was Admiral Washington Lee Capps. The Admiral was just as surprised as Hurley to learn of his appointment. As Secretary of the Navy Josephus Daniels told reporters on 24 July: "The most astonished man in Washington this afternoon was Admiral Capps when I sent for him and told him that he had been selected by the President as successor to General Goethals. This was absolutely his first indication that he had been under consideration for the place."[8]

Capps seemed to be well qualified for the job. His naval career

had been distinguished, and he had earned numerous awards for his engineering achievements. After graduating third out of a class of forty-six at Annapolis in 1884, he had been sent to Glasgow University, in Scotland, to study naval architecture. When he returned to the United States he had spent more than a decade supervising the building of warships in both government-owned and private shipyards (the famous battleship Oregon, for example, was built under his supervision at the Union Iron Works, in San Francisco, between 1896 and 1898). During the Spanish-American War, Capps had briefly left his shipyard duties to serve with Admiral Dewey in the Philippines, where he supervised the raising and repairing of three sunken Spanish ships. After the war he had been promoted -- at the young age of thirty-nine -- to the rank of Rear Admiral, and in 1903 he became the Navy's Chief Constructor (i.e., Chief of the Bureau of Construction and Repair). Capps served in this position until 1910, when Secretary of the Navy George Von Lengerke Meyer forced him to resign during a dispute over naval reorganization. Since that time Capps had performed in a variety of administrative positions. Most recently he had chaired the Navy's Compensation Board, which supervised the execution of the cost-plus contracts that had been let for the building of warships.[9]

Although the Admiral's achievements were impressive, he was not without his shortcomings. His approach to work was exceedingly slow and deliberate, he could be stubborn and inflexible, and he found it difficult to delegate responsibility (a few weeks after Capps took charge, one of his subordinates at the Fleet Corporation would complain that he could not "get any authority to do anything, Capps wanting to do everything himself"). The Admiral was also handicapped by a medical problem about which the public did not know (and the exact nature of which is still unclear today). The duties Capps was assuming could severely tax the strength of a healthy man, let alone an ill one. As one of Capps's personal friends confessed to the outgoing General Manager, General George W. Goethals, the condition of the Admiral's health was so precarious that it would have "been better had he been

left at the work" he was doing at the Navy Department, which was much less strenuous.

Capps himself realized that the coming months would be difficult. Several hours after he was named General Manager, he called on William Denman to discuss the shipbuilding program. The ex-Chairman later recalled the Admiral telling him: "Mr. Denman, until two o'clock today I had not the faintest notion that I was to receive this appointment. I am a sick man. But I am a naval officer, and I am going through, as far as I can."[10]

In addition to Hurley and Capps, the White House announced one other appointment on 24 July. To fill Commissioner John B. White's position on the Shipping Board, Wilson nominated Bainbridge Colby, an attorney from New York. White, a Republican, had filled one of the Board's two non-Democrat positions; since Colby was a member of the Progressive Party -- in 1916 he was that party's candidate for the Senate in New York -- he was politically qualified to take White's position.

From the perspective of the Administration, Colby was the best kind of non-Democrat -- during the most recent presidential campaign he had been a fervent supporter of Woodrow Wilson. In fact, Colby had abandoned his own long-shot senatorial campaign in 1916 to take, as the San Francisco Examiner put it, "a trip across the continent in support of Wilson, not as a Democrat, but as a Progressive." During that trip Colby, who had once been among Theodore Roosevelt's "most ardent supporters," attacked the former Rough Rider as a "libelist" who was making unsubstantiated and "vulgar attacks" on the Wilson Administration. As the Examiner noted, Colby fought "as hard for Wilson" in 1916 as he had for Roosevelt in 1912.

The President welcomed Colby's support and enjoyed the attacks the New York Progressive made on Roosevelt, who was now Wilson's arch-political enemy. The Administration showed its appreciation to Colby by consulting him about various appointments in late 1916 and early 1917. When Wilson was forced to find a non-Democrat to replace White on the Shipping Board, Colby was a natural choice.

Many Republicans, however, saw Colby's nomination as a blatant attempt by the Administration to pack the Shipping Board with supporters of the President and evade the intent of the Shipping Act of 1916, which stated that "not more than three of the [five] Commissioners shall be appointed from the same political party." Hurley, Commissioner Raymond B. Stevens, and Commissioner John A. Donald were all Democrats; Colby, to many Republicans, was simply a Democrat in Progressive disguise. But an investigation by New York's two Republican Senators, William M. Calder and James W. Wadsworth, Jr., could not turn up any legal justification for rejecting Colby's nomination, and he was confirmed by the Senate on 8 August. That left the Shipping Board one man short -- the Administration still had to find a non-Democrat to replace the other Commissioner who had resigned, the Republican Theodore Brent. This would take several weeks, which meant the Shipping Board would function for a while with four commissioners instead of five.[11]

Hurley and Capps started their new jobs on 26 July. Americans were glad the Denman-Goethals controversy had ended, and most newspapers warmly supported the appointments of the two new men. Capps spent his first day on the job conferring with Goethals about the status of the shipbuilding program. Hurley, meanwhile, had a long conference with Denman. The next day, 27 July, Hurley met with the two commissioners who had not resigned, Stevens and Donald, and was officially elected Chairman of the Shipping Board and President of the Emergency Fleet Corporation. He then went through the formality of appointing Admiral Capps the Fleet Corporation's General Manager. Denman and Goethals were now completely out of the picture. Their successors, neither of whom had known even a week earlier that they were to be in such a position, found themselves responsible for one of the nation's most important wartime industries.[12]

A New Beginning: Contracts and Commandeered Ships

Admiral Capps's first action as General Manager was to have all

the Fleet Corporation's major officials prepare status reports on the shipbuilding program. When these came back the Admiral learned that Denman and Goethals had executed fifty-three contracts which provided for 357 ships of 1,604,000 deadweight tons. This total included sixty-eight steel vessels of 572,000 tons, two steel barges of 15,000 tons, fifty-eight composite steamships -- which had steel frames and wood planking -- of 197,000 tons, seventy-seven wooden steamers of 286,000 tons, and 152 wooden hulls -- for which the Fleet Corporation would make arrangements for installing machinery -- of 534,000 tons.[13]

Capps also found waiting for him numerous contracts that only needed final approval and signature. These provided for thirteen more steel vessels and 165 additional wooden ships. Furthermore, negotiations had just begun for still more vessels -- twenty-six of steel and thirty-two of wood. Plans for building four hundred fabricated steel ships at two government-owned plants had been developed as well, as had a preliminary plan for commandeering the nation's shipyards.

The head of the Contract Department, Samuel L. Fuller, advised Capps to act quickly on these pending matters. As he wrote the Admiral on 27 July:

> I do not wish to let this opportunity go by without expressing my belief that the whole construction program of the Emergency Fleet Corporation is in a most unsatisfactory condition, and that it will be impossible to deliver the 3,000,000 tons promised Congress unless extreme measures are taken. Most valuable time has been lost through the obstruction by and lack of assistance from the Shipping Board [Fuller, a supporter of Goethals, was referring to Denman]. The seriousness of the whole situation will become evident to you as soon as you have had an opportunity to look into the problems confronting the Emergency Fleet Corporation.[14]

Admiral Capps, despite Fuller's plea, was unwilling to rush into action. The Admiral had spent many years supervising the building of ships for the Navy, and he -- like many other officers in the Bureau of Construction and Repair -- was suspicious of the businessmen who ran the nation's private shipyards. Their main concern, he realized, was profit; his primary concern was protecting the government's interest.

Capps had learned, during his naval career, that if contracts were not carefully written, abuses could develop -- abuses for which Congress would hold the Navy responsible. The Admiral had thus developed a keen sense for the legal clauses that were needed to protect the government and make shipbuilders accountable for their performance. Accordingly, instead of quickly approving the contracts that were pending, Capps put a hold on them. As he later recalled, some of his subordinates bitterly complained about the delay this caused. The Admiral, though, insisted "on having at least a reasonable knowledge of what was going on before [approving] the contracts."[15]

Capps's most earnest desire, as he later put it, was to give the government "greater protection" wherever possible. To this end he made modifications and changes in each of the contracts awaiting final approval. The result was generally more favorable agreements for the government, but also further delay in the shipbuilding program. Most of the contracts were held up for two to four weeks -- and some longer.

These delays frustrated the lawyers at the Fleet Corporation, who saw Capps's actions as unnecessary meddling in their work. That meddling, they believed, was severely interrupting the pace of the vital shipbuilding effort. On 10 August, to protest the Admiral's contract review policy, the entire legal staff at the Fleet Corporation resigned en masse.[16]

Hurley did not interfere with Capps's unpopular decision to put a hold on contracts awaiting signature. The new Shipping Board Chairman (who, as President of the Fleet Corporation, was responsible for signing the contracts) feared that differences of opinion might develop if he intervened in the Admiral's business -- differences that could develop into another Denman-Goethals type of controversy. That was something Hurley wanted to avoid at all costs. He therefore, for the time being, gave the Admiral broad freedom of action.[17]

One important issue Hurley turned over to Capps was the matter of fabricated ships. Initially both he and the Admiral had been skeptical about this scheme to mass produce large numbers of steel vessels. For

a while, in fact, it seemed as if the entire idea would be abandoned. On 30 July Hurley told a visitor to his office that the fabricated ship contracts "would not be put through." Denman, meanwhile, before he left Washington, had a discussion with Capps about the topic; after that meeting the departing ex-Chairman told reporters that the Admiral had assured him that General Goethals's plans for two giant fabricated shipyards were dead.

But Admiral Capps soon began to reevaluate his position. The Admiral's original skepticism about the fabricated ship scheme was based on the fact that nothing like this had ever been tried before -- there was thus no track record to demonstrate that the plan was feasible. The extraordinary demand for tonnage, however, forced Capps to take a closer look at this proposal for mass producing steel ships. Early in August he invited the American International Corporation, one of the prospective contractors, to send a representative to Washington to discuss the proposition.[18]

The firm sent George J. Baldwin, now its Senior Vice President, who outlined the proposal in a meeting with Capps on 6 August. The plan, Baldwin said, was to build the biggest shipyard in the world on an island in the Delaware River near Philadelphia (with the unfortunate name of Hog Island). The plant, when completed, would have fifty ways and be capable of launching three ships a week. The Admiral was impressed with Baldwin's presentation -- and with the endorsement of the plan by the Fleet Corporation's Naval Architect, Theodore E. Ferris. "At first," Ferris told Capps, the fabricated ship proposal appeared to have only "limited possibilities." But, Ferris went on, after "extensive" study of the plan he had concluded that the "whole scheme" was indeed practical. The Admiral now arrived at the same conclusion; shortly after meeting with Baldwin, Capps proposed that an agreement be reached on terms for the project.[19]

General Goethals, when he had been negotiating these contracts in July, had decided to offer the prospective builders of fabricated ships an "agency" form of agreement. He earlier had tried to get "lump sum" contracts, under which the Fleet Corporation would pay a fixed fee for

each vessel, but he had run into difficulty because of the problem of estimating wartime prices. The cost of labor and material was constantly increasing, which made the contractors wary of locking themselves into a set price. Goethals had therefore switched the nature of the negotiations by proposing to "make the contractors government agents who should take no financial risk, but furnish an organization to take charge of the work." For this service the firms involved -- Baldwin's corporation, the Submarine Boat Corporation (represented by Henry R. Sutphen), and the Merchant Shipbuilding Corporation (a recently organized firm, formed by W. Averell Harriman) -- suggested to Goethals a fee of $10 per ton for each ship delivered. No profit would be earned for constructing the yards needed to build these fabricated vessels; the companies would do that at cost. The government, which would foot the entire bill for creating these shipbuilding plants, would then have complete ownership of the fabricated yards when they were finished.

These proposals were generally agreeable to Goethals, except that he felt $9 per ton -- six percent of the estimated cost of $150 per ton for each ship -- would be a reasonable return for the firms involved. This is what he planned to offer the American International Corporation, and the Submarine Boat Corporation, for building two hundred ships each (the General, feeling Harriman's organization was not yet ready to undertake the work, had not planned to let a contract to that firm). Denman, however, had objected to the fact that he was being excluded from these negotiations, and the deal was held up while the denouement of the Denman-Goethals controversy was worked out. That was where matters stood when Admiral Capps arrived at the Fleet Corporation and began his own negotiations.[20]

Capps told Baldwin, at their meeting on 6 August, that he did not have "the funds to build 200 ships," as the American International Corporation suggested, and would initially order only fifty fabricated vessels from the firm. As additional funds became available from Congress, Capps said, he would increase that number. Later, in a

letter to Baldwin, the Admiral proposed that

> the fee to be paid the agent [i.e., the American International Corporation] would be a definite amount per vessel and would take the form of a percentage of the base price not to exceed 5 per cent, and if certain penalties were imposed [e.g., for late deliveries] would not be below approximately 4 per cent. These percentages would apply to a group of approximately 50 vessels.[21]

Here was a glitch. Capps, attempting to drive a hard bargain for the government, was only willing to pay five percent of the estimated cost of the vessels as a fee to the agent. With penalties, this could be reduced to four percent. Goethals, on the other hand, had been willing to pay a minimum fee of six percent. That was a substantial difference -- and Baldwin balked at accepting Capps's terms. The result was stalemate and delay.

Capps, although ill, was putting in long hours to complete his thorough review of pending contracts; often he would stay up as late as two o'clock in the morning to get these legal documents into what he considered to be satisfactory shape. At the same time that he pushed himself through this grueling schedule, he looked for ways to get the fabricated ship contracts signed on the terms that he had proposed. The Admiral decided that the best strategy for accomplishing this would be to play off the various bidders against each other. He thus talked to both Sutphen and Harriman about the terms he had discussed with Baldwin.

Harriman was the man most willing to compromise. Goethals had not planned to tender Harriman's Merchant Shipbuilding Corporation an offer for fabricated ships -- of the three firms proposing to build these vessels, it had by far the weakest organization. Harriman realized that unless he met Capps's requirements on price he might be shut out of any orders at all. The Admiral, aware of Harriman's predicament, decided to take advantage of this in order to bring the other two companies into line.

On 7 September Capps signed a contract with Harriman for forty fabricated ships, each of nine thousand deadweight tons. The terms of the deal were exactly what Capps wanted -- the standard fee for the

ships would be five percent of their estimated cost, and penalties for late deliveries could reduce that figure to four percent (there were, at the same time, bonuses provided for early deliveries, and for building the ships for less than the estimate). To produce these vessels Harriman's corporation agreed to construct a twelve-way shipyard for the government, at cost, on the Delaware River near Bristol, Pennsylvania. During the war the government would own the yard, but Harriman's firm would have an option to purchase it after the fighting stopped.[22]

The Admiral's negotiating strategy worked. Less than a week after Harriman's contract was signed, the American International Corporation agreed to the same terms. That firm got a contract, on 13 September, to build fifty ships, each of 7,500 deadweight tons, at Hog Island, where the company agreed to construct a gigantic fifty-way shipyard for the Fleet Corporation. The next day the Submarine Boat Corporation fell into line as well, signing a contract -- for the same terms -- to build fifty fabricated ships, each of 5,000 deadweight tons. The yard this firm would construct would have twenty-eight ways and be located on Newark Bay, in New Jersey.[23]

Admiral Capps thus won the dispute over prices. As one Fleet Corporation official put it, the government ended up with much more favorable contracts than the ones Goethals had originally proposed. But the delay caused by the prolonged negotiations proved tragic; it meant construction of the fabricated shipyards, which were little more than marshy meadows at the time the contracts were let, would have to be done during the autumn and winter. That might not have been a serious problem if the winter had been relatively mild; unfortunately, it would turn out to be one of the coldest in living memory.[24]

Another issue Hurley turned over to Capps was the question of Diesel engines. William Denman, before his removal from the Shipping Board, had worked up plans to build twenty-four big steel motorships at the William Cramp and Sons shipyard. On 27 July the ex-Chairman forwarded to Hurley a memorandum on this proposal, which the new Chairman passed along to Capps. The Admiral promised to give the

scheme "careful consideration."

Capps discussed Denman's proposal with Naval Architect Ferris, who was quite skeptical about the proposition. After considering the matter, so was Capps, who questioned the wisdom "in this present emergency" of introducing "anything in the construction of ships in any way experimental." That sentiment had been responsible for Capps's initial hesitation over the building of fabricated ships; the Admiral would finally overcome his qualms about that type of vessel -- but would not do so in the case of motorships.

In 1917 big Diesel-powered vessels certainly had to be classified as "experimental," for only a few of these craft existed in the entire world. There were, moreover, practical problems with using Diesel engines as power plants. No factory in the United States had ever manufactured a big Diesel, and there were few seamen who knew how to maintain and operate this type of engine. Capps hence concluded, and Hurley agreed, that it would be a reckless gamble to build this kind of vessel before it was proven in service. In January 1918 Denman would be greatly disappointed, when he visited the Shipping Board, to discover that his plan for Diesel-powered steel ships had been abandoned. He had been willing to gamble on this scheme, just as he had gambled on wooden ships; those who followed him at the Fleet Corporation were more cautious.[25]

Hurley, however, was not cautious about seizing privately owned ships being built in American yards. On 3 August he had Admiral Capps issue an order commandeering all steel vessels of 2,500 deadweight tons or more that were under construction. This step, which had been authorized by an Executive Order signed by President Wilson on 11 July, embroiled the Emergency Fleet Corporation in complex legal and diplomatic controversies. As Hurley later stated, "it was as if 431 bombshells, the number of ships involved, had exploded."[26]

The rationale for commandeering vessels under construction was outlined in a memorandum prepared on 25 July -- the day after the resignations of Denman and Goethals were announced -- by Joseph P.

Cotton, the man Goethals had chosen to head the Fleet Corporation's Legal Department. There were, Cotton argued, several reasons for the government to take control of building these vessels. To speed up construction, the Fleet Corporation could have "non-essential items" eliminated from ship designs. The government could also help arrange for additional labor in shipyards, and assist shipbuilders "in getting materials and supplies." In yards on the Great Lakes, the Fleet Corporation could have labor shifted "to ships near completion to get out more ships before [winter ice shut down] navigation." Finally, the government could order guns installed on vessels that were being built for war-zone service.

Cotton went on to say that in "commandeering some interesting legal questions arise as to how to do it." That was, if anything, an understatement. As Cotton pointed out, it would be "possible to commandeer (1) the yards, or (2) the ships building, or (3) the contracts for boats." Commandeering the yards, Cotton said, would be the "most expensive" option, for the government would then have to accept responsibility for managing every shipbuilding plant in the nation. Commandeering contracts would also be costly, Cotton argued, because "it would seem necessary to pay the yard its estimated profit on such contracts and the prospective owner of the boat its estimated value (which would be usually more than its contract price)." The least expensive way for the Fleet Corporation to get ownership of the vessels, Cotton maintained, would be to requisition "not the contracts but the ships themselves." Under this policy the government would reimburse owners who had ordered ships for any payments they had made, and then pay the shipyard "the balance of the contracted price . . . plus the actual cost of expediting" the work. By adopting this approach the Fleet Corporation could "obtain all the tonnage now on the berths at the original contract prices, and inasmuch as these contracts were all let some time ago (when tonnage prices were lower), the ships will have been obtained very cheaply." But, Cotton said, there was a further consideration:

Although the prospective owners of the contracts may have no legal

> right which they can enforce against commandeering, there is no question that they have a real claim of hardship in having the ships taken away which they had expected. . . . A fair way out of the situation which would save the Fleet Corporation's appropriation would be to let all owners who pay their share of the cost of expediting their ships . . . get them after they are completed. The yards with whom I have talked all report that the owners would be glad to do this.[27]

Allowing owners to pay for and take delivery of the ships they had on order would not be a problem when the owners were U.S. citizens who promised to register their vessels under the American flag; in such cases the Shipping Board would be able to control the use of the tonnage. But, as Cotton pointed out, difficulties could arise "in regard to ships building for foreign account," for if these vessels went to their owners -- and were registered under other flags -- they would no longer be under U.S. control. The number of ships that fell into this category was substantial: 247, representing more than 1,500,000 deadweight tons. Most of these vessels, 161 of them, were due to go to Britain. Next in line was Norway, whose private citizens had thirty-eight vessels on order. Then came France, where the government, and several corporations, had contracts for thirty-four ships with American shipyards. The remaining fourteen vessels were scattered among Canadian, Danish, Dutch, Italian, Japanese, and Russian owners.[28]

When 1917 began, Norwegian owners had had more than thirty-eight vessels on order in American yards. In February, when U.S. intervention in the war had first become likely due to Germany's unrestricted submarine warfare campaign, many Norwegian owners had become concerned about the fate of the ships they had under contract. If the United States became a belligerent, these owners realized, neutral tonnage that was under construction might very well be seized. As a consequence, many vessels being built for Norwegian account had been sold. Some of these were bought by Americans, but most were purchased by the Cunard Steamship Company, which was acting as an agent for the British government. A few were also acquired by French interests. These Allied buyers apparently assumed that they would be in a position

to accept delivery of these ships even if the United States entered the war, for if that happened the U.S. would become one of their co-belligerents in the fight against the Central Powers.[29]

These assumptions, however, were brought into question soon after the United States declared war on Germany. In May the British government informed the Shipping Board, then headed by William Denman, that the tonnage the Cunard Steamship Company had contracted for in American yards was actually "being built for the Ministry of Shipping and not for private account." The British Foreign Secretary, Arthur J. Balfour, suggested to the Shipping Board that the U.S. treat this tonnage in the same way that Britain's commandeering plan would. "Ships building for Allies" in British yards, Balfour had a subordinate tell Denman on 16 May, were "invariably . . . transferred to the flag of the Ally for whom they were building."

Denman did not look upon this suggestion with favor. In a conference with Balfour (during the Foreign Secretary's visit to Washington in the spring of 1917), he pointed out that British orders filled a substantial number of American shipways. As Balfour later recalled the conversation, Denman maintained "that American labor and American capital were absorbed in the construction of British shipping"; if these vessels were permitted to fly the British flag, Denman continued, "Britain would find herself at the end of the war possessed of a great mercantile marine which the United States had built but did not own." That, Denman indicated, would be an unacceptable situation.[30]

In the face of this opposition from Denman, Balfour showed a willingness to be accommodating -- the Foreign Secretary wanted to avoid antagonizing the United States, whose help Britain desperately needed. On 23 May Balfour wrote to Denman that "if the United States government were to inform my Government that it was desirable on broad grounds of national policy that any or all of these ships should be owned in the United States and should fly the American flag, my Government would unhesitatingly bow to the decision so conveyed to

them." For Denman, who was determined that these ships should indeed have American registry, Balfour's concession on this point was a green light which removed all diplomatic obstacles to the U.S. seizure of British tonnage.[31]

But Denman, because of his drawn-out struggle with Goethals over who should have commandeering authority, was not able to take action until 23 July. On that day, to prevent any foreign-ordered ships that were nearing completion "from getting away," Denman had the Shipping Board pass a resolution that instructed "the Emergency Fleet Corporation to proceed to requisition the title to and possession of all launched merchant vessel property" scheduled to go to foreign owners. The very next morning, before this resolution could be implemented, Denman was removed from his position. That left the entire issue suspended in mid-air.[32]

The foreign governments most affected by the Shipping Board's resolution quickly reacted to these developments. The British Ambassador to Washington, Sir Cecil Spring Rice, wrote the State Department on 25 July that his Embassy had received a copy of the resolution "on the day on which the resignations of the Chairman [i.e., Denman] and one of the members of the Board [i.e., White] were announced," and noted that it was reported "that the Vice-Chairman [i.e., Brent] had also tendered his resignation." In light of these "circumstances," Spring Rice said, "I presume that we may expect the new Board will reconsider the matter."

Without commenting on Balfour's conciliatory statement, Spring Rice argued that American seizure of British ships under construction would severely hamper his nation's war effort. The "strain thrown upon the British mercantile marine by the immediate necessities of the War," Spring Rice said, "was enormous." British merchantmen were supporting "direct naval and military requirements"; were helping to meet the shipping needs of France, Russia, and Italy; and were bringing vitally needed raw materials, manufactured goods, and foodstuffs into the United Kingdom itself. "At the same time," he continued, "the brunt of the submarine campaign has fallen upon Great Britain whose mercantile

marine has lost a larger proportion than that of any of her allies." He concluded by saying that his government considered "the retention of their vessels building in America to be essential to their shipping program and would learn with great regret that the United States Government intended to break the contracts."[33]

The French also sought to retain vessels they had on order in American shipyards. Andre Tardieu, the High Commissioner of the French Republic in the United States, met with Hurley on 28 July to discuss this issue -- and followed up the meeting with a long letter outlining France's desperate need for tonnage.

Norwegians with contracts for ships in the U.S. sought to take delivery of their vessels as well. These owners pinned their hopes on an 1827 treaty between the United States and the King of Sweden and Norway. That diplomatic agreement, still in force, contemplated the possibility of the United States being at war while Norway was a neutral. In such cases, the treaty said, the U.S. would not requisition "ships and vessels" of Norwegian subjects.[34]

Hurley, because of these complex legal and diplomatic issues, decided to make the Fleet Corporation's commandeering order purposely vague. To have attempted to work out all the disputed points -- or even a few of the more difficult ones -- before acting would have seriously delayed the the taking of any action at all. On 3 August, therefore, Hurley had Admiral Capps inform the nation's steel shipbuilders (wooden vessels were not affected) that "all power-driven cargo-carrying and passenger ships, above 2500 tons D. W. capacity, under construction," and all "materials, machinery, equipment and outfit necessary for their completion," were "requisitioned by the United States." Compensation, the order said, would be "determined hereafter," but would "include ships, material and contracts requisitioned."

This left open two key questions. First, it was not precisely clear what the government had requisitioned: was it solely the ships under construction -- and the materials used in them? Or were the

contracts for these ships and materials also requisitioned? Secondly, it was not clear who would take delivery of the vessels built for foreign account: would it be the United States, or the foreign owners? These were the tough matters of contention that would have to be sorted out "hereafter."[35]

To execute this requisitioning program Admiral Capps established, on 5 August, a Department of General Commandeering. To head this office he brought in Admiral Francis T. Bowles, a retired officer whom Capps had known in the Navy. Bowles, an 1879 graduate of the Naval Academy, was a well known ship designer. During his military career he had been in charge of the Department of Construction in the Navy Yards, and from 1900 to 1903 he was the Navy's Chief Constructor (just before Capps himself took that position). After retiring from the Navy, Bowles had spent eleven years as head of the Fore River Shipbuilding Company in Quincy, Massachusetts.

Bowles's personality was, to say the least, quite brusque. As one who knew him aptly put it, Bowles was not "a genius at getting along with people." He was arbitrary and stubborn in manner -- and in a dispute he could be a bitter partisan. After the Bethlehem Steel Corporation took over the Fore River yard in 1913, rumors circulated that its President, Charles M. Schwab, became so frustrated with Bowles that he paid the retired Admiral $200,000 to leave, which Bowles did. But the former Chief Constructor was knowledgeable about ships and a hard worker; Capps was glad to have him at the Fleet Corporation.[36]

Bowles's major task was to get the 431 requisitioned ships completed as quickly as possible. Keels had been laid for 158 of these -- work on the remaining 273 had been confined to preliminary planning and the ordering of material for their future construction. To speed up progress on these ships, Bowles had "responsible officers" from the Fleet Corporation "visit every shipyard . . . and issue specific orders on the spot as to what was to be done with each vessel" to hasten its completion.[37]

Bowles's initial approach to compensation was to pay shipyards building commandeered vessels "their actual outlay for labor,

materials, and overhead." This, though, quickly proved to be an accounting nightmare, and on 22 August the retired Admiral decided to adopt the plan Joseph P. Cotton had recommended in his 25 July memorandum. Although Cotton was no longer with the Fleet Corporation -- he, along with the rest of the Legal Department, had resigned on 10 August to protest Admiral Capps's contract reviews -- Bowles found the lawyer's proposals useful. The "Cotton Plan" provided for payments to shipbuilders of the amount due them under existing contracts, and reimbursements to the former owners for any payments they had made. Under this scheme, the government only commandeered the ships under construction and the materials used to build them -- not the contracts. The cost of expediting work on the vessels, and the expense of any changes required by the government -- such as installing guns on ships destined for war-zone service -- was to be paid for by the Fleet Corporation.

American owners, who had on order 184 of the requisitioned vessels, had an additional option under the Cotton Plan. If a U.S. firm was willing to pay for the entire cost of building the ship it had under contract -- and for whatever extra expenses were involved in expediting the work and making required modifications -- the firm could then take ownership of the vessel when it was finished. The ship, however, would have to be registered under the American flag, and would have to be chartered to the government for the duration of the war. Most American owners accepted this arrangement, for it provided them with the vessels they had ordered and with profitable wartime charters. This was also a beneficial settlement for the Fleet Corporation, which could save the government money by chartering ships instead of buying them.[38]

Unfortunately, the implementation of these procedures for dealing with American shipbuilders and American shipowners did not go as smoothly as the Fleet Corporation wished. Although the plan made sense on paper, its execution was another matter. Considerable confusion especially developed over how to determine the cost of speeding up

construction schedules and modifying ships to meet wartime specifications. As one Fleet Corporation official put it after the war:

> We asked [shipbuilders] to equip these [requisitioned] ships with all kinds of war zone requirements; we asked them to make very considerable modifications. We asked the Cramp [and Sons] Co. to rip the interior out of two very fine passenger ships and equip them as troop ships. We asked them in many cases to advance one ship over the other, disturbing the progress of the yard; we advanced wages; we asked them to work Sunday and holidays and overtime. We had made no provision, however, to compensate them. And yet we took the position that we were going to give them just compensation for what they were going to do.

That "just compensation," the official concluded, was a long time in coming. Homer L. Ferguson, President of the Newport News Shipbuilding and Dry Dock Company, agreed. It was not until December 1917, Ferguson would later recall, that the Fleet Corporation finally determined how it would provide reimbursement for some of the most basic costs involved in speeding up construction.

This inefficient execution of the government's commandeering policy led to confusion and consternation in American shipyards, which undoubtedly caused some delay in the completion of the requisitioned ships. Ferguson went so far as to assert that the commandeered vessels "would have been finished quicker under private ownership." That was a debatable proposition, but even Fleet Corporation executives had to admit that there were problems with the commandeering program.[39]

This was largely due to the fact that this kind of massive government intervention in the private sector was unprecedented in American history. When the nation mobilized its economy during World War II, the government could refer to the lessons of 1917-1918 as it developed and executed its industrial policy. But during World War I there was no previous experience to serve as a guide. As a consequence, government planners -- in the shipbuilding industry and elsewhere -- often acted with hesitation, and with no small amount of blundering, as they tried to navigate the uncharted waters in which they found themselves.[40]

The Fleet Corporation thus encountered numerous difficulties in settling accounts for the vessels it had requisitioned from American

owners; even more challenging would be the task of dealing with foreign owners. Here Hurley and Capps faced all the problems that arose due to the requisitioning process itself -- and sensitive diplomatic issues as well.

Commandeered Ships and Diplomacy

Hurley's immediate objective in dealing with the foreign ships that had been requisitioned was to postpone diplomatic controversies over their ultimate fate. He needed time, he felt, to consider his options. Coordinating his actions with the State Department, he had the embassies of the affected nations informed that the purpose of the commandeering order was to accelerate the construction of vessels in American shipyards. The "final disposition of the ships" being built, the State Department explained to "the diplomatic representatives concerned," would be "determined later" -- following consultations with the governments involved.[41]

The British, who had 161 ships on order, found themselves in a particularly difficult situation as they tried to press their claims on this issue. This was because of Foreign Secretary Balfour's statement, during his visit to Washington in May, that Britain would "unhesitatingly bow" to an American decision to seize the vessels his nation had contracted for in U.S. yards. On 21 August, when Balfour wrote to the State Department to suggest that Britain be permitted to take delivery of these ships, he had to base his argument ultimately on America's sense of fair play.

While in the United States, Balfour noted, "I [said] that under no circumstances would the British Government enter into controversy with the State Department on the question of ownership and that we placed complete reliance upon the justice and good will of the authorities in Washington." That, Balfour continued, was still the case. But, he pointed out:

> It is on Great Britain in the main that the Allies have relied for the maintenance of the seaborne traffic on which not merely their capacity for fighting but their very existence depends. It is on

> Great Britain that the full brunt of the submarine campaign has fallen. Our losses have been heavy and unless we obtain the ships now under construction for us in America we cannot easily tide over the critical period which must elapse before our own extended ship-building program bears its full fruit.
>
> We should therefore feel much gratified if the United States Government thought it consistent with the claims of their own national interests to allow the ships now building for us in America to remain in their present ownership, though for the reasons given above we shall not press the point. We rely (as I said at Washington) on their justice and good will.[42]

The Norwegian shipowners, with thirty-eight vessels on order, hired a New York lawyer, Charles S. Haight, to represent their interests. Haight recognized that Norway, as a neutral nation, would not be able to convince the United States to turn over finished ships to Norwegian citizens during the war itself. If the American government took that action, it would lose control of vessels which it desperately needed for the war effort. Although Norwegians might protest the seizure of their ships by referring to the 1827 treaty, there was some dispute over whether that document meant to include ships that were under construction.

Haight thus proposed a compromise which he felt would meet the requirements of both the United States and his clients -- and avoid "all treaty questions." On 11 August he wrote to Commissioner Stevens of the Shipping Board to suggest that the American government agree to the following points:

> (1) That vessels transferred will be requisitioned only on a time charter basis and will be free to transfer back to the Norwegian flag, say -- six months after the cessation of hostilities.
>
> (2) That during the war only a fair proportion of the vessels so transferred will be used in the war zone.
>
> (3) That a fair rate will be paid by the Shipping Board [for chartering these vessels].

This arrangement, Haight reasoned, would provide the United States with what it wanted -- control of the vessels during the war -- and the Norwegian owners with what they wanted -- profitable charter arrangements during the conflict, and outright ownership of the vessels shortly after the fighting stopped.[43]

France, with thirty-four ships on order, relied on Andre Tardieu, the French High Commissioner, to argue its case. Tardieu, in a letter to President Wilson on 16 August, dramatized the issue:

> This letter is an appeal to you on a question which really means life or death to France. . . .
>
> France, as the U.S. Government has many times and openly acknowledged it, has borne since three years and still bears on her shoulders most of the burden of the war. But she can only continue to bear that burden if she has ships at her disposal. . . .
>
> Ships, as our Premier Mr. Ribot said in a recent speech, are for us the very first necessity. On account of lack of ships, France will not be able to manage the war, as she must manage it for her own safety, and as the allies expect her to do it in view of a common victory. . . .
>
> Now, the decision which I am afraid is to be taken by the Shipping Board, would deprive France, in the next eighteen months, of nearly four hundred thousand tons of ships, and it is on the fatal consequences of such a decision that the French Government has instructed me to call your attention.

Tardieu also sent a memorandum on the subject to the President's friend, Colonel Edward M. House. As House wrote to Wilson on 27 August: "Tardieu . . . protests most vigorously against France being placed in the same category as Great Britain. He seems willing to have the English ships taken, but cannot see why we should treat France in the same way."[44]

Yet Tardieu was willing to compromise. He proposed to Admiral Capps that the Shipping Board allow the French owners to form an "American Corporation" that would operate the ships. If necessary, he was even willing to agree to have "the ships of the aforesaid corporation . . . maintained, during and after the war, under the American flag." For Tardieu, the registry of the vessels was not as important as France getting control of how they would be used. That, though, was not much of a concession for the Shipping Board -- if the United States had no say over the employment of the ships, there was not much advantage, at least during the war, to having them fly the American flag.[45]

Hurley considered the disposition of these British, Norwegian, and French ships "the most important matter" pending before the

Shipping Board, but he was not sure what policy should be adopted. The Board itself was divided over the issue. Commissioner Stevens believed that the Allies should be allowed to take outright possession of the vessels they had on order, and that the Norwegians -- as Haight suggested -- should be permitted to charter their vessels to the Shipping Board during the war and take possession afterwards. Commissioners Colby and Donald, however, favored paying for the commandeered ships and "placing [the U.S.] flag on them." Uncertain about what to do with this sensitive diplomatic issue, Hurley decided to take up the subject with President Wilson.[46]

Hurley recorded, in his diary, an account of his 24 August meeting with the President. Wilson suggested, Hurley said, that the Shipping Board delay making a comprehensive decision on this issue -- at least for the time being. Quick action, to be sure, had to be taken on one ship, the War Sword, which had been built at the Union Iron Works, in San Francisco, for the Cunard Steamship Company (acting as an agent of the British government). This vessel had been paid for "in full just before [the] commandeer order went into effect" and was "loaded and ready for sailing." Hurley and Wilson agreed to let Britain take possession of the ship, but emphasized that this did "not establish a precedent as to any future action" the United States might take.

Wilson, looking at both the long-range and the immediate future, told Hurley that the U.S. was "not in the war for any special advantage" and did not desire to obtain the commandeered ships for the selfish purpose of strengthening the American merchant marine after the fighting ceased. But during the war, the President said, the United States might need these ships. As Hurley wrote in his diary:

> If we are to send a million or two million men over [to France], they will require an enormous amount of food and supplies; and if the submarine should increase her sinking of tonnage on the Atlantic, we want to be prepared to commandeer our Allies' ships here in order to protect our own soldiers in France. We are at somewhat of a disadvantage in sending troops so far compared to England, as she has only 35 or 40 miles of the Channel to cross whereas we have to send a ship 3000 miles over and 3000 miles

back.

Before making a decision on whether or not to release any ships to other nations, Hurley and Wilson concluded, the United States would have to study its own immediate needs to make sure that these could be met.[47]

Hurley, after mulling over the issue for three weeks, reached a decision on 14 September. In a letter to Secretary of State Robert Lansing he stated: "For the present at least, it is deemed vitally essential not merely to the successful conclusion of the war, but to the actual safety of our military forces, to retain control of all ships built by American labor in American yards." He continued:

> To return to their original ownership the vessels commandeered by this government would, at the present time, involve a move in the dark which, we believe, the nations friendly to us would not want us to make.
>
> How far we might go in yielding to our generous impulses depends upon a number of important questions which can be answered only as the war progresses. Our own responsibilities will be measured by the number of troops which we, eventually, will have in France. . . .
>
> Our first duty is to our own troops whom we have sent to fight on foreign soil, far from home. Neither by acts of commission or omission should we place them in jeopardy. As the war goes on, as the number of our men in France increases, as the protective devices we have in mind for our shipping are more generally adopted, and as our ability to check the submarines is demonstrated, we will be better able to determine how far we can go in relaxing control of ships built in American yards, but at the present time our paramount consideration must be given to our troops in France.[48]

Here Hurley was taking the safe way out. He was leaving open the possibility that the United States, later on, might be able to release the commandeered ships to their foreign owners. For the present, however, he was ensuring that these vessels would remain under U.S. control. When President Wilson saw Hurley's letter to Lansing, he was delighted. "I think the necessities and policy of the case," Wilson wrote the Shipping Board Chairman, "could not have been better stated." It is hardly surprising that Wilson should have approved; this was, after all, the same basic policy the President had discussed with

Hurley on 24 August -- that is, delaying a final decision until the United States could be sure that its own shipping needs would be met.[49]

Secretary of State Lansing did not promptly notify foreign governments of Hurley's policy statement -- none of the affected ships was due for immediate delivery, and Lansing apparently decided that there was no urgency in bringing the matter to a head. If the issue of ownership arose due to the impending delivery of a vessel, the State Department would have the Shipping Board's policy on file -- and, if necessary, that policy could then be reviewed to see if any special circumstances warranted its modification.

Lansing seems to have hoped that some such modification would be made -- the evidence suggests that the Secretary of State disagreed with Hurley's decision to retain, at least for the present, the commandeered ships of the Allies. This, Lansing knew, would create diplomatic problems -- problems he would prefer to avoid. Indeed, this was probably his main reason for not immediately forwarding Hurley's policy statement to the affected embassies.[50]

Foreign governments, however, had a pretty good feel for the Shipping Board's intentions -- even without formal notification from the State Department. On 29 August Hurley had prepared, for Foreign Secretary Balfour, a lengthy explanation of his position on commandeered ships; this anticipated all the major arguments he later made in his policy statement to Lansing. And although this cable to Balfour did not specifically proclaim -- as the policy statement did -- that the United States intended to "retain control of all ships built by American labor in American yards," it nonetheless strongly implied that this would be the case.[51]

The British, who had promised not to "press the point" of ownership of these commandeered vessels -- and to bow "unhesitatingly" to whatever decision the U.S. reached -- were hardly in a position to lodge any vehement complaints about Hurley's proposed policy. London resented the impending seizure of the ships it had under contract, but Whitehall could only patiently hope (as Balfour had put it) that the "justice and good will" of the Americans would eventually enable

Britain to receive the ships it had on order.

The French were just as concerned as the British. On 15 September Hurley saw an intercepted cable from Count Fayolle (whom U.S. Naval Intelligence identified as "the legal representative of important French shipping interests") to the Societe General de Transports Maritimes a Vapeur, in Marseilles, France. Fayolle, who was apparently closely associated with the French High Commissioner, Tardieu, claimed in the cable that the political environment in the United States was "absolutely imperialistic for the creation of a very powerful national mercantile fleet." That was the real rationale, Fayolle suggested, behind the Shipping Board's commandeering policy.

There was some evidence to support Fayolle's argument. One West Coast newspaper, for example, ran an editorial cartoon that showed Uncle Sam's two-point "Ship Program": (1) to "control [the] seas during the war," and (2) to "maintain sea supremacy after the war with [the] largest mercantile marine in the world." Such sentiment was not confined to the West Coast.[52]

Hurley himself shared such feelings, at least to a degree. As he told Senator Duncan U. Fletcher, a Democrat from Florida, the Shipping Board was "endeavoring to build up an American Merchant Marine," and could not "do so by permitting any ships under our flag to be transferred to foreign registry." Hurley meant during the war, but he gave some thought to the post-war world as well. In his diary he wrote that the ultimate disposition of the commandeered ships "should be left open for a Peace Conference," which suggested that the United States would consider keeping the vessels after the war.

But if the U.S. did decide to retain these ships, Hurley fervently believed, it would not be for selfish reasons. The Shipping Board Chairman was convinced that America, under the leadership of Woodrow Wilson, would do what was best for the world as a whole -- not just serve its own national interests. As he would later put it, the United States was, in his view, "the only nation" that took "a completely unselfish position in the war." All the other belligerents,

he believed, had figured "on a division of the spoils" once the fighting stopped. As he told Colonel House, "the foreign representatives who have called at my office were not so much concerned with the war as they were in any advantages they could gain after the war." The U.S., Hurley felt, was different, for President Wilson had "raised the standard of America's moral leadership." If the U.S. ultimately decided to keep the commandeered ships, Hurley believed, it would be because Wilson had determined that American merchant shipping -- and American trade -- would benefit all peoples, not just the narrow interests of one particular nation.[53]

Hurley was thus somewhat offended to learn from Fayolle's cable that the French -- including apparently Tardieu, whom Hurley personally liked -- believed that the United States was acting out of the same selfish motives as the other belligerents. In his diary he noted that the "intercepted French Cable . . . indicates that the French are not particularly pleased over our contemplated action in regard to taking over the commandeered ships." But, he continued, in an attempt to be understanding, France had suffered greatly from the war "and many things must be overlooked that under ordinary consideration we would resent."[54]

Andre Tardieu, meanwhile, was determined that Hurley and Capps should not overlook France's urgent wartime needs. During late September the French High Commissioner bombarded the Shipping Board and Fleet Corporation with a series of letters pleading for the French ships that had been commandeered. France's merchant marine, Tardieu pointed out, had been seriously "reduced by losses at sea," and his country could not "replace this lost tonnage because all her plants were . . . [dedicated] exclusively to fabrication of guns and amunitions." The issue at stake, he suggested, was not a selfish desire for ships, but national survival. "Such is, my dear M. Hurley, the present state of affairs," Tardieu wrote on 24 September; "You see it is exceedingly serious."[55]

At the Shipping Board Commissioner Raymond B. Stevens, who was now the Vice Chairman, sympathized with the plight of France -- and

with that of Britain and Norway. He wanted, furthermore, to maintain friendly and cooperative relations between the United States and these nations. Stevens agreed with Hurley that the U.S. should look after its own interests, but felt that this could best be done by reaching mutually acceptable compromises with the foreign owners who had tonnage under contract in American shipyards.

Stevens believed that overseas owners should be allowed to form American corporations to which their completed ships would be transferred at the time of delivery. In the case of neutral nations, such as Norway, these corporations would be required to charter their vessels to the Shipping Board "for the period of the war and six months thereafter." This would enable the United States to control, during the national emergency, all the neutral tonnage produced by U.S. yards. The corporations to be formed by co-belligerents, such as Britain and France, Stevens contended, should be permitted to use the vessels they took delivery of to meet the urgent wartime needs of those nations. To protect American interests, however, Stevens maintained that these ships should be required to have U.S. registry -- and would be "subject at any time [during the war] to requisition" by the United States.

Stevens presented resolutions to implement these proposals at a tense meeting of the Shipping Board on 4 October. Hurley, Colby, and Donald -- the Board's three other commissioners -- opposed all of Stevens's suggestions. Stevens then moved that the question "be referred to the President" because of its "international importance." This motion failed for want of a "second." Hurley, in his diary, noted that Stevens next "expressed a desire to see the President" in person about the matter. That was something Stevens -- along with other Shipping Board and Fleet Corporation officials -- had done with little hesitation during Denman's tenure. As Hurley put it in his diary:

> At the Board meeting I made the statement that I hoped Mr. Stevens would not do anything of the kind; that the former Board were in difficulty all the time and that we were a happy family, getting along in the most pleasant way, and doing things, and not to take a stand where the Board stood three to one. . . . It would be a great mistake.[56]

Hurley's efforts paid off; Stevens, who had worked at the Federal Trade Commission with Hurley as a "Special Counsel," and who was a personal friend of the Shipping Board Chairman, agreed not to go to the White House. Hurley thus preserved his control over the Board in a way Denman had not been able to.

As for the issue of ships building for foreign account, Hurley wrote in his diary that "Mr. Stevens honestly believes that we should allow these ships to be taken over by American corporations, owned and controlled by foreigners." Stevens was, Hurley said, "very sincere and conscientious in his views." The Shipping Board Chairman, though, was convinced that if the United States "were to allow the ships now building in our yards to return to England, France, and Norway, and anything should happen whereby we would run short of tonnage, the Shipping Board would be condemned by the American people." That was a risk Hurley was not willing to take. He therefore, with the approval of Commissioners Colby and Donald, decided to send another letter to the Secretary of State. This would reemphasize the Board's determination to retain the tonnage under construction in American shipyards, at least "for the present." A copy of this policy statement, Hurley decided, should also be sent to President Wilson.[57]

Hurley acted quickly. On 4 October -- the same day as his showdown at the Shipping Board with Stevens -- he had Norwegian officials informed that the United States would take over title to the commandeered vessels of that nation's citizens. He then prepared a letter for the Secretary of State, sent on 8 October, which outlined the Shipping Board's position. To demonstrate to Lansing -- and to any foreign governments that might inquire about the matter -- the support he had for his stand, Hurley attached statements from the Navy and War Departments firmly endorsing the Shipping Board's policy.[58]

Hurley sent copies of all these documents to the White House, along with a letter to the President explaining why the Shipping Board had rejected Commissioner Stevens's resolutions. Wilson's response was exactly what Hurley had expected. "I find myself," Wilson wrote the

Shipping Board Chairman on 9 October, "in entire agreement with your memorandum on the subject." Hurley, feeling satisfied with the steps he had taken -- and pleased to have the President's wholehearted approval -- wrote in his diary: "The controversy over the commandeering of our ships, British, French and Norwegian, is closed as far as the Shipping Board is concerned."[59]

For French High Commissioner Tardieu, however, the issue was not closed. France desperately needed ships and he was determined to get them. In September Tardieu had tried to take his case directly to the White House, but President Wilson had put off granting him a personal interview. The persistent High Commissioner had then directed his efforts at winning over Hurley, writing up to four letters a day to the Shipping Board Chairman. Hurley was apparently impressed by Tardieu's earnest appeals, and developed a liking for the French diplomat; in his memoirs he would describe the High Commissioner as the "type of French Statesman that wins the admiration and respect of everyone."[60]

Tardieu's efforts finally achieved results. Hurley -- and other members of the Shipping Board -- became persuaded that France's need for ships was so desperate that the Board could afford to give up control of some vessels. On 18 October Hurley told Tardieu the Shipping Board had decided "to at once turn over to the French Government ten ships, many of which are already completed, and the remainder of which are in the course of completion." The Board had "further determined," Hurley went on, "to turn over to the French Government ten additional steamers as fast as completed." This tonnage included ships ordered by France itself, several of the seized German ships, and at least one commandeered ship ordered by the citizens of another nation (Japan). Although the French government would have complete control over the use of these vessels, they would have to fly the American flag. That was acceptable to Tardieu -- indeed, he himself had made this very proposal to Admiral Capps two months earlier. These twenty vessels, although fewer in number than what France had on order, were twenty more than Tardieu had expected to get control over, and he was satisfied with this arrangement.[61]

The British and Norwegians would not fare so well. Although during the war the Shipping Board did not announce the ultimate disposition of the vessels building for British account, the general impression in England was that these ships would remain permanently under American control. That, in the end, would prove to be the case. As Jeffrey J. Safford points out in his book Wilsonian Maritime Diplomacy, Hurley believed that Great Britain, with its large merchant marine, sought to use the war to gain commercial advantages for selfish purposes. The Shipping Board Chairman was determined to do all he could to prevent this; there was thus no possibility that he would approve the release of the commandeered British ships back to their original owners. Commissioner Stevens, during a visit to London in the summer of 1918, noted that there was significant "irritation in Great Britain over this matter."[62]

The Norwegians were also irritated -- in fact, quite so. Upon learning, on 4 October, that the Shipping Board would not accept any of their proposed compromises, the Norwegian owners insisted that U.S. officials act in accordance with the 1827 treaty between the two nations, which forbade the requisitioning of ships. To get around this diplomatic obstacle, the Shipping Board had the State Department rule that incomplete hulls under construction were not covered by the treaty, which only referred, supposedly, to completed ships. When Charles S. Haight, the Norwegian owners' legal counsel, learned of this ruling he became -- as one Shipping Board official put it -- "greatly disturbed." The United States, Haight said, was "violating Norway's treaty rights." That did not phase Hurley, who told Norwegian officials that their vessels had "been completely and permanently taken over by the United States."[63]

This dispute over the seizure of Norwegian ships, Hurley wrote after the war, was "protracted, and fraught with . . . obstacles." The issue caused ill will between the two nations during the remainder of the conflict. As Albert G. Schmedeman, the American Minister to Norway, told the State Department in June 1918, articles "often"

appeared in the Norwegian press about the commandeered vessels, and the tone of them was "quite bitter." Final settlements of these claims would not be reached until the 1920s -- the Norwegians, after lengthy litigation, would get monetary compensation, but the United States would keep the ships. These were the same general arrangements that would be made with owners from other nations that had had ships commandeered.[64]

The commandeering program thus involved a good deal of controversy, consternation, and confusion -- especially with regard to steel ships requisitioned from foreign owners. There were also problems with wooden vessels building for foreign account. The basic difficulty here was that the Shipping Board did not establish a consistent policy.

Initially, in fact, there was no policy at all covering who could order wooden tonnage -- or, for that matter, steel tonnage -- in American shipyards. As Admiral Capps told Hurley on 27 August, there were, in effect, no restrictions on placing orders for ships in the United States. That did not make any difference in the big steel shipbuilding plants, which had no room for additional orders, and which, after 3 August, had had all vessels under construction requisitioned by the government. But many wooden yards -- especially those where General Goethals had refused to honor verbal promises for contracts made early in the war -- were willing to take orders. Since wooden ships were not being requisitioned by the Fleet Corporation, many foreign shipowners and governments, desperate for tonnage of any sort, placed contracts for such craft during the spring and summer of 1917.[65]

Admiral Capps, to get some control over this situation, on 8 September instructed all American shipyards "to take no contract for new construction without the approval of the United States Shipping Board Emergency Fleet Corporation." A week and a half later the Admiral, under this new arrangement, began to "grant permits to build vessels for private and foreign account." These permits were generally for small ships, usually built of wood, of 2,500 deadweight tons or

less. Before approving a contract of this type, Capps insisted that the construction "not interfere in any way with the [building programs] of the Emergency Fleet Corporation or the Navy Department." That meant these vessels would be last in line for getting material and engines, and would also have a low priority for getting skilled labor. Capps additionally required that contracts for these ships include a clause that would make the vessel under construction subject to requisition by the United States government at any time.[66]

Despite these restrictions, applications to build for private and foreign account poured into the Fleet Corporation. Capps approved permits for over 150 wooden ships, and thirty-three small steel vessels (mostly tugs and barges). Almost all of these were for foreign owners -- from countries such as Britain, France, Italy, Norway, and Australia. There was considerable confusion, however, over whether these vessels, when they were completed, would be permitted foreign registry, or whether they would have to fly the U.S. flag.

American policy was not consistent on this point. The permits Admiral Capps granted were mute on the issue, which implied that foreign registry would be permitted. On 29 September Hurley indicated that this would indeed be the case, for he told an agent of the Australian government that the Shipping Board would not object "to the registration under the Australian flag" of fourteen wooden vessels under construction on Puget Sound. Four days later, though, Hurley informed several wooden yards in Florida that the Shipping Board had a "firm policy of not permitting the transfer of registry" of any vessels to foreign governments. As one of the Fleet Corporation's lawyers complained: "It seems to me highly important that such inconsistencies should be avoided, as it tends to create an appearance of arbitrary discrimination."[67]

Capps repeatedly brought this issue to the attention of Hurley, but had trouble getting a response. Finally, on 6 November, the Shipping Board Chairman sent a letter to the Admiral apologizing "for not having taken up the matter earlier" due to "the press of other"

business. "Until the Board can reach a final decision as to policy," Hurley wrote, "I think it would be better not to grant permission to anyone to place new contracts in American yards. Very broad questions of policy are involved."[68]

Capps stopped issuing permits for building tonnage for private and foreign account while the Shipping Board studied the problem. The urgent "press of other matters," however, continued to delay a decision. In late November Capps finally resumed approving contracts for private and foreign owners, but the question of the ultimate registry of these small vessels was left open. The problem was that to deny such registry would probably dry up the foreign demand for these ships, which would ruin the small American shipyards that depended on these contracts.

The Shipping Board finally announced a decision on 22 December -- vessels ordered in American yards for foreign account would, in almost all cases, have to fly the U.S. flag. As expected, this ruling immediately ended the foreign demand for additional contracts in wooden shipyards; under the new guidelines only a single wooden ship (a "3-mast schooner of 500 tons deadweight") would be financed by foreign capital. A few private American owners applied for contracts to build small wooden vessels under the new rules, but that did not give the wooden shipyards that lacked government orders the volume of work they wanted. In the spring of 1918 their plight would ease a bit when the government relaxed its insistence on American registry for these small ships, but the yards building such craft would not be able to prosper during the war.[69]

The fate of these small shipyards was not one of the Fleet Corporation's major concerns. Much more important were the big programs for steel and wooden tonnage under government contract. To manage these shipbuilding efforts more effectively, the Fleet Corporation underwent several organizational changes during the summer and fall of 1917. Although the first of these went smoothly enough, later changes would lead to controversy and public disputes. By the end of the year, disagreements between the top officials of the Fleet

Corporation would once again be in the press spotlight. As Josephus Daniels would remark after the war, the Shipping Board -- and the Fleet Corporation it had formed to build ships -- seemed to be attended by some sort of "jinx."[70]

Organizational Changes -- and More Headaches over Wooden Ships

When Hurley and Capps first arrived at the Fleet Corporation there was no real organizational structure. Under Denman and Goethals the Corporation was, in truth, little more than a collection of individuals who tended to group loosely around one or the other of the two protagonists. The dismissal of both men threw the whole system into a state of chaos which it took Hurley and Capps several weeks to sort out.

Capps, with Hurley's approval, divided the Fleet Corporation's home office into eight major divisions: Administration, Construction, Shipyard Plants, Contracts, Purchasing, Legal, Auditing, and Traffic. The most important of these was the Division of Construction, which directly supervised the building of all steel and wooden vessels. To head this organization Capps chose Admiral Bowles, who had been overseeing the commandeering program. Bowles divided the country into ten local districts, an increase from the seven established under Goethals. These regional offices (in Boston, New York, Philadelphia, Baltimore, Jacksonville, New Orleans, Houston, San Francisco, Seattle, and Cleveland) improved the liaison between local shipbuilders and the government. After the so-called "agency contracts" were signed for building fabricated ships, another district was added; its responsibility was to oversee the government-owned yards that would "mass produce" vessels at Hog Island, Newark, and Bristol.[71]

These organizational changes brought some administrative rationalization to the Fleet Corporation, and improved bureaucratic efficiency. Early in October another problem the Corporation had faced, a shortage of funds, was also solved. The Sixty-Fifth Congress,

just before adjourning its first session, appropriated an additional $1 billion for the merchant shipbuilding program in an Urgent Deficiencies Act; President Wilson signed the legislation into law on 6 October.[72]

This new appropriation enabled Admiral Capps to order additional fabricated ships. The original plan for the big government-owned shipyard being built at Hog Island was to have the facility produce two hundred vessels. Each of these was to be of 7,500 deadweight tons, with a speed of roughly eleven to twelve knots. Capps, in September, had ordered fifty such vessels, and had promised to let further contracts for these 7,500-ton ships once funding became available. Now the Admiral had the money he needed, but he no longer wanted to order the same type of ship. A change in the specifications, Capps had decided, had now become necessary.

The man responsible for convincing Capps of this was Admiral Bowles. Shortly after taking control of the Division of Construction, Bowles had made some studies of the U-boat threat; from these he had concluded that the Germans were about to deploy submarines with surface speeds of up to fifteen knots. Bowles convinced Capps that to meet this threat faster merchant ships would be needed -- ships which could outrun the improved U-boats (only a few of which, it turned out, would ever be built and put into service). Improving the speed of merchant vessels meant installing bigger boilers and bigger engines, which would increase, by 500 tons, the size of the ships to be built at Hog Island. These larger and faster ships, Capps and Bowles decided, should also be redesigned so that they could transport both troops and cargo.

Plans for fabricating parts for Hog Island's original fifty ships were too far advanced to make any modifications. Capps proposed, though, that future ships ordered at the plant should meet the new specifications. The American International Corporation protested this change. As one official of the firm later put it, "we planned the building of 200 ships all exactly alike; every piece in every ship an exact duplicate of the same piece in every other ship; so that you could mix them all up and use them. That would enable us to get them built very much faster." Having the yard build two different types of

vessels that had substantially dissimilar lines, the corporation said, would slow the production of ships significantly, and also require the complete redesign of the yard, which would cause even further delay.

But Capps was insistent, and in late October the American International Corporation agreed to sign a contract to build seventy of the bigger "combined troop and cargo ships," each of which would be of 8,000 deadweight tons and have a speed in excess of fifteen knots. This delayed construction of the Hog Island yard by several weeks -- instead of building fifty identical ways on which to construct 7,500-ton vessels, plans were changed so as to build thirty ways for the 8,000-ton ships, and twenty for those of 7,500 tons.[73]

Later, during November and December, the Fleet Corporation ordered one hundred additional fabricated ships, of 5,000 deadweight tons, at the yard being built by the Submarine Boat Corporation on Newark Bay, and twenty more, of 9,000 deadweight tons, at the yard under construction by the Merchant Shipbuilding Corporation at Bristol, Pennsylvania. These orders called for duplicating the ships originally contracted for in these plants -- even though the vessels only had speeds of ten to eleven knots. The disruption the design change caused to work at Hog Island had been significant; this, apparently, convinced the Fleet Corporation that it should not insist on higher speed specifications for these other fabricated ships.[74]

Congress, before it adjourned on 6 October, did more for the Fleet Corporation than provide appropriations for building additional ships -- it also passed an act which admitted foreign-owned vessels to the coastwise trade. This was legislation Hurley had requested to help ease shortages that resulted from the transfer of large numbers of American ships from coastal trade routes to transatlantic service. For the first time in the nation's history, restrictions on the nationality of merchantmen that sailed from one U.S. port to another were lifted. This permitted, for example, Canadian vessels to engage in Great Lakes traffic, and Japanese ships to carry goods between Hawaii and the West

Coast. In all, 342 different foreign ships were granted permits to operate in the coastwise trade during the war.

In peacetime such a policy would have brought forth strong objections from American shipbuilders and shippers anxious to protect the coastal monopoly. But now there were only muted objections. American shipping men recognized that the desperate need for tonnage made restrictions on the coastwise trade impractical during the war. They demanded, though, that this privilege end as soon as the fighting stopped. The members of the Shipping Board agreed; as Commissioner Donald told an American ship master, the easing of the coastal monopoly was "purely a war measure" that was "intended only to cover the emergency existing at the present time."[75]

On Capitol Hill, in the rush of last-minute business before adjournment, there was one more significant development for the Shipping Board: the Senate confirmed President Wilson's nomination of Charles R. Page as the replacement for Commissioner Brent, who had resigned, with Denman, back in July. Page, a forty-year old Republican from California, was the Chief Executive of the Fireman's Fund Insurance Company, the nation's largest marine insurance firm. He had, moreover, some shipping experience -- during his younger days he had spent a year at sea, and had even earned a license to serve as an officer on merchant ships.

Page's nomination did not have any trouble in Congress. Before submitting the insurance executive's name to the Senate, the President had had Hurley run the proposed appointment by the progressive Republican Senator from California, Hiram W. Johnson. In his diary Hurley recorded Johnson's reaction:

> I called up Senator Johnson and found that he had endorsed Mr. J. J. Dwyer of San Francisco, a lawyer, who had had a great deal of experience in dock work and shipping. I told him that I thought Mr. Page had a very good chance for the appointment and he remarked again that he had endorsed Dwyer. I reminded him that we already had two lawyers on the Board [Stevens and Colby] and did not think we should appoint a third. 'I understand you are not partial to lawyers" he remarked, in reply to which I stated again that we had two now, and if we had a third a layman would have little chance to say anything on the Board. He mentioned that he

> had heard nothing unfavorable to Mr. Page, but again insisted on Mr. Dwyer. However, when I advised him that there were other candidates being considered, particularly one from Michigan, and that it would probably be a choice between Mr. Page and the man from Michigan, he said: 'Well, of course I am for the Californian in preference to the man from Michigan.'[76]

With Johnson's support, Page sailed through the confirmation process. When he took his seat on the Shipping Board, on 3 October, the Board once again had its full complement of five commissioners. During the Board's brief history -- it had only been eight months since its first meeting on 30 January -- nine different men had been assigned to positions on it. Bernard N. Baker, William Denman, John B. White, and Theodore Brent, in that order, had all departed. The current line-up, though, would prove to have some staying power; Hurley, Stevens, Donald, Colby, and Page would all remain until after the Armistice. At long last the frustrating game of musical chairs at the Shipping Board had come to an end.[77]

At the Emergency Fleet Corporation, meanwhile, the game was just beginning. Early in September Hurley, concerned about the progress of the shipbuilding program, decided to have an independent investigation made of the status of the work. For this purpose he turned to a Chicago businessman he had long known, Charles A. Piez, President of the Link-Belt Company, a manufacturer of heavy construction equipment. This would be Piez's first contact with the Fleet Corporation, but before long the man from Link-Belt would become a central character in another game of musical chairs.[78]

Piez was born in Mainz, Germany, in 1866, the son of naturalized German-Americans traveling abroad. His father was a brewer in Newark, New Jersey. Piez, after attending the Newark common schools, went on to Columbia University, where he earned a degree in mining engineering in 1889 -- graduating near the head of his class. Soon afterwards he got a job as a draftsman with the Link-Belt Engineering Company, in Philadelphia, at a salary of fifteen dollars a week. An ambitious and talented young man, Piez spent the next decade and a half working his way up -- he became, successively, chief draftsman, chief engineer,

general superintendent, and general manager of the Philadelphia plant. By 1906, at the age of forty, he had earned a well-deserved reputation for both his organizing ability and business acumen. When several firms combined that year, to form the Link-Belt Company, he became the new organization's first President, and set up his headquarters in Chicago. By 1911 Piez was one of the most respected businessmen in Illinois, heading the state's Manufacturers' Association, and chairing the state's Workmen's Compensation Commission.[79]

Hurley and Piez knew each other fairly well. They had become acquainted through businessmen's organizations in Chicago, and each had come to respect and admire the other. One of the first telegrams Hurley received after his appointment to the Shipping Board had been from Piez. "The President," the man from Link-Belt had written, "displayed excellent judgement in selecting E. N. Hurley of Chicago for this important and vital post." Hurley was just as impressed with Piez's abilities; the Link-Belt President, he told the Illinois Manufacturers' Association late in 1917, had consistently demonstrated "great ability as an organizer" and a "keen knowledge of public and business affairs." The Shipping Board Chairman especially liked the way Piez could get things done in a no-nonsense manner. If Piez investigated conditions in shipyards, Hurley believed, the Emergency Fleet Corporation could count on getting an accurate and thorough report.[80]

To assist Piez in his investigation, Hurley chose two consulting engineers -- Charles Day of Philadelphia, and Arthur J. Mason of Chicago. Piez knew both men (he, in fact, had recommended Day) and had confidence in their abilities. None of the three, however, had any shipbuilding experience. To provide this type of expertise, Hurley had Frank Kirby, a retired naval architect highly recommended by Admiral Bowles, put at the disposal of Piez's investigating committee.[81]

On 14 September Hurley wrote to Piez to outline the nature of the investigation. Admiral Capps's enthusiasm for this independent inquiry was not as great as Hurley's -- the Admiral, apparently, saw this as unnecessary meddling in his affairs. But Capps's reservations did not

deter Hurley. The charter given to the investigating committee was a broad one: Piez and his companions were told to look "over the work and progress" of the entire shipbuilding program and to make "any suggestions" which occurred to them. "Exactly how you are to undertake this task," Hurley wrote, "we leave to your discretion."[82]

As Piez, Day, and Mason made preliminary plans for their visits to shipyards, Hurley began to consider the possibility of going along with them to find out, first hand, what kind of progress was being made on the merchant vessels the Fleet Corporation had under contract. On 20 September Hurley wrote to Joseph P. Tumulty, the President's private secretary, to say that he and Admiral Capps would join Piez's committee during its tour of the nation's shipbuilding plants. To have done so, though, would have eliminated the "independent" nature of the investigation -- and would also have taken Hurley and Capps away from Washington when there was plenty of business to do at the Fleet Corporation. When Piez and his entourage proceeded to the Great Lakes, in late September, to examine shipyards there, Hurley and Capps remained in Washington. The two men occasionally would visit nearby plants, such as Bethlehem's Sparrows Point yard near Baltimore, but would not take any extended trips. Piez's group, meanwhile, after finishing its tour of yards on the Great Lakes in early October, traveled to Philadelphia and New York to examine conditions there.[83]

When Piez's committee got to New York it investigated rumors about problems with the Ferris design for wooden ships -- the design that was being used for the vast majority of the wooden vessels the Fleet Corporation had under contract. What the committee discovered, as Piez would later put it, "was so serious that we hurried to Washington to report our findings to Mr. Hurley and the trustees of the Emergency Fleet Corporation." The Ferris ship, naval architects had told the committee, "was weak in design" -- the "bottom was not sufficient to resist the upward pressure of the water." That meant, as shipping men put it, that the vessel would have a severe tendency to "hog" -- that is, the bow and stern would tend to bend permanently

downwards (or, as one shipbuilder explained it to a congressional committee, "the ends go down and the middle goes up").[84]

This problem was so serious that Lloyd's, the British ship classification society, refused to approve the Ferris design. Some experienced wooden shipbuilders, however, disagreed with this decision; they told the Fleet Corporation that the Ferris ship was sound and seaworthy. Admiral Capps tended to agree with this latter view -- the dispute, he told Hurley, was like "doctors disagreeing"; his impression was that the vessel was safe for ocean service. But Hurley was not reassured. The Fleet Corporation had about 250 Ferris ships under contract on the Atlantic and Gulf Coasts, and still more on the West Coast. If the design had a fatal flaw, changes had to be made before it was too late.

At Hurley's request Arthur J. Mason, one of the consulting engineers on Piez's committee, made a thorough study of the matter. Late in October Mason went to New York and had a conference with two structural engineers and a naval architect; none of these men had "previously participated in the controversy." As Mason told Hurley, the "unanimous view" of these experts was that the ship's bottom was "entirely too weak to withstand the strains which would be developed" as soon as the vessel took to "the water loaded with operating boilers, engines, and equipment."

Mason then set up a second conference, this time calling in "Mr. Ferris, who designed the vessel [and] Mr. Cox, who has acted as adviser to one of the contractors for wooden ships." There was, Mason told Hurley, "again unanimity" -- even Ferris "frankly admitting" that the design had to be modified. "I beg to say here now," Mason went on, "that the kindly view of Admiral Capps that the matter was one of doctors disagreeing -- that experienced shipbuilders have pronounced the present design safe -- only leads to complacent self delusion and disaster." The design defect, Mason concluded, was serious; it should have been, he said, "frankly avowed and the remedy applied long ago."[85]

Implicit in Mason's remarks was the suggestion that Admiral Capps had handled the affair badly. Hurley agreed -- the Shipping Board

Chairman, in fact, had come to believe that Capps had mishandled other aspects of the shipbuilding program as well. "I am somewhat concerned regarding the management of the Emergency Fleet Corporation," Hurley wrote in his diary on 30 October. "The Admiral does not seem to have the grip on the situation that I had hoped he would develop. He has no general knowledge of what is going on." Changes would have to be made, Hurley decided, and for help he turned to his old friend, Charles Piez, whose investigating committee had cut short its tour of shipyards to report on the design problem with the Ferris ship.[86]

Hurley, from the start, had intended to bring Piez into the Fleet Corporation. He first asked the Link-Belt President to become head of the newly created Division of Operations. On 15 October the Fleet Corporation had commandeered all the ships in the American merchant marine (i.e., completed ships -- the 3 August requisitioning program had applied only to ships under construction). At the Division of Operations, Piez would have been in charge of the equipping, manning, repairing, and operation of these vessels.

Piez, however, turned down this offer, protesting that he knew "practically nothing about operations of vessels." Hurley then, convinced that something had to be done about what he saw as Capps's shortcomings, invited Piez to become Vice President of the Emergency Fleet Corporation. This was a new position Hurley planned to create that would make Piez the number two man in the entire shipbuilding program. Piez would be below Hurley, who was President of the Corporation, but above Admiral Capps, the General Manager. Piez agreed to take the job, and on 30 October the Corporation's trustees, at Hurley's urging, elected the man from Link-Belt Vice President.[87]

Hurley had high expectations for Piez. During September the Shipping Board Chairman had asked representatives of Lloyd's Register of Shipping to estimate how much tonnage the American shipbuilding industry could be expected to produce. These experts reported, in mid October, that the total for 1917 would probably be "about 900,000 tons," and that "3,712,000 deadweight tons of steel shipping" could be

delivered in 1918. Admiral Capps, at about the same time, reported similar figures -- he estimated that "approximately 3,400,000 deadweight tons" of steel shipping could be produced in 1918, along with roughly 1,500,000 tons of wood vessels, for a total of almost 5,000,000 tons. But these numbers, impressive as they were, did not seem to be anywhere near what was needed. Hurley's hope was that Piez could do much better than these estimates.[88]

The need for tonnage was highlighted in an 11 October cable from Prime Minister David Lloyd George to President Wilson. German U-boats, Lloyd George said, might sink as much as eight million gross tons of shipping during 1917. Although the loss rate had begun to level off due to the effectiveness of the convoy and other anti-submarine measures, the Prime Minister reported that the situation was still quite serious. During 1916, Lloyd George said, Britain had only produced about 600,000 gross tons of merchant shipping; this was because the British government, before the Germans began their unrestricted submarine warfare campaign, had focused its shipbuilding effort on naval construction rather than commercial tonnage. That policy had now been reversed, and in 1918, Lloyd George went on, the British hoped to build 2,500,000 gross tons of shipping. Yet even if this ambitious target was reached, and even if construction in the rest of the world -- apart from America -- was taken into consideration, there would still be, the Prime Minister estimated, a "deficit of at least five and a half million tons gross per annum." Lloyd George then told Wilson what he hoped for from the United States: "In the circumstances earnestly suggest you should consider whether it is not possible for America to commence building programme sufficient with building in rest of world to outbuild submarine destruction at present rate, i.e., programme of say six million tons gross per year." That would work out to over 9,000,000 deadweight tons.[89]

President Wilson, and Hurley, did not have to be told by Lloyd George how desperate the need for ships was. The United States was now committed to sending a large army to France; Hurley estimated it would require 1,500,000 deadweight tons of shipping to transport one million

troops across the Atlantic and supply their needs. If more troops were sent, even more ships would be needed. The U.S. Navy also required large numbers of merchant ships -- over 600,000 deadweight tons -- to serve as supply vessels and tankers. Ships were additionally needed, at least 1,750,000 tons, to import raw materials and supplies vital to the U.S. economy, such as chrome from New Caledonia and South Africa, nitrates from Chile, pyrites for fertilizers and chemicals from Spain, wool from Australia, hemp from Manila, and so on. The Allies needed additional ships as well -- at least 1,900,000 deadweight tons -- and hoped America could help them meet their tonnage shortfalls. All told, this added up to a requirement, in the near future, for over 5,750,000 deadweight tons of merchant shipping.

To meet these shipping needs the United States only had 350 merchant vessels, of 2,250,000 deadweight tons, in service. That number, furthermore, was more likely to decrease than increase. As Hurley told Secretary of War Newton D. Baker in mid October, if sinkings due to U-boat attacks continued at the rate of the previous six months, "the new construction of the world [would] only be able to replace about half the losses." The situation certainly appeared bleak.[90]

Piez, Hurley hoped, would be able to meet this challenge by energizing the shipbuilding program in ways Capps had not. The Admiral, Hurley wrote in his diary in late October, "with all his hard work and conscientious efforts to do things, [has] failed to create in the shipbuilders that confidence in him which is so necessary to bring about results." Hurley felt that Capps -- and his assistant Bowles -- were not up to the task. As he put it in his diary:

> I expect Mr. Piez to re-organize the whole situation and my former idea of not interfering for fear of a difference of opinion arising between Admiral Capps and myself has been laid aside. Not that I have any desire to have any difference with him, but my orders and the orders of the new vice president must be obeyed from now on. The whole situation is one of emergency and Capps and Bowles are not emergency men.[91]

One specific problem Hurley saw with Bowles was the retired

Admiral's lack of faith in the wooden ship program -- even though he, as head of the Division of Construction, was responsible for supervising it. As Bowles would freely admit to Congress early in 1918, he believed that steel tonnage was what was needed to meet the emergency. The Fleet Corporation, he would say, had "attempted to produce, within a limited time and under very unusual conditions, more wooden tonnage than . . . should have [been] attempted." That, Bowles maintained, would probably interfere with the steel construction program and "somewhat retard the maximum production of tonnage." The outspoken Bowles even went so far as to tell reporters, in January 1918, that the wooden ship program was a "flat failure" -- a statement he had to back away from under public pressure, but which succinctly summarized his true views.[92]

Hurley was aware of Bowles's negative attitude towards wooden ships well before January 1918. In the fall of 1917, in fact, the Shipping Board Chairman had decided that a new man would have to be brought in to supervise the wooden construction program -- one who believed in wooden ships. For this job Hurley turned to yet another Chicago businessman he knew, James O. Heyworth, who had run a construction and engineering concern for over twenty years. Heyworth, a powerfully built man (during his college days, at Yale, he had been a well-known football player), had supervised the production of numerous wooden barges during his business career; his view was that building large wooden steamers could help ease the shipping shortage. Hurley decided to make Heyworth the Fleet Corporation's "Assistant General Manager"; working under Admiral Capps, the new man's primary job would be to supervise the wooden shipbuilding program.

At the end of October Hurley announced to the press his plans to have Piez and Heyworth join the Fleet Corporation. Both men (who knew each other fairly well) were then in Chicago getting their affairs in order so they could take extended leaves of absence from their businesses to serve the government. "I am sure that Heyworth and I will be prepared to cooperate with Admiral Capps without friction," Piez wrote to Hurley as he prepared for his departure from Chicago,

"and with the sole purpose of rapidly completing the program of the United States Shipping Board." That was what Hurley wanted to hear. A couple of weeks earlier, in a letter to President Wilson, Hurley had suggested that American steel and wood shipyards might be able to produce 6,000,000 deadweight tons of merchant vessels in 1918; he later released that figure to the press. Capps considered this goal to be unrealistic. Hurley, however, hoped that Piez and Heyworth would be able to achieve this admittedly optimistic target.[93]

When Heyworth arrived in Washington to assume his new duties, early in November, he found little to be optimistic about. He quickly discovered that there were two major problems with the wooden shipbuilding program. One of these was the design flaw Piez's committee had discovered in the Ferris ship. Admiral Bowles, an old ship designer, had taken it upon himself to fix the defect. Lloyd's inspectors, when they had refused to certify the Ferris design, had felt that the floors of the ship were too weak, and that the engine should have been located in the stern, rather than amidships. Bowles, after giving the matter "a great deal of thought and attention" (as he later put it), decided that Lloyd's was wrong about the engine -- that it should, in fact, stay amidships. He did agree, though, that the floors should be strengthened. He therefore drew up designs that doubled the thickness of the ship's bottom, added two new bulkheads, modified other bulkheads, and reenforced parts of the stern. Ferris, still the Fleet Corporation's Naval Architect, was not keen about all these changes, but agreed to go along with them. Shipyard owners reacted differently; they vigorously objected to the modifications Bowles had made.

Shipbuilders who had contracts for Ferris ships complained that these major design changes would seriously delay progress on the hulls they had under construction -- and they were right. As one government official would later put it: "No action by the Fleet Corporation made more trouble than this" for the wooden ship program. Hulls already underway had their existing floors ripped apart to incorporate the

changes; hulls not yet begun were delayed by having to wait for the arrival of the larger frame timbers called for by the modified design. "This floor change alone," another Fleet Corporation official would write, "and the consequent disturbance of lumber orders . . . held up the work of [wooden ship] construction for at least three months."

This, moreover, was not the only design change. The Fleet Corporation sent out numerous modifications -- so many that the shipbuilders became "greatly confused" about what to do. In some cases they were even reluctant to build certain parts of their hulls for fear they would have to tear apart whatever was done when the next alteration arrived in the mail. Heyworth tried to put an end to these changes, but only with limited success.

The basic problem was that only a few wooden ships as large as the Ferris vessel -- 3,500 deadweight tons -- had previously been built in the United States. Unforeseen problems had thus developed as work on these vessels progressed -- problems that required constant modifications to the design. Under ideal conditions, one "prototype" ship would have been produced, all the "bugs" would have been worked out, and then orders for other vessels would have been let. Unfortunately, time did not permit the Fleet Corporation to follow such a logical procedure -- large numbers of ships had to be ordered at once, before the design had been proven in service. This meant that when design flaws developed, as they inevitably did, they would have to be corrected simultaneously in a large number of ships, not just in one prototype vessel.[94]

The second serious problem in the wooden ship program was a shortage of lumber. Originally it had seemed that this would only be a difficulty on the West Coast. There a loggers' strike for an eight-hour day and higher pay had seriously hampered timber production during the summer of 1917. By mid August the entire lumber industry in Washington State had come to a standstill, and parts of Oregon, Montana, and Idaho had also been affected. Although in September many of the loggers had returned to the forests without winning their demands, the more radical among their number, members of the Industrial

Workers of the World, had organized an effective "strike on the job" -- that is, they got the men to work so slowly that production remained far below normal.[95]

In the East, meanwhile, lumber procurement had gotten off to a relatively smooth start. The Southern Pine Association, which did not face labor disputes like those that plagued lumber firms in the West, felt it could furnish eastern yards with all the sizes and quantities of timber they required. Early in the war the Association signed contracts with the Fleet Corporation to provide enough wood for 250 ships.[96]

By the time Heyworth arrived in Washington, the lumber situation was changing. The United States Army Signal Corps, interested in speeding up spruce production in order to manufacture airplanes, had sent Colonel Brice P. Disque to the Pacific Northwest to see what he could do about increasing that region's timber cut. By the end of October Disque had helped lay plans for the creation of both an Army wood cutting division and a worker-management organization in the timber country -- the Loyal Legion of Loggers and Lumbermen. Although these two schemes got off to rather uncertain starts, Disque saw to it that they received plenty of journalistic coverage. By late 1917 there was at least the appearance of progress in solving the Pacific Northwest's lumber problems. Later, after Disque helped convince lumbermen to grant loggers the eight-hour day they wanted -- in February 1918 -- production statistics improved rapidly.[97]

As conditions got better in the West, serious lumber shortages developed in the East. The modifications made to the floor of the Ferris ship called for very large timbers to be used in the keel and frame. Such wood could only come from trees with extraordinarily thick trunks, which were rare in eastern forests. Southern lumberman, unable to provide shipyards with such large timbers, sent instead the wood they could find and cut. This was mostly deck planking, upper timbers, and finishing materials. To shipbuilding plants all of this was completely useless until after the keel had been laid and the frame

built. Hurley later compared the situation to that of a man trying to build the foundation of a house, but whose supplier only sent him roof shingles. As a result, work had come to nearly a complete halt on large numbers of wooden vessels contracted for in Atlantic and Gulf Coast shipyards. To solve this production crisis the Fleet Corporation decided, in November, to ship the required big timbers to the East and South from the Pacific Northwest, where Douglas fir trees of the necessary size and quality were plentiful.[98]

As Assistant General Manager Heyworth began his new job and started to wrestle with these wooden ship problems, Charles Piez finished wrapping up his business with Link-Belt in Chicago. After that firm's quarterly board meeting on 6 November, Piez left for Washington. He did not receive a warm welcome from Admiral Capps -- especially after the Admiral learned how the new organization at the Fleet Corporation was going to work.

A Game of Musical Chairs: Capps, Piez, and Harris

On 10 November Hurley officially notified Charles Piez of his "election as Vice President of the Emergency Fleet Corporation," and sent an information copy of the letter to Capps. Piez, the Admiral learned, had been "authorized by the Trustees to act in [Hurley's] stead in signing contracts and in supervising the general operations of the Fleet Corporation." The Admiral, Hurley, and Piez all knew what this meant -- Capps was being eased out of his central policy-making position. From now on the General Manager would report to the Corporation's Vice President (Piez) instead of to the President (Hurley), and he would be expected to follow the Vice President's directives. Capps was not being removed from office, but the position he held, General Manager, was being emasculated.

Hurley and Piez both tried to get the Admiral's cooperation. "I am certain," Hurley wrote in his letter to Piez (knowing that Capps would receive a copy) "that you will have the hearty cooperation of Admiral Capps in making the necessary readjustments." Piez responded to Hurley (in a letter of which Capps also got a copy) in a similar

vein: "Such reorganization as is necessary can, I am sure, be effected without engendering ill will on the part of any one useful to the purposes of the Corporation and without injury to that complete harmony and cooperation so essential to an effective organization."[99]

Capps saw this correspondence on a Saturday; the following Monday the Washington Post reported that there was trouble at the Shipping Board. That was true -- Capps had strongly objected to the new arrangement and had leaked news of his dissatisfaction to the press. Hurley, fearing another public controversy if Capps should quit in anger, phoned Secretary of the Navy Josephus Daniels to explain his reasons for bringing in Piez. Capps was an able man, Hurley told Daniels, but he tried to do too much by himself, and relied too heavily on the advice of Admiral Bowles, in whom Hurley had "no confidence."

A little later Capps called to give Daniels his side of the story. He would not permit, he said, his authority to be usurped by Piez. Daniels was sympathetic to Capps, but also concerned about the Admiral's health. "Capps not well and fear strain will tell on him," Daniels confided to his diary on 12 November. "Hope trouble can be averted."[100]

Unfortunately, it could not. On 14 November Capps saw Daniels and emphasized once again that he would not permit the "Chicago man [i.e., Piez] . . . to be in charge and run things." Daniels promised to discuss the issue with Hurley. But first he went to see President Wilson, to whom he explained the problems at the Fleet Corporation on 15 November. Wilson, worried about another controversy over the shipbuilding program, suggested that Admiral Capps come to the White House to discuss the matter. A few hours later, when Daniels saw Hurley, he told the Shipping Board Chairman that "he ought to go to see the President and get his view before taking action" on the Capps affair.[101]

Daniels's advice, however, was too late -- Hurley had already acted. To consolidate Piez's position, he had had the Corporation's trustees (who now consisted of the members of the Shipping Board)

officially change the by-laws so that the President (i.e., Hurley), rather than the General Manager (i.e., Capps), had "general oversight and control of the management of [the Corporation's] business and affairs." Hurley then delegated his powers to the Vice President, Piez. This formalized the arrangements previously made. In a letter explaining this to Capps, on 15 November, Hurley wrote:

> I need hardly say to you that the change in the by-laws does not decrease the responsibility or authority which should be vested in the General Manager of the Corporation. . . . Your duties are precisely the same as heretofore, and we are counting upon your continued cooperation with the other officials of the Emergency Fleet Corporation.[102]

Capps easily saw through Hurley's devious prose. Under the new arrangement, he realized, Piez would run things and he would merely follow instructions. The Admiral decided, though, not to put up a fight. As Daniels recorded in his diary: "Capps came in. Health so bad he must quit." In a letter of resignation to President Wilson -- sent "<u>via</u> the Secretary of the Navy," <u>not</u> through the President of the Fleet Corporation -- Capps told Wilson:

> With great regret I beg to inform you that the physical disability under which I labored at the time of my assignment to duty with the Emergency Fleet Corporation has increased to a serious extent, and my medical adviser has stated that I cannot continue my present duty without very serious impairment of health, the developments during the past month having been especially unsatisfactory.
>
> In view of these conditions I request that I may be relieved from my present duties with the Emergency Fleet Corporation as soon as possible.[103]

The Admiral's illness turned out to be a godsend for Hurley -- it allowed Capps to make a graceful exit and reduced the danger of a nasty public showdown. President Wilson, in accepting the General Manager's resignation on 23 November, praised the Admiral for the job he had done and emphasized that the only reason for his departure was "impaired health." Both Capps's letter of resignation and Wilson's response were printed in the press; neither document gave any hint of the power struggle that had occurred behind the scenes.[104]

Nor did a letter from Hurley to Daniels that was also published

in newspapers:

My dear Mr. Secretary:

Admiral Capps has informed me that he has asked you to detail him to some other post. He has told me of the advice of his physician, which is that his health will not stand the constantly increasing strain of the work of General Manager of the Emergency Fleet Corporation. Dr. [Cary T.] Grayson suggested to me a few weeks ago that it was very doubtful whether the Admiral could continue to bear the burden.

I need not tell you that these reports, confirming what Admiral Capps himself has told me on numerous occasions, are a source of great concern to all of us. The work that Admiral Capps has been doing has won the admiration of the officers and trustees of the Emergency Fleet Corporation. No consideration, other than personal concern for his health, could bring us to join in his own request for a transfer to work less arduous. . . .

My association with Admiral Capps has been so congenial, his remarkable abilities have so won my admiration, that I am divided between a sense of loss in letting him go, and the sense of personal loyalty to him in suggesting that you approve of his request, in order to conserve his health and retain his skill and experience in work where physical endurance will play a smaller part.[105]

Capps apparently felt quite bitter about this empty praise from the man who had stripped him of power at the Fleet Corporation; he got his revenge by leaking details to reporters about what had really happened.

On 23 November the Washington Post gave its readers an inside view of the recent events at the Fleet Corporation:

Several weeks ago Charles A. Piez, a Chicago engineer and contractor, was appointed vice president of the board [actually Vice President of the Fleet Corporation], and James O. Heyworth, another Chicago businessman, was placed in charge of a section of construction [i.e., wooden ships].

Admiral Capps complained immediately that his preserves were being encroached upon by persons who insisted upon forcing the adoption of shipbuilding schemes which were totally at variance with his judgment. In addition he found the board sponsoring promises to tonnage construction that he did not believe it possible to put down.

By degrees Piez and Heyworth have applied new methods and suggestions that Admiral Capps and his assistants are totally opposed to. As the situation now stands Admiral Capps is absolutely satisfied that the United States government will not turn out the 6,000,000 tons of shipping which Chairman Hurley is giving the impression will be available for troop transportation during the next fourteen months.

The next day, after Capps's resignation was officially announced, the Post stated, quite accurately:

> While Admiral Capps' physician has advised him that to continue at work on the Fleet Corporation, or in any other capacity, would imperil his life, there were reports that friction between the admiral and Chairman Hurley, of the shipping board, hastened the former's decision to retire. He would have been forced to resign in any case within a few weeks according to those who know his physical condition, but the recent action of the shipping board in reorganizing the fleet corporation, with Charles A. Piez as vice president in virtual charge of the ship construction program, was said to have influenced the admiral to withdraw without more delay.[106]

Yet despite these stories about friction at the Shipping Board and Fleet Corporation, the ill-health explanation won general acceptance as the primary reason for Capps's resignation. No one could deny that the Admiral was ill -- after leaving the Emergency Fleet Corporation, he went on sick leave for six months. As the New York Times put it in an editorial, Capps had suffered from health problems when he first became General Manager. "It was only a question of time," the paper said, before he broke "down under the burden imposed upon him." The Admiral's resignation thus did not lead to the kind of public controversy that developed prior to the resignation of Denman and Goethals.[107]

With the departure of Capps, a new General Manager was needed. One possible choice was Piez, but Hurley did not seriously consider this option. The man from Link-Belt had no shipbuilding experience and was not well-known outside of Chicago; for these reasons his appointment might have come under heavy fire by opponents of the Administration. Hurley had dodged a bullet in getting rid of Capps without much public controversy -- he did not want to take a chance on having a dispute now break out over Capps's replacement.

Hurley first offered the job of General Manager to Homer L. Ferguson, President of the Newport News Shipbuilding and Dry Dock Company -- and one of the best known shipbuilders in the country. Ferguson, however, had talked to Capps and learned about the changes in

the by-laws which gave Piez effective control of the shipbuilding program. On 12 November, when rumors of Capps's possible resignation first started to circulate, Ferguson told Secretary Daniels that he would not consider becoming the General Manager. The man in that position, he said, no longer had the power "to bring things to pass." Ferguson, in short, was not willing to be a figurehead. When Hurley formally offered him the position on 22 November, he immediately declined. "I feel sure," he wrote Hurley, "that I shall be able to do more useful work in my present capacity than in Washington in that position."[108]

Hurley then decided to have another Navy officer succeed Capps. The man he chose was Admiral Frederic R. Harris, Chief of the Navy's Bureau of Yards and Docks. Secretary Daniels later claimed that he warned Hurley against the choice because Harris was tough to get along with and an egotist who "needed a hat several times the size of his head." But friends of Harris, such as Senator Benjamin R. Tillman of South Carolina, and Assistant Secretary of the Navy Franklin D. Roosevelt, warmly supported the Admiral's appointment. Hurley, despite Daniels's misgivings, decided that Harris would be his man.

The Fleet Corporation planned to announce the appointment to reporters on 24 November, and Hurley asked Daniels to get some background information from the Admiral for a press release. Harris's response revealed his personality. As Daniels wrote in his diary: "Asked Harris to give sketch of himself for papers. He did so & it was full of praise. 'His natural gait in getting things done is a gallop.' We had great fun over it."[109]

A short while later Hurley met with Harris to discuss the shipbuilding situation. One of subjects the two men went over was the change in the General Manager's status. Under the new by-laws, all authority was vested in Hurley, as President of the Corporation. Hurley told Harris that these powers had been delegated to Piez, the Vice President, to whom the General Manager would report. Hurley tried to explain this as clearly as he could to Harris, but the two men misunderstood each other. Hurley was serious about the revision of the

by-laws and intended to have Piez and himself, not Harris, make all the major decisions. But the Admiral later recalled that at the time he "did not care much" about what the by-laws said -- he had the impression that if he did a good job there would be no complaints.[110]

Harris began work at the Fleet Corporation on 1 December. Prior to this he had several conversations with Piez, and the two men found themselves in general agreement on most issues. Both felt that something had to be done about slow progress in the wooden shipyards. Piez suggested that a "complete separation of the wood and steel shipbuilding programs" should immediately be made, and Harris concurred. To this end the new General Manager, on 5 December, officially announced the partition of Admiral Bowles's Construction Division into a Division of Wood Ship Construction, to be headed by Heyworth (who dropped his title of Assistant General Manager), and a Division of Steel Ship Construction, to be led by Bowles. The latter man, a severe critic of the wooden ship program, would now have nothing more to do with this type of vessel.[111]

Piez and Harris also agreed that Admiral Capps, as Piez put it, had placed too much emphasis on "safeguarding the public's financial interest." That was certainly an important goal, Piez felt, but the <u>main</u> objective of the Fleet Corporation was to build ships as rapidly as possible. Capps's lengthy and detailed contract reviews, Piez believed, unduly delayed progress on vessels. Harris again concurred. As he wrote, in a memorandum prepared for Piez: "Due economy [should] be exercised . . . with a view to avoiding wastefulness and extravagance, but the monetary consideration [should] be secondary to expeditious maximum construction."[112]

Piez additionally suggested to Harris that the Fleet Corporation move its head office to Philadelphia. That would not only allow the Corporation's officials to escape the crowded working conditions of Washington D.C., but would also get them closer to the important shipbuilding plants on the Delaware River -- including the big fabricated yards being constructed at Hog Island and Bristol. Harris,

as he would later recall, "enthusiastically concurred in this" as well. Shortly after talking to Piez, the Admiral sent his office manager to Philadelphia to locate some space, "preferably . . . in the same building with the American International Corporation." That, Harris believed, would facilitate his coordination with the men who were building the big Hog Island shipyard.[113]

As far as policy matters went, there were thus no fundamental disagreements between Piez and Harris. As the Admiral later put it, the two men never "had a misunderstanding about anything"; apparently they got along relatively well. Nonetheless, there was a problem -- the change in the by-laws created confusion over who was in charge. As Harris noted shortly after his arrival, Fleet Corporation officials were "being sent for, reporting to, and receiving orders from" Hurley, Piez, and himself. In this nebulous situation, Harris was not sure what kind of authority he actually had.

Shipbuilders were also confused. J. W. Powell, the President of Bethlehem's Fore River yard, sent three identical telegrams to the Fleet Corporation -- one to Hurley, one to Piez, and one to Harris -- to say that he was coming to Washington to discuss a contract matter. When Harris asked Powell why he had done this, the shipbuilder indicated that he was not sure who was in charge. "I have got to see all three of you," he said, to get a decision.[114]

After a week and a half on the job, Harris decided that this confusion over authority demonstrated yet another good reason for moving to Philadelphia -- geographical separation from Hurley, who Harris felt was interfering too much in Fleet Corporation business. Harris especially resented the fact that Hurley, without going through him, would sometimes directly contact officials who were subordinates of the General Manager.

When Harris's office manager reported that space could be rented in Philadelphia in the same building that housed the American International Corporation, the Admiral decided to act. Piez was temporarily out of town, so Harris went directly to Hurley, on 11 December. The Admiral told the President of the Fleet Corporation that

he had found office space in Philadelphia and intended to sign a lease the very next day.

Hurley told Harris not to act so quickly -- that moving the Corporation's headquarters was a matter the Board of Trustees would have to discuss and approve. According to Hurley, the Admiral "strongly resented this suggestion and said his understanding was that he had full authority to act on all such matters." Hurley, referring to the new by-laws, replied that that was not the case. In his memoirs, Hurley described what happened next:

> That afternoon, the Admiral came to my office and asked me to sign a number of contracts for new ships. When we were alone, he started to walk the floor in front of my desk, and said: 'Mr. Chairman, I am very much perturbed over your suggestion to-day that before I enter into any lease for an office building in Philadelphia I should present the matter to the Board of Trustees of the Fleet Corporation. I want to assure you that if I have to continue to get approval in advance on matters of this kind I shall go back to the Navy.'[115]

Following this incident, relations between Hurley and Harris rapidly soured. Hurley told the Admiral that he was against the move to Philadelphia because he desired "to be in personal touch with the subordinate division managers . . . and planned meeting with them periodically" to keep informed about current developments. That was exactly the kind of "meddling" which Harris had hoped to escape by moving out of Washington. As the days passed, both men became increasingly angry and frustrated with each other.[116]

The dispute between the two reached a climax on Monday, 17 December, when Hurley discussed Harris's activities as General Manager with the trustees of the Fleet Corporation. The Admiral, Hurley said, wanted to make the move to Philadelphia, and to take other actions -- such as implementing a $12 million program to build housing for workmen at various shipyards -- without consultation with the trustees. This, Hurley argued, was unacceptable, and he got the trustees to agree. With their backing, he then moved to dispose of Harris. As soon as the meeting of the trustees ended, Hurley dispatched a letter to the Admiral:

I wish to express my appreciation of the frankness with which you stated your position that unless you are given this complete authority to act independently of the Trustees not only on these matters, but on other subjects which may arise, you felt that you could not in justice to yourself continue the work for the Fleet Corporation, but would prefer to resume your work in the Navy Department.

It is well to have this issue raised during your first two weeks with the Fleet Corporation. It is entirely proper that you should want to have this issue settled at the outset. I commend your sincerity in raising the question now. I shall be equally frank on behalf of the Trustees. It is not possible to meet the conditions which you stated were indispensable to your continuing in our service.

The other Trustees join me in the regret that we cannot retain the benefit of your service in furthering the work of the Fleet Corporation. Wishing you continued success in the constructive work you have been doing in the Navy, I am

Very truly yours,

Edward N. Hurley[117]

Harris, like Capps before him, was bitter at being dumped by Hurley. He immediately penned a vituperative letter to the man who served both as President of the Fleet Corporation and Chairman of the Shipping Board. The confused authority at the Emergency Fleet Corporation, Harris said, could "only result in disorganization and a discreditable failure" of the vital shipbuilding program. In such a disjointed environment, he said, serious problems were inevitable. He added:

I am human and naturally not desirous of being connected with a failure, especially when it is due to inherent faults in organization accentuated by disorganization, and utter confusion resulting from continued interference [by Hurley] with subordinates over the head of their superior [i.e., Harris] and without his knowledge. . . .

I am forwarding to the Secretary of the Navy a copy of my letter to you with my request for detachment from duty with this Corporation.[118]

On 17 December the Shipping Board formally announced Harris's "resignation" to the press. To avoid another conflict over authority, Hurley immediately declared that Piez, in addition to being Vice President, would also serve as the Fleet Corporation's General Manager.

To put the best face possible on this appointment, Hurley told reporters that Piez, in his short time in Washington, had developed a firm understanding of the whole shipbuilding situation. Despite Harris's resignation, Hurley suggested, all was well at the Emergency Fleet Corporation. In fact, he said, a survey of American shipyards indicated that conditions were highly favorable for producing 6,000,000 deadweight tons of cargo vessels in 1918.

Hurley did not give reporters any explanation for Harris's departure, but the New York Times speculated that the Admiral had quit because he did not find the work "congenial." The truth of this was underscored when Harris, like Capps before him, leaked his interpretation of what had happened to the press. Once again it was the Washington Post, on 18 December, which published the story:

> Discouraged by conditions in the shipping board which have hindered him in his efforts at every turn, Rear Admiral Frederic R. Harris yesterday resigned as [General Manager] of the Emergency Fleet Corporation. . . .
>
> The man who only a month ago was selected to build America's new fleet of ships has found it impossible to build ships because of the hesitation and vacillation of his superiors. . . .
>
> Taking up one of the biggest jobs in the United States with assurances that he had the authority needed to make that job a success, that his hands were free, Admiral Harris undertook to go ahead under full steam, only to discover that he was held down by the anchor of officialdom and hawsers of red tape. . . .
>
> He was not long in finding that the authority he was supposed to have was not real. . . .

The building program, the Post went on, was "lagging" badly instead of going forward; it was, moreover, "nonsense to talk of building 6,000,000 tons of ships by next year." A spectacular controversy at the Shipping Board was thus once more out in the open.[119]

This latest brouhaha came at a bad time for the Wilson Administration. The autumn and early winter of 1917 were among the darkest days of the war for the Allies -- Russia was collapsing into internal revolution, Italy had suffered a devastating defeat at Caporetto, the French Army was recovering from a widespread mutiny, and German counterattacks had wiped out gains British tanks had made at

Cambrai. And although the destruction of merchant tonnage by U-boats had fallen off due to convoying and other anti-submarine measures, the toll continued to be worrisome. During the last six months of the year, German submarines sank almost 2,600,000 gross tons of merchant shipping -- far more than what was being produced in all the world's shipyards combined.[120]

For the Allies, the problems at the Emergency Fleet Corporation could not have come at a worse time. The British, for whom merchant shipping had become a critical lifeline, were especially worried. On 17 December, the same day Harris's resignation was announced, Prime Minister David Lloyd George sent an urgent cable to Colonel House. "We are receiving," the Prime Minister said, "information from very trustworthy sources to the effect that the United States shipbuilding programme for 1918 is not likely to exceed 2,000,000 [gross] tons." The British had expected, Lloyd George continued, that the "United States would produce 6,000,000 [gross] tons -- afterwards increased to 9,000,000." The War Cabinet thus viewed this lower estimate as a very serious development. "The American shipbuilding programme," the Prime Minister told House, "is absolutely vital to the success in the War. May I urge that immediate steps be taken to ascertain the real situation . . . as all depends upon [the original] estimate being realised."[121]

Lloyd George was not the only one to raise questions about what was going on with the American shipbuilding program. When the Sixty-Fifth Congress assembled, on 4 December, to begin its second session, many lawmakers had come to believe that the Wilson Administration was dangerously mismanaging the entire war mobilization effort -- including the construction of merchant tonnage. By mid month congressional investigations of the War Department, the Navy Department, the Food Administration, and the Fuel Administration were underway on Capitol Hill; when the controversy over Harris's dismissal became public, Congress was in no mood to ignore the problems at the Fleet Corporation.[122]

On 18 December Senator Warren G. Harding, a Republican from Ohio,

introduced a resolution to have the Senate Committee on Commerce "investigate all matters connected with the building of merchant vessels under the direction of the United States Shipping Board Emergency Fleet Corporation." Harding claimed that red tape, inefficiency, and controversy had all delayed the shipbuilding program. The people of the country wanted to know, he went on, why ships were not being launched. It was a crime, he said, the way the money provided to the Fleet Corporation had been so poorly handled.

Harding denied his proposed investigation was motivated by any partisan considerations. As Seward W. Livermore points out in his study of the wartime Congress, Harding's disclaimer on this point was suspect -- many Republicans saw the investigation as an opportunity to embarrass the Administration. Nonetheless there was, as Harding suggested, widespread concern over conditions at the Emergency Fleet Corporation. This was demonstrated when the Senate adopted Harding's resolution without a single dissenting vote. Even Senators friendly towards the Administration had to admit that there appeared to be serious problems with the shipbuilding program.[123]

Admiral Harris's resignation demonstrated the continuing difficulty the Fleet Corporation was having in getting organized. But that was not the only aspect of the shipbuilding program that the Commerce Committee intended to investigate -- it planned to cast a wide net. One issue the Committee would be particularly interested in was shipyard labor, which had been a troubling problem for the Fleet Corporation since its earliest days.

NOTES TO CHAPTER 8

[1]Dictionary of American Biography, Supplement 1 (New York: Charles Scribner's Sons, 1944), p. 446; U.S. Congress, Senate, Committee on Commerce, Hearings on Senate Resolution to Investigate All Matters Connected with the Building of Merchant Vessels under the Direction of the United States Shipping Board Emergency Fleet Corporation, 65th Cong., 2d sess., p. 6 (hereafter cited as Senate Hearings); Who Was Who in America, 1897-1942, vol. 1 (Chicago: Marquis Company, 1942), p. 612; Edward N. Hurley, The Bridge to France (Philadelphia: J. B. Lippincott Company, 1927), pp. 68-69; New York Times, 25 July, 29 July 1917, 15 November, 3 December 1933; "Biographical Sketch of Edward N. Hurley," n.d., Box 22, "Quick Flight to Great Wealth and Power" by James B. Morrow, published in Boston Sunday Globe Magazine in 1917, Box 14, Edward Nash Hurley Collection, University of Notre Dame Archives (hereafter cited as Hurley Papers).

[2]Arthur S. Link, Wilson: The Road to the White House (Princeton, N.J.: Princeton University Press, 1947), pp. 143, 459-462; Hurley, The Bridge to France, pp. 1-15.

[3]"Biographical Sketch of Edward N. Hurley," n.d., Box 22, Hurley Papers; Edward N. Hurley, Awakening of Business (Garden City, N.Y.: Doubleday, Page and Company, 1916), pp. 206-210; Jeffrey J. Safford, Wilsonian Maritime Diplomacy, 1913-1921 (New Brunswick, N.J.: Rutgers University Press, 1978), p. 81.

[4]New York Times, 25 July, 29 July 1917; "Biographical Sketch of Edward N. Hurley," n.d., Box 22, Hurley Papers; Hurley to Stevens, 13 February, 5 March 1917, Box 11, Old General File, Records of the United States Shipping Board, National Archives, Record Group 32 (hereafter cited as NA/RG 32). Hurley, in The Bridge to France, says that he served on the War Trade Board during July 1917 (see pp. 17-18). The Trade Board, however, was not established until October. In July Hurley was thus probably serving in some connection with the Trade Board's predecessor, the Exports Council. See Frederic L. Paxson, America at War, 1917-1918 (Boston: Houghton Mifflin Company, 1939), pp. 125-136, for a brief history of the creation of the War Trade Board.

[5]Hurley, The Bridge to France, p. 18.

[6]Wilson to Hurley, 25 July 1917 in The Papers of Woodrow Wilson, edited by Arthur S. Link et. al. (Princeton, N.J.: Princeton University Press, 1966-), vol. 43; Hurley to Stevens, 13 February, 5 March 1917, Box 11, Old General File, Stevens to Wilson, 8 May 1917, Box 1, Hurley to Stevens, 2 April, 9 April 1917, Stevens to Hurley, 5 April 1917, Box 6, Records of Shipping Board Commissioners/Raymond B. Stevens, NA/RG 32; Wilson to Hurley, 12 May 1916, Box 13, Hurley Papers; Who Was Who

in America, vol. 2, p. 509; Robert D. Cuff, "We Band of Brothers -- Woodrow Wilson's War Managers," The Canadian Review of American Studies 5 (Fall 1974):139.

[7]Hurley, The Bridge to France, p. 315; Hurley Diary, 7 August 1918, Box 18, Hurley Papers; Cuff, p. 137. The President -- and his wife, Edith Bolling Wilson -- were both appreciative of Hurley's admiration. As Mrs. Wilson told Hurley several years after the death of her husband, the President's "judgment of 'Ed Hurley' and his unfailing loyalty" was entirely "justified." See Mrs. Wilson to Hurley, 7 February 1927, Box 17, Hurley Papers.

[8]New York Times, 25 July 1917.

[9]Wayne A. Wiegand, Patrician in the Progressive Era: A Biography of George Von Lengerke Meyer (New York: Garland Publishing, Inc., 1988), pp. 153-181; Julius Augustus Furer, Administration of the Navy Department in World War II (Washington D.C.: Department of the Navy, 1959), p. 524; Dictionary of American Biography, Supplement 1, pp. 150-151; Annual Report of the Paymaster General of the Navy for the Fiscal Year 1918, (Washington D.C.: Government Printing Office, 1918), p. 102; New York Times, 22 March 1917. The Compensation Board was formally established on 21 March 1917.

[10]S. Taylor to Goethals, 25 July 1917, Box 40, Goethals to George R. Goethals, 19 A[illegible] 1917, Box 4, George W. Goethals Papers, Library of Congress (hereafter cited as Goethals Papers); Josephus Daniels, The Cabinet Diaries of Josephus Daniels, 1913-1921, edited by E. David Cronon (Lincoln, Neb.: University of Nebraska Press, 1963), p. 236; J. Russell Smith, Influence of the Great War upon Shipping (New York: Oxford University Press, 1919), p. 282; Senate Hearings, p. 2433.

[11]U.S. Shipping Board, First Annual Report of the United States Shipping Board Covering the Period of Its Existence to and Including October 31, 1917 (Washington D.C.: Government Printing Office, 1917), p. 6; The Shipping Act, Merchant Marine Act, 1920, as Amended and Merchant Marine Act, 1928, Revised to March 4, 1929 (Washington D.C.: Government Printing Office, 1929), p. 5; New York Times, 25 July, 26 July 1917; San Francisco Examiner, 20 October 1916; San Francisco Chronicle, 10 October 1916; W. G. McAdoo to Vance McCormick, 17 September 1916, Box 166, McAdoo to Colby, 27 January 1917, Box 173, William G. McAdoo Papers, Library of Congress (hereafter cited as McAdoo Papers).

[12]New York Times, 26 July, 27 July, 28 July 1917; Chicago Tribune, 25 July 1917.

[13]Capps to Ferris, Conti, Cotton, et. al., 26 July 1917, Ferris to Capps, 27 July 1917, H. Thayer to Capps, 28 July 1917, Box 84, Old General File, NA/RG 32. Ferris states in his letter that there were

164 wooden hulls and sixty-five complete wooden ships under contract; Thayer, Ferris's Assistant, states in his letter that there were 152 wooden hulls and seventy-seven complete wooden ships under contract. Both sets of figures add up to 229. I have used Thayer's numbers because they are broken down into greater detail and therefore appear to be more precise.

[14]Fuller to Capps, 27 July 1917 (two letters on same date), Box 84, Old General File, NA/RG 32. Fuller reported to Capps that contracts for 394 wooden ships (not including the 58 composite ships) and 83 steel ships had been negotiated. Subtracting the contracts H. Thayer reported as being executed from these totals indicates contracts for thirteen additional steel ships and 165 wooden ships had been negotiated but not yet signed. These contracts had presumably been forwarded to General Manager George W. Goethals for his approval and some, perhaps, to Fleet Corporation President William Denman for his signature; they had not, however, been executed before Denman and Goethals left the Board. Fuller states that contracts for twenty-six steel ships and thirty-two wooden ships were still under negotiation. These, apparently, had not yet been forwarded to the General Manager for his approval. The Contract Department was not aware of which contracts had been executed -- signed contracts were filed in the Legal Department, not the Contract Department.

[15]Senate Hearings, pp. 85-86; U.S. Congress, House of Representatives, Select Committee on U.S. Shipping Board Operations, Hearings before Select Committee on U.S. Shipping Board Operations, 66th Cong., 2d and 3rd sess., p. 1139 (hereafter cited as House Hearings on Shipping Board Operations); "Preliminary Report upon the Emergency Fleet Corporation's Wood Ship Program," 1 May 1919, Box 211, Subject-Classified General Files, NA/RG 32. Capps actually said that he wanted to have "at least a reasonable knowledge of what was going on before signing the contracts." The General Manager, however, did not have authority to sign the contracts -- they still had to be signed by the President of the Fleet Corporation, who was now Hurley.

[16]Senate Hearings, pp. 85-86, 201-202, 944, 1103, 1357; House Hearings on Shipping Board Operations, pp. 1138-1139; New York Times, 11 August 1917; W. C. Mattox, Building the Emergency Fleet (Cleveland: The Penton Publishing Company, 1920; reprint ed., New York: Library Editions, 1970), p. 231. Samuel L. Fuller of the Contract Department, who had urged Capps to act quickly on pending matters, would depart as well.

[17]Hurley Diary, 30 October 1917, Box 18, Hurley Papers.

[18]Hurley, The Bridge to France, p. 79; Senate Hearings, pp. 1926, 1969; New York Times, 4 August, 6 August 1917.

[19]Ferris to Capps, 5 August 1917, Box 83, Old General File, NA/RG

32; Senate Hearings, pp. 1725, 1969-1970.

[20]"Fabricated Steel Ship Project," 23 July 1917, Box 84, Old General File, NA/RG 32.

[21]Senate Hearings, pp. 1969-1970.

[22]U.S. Shipping Board, Annual Report (1918), pp. 130-131; The Marine Review, 47 (October 1917):377; Senate Hearings, p. 2022.

[23]New York Times, 14 August 1917; Alexander H. Beard, The Bridge of Ships (New York: American International Corporation, n.d.; reprinted by permission from The Outlook, 7 August 1918), pp. 5, 31, 39, 44; U.S. Shipping Board, Annual Report (1918), pp. 130-131. The American International Corporation repeatedly denied that it haggled over the price with Capps, but these refutations had a hollow ring to them. Even George Baldwin admitted that the fee was the "only real difference" between the contract his firm signed with Capps and the contract Goethals had prepared. See Senate Hearings, pp. 1725, 1748-1749 and House Hearings on Shipping Board Operations, p. 1161.

[24]Beard, pp. 31, 35; Senate Hearings, pp. 1381, 1725, 1748-1749.

[25]Capps to D. J. Cody, 11 October 1917, Box 83, Old General File, NA/RG 32; Capps to Hurley, 1 August 1917, Box 70, R. Dollar to Donald, 13 December 1917, Box 148, Subject-Classified General Files, NA/RG 32; House Hearings on Shipping Board Operations, pp. 3224, 4149, 5123-5124, 5137; Senate Hearings, pp. 2405-2406, 2433-2434.

[26]Hurley, The Bridge to France, pp. 31-32.

[27]Memorandum on Commandeering Project, 25 July 1917, File 234-2, Records of Charles Piez, NA/RG 32; Report of Department of General Commandeering -- Annual Report, 31 October 1917, Box 170, Old General File, NA/RG 32.

[28]Memorandum on Commandeering Project, 25 July 1917, File 234-2, Records of Charles Piez, NA/RG 32; "Vessels under Contract," 3 August 1917, Box 79, A. Tardieu to Hurley, 2 August 1917, Box 135, Subject-Classified General Files, NA/RG 32; R. Crawford to Denman, 16 May 1917, Box 10, William Denman Papers, Bancroft Library, University of California at Berkeley (hereafter cited as Denman Papers). Canadian owners had two ships on order, Danish owners four, Dutch owners one, Italian owners four, Japanese owners one, and Russian owners two.

[29]Safford, pp. 100-101; C. Haight to Hurley, 8 September 1917, Box 71, Subject-Classified General Files, NA/RG 32. The precise number of ships building for Norwegian account at the start of 1917 is not clear, but it may have been a hundred or more. Charles S. Haight, a counsel hired by Norwegian shipowners to represent their interests,

claimed "that the large majority of the steamers which were contracted to be built in American yards between August 1, 1914, and January 1, 1917, were for Norwegian account." See Brief Submitted to the United States Shipping Board on Behalf of Norwegian Owners, n.d., Box 71, Subject-Classified General Files, NA/RG 32.

[30]Balfour to Secretary of State, 21 August 1917, Box 79, Subject-Classified General Files, NA/RG 32 (reprinted in Hurley, The Bridge to France, pp. 329-330); R. Crawford to Denman, 16 May 1917, Box 10, Denman Papers.

[31]Balfour to Denman, 23 May 1917, Box 14, Hurley Papers.

[32]"Minutes of Board Meetings," 23 July, 24 July 1917, NA/RG 32.

[33]Spring Rice to F. Polk, 25 July 1917, Box 79, Subject-Classified General Files, NA/RG 32.

[34]Tardieu to Hurley, 2 August 1917, Box 135, Brief Submitted to the United States Shipping Board on Behalf of Norwegian Owners, n.d., Box 71, Subject-Classified General Files, NA/RG 32.

[35]Capps to American shipyards, 3 August 1917, Box 79, Subject-Classified General Files, NA/RG 32.

[36]Historical Transactions of the Society of Naval Architects and Marine Engineers, 1893-1943 (New York: The Society of Naval Architects and Marine Engineers, 1945), p. 205; Senate Hearings, pp. 108, 301, 336, 1445; Smith, p. 297; Daniels, The Cabinet Diaries of Josephus Daniels, p. 236; Report of Department of General Commandeering -- Annual Report, 31 October 1917, Box 170, Old General File, NA/RG 32.

[37]Senate Hearings, pp. 301-303, 309. By the end of 1917 keels would be laid for an additional 101 of the requisitioned ships.

[38]Report of Department of General Commandeering -- Annual Report, 31 October 1917, Box 170, Old General File, NA/RG 32; Senate Hearings, pp. 301-302; House Hearings on Shipping Board Operations, p. 5128.

[39]Senate Hearings, pp. 302, 592-597; House Hearings on Shipping Board Operations, pp. 4213-4214. The remarks about the Fleet Corporation's failure to compensate yard owners for their extra expenses were made by Charles Piez, who would serve as Vice President, General Manager, and Director General of the Fleet Corporation.

[40]For an account of mistakes made by government planners in coal production during World War I see James P. Johnson, "The Wilsonians as War Managers: Coal and the 1917-1918 Winter Crisis," Prologue: The Journal of the National Archives 9 (Winter 1977):192-208. For a discussion of the difference between mobilization during World War I

and World War II see Melvin I. Urofsky, Big Steel and the Wilson Administration: A Study in Business-Government Relations (Columbus, Oh.: Ohio State University Press, 1969), p. 172.

[41]Stevens to F. Polk, 3 August 1917, F. Polk to Hurley, 4 August 1917, Box 175, Subject-Classified General Files, NA/RG 32.

[42]Balfour to Secretary of State, 21 August 1917, Box 79, Subject-Classified General Files, NA/RG 32 (reprinted in Hurley, The Bridge to France, pp. 329-330).

[43]Haight to Stevens, 11 August 1917, Box 71, Subject-Classified General Files, NA/RG 32.

[44]Tardieu to Wilson, 16 August 1916, Box 18, Hurley Papers; House to Wilson, 27 August 1917, The Papers of Woodrow Wilson, vol. 44.

[45]Tardieu to Capps, 21 August 1917, Box 83, Subject-Classified General Files, NA/RG 32.

[46]Hurley Diary, 24 August 1917, 6 September 1917, Box 18, Hurley Papers; Stevens to Haight, 23 August 1917, Box 71, Subject-Classified General Files, NA/RG 32.

[47]Hurley Diary, 24 August 1917, Hurley to Wilson, 31 August 1917, Box 18, Hurley Papers. In addition to the War Sword (10,000 deadweight tons) the British were allowed to keep two other ships which "were substantially completed" at the time of the commandeering order -- the War Song (4,200 deadweight tons) and War Viceroy (8,800 deadweight tons). Similarly, the French were permitted to keep two nearly completed ships they had on order -- Limoges (2,900 deadweight tons) and Lt. DeMessiessy (8,800 deadweight tons). The French would also, in December, be permitted to keep the California (7,600 gross tons) -- a ship on which France paid a substantial advance without consulting the Shipping Board. To save the French government a "large amount of money" and to "relieve embarrassment" the California was allowed to accept French registry. See Memorandum for Mr. Page, 28 December 1917, Box 182, L. Sisler to W. Jones, 31 January 1918, Box 192, Subject-Classified General Files, NA/RG 32

[48]Hurley to Lansing, 14 September 1917, Box 100, Subject-Classified General Files, NA/RG 32.

[49]Hurley Diary, 24 August 1917, Box 18, Hurley Papers; Wilson to Hurley, 18 September 1917, Box 79, Subject-Classified General Files, NA/RG 32.

[50]There is no direct evidence to suggest Lansing disagreed with Hurley's policy. On 8 October, however, Hurley would forward another letter to the Secretary of State on this matter. He took the trouble

to back up that letter with supporting statements prepared by Secretary of War Newton D. Baker and Secretary of the Navy Josephus Daniels -- as if he needed to convince Lansing of the support his policy had within the Administration. He then concluded that policy statement by stating that he "would be glad to have your [i.e., Lansing's] views in this matter," as if he expected a disagreement. See Hurley Diary, 8 October 1917, Box 18, Hurley Papers.

[51]Hurley to Lansing, 29 August 1917, Lansing to Hurley, 11 September 1917, Box 79, Subject-Classified General Files, NA/RG 32 (29 August letter reprinted in Hurley, The Bridge to France, pp. 331-333). Hurley's cable to Balfour was coordinated through the State Department. Lansing, however, held up its transmission for over a week -- it would not be sent to London until 7 September. This delay may also have been due to reservations Lansing had over Hurley's commandeering policy.

[52]Hurley Diary, 15 September 1917, Box 18, Hurley Papers; Los Angeles Evening Express, 4 August 1917.

[53]Hurley to B. Baruch, 21 May 1918, quoted in Safford, p. 146; Hurley to Fletcher, 3 October 1917, Box 92, Subject-Classified General Files, NA/RG 32; Hurley Diary, 12 October, 24 October 1917, Box 18, Hurley Papers.

[54]Hurley Diary, 15 September 1917, Box 18, Hurley Papers.

[55]Tardieu to Capps, 21 September 1917, Tardieu to Hurley, 24 September 1917, Box 83, Tardieu to Capps, 20 September 1917, Box 84, Subject-Classified General Files, NA/RG 32.

[56]Hurley Diary, 12 October 1917, Box 18, Hurley Papers; "Minutes of Board Meetings," 4 October 1917, NA/RG 32.

[57]"Minutes of Board Meetings," 4 October 1917, NA/RG 32; Hurley Diary, 12 October 1917, Box 18, Hurley Papers.

[58]E. Stray and T. Dannevig to Shipping Board, 18 February 1918, Box 71, Daniels to Hurley, 24 September 1917, Baker to Hurley, 24 September 1917, Box 79, Subject-Classified General Files, NA/RG 32; Hurley Diary, 8 October, Box 18, Hurley Papers.

[59]Wilson to Hurley, 9 October 1917, Box 32, Hurley to Wilson, 8 October 1917, Box 79, Subject-Classified General Files, NA/RG 32; Hurley Diary, 12 October 1917, Box 18, Hurley Papers.

[60]W. Phillips to Wilson, 5 September 1917, The Papers of Woodrow Wilson, vol. 44; Hurley, The Bridge to France, pp. 95-96; Hurley to Tardieu, 20 October 1917, Box 84, Subject-Classified General Files, NA/RG 32.

[61]Hurley to Tardieu, 20 October 1917, Box 84, Subject-Classified General Files, NA/RG 32; Raymond B. Stevens, "Problems before the Shipping Board," Proceedings of the Academy of Political Science 7 (1918):99.

[62]Stevens to Hurley, 7 June 1918, Box 79, Subject-Classified General Files, NA/RG 32; Safford, pp. 147-148; Edward N. Hurley, The New Merchant Marine (London: Gay and Hancock, 1920), p. 40. Admiral William S. Sims also commented on British attitudes regarding the American commandeering policy. On 1 June 1918 he told the Navy Department: "I consider it advisable to bring to the attention of the Department the fact that there is considerable feeling in Great Britain that the action of the United States in commandeering all vessels under construction in the United States for British order, and in planning their retention under the United States flag during and after the war, was not entirely justified. . . . I understand that Mr. R. B. Stevens concurs in my opinion that our action has been a source of considerable irritation to the British." See Sims to Chief of Naval Operations, 1 June 1917, Box 79, Subject-Classified General Files, NA/RG 32. The British merchant marine in 1916-1917 had 6,673 steamers of one hundred tons or greater, aggregating 19,350,000 gross tons; the French merchant marine, during the same period, had 681 steamers of one hundred tons or greater, aggregating 1,775,000 gross tons. The comparable numbers for Norway were 1,427 steamers of 2,150,000 gross tons. See U.S. Commissioner of Navigation, Annual Report for the Fiscal Year ended June 30, 1917 (Washington D.C.: Government Printing Office, 1917), p. 64.

[63]Memorandum for Chairman Hurley Relative to Norwegian Vessels, November 1917, Hurley to F. Nansen, 21 December 1917, Brief Submitted to the United States Shipping Board on Behalf of Norwegian Owners, n.d., Box 71, Subject-Classified General Files, NA/RG 32.

[64]Hurley, The New Merchant Marine, p. 40; The Permanent Court of Arbitration, the Hague, "Award of the Tribunal of Arbitration between the United States of America and the Kingdom of Norway," 13 October 1922; Schmedeman to Lansing, 7 June 1918, Box 71, Subject-Classified General Files, NA/RG 32.

[65]Capps to Hurley, 27 August 1917, Stevens to Shipping Board, 5 September 1917, Box 178, Subject-Classified General Files, NA/RG 32.

[66]Circular Letter No. 36, 26 September 1917, Box 202, Old General File, NA/RG 32; "Permits to Build for Private Account," 15 March 1918, Box 140, Subject-Classified General Files, NA/RG 32.

[67]Capps to Hurley, 29 October 1917, Box 80, Hurley to D. Fletcher, 3 October 1917, Box 92, Hurley to W. J. Young, 29 September 1917, Box 96, "Permits to Build for Private Account," 15 March 1918, H. Gans to E. Burling, 30 October 1917, Box 140, Subject-

Classified General Files, NA/RG 32.

[68]Hurley to Capps, 6 November 1917, Box 14, Hurley Papers.

[69]L. Sisler to W. Bristol, 31 July 1918, Box 80, D. Fletcher to Hurley, 1 October 1917, Box 92, Memorandum for Mr. Hurley, Stevens, et. al., 22 December 1917, Circular Letter No. 76, 22 December 1917, "Memorandum for Mr. Page in Relation to Supervising the Building Program of Private Yards," 15 January 1918, Donald to Burling, 24 January 1918, Circular Letter No. 134, 23 February 1918, "Permits to Build for Private Account," 15 March 1918, Burling to Hurley, 18 March 1918, Piez to I. Day, 20 March 1918, Burling to Hurley, 25 March 1918, Sisler to Hurley, 1 April 1918, Memorandum for the Board, 2 May 1918, Box 140, Subject-Classified General Files, NA/RG 32; "Minutes of Board Meetings," 29 March 1918, NA/RG 32.

[70]Josephus Daniels, The Wilson Era: Years of Peace, 1910-1917 (Chapel Hill, N.C.: University of North Carolina Press, 1944), p. 422.

[71]U.S. Shipping Board, Annual Report (1917), p. 32; Mattox, p. 236; Annual Report of the Division of Construction, 31 October 1917, Box 170, Old General File, NA/RG 32. For additional information on the various organizational divisions of the Emergency Fleet Corporation, see The National Archives, Handbook of Federal World War Agencies and Their Records, 1917-1921 (Washington D.C.: Government Printing Office, 1943).

[72]New York Times, 5 October, 6 October, 7 October 1917. This act also gave the Navy $335 million for naval construction.

[73]U.S. Shipping Board, Annual Report (1918), pp. 130-131; Senate Hearings, pp. 1725-1726, 1971-1972, 2212; "Report of Condition of the Fabricated Shipyard at Hog Island," 22 January 1918, File 221-1, Records of Charles Piez, NA/RG 32 (reprinted in Senate Hearings, pp. 1259-1262). Only "two or three" of the fast German U-boats Bowles was concerned about saw service during the war. See Holger H. Herwig and David F. Trask, "The Failure of Imperial Germany's Undersea Offensive Against World Shipping, February 1917-October 1918," Historian 33 (August 1917):628 and David F. Trask, Captains and Cabinets: Anglo-American Naval Relations, 1917-1918 (Columbia, Mo.: University of Missouri Press, 1972), p. 220.

[74]U.S. Shipping Board, Annual Report (1918), p. 131; Hurley, The New Merchant Marine, pp. 66-67; The Marine Review 47 (October 1917):377.

[75]U.S. Congress, Congressional Record, 65th Cong., 1st sess., 28 September 1917, pp. 7473-7484; Memorandum for Mr. Burling, 17 November 1917, Donald to W. Hopkins, 8 October 1917, Box 71, Subject-Classified General Files, NA/RG 32; Hurley, The Bridge to France, pp. 43-44.

[76]Hurley Diary, 28 September 1917, Box 18, Hurley Papers; Memorandum about Charles Page, n.d., Carton 12, Denman Papers. Hurley did not record the name of the man from Michigan.

[77]U.S. Shipping Board, Annual Report (1917), pp. 5-6.

[78]House Hearings on Shipping Board Operations, p. 5110.

[79]Transactions of the Society of Naval Architects and Marine Engineers 41 (1934):418-419; Hurley, The Bridge to France, pp. 70-71; New York Times, 3 October 1933; House Hearings on Shipping Board Operations, p. 4133; Dictionary of American Biography, Supplement 1, p. 598.

[80]Hurley, The New Merchant Marine, p. 50; Hurley, The Bridge to France, p. 71; Senate Hearings, pp. 96-97; House Hearings on Shipping Board Operations, pp. 4215, 5110, 5133; Hurley to M. Hastings, 11 December 1917, Box 167, Subject-Classified General Files, NA/RG 32; Piez to Hurley, 25 July 1917, Box 4, Hurley Papers.

[81]Piez to Hurley, 30 August 1917, J. Holl to Hurley, 13 August 1926, Box 17, Hurley Papers; Bowles to Capps, 13 September 1917, Box 80, Hurley and Capps to Piez, 14 September 1917, Subject-Classified General Files, NA/RG 32.

[82]Hurley and Capps to Piez, 14 September 1917, Box 80, Subject-Classified General Files, NA/RG 32.

[83]J. Holl to Hurley, 13 August 1926, Box 17, Hurley Papers; Hurley to Tumulty, 18 September 1917, Box 87, "Comment on Trip to Sparrows Point," 5 October 1917, Box 130, Subject-Classified General Files, NA/RG 32.

[84]Holl to Hurley, 13 August 1926, Box 17, Hurley Papers; Senate Hearings, p. 617; House Hearings on Shipping Board Operations, pp. 4185-4186.

[85]Mason to Hurley, 26 September 1917, Box 15, Hurley Papers. Ferris, in truth, had admitted that the problem existed as early as mid September. Then he had written Admiral Bowles: "With regard to standard wood ships, yellow pine construction, being built on the Gulf and Atlantic coasts, have felt for some time, in view of the limited molded depth of floor timbers possible within the range of timbers obtainable, that a strength wood bulkhead should be fitted in these ships dividing the present forward and after holds, and this will have to be done at an increased cost. With the machinery placed amidships in these vessels they will have a tendency to spring or hog forward and aft of machinery space. My thought is these intermediate bulkheads will resist this hogging tendency." See Ferris to Bowles, 14 September

1917, Box 83, Old General File, NA/RG 32. Nothing, however, would be done about this until after Mason submitted his report.

[86]Hurley Diary, 30 October 1917, Box 18, Hurley Papers.

[87]Daniels, The Cabinet Diaries of Josephus Daniels, p. 236; Hurley, The Bridge to France, pp. 71, 94-95; House Hearings on Shipping Board Operations, pp. 4215-4216; Senate Hearings, pp. 13-14; New York Times, 28 September, 16 October, 11 November 1917; Hurley Diary, 30 October 1917, Box 18, Hurley Papers.

[88]Hurley, The Bridge to France, pp. 58-59; Hurley to Wilson, 17 October 1917, The Papers of Woodrow Wilson, vol. 44; "Memorandum on Total Tonnage Now under Construction," 22 October 1917, Box 176, Subject-Classified General Files, NA/RG 32.

[89]Lloyd George to Wilson, 11 October 1917, The Papers of Woodrow Wilson, vol. 44. To convert gross tons into deadweight tons a very rough figure can be achieved by multiplying the gross tons by a factor of 1.5 to 1.6; 6,00,000 gross tons would thus equal at least 9,000,000 deadweight tons. See Appendix and Senate Hearings, p. 1068.

[90]Memorandum for Mr. Hurley, 5 October 1917, Box 13, Hurley to Baker, 17 October 1917, Box 18, Hurley Papers.

[91]Hurley Diary, 30 October, 31 October 1917, Box 18, Hurley Papers.

[92]Senate Hearings, p. 329.

[93]Piez to Hurley, 29 October 1917, Hurley to Piez, 29 October 1917, Piez to Hurley, 30 October 1917, Hurley to Piez, 30 October 1917, Box 80, Memorandum for Mr. Burling, 17 November 1917, Box 133, Heyworth to Division of Wood Ship Executives, 7 January 1919, Box 313, Subject-Classified General Files, NA/RG 32; Hurley Diary, 30 October 1917, Box 18, Hurley Papers; Hurley, The Bridge to France, p. 53; Senate Hearings, p. 961; Philadelphia Public Ledger, 2 October 1918; Hurley to Wilson, 17 October 1917, The Papers of Woodrow Wilson, vol. 44.

[94]"Preliminary Report upon the Emergency Fleet Corporation's Wood Ship Program," 1 May 1919, Box 211, R. Beattie to Heyworth, 3 January 1919, Box 303, Subject-Classified General Files, NA/RG 32; Senate Hearings, pp. 87, 191, 311-312, 314, 430, 492-493, 863, 892, 970-971; William Joe Webb, "The United States Wooden Steamship Program During World War I," American Neptune 35 (October 1975):280.

[95]Selig Perlman and Philip Taft, History of Labor in the United States, 1896-1932, vol. 4: Labor Movements (New York: The Macmillan Company, 1935), pp. 393-396.

[96]Senate Hearings, pp. 546, 554; James E. Fickle, "Defense Mobilization in the Southern Pine Industry: The Experience of World War I," Journal of Forest History 22 (October 1978):211-217.

[97]Dorothy Johansen and Charles M. Gates, Empire of the Columbia: A History of the Pacific Northwest, 2d ed. (New York: Harper and Row, 1967), pp. 478, 482; Perlman and Taft, pp. 396-397; Harold M. Hyman, Soldiers and Spruce: Origins of the Loyal Legion of Loggers and Lumbermen (Los Angeles: Institute of Industrial Relations, University of California at Los Angeles, 1963), pp. 117-119, 181-185, 223-224.

[98]Senate Hearings, pp. 86, 91, 316-318, 546, 554; House Hearings on Shipping Board Operations, pp. 5121; Hurley to P. Van Blarcorn, 1 November 1917, Box 131, "Preliminary Report upon the Emergency Fleet Corporation's Wood Ship Program," 1 May 1919, Box 211, Subject-Classified General Files, NA/RG 32; Fickle, p.217; Smith, pp. 227, 300; Webb, p. 280.

[99]Piez to Hurley ("Copy for Admiral Capps"), 10 November 1917, Hurley to Piez ("Copy for Admiral Capps"), 10 November 1917, Box 13, Hurley Papers.

[100]Daniels, The Cabinet Diaries of Josephus Daniels, p. 236.

[101]Ibid., p. 237.

[102]Hurley to Capps, 15 November 1917, Container 599, Josephus Daniels Papers, Library of Congress (hereafter cited as Daniels Papers); Hurley Diary, 15 November 1917, Box 18, Hurley Papers; Memorandum for Mr. Bender, 16 November 1917, Box 80, Subject-Classified General Files, NA/RG 32. Admiral Capps was also a trustee of the Fleet Corporation, but apparently did not attend the meeting of the trustees which changed the by-laws. See Arthur E. Cook, A History of the United States Shipping Board and Merchant Fleet Corporation (Baltimore, Md.: Day Printing Co., 1927), pp. 20-21.

[103]Daniels, The Cabinet Diaries of Josephus Daniels, p. 239; Capps to Wilson, 15 November 1917, Box 150, Subject-Classified General Files, NA/RG 32.

[104]Wilson to Capps, 23 November 1917, Box 150, Subject-Classified General Files, NA/RG 32; New York Times, 24 November 1917.

[105]Hurley to Daniels, 19 November 1917, Box 150, Subject-Classified General Files, NA/RG 32; New York Times, 24 November 1917.

[106]Washington Post, 23 November, 24 November 1917.

[107]New York Times, 26 November 1917.

[108]Daniels, The Cabinet Diaries of Josephus Daniels, p. 236; Hurley to Ferguson, 22 November 1917, Ferguson to Hurley, 22 November 1917, Box 153, Subject-Classified General Files, NA/RG 32; Senate Hearings, pp. 616-617.

[109]New York Times, 25 November 1917; Hurley, The Bridge to France, p. 65; Daniels, The Cabinet Diaries of Josephus Daniels, p. 241; Daniels, The Wilson Era: Years of Peace, p. 420.

[110]Hurley, The Bridge to France, p. 65; Hurley, The New Merchant Marine, p. 33; Senate Hearings, pp. 7, 1543, 1527-1528; Hurley to Harris, n.d., Box 13, Hurley Papers.

[111]Circular Letter No. 58, Box 202, Old General File, NA/RG 32; Capps to Hurley, 1 December 1917, Box 150, Piez to Harris, 1 December 1917, Box 166, Subject-Classified General Files, NA/RG 32; Senate Hearings, pp. 1535-1536.

[112]Piez to Harris, 1 December 1917, Box 166, Subject-Classified General Files, NA/RG 32; Senate Hearings, pp. 1028-1029.

[113]Harris to Hurley, 17 December 1917, Container 599, Daniels Papers; Senate Hearings, pp. 1529, 1533.

[114]Harris to Hurley, 17 December 1917, Container 599, Daniels Papers; Senate Hearings, pp. 1528, 1545.

[115]Hurley to Harris, 17 December 1917, Harris to Hurley, 17 December 1917, Container 599, Daniels Papers; Hurley, The Bridge to France, pp. 65-66.

[116]Harris to Hurley, 17 December 1917, Container 599, Daniels Papers.

[117]Hurley to Harris, 17 December 1917, Container 599, Daniels Papers; "The Emergency Fleet Corporation was organized . . .," n.d., Box 175, Subject-Classified General Files, NA/RG 32.

[118]Harris to Hurley, 17 December 1917, Container 599, Daniels Papers.

[119]Hurley, The Bridge to France, p. 67; Daniels, The Cabinet Diaries of Josephus Daniels, p. 252; New York Times, 18 December, 19 December 1917; Washington Post, 18 December 1917; Hurley to Piez, 18 December 1917, Box 80, Subject-Classified General Files, NA/RG 32.

[120]George T. Davis, A Navy Second to None: The Development of Modern American Naval Policy (New York: Harcourt, Brace and Company, 1940), p. 235; James L. Stokesbury, A Short History of World War I (New York: William Morrow and Company, 1981), pp. 235-250; "American

Merchant Shipping Report #1," n.d., Box 318, Subject-Classified General Files, NA/RG 32.

[121]Lloyd George to House, 17 December 1917, The Papers of Woodrow Wilson, vol. 45.

[122]Seward W. Livermore, Politics Is Adjourned: Woodrow Wilson and the War Congress, 1916-1917 (Middletown, Conn.: Wesleyan University Press, 1966), pp. 62-70.

[123]Livermore, p. 67; New York Times, 19 December 1917; Congressional Record, 65th Cong., 2d sess., 18 December 1917, pp. 480-482, 485.

CHAPTER 9

SHIPYARDS AND SHIPWORKERS: THE LABOR SITUATION THROUGH JANUARY 1918

Working Conditions, Wages, Scamping -- and Labor Disputes

Working conditions in most American shipyards were quite poor during 1917. Many older plants were in a run-down physical condition, and newer yards often had relatively primitive facilities. Most yard owners, anxious to keep costs low, paid little attention to the comfort and safety of workers. Only a few plants provided lockers for the men to change out of their grimy, sweaty work clothes. Fewer provided showers. In many there were not even proper latrine facilities -- in one yard with eight hundred men there was only one working toilet.

Despite the extremely dangerous nature of shipyard work, provision for first aid in most plants was, one contemporary observer concluded, "utterly inadequate." As a survey commissioned by the Emergency Fleet Corporation in the autumn of 1917 put it:

> Some few yards had dust-covered first aid cabinets and made some pretenses to provision for health and sanitation, but quite a number of them had no medical attendants whatever and they were so absorbed in the feverish attempt to rush their ships to completion that sanitary and medical matters were either entirely disregarded or relegated to a subordinate place.

Restaurant facilities for workers were also inadequate. The following description of the lunch break at one shipyard was probably typical of most: "Huckster wagons gather in large numbers outside the gate at the noon hour; they are under no jurisdiction, and what they purvey is something awful -- food unfit for human consumption and handled under the most unsanitary conditions." Most men brought their own lunch and ate in the dirty shops where they worked, or next to the shipways. Sometimes they dumped their litter on the ground, creating, as one government official reported, an "untidy and unsanitary" work environment.[1]

The living environment around shipyards was often unpleasant as well. When shipbuilding -- and other war-related industries -- boomed due to the Great War, so did many American communities. One was Bridgeport, Connecticut, which had a shipyard (the Lake Torpedo Boat Company, which built submarines), a large munitions plant, a truck factory, and several smaller enterprises. Until 1915 Bridgeport was "a comfortable manufacturing town of about 115,000 people." Then the wartime boom hit. As the magazine Living Age reported in a September 1916 issue: "War orders and a stream of European money flowed in. . . . The population grew by some 50,000 in less than twelve months. Men, especially young men, flocked from all the places round into Bridgeport as a city of unlimited opportunity." This put tremendous pressure on the city's housing supply. Living Age's correspondent described the situation this way:

> Rents of houses and rooms leapt up. Land values were inflated. The owners and agents of real estate gathered a glorious harvest. It was estimated that at the end of 1914 the number of empty houses in Bridgeport and its suburbs was not far short of 2,000. A few months later there was not a house of any kind vacant nor a room to be obtained.[2]

The transportation facilities of communities swollen by wartime prosperity were also overburdened. One commentator graphically described the commute many shipworkers had to endure during the early months of 1917:

> During this period . . . large numbers of the men were traveling two hours in the morning to reach the yards and an equal length of time in the evening to reach their homes. Conditions which were well described as approaching a riot prevailed during the rush hours on many of the trolley lines -- men rode on fenders, they clung to the outside of the cars, with the natural result of frequent cases of serious injury and, so it was reported, of several fatalities.[3]

After the United States entered the war these housing and transportation shortages worsened -- and spread to other communities as new shipyards, and other war-related industries, were established. The number of shipworkers expanded rapidly: early in 1917 there were less than 50,000 men in the nation's shipbuilding plants; by the end of the

year this number was well over 150,000. Such a massive, and sudden, influx of labor led to severe overcrowding in many shipyards, exacerbating the poor working conditions and safety problems that already existed. The result, in quite a few plants, was considerable tension between employees and employers -- and sometimes among the employees themselves.

One factor that contributed to this tension in shipbuilding plants was the employment of a substantial number of foreign-born men, who by the end of 1917 made up, according to the Emergency Fleet Corporation, more than half of the nation's shipyard work force. Many American-born shipworkers disliked the different customs and habits of these immigrants, and doubted their loyalty and patriotism. Similar misgivings would be expressed -- in public -- by some of the top officials of the Fleet Corporation, and by naval officers supervising warship construction. These attitudes created considerable ill will in many yards.

A large number of Negroes also came to shipyards for jobs, eventually accounting for ten percent of the industry's total employment. These men were concentrated in yards in the South and Mid Atlantic states, which employed eighty percent of the nation's black shipworkers. Severely discriminated against, blacks worked primarily as "common laborers performing unskilled tasks" and usually had special pay scales which were significantly below those of white workers. Twenty percent of blacks, however, did manage -- despite the many obstacles in their way -- to become skilled workers and earn higher wage rates. This caused resentment among some white workers and disrupted the labor situation in several yards.[4]

The greatest factor disrupting shipyard labor, though, was not nativism or racism, nor any complaint related to poor working conditions. The main problem, even before the United States entered the war, was the issue of wages and hours. As Living Age summed up the situation in Bridgeport in September 1916:

> The economic conditions, especially the sharp competition for workmen between the firms and the abundance of money, made a soil

> favorable to labor disputes. . . . During a period of two and a half months last summer fifty-five strikes occurred. They resulted in notable gains to the workers, who were able to secure improved rates of wages and a standard working day. Bridgeport is now an eight-hour town.[5]

In Bridgeport this labor unrest was not confined to the city's shipyard, but occurred in many war-related industries. Yet across the nation no industry was more affected by a critical shortage of labor -- and resulting demands for higher wages -- than shipbuilding. Before the Great War, shipyard pay had lagged behind that of other occupations. That quickly changed; the wartime demand for vessels sent pay scales sharply higher. By the beginning of 1917 shipyard wages, according to one comprehensive postwar study, were 120 percent above what they had been in 1914.

Nonetheless, many shipworkers were still dissatisfied with the size of their paychecks. Increases in the cost of living ate up almost half of their wage hikes, and most believed that yard owners were "making a mint of money" without giving labor its "fair share." Some government officials agreed. Commissioner John A. Donald of the Shipping Board, for example, told the ship owner Robert Dollar that "the working man [was] as much entitled to a share in the present prosperity" as the businessman. As Donald put it: "There has never been so much money made in the history of this or any other country as has been made in the past three years, and it appears to me that the working man has a right to share in this prosperity while it lasts."

Shipyard workers who shared Donald's viewpoint recognized that there was an extraordinary demand for their services, which meant they could bargain from a position of strength. One yard owner complained that many workers had come to the conclusion "that if they made a little trouble they would get an increase in wages." That often proved to be the case during the period of American neutrality -- with lucrative contracts for vessels pouring into U.S. shipyards, few plants were willing to shut down their operations to wait out a strike. It was far easier, and far more profitable, to grant the workers a raise; at the prices being paid for new ships, yard owners could make profits

even if their labor costs increased.[6]

The strike threat, however, was not the only -- or even the primary -- reason for the substantial increase in shipyard wages during 1916 and early 1917. To build ships employers had to compete against each other for scarce labor resources -- and this fierce competition dramatically bid up the wage rate. Shipyard owners used several methods to attract skilled men from other yards and other industries. Almost every shipbuilding plant circulated handbills listing the advantages its employees enjoyed. Some went further and had their recruiters stand outside the gates of competing yards to promise higher pay, shorter hours, better housing, and other incentives. Some plants on the Atlantic Coast even sent recruiters across the country, to shipbuilding centers in the West, to offer highly skilled men tempting wages and railway fares -- including Pullman berths -- to the East.

This vigorous competition for labor significantly increased turnover rates at shipyards as workers migrated from one plant to another in search of the best deal possible. In 1917 it was not unusual for a shipyard to "employ from two to six men" to fill one position during the course of the year. Most yard owners found this highly frustrating. These businessmen did not like the way competitive bidding for workers drove up wages and cut into profits, nor were they pleased at the way rapid labor turnover reduced the efficiency of their plants. Many owners bitterly assailed the yards that paid high wages to attract workers and accused these plants of "labor stealing." The term that soon became widely used to describe this practice was "scamping." But the anger and frustration yard owners felt about scamping could not counteract the laws of supply and demand. There was a severe shortage of men who had experience in shipbuilding, and yards desperate to get these skilled workers could only do so by offering more attractive wages and benefits than other plants. By the summer of 1917 scamping was widespread.[7]

Labor unions saw these conditions as creating a highly favorable environment for organizing workers. The shortage of skilled men, and

the tremendous demand for their services, gave workers significant bargaining power; even men with only a few months of experience in the shipbuilding industry were sorely needed by the nation's shipyards. In many cities unions actively recruited new members among shipworkers and frequently won recognition from employers. Although businessmen often disliked the unions that were established in their plants, they frequently had no choice but to accept them -- otherwise they would lose their workers to other yards, or be faced with crippling strikes.

When the United States first entered the war, the labor situation in the nation's shipyards was thus in a state of flux. Thousands upon thousands of new workers were flocking to shipbuilding plants, wages were rapidly rising, shipyards were vigorously competing for skilled men, labor turnover rates were extraordinarily high, unions were establishing themselves in areas where they had previously been weak, and strikes -- or the threat of strikes -- were becoming increasingly common.

These trends continued after the U.S. became a belligerent. In May three hundred men at a plant on San Francisco Bay, and another five hundred at a yard in Philadelphia, walked off their jobs. The complaint at the California plant was over "unfair material" -- the boiler makers at the Moore and Scott Iron Works, an Oakland shipyard, refused to work on boilers built by the Willamette Iron and Steel Works, a non-union shop in Portland, Oregon. The strike in Philadelphia, at the William Cramp and Sons yard, was over wages. Both disputes were settled, but not without significant work delays. The types of issues raised by these strikes, moreover, would continue to cause labor problems.[8]

During the summer of 1917 tension in shipbuilding plants intensified. Early in July shipyards in the New York City area were hit by a strike for higher wages. Yard owners stood firm in resisting union demands and several thousand men walked off the job; the affected plants then resumed operations with non-union workers who were willing to cross picket lines. After two weeks some of the strikers gave up the fight and returned to work at the old wage rate, but large numbers

of men -- mostly machinists and boiler makers -- stayed out. On the West Coast, meanwhile, a strike to reduce daily working hours from ten to eight shut down many of the logging camps and lumber mills in Washington, Idaho, and Oregon, and this hampered work on wooden ships by disrupting lumber deliveries. The situation became more acute when unionized ship carpenters in several wooden yards, in support of the strikers, refused to handle "ten-hour" lumber.[9]

This, then, was the labor situation that existed in late July when the Shipping Board, as a consequence of the denouement of the Denman-Goethals controversy, got a new Chairman, Edward Nash Hurley. Hurley also became the new President of the Emergency Fleet Corporation, and Admiral Washington Lee Capps the Corporation's new General Manager. As this fresh team took over responsibility for the nation's merchant shipbuilding program, tension between employees and employers continued to grow. On 1 August the New York Times reported that the labor situation in shipyards, while not yet explosive, was causing the Fleet Corporation concern. During the next month that concern steadily mounted.[10]

By late August, in fact, it appeared as if strikes might break out all across the country. On the 16th a business agent of the International Association of Machinists told reporters that there could be a nationwide walkout by his union in support of striking machinists in New York City, who were still manning picket lines. Two days later an official of the International Brotherhood of Boiler Makers, Iron Ship Builders and Helpers of America reported that 12,000 shipworkers in New Jersey and Massachusetts might soon be voting on whether or not to strike over wages. Then a walkout by four hundred men, also over the issue of pay, shut down operations at the Bethlehem Steel Corporation's Harlan and Hollingsworth yard, in Wilmington, Delaware. On the Pacific Coast, meanwhile, there were several minor strikes -- and major work stoppages, again over the issue of wages, were being considered by shipworkers in Seattle and Portland.[11]

By now both the Fleet Corporation and the Navy Department were

seriously worried about the labor situation. So was Samuel Gompers, President of the American Federation of Labor. Gompers was committed to supporting the war effort. Unions, he firmly believed, would be much better off if they cooperated with the government than if they opposed it. This was an era in which the courts and public opinion generally viewed property rights -- including the right of contract -- as taking priority over any labor rights to collective bargaining. Gompers saw the war as an opportunity to help change these attitudes.

The A.F. of L. leader recognized that any actions by union men which appeared to threaten the nation's security, such as striking firms involved in defense-related production, would lay open the labor movement to charges of disloyalty and treason. As the historian David Montgomery puts it, one crucial matter for Gompers therefore became securing "the political loyalty of the AFL to the war effort." Gompers also sought, Montgomery points out, "to place union leaders in administrative agencies, and to write union wage and work standards into government decrees." In these efforts Gompers enjoyed, for the most part, the solid backing of other A.F. of L. officials.[12]

To work towards the achievement of these goals Gompers, soon after the United States entered the war, accepted a position on the Advisory Commission to the Council of National Defense. There he worked to promote the welfare of both workers and unions, and to be as helpful as possible in solving labor disputes. He was determined that the A.F. of L. should appear to be highly patriotic and cooperative in the mobilization of the American economy.

One area in which Gompers played a key role in wartime labor affairs was in the construction of cantonments for the U.S. Army. In June 1917 men working for a contractor hired by the government to build a cantonment in Indianapolis, Indiana, walked off the job in a dispute over hiring practices and wages. Work stoppages over similar grievances then threatened to shut down numerous other Army construction projects. It was at this point that Louis B. Wehle -- an energetic young attorney at the General Munitions Board -- entered the picture. Wehle, a nephew of Supreme Court Justice Louis D. Brandeis,

suggested to Secretary of War Newton D. Baker that Gompers might be helpful in settling these labor disputes. Specifically, Wehle proposed that the War Department and the A.F. of L. agree to set up an "Emergency Cantonment Adjustment Commission." This agency, Wehle indicated, would be responsible for "the adjustment and control of wages, hours and conditions of labor in the construction of cantonments" and would consist of three persons appointed by the Secretary of War -- "one to represent the Army, one the public, and one labor," the last of these to be nominated by Gompers. Any decisions on "wages, hours or conditions" made by the Commission would then "be treated as binding by all parties."

Baker agreed to this proposal, as did Gompers when Wehle broached his plan to the A.F. of L. leader. On 19 June both Baker and Gompers signed a memorandum formally implementing Wehle's arrangements. This was an unprecedented development -- as one contemporary observer put it, for "the first time in history . . . the United States Government entered into an agreement with labor unions." This agreement, moreover, provided for using each locality's "union scales of wages, hours and conditions" as the "basic standards" to be employed in making any adjustments to existing pay rates or terms of employment. Gompers saw this as a significant union victory. In return for this, though, the A.F. of L. President had to agree that on cantonment construction projects "union men were not to object to the employment of men who did not belong to the union."

The Emergency Cantonment Adjustment Commission quickly proved its value by settling the strike in Indianapolis and successfully handling several other labor disputes. The Commission, in fact, proved to be so useful that on 27 July Baker and Gompers extended its authority so that it would cover "any other construction work . . . carried on by the War Department." On 10 August Secretary of the Navy Josephus Daniels further extended the authority of the Commission by asking it to settle disputes in land-based naval construction projects as well, with a Navy representative replacing the Army member in such cases. Daniels did

this at the urging of his Assistant Secretary, Franklin D. Roosevelt -- a close friend of Louis Wehle since their time together at Harvard, where the two had served as co-editors of the daily college paper, the Harvard Crimson (Wehle being in the class of 1902 and Roosevelt 1904).[13]

In early August, as labor unrest increased in American shipyards, President Wilson, impressed by the accomplishments of the Cantonment Adjustment Commission, had his private secretary, Joseph P. Tumulty, phone Wehle to see if the lawyer would be willing to "organize wage-adjustment machinery in shipbuilding similar to what . . . had [been] carried through" for the War Department. Wehle agreed and -- with a recommendation from the White House -- got a senior-level appointment in the Emergency Fleet Corporation's legal department. Once installed in this new position Wehle immediately began to make plans for proposing a shipyard labor adjustment agreement to Gompers. First, though, he went over his plans with two key government officials.

One of these was his old friend Roosevelt. As Wehle put it in his memoirs:

> Before approaching Gompers, I discussed shipyard labor problems with Roosevelt, who was directly interested because the Navy had contracts with private shipyards. He was in charge of labor matters for the Navy yards, which were always affected by labor changes outside; he had a twofold interest in the outcome of the prospective negotiations, and throughout them he and I worked together.

The other official Wehle consulted was Raymond B. Stevens, the Vice Chairman of the Shipping Board. Stevens, Hurley had decided, would be the Shipping Board's labor specialist. Wehle applauded this choice and later described Stevens -- who, like Roosevelt, was a fellow Harvard alumnus (class of 1899) -- as "an unassuming, shrewd, common-sense Yankee with a passion for public service and a broad humanity."[14]

Wehle, after his talks with Roosevelt and Stevens, went to see Gompers. As he notes in his memoirs, a problem quickly developed:

> On August 14th I first called on Gompers about shipbuilding labor, and we agreed that there should be an adjustment board similar to that for cantonments. But we quickly reached a sharp difference. I proposed that in a dispute in any plant, the board

> would apply, as basic, such standards of wages, hours, and conditions, whether union or non-union, as had been in force in that plant on July 15, 1917. Gompers insisted that, instead, the basic standards should be the union standards in force on that date in the district where the plant was located.

Gompers's position, Wehle realized, "meant that if, in a given district, a plant had on July 15th been non-union or open shop, a labor dispute in that plant should nevertheless be settled by applying such basic union standards as had then obtained in the district." This, Wehle believed, "would have automatically transformed many open shops into union shops." Although Wehle had accepted "union scales of wages, hours and conditions" as "basic standards" in the cantonment agreement, he was not willing to so so in shipyards. This was because in cantonment construction there was "one temporary employer, that is, the over-all contractor, at each camp site," while in the shipbuilding industry there were "owners of permanent shipyards," some of whom "had always operated open shops." To force these employers to adopt union standards during the war, Wehle told Gompers, would be "a hunch by organized labor -- a profiteering by it on the emergency." Gompers felt differently and sought the same terms in Wehle's proposed shipyard labor agreement that the A.F. of L. had achieved in the cantonment arrangement.[15]

After an exchange of sharp words Wehle prepared to leave Gompers's office. As he did so he brashly made a proposal to the A.F. of L. President. "Mr. Gompers," Wehle later recalled saying, "I am now going to try to negotiate this agreement directly with some of the international union metal-trades presidents. When I have the signatures of two or three of them, I'll come back to you, and then I'll expect you to back it up and enlist other necessary signatures." Wehle then got up and walked across the room. "As I reached the door," he wrote in his memoirs, "I turned and saw Gompers still seated. He met my eye with a solemn owlish wink."

Wehle immediately went downstairs to see James O'Connell, President of the Metal Trades Department of the A.F. of L., and several other key union officials associated with the shipbuilding trades. His

discussions, he remembered, "proceeded unfavorably" until John H. Donlin, President of the Building Trades Department of the A.F. of L., urged his fellow union officials to accept Wehle's proposal. Donlin had worked closely with Wehle on the Cantonment Adjustment Commission and assured his colleagues that the attorney was "fair" and "right on labor."[16]

With Donlin's help, Wehle won over the support of several important A.F. of L. officials -- including O'Connell, Alfred J. Berres (Secretary of the Metal Trades Department), Joseph A. Franklin (President of the International Union of Boiler Makers, Iron Shipbuilders and Helpers of America), and William H. Johnston (President of the International Association of Machinists). Once Wehle had this backing, Gompers consented to sign the agreement without demanding the adoption of union standards as the basis for shipyard labor settlements. The A.F. of L. leader also, as Wehle wished, agreed to try to persuade other union officials in the shipbuilding trades to accept the proposed labor adjustment arrangement.[17]

Wehle, encouraged by these developments at the American Federation of Labor, next got together with Roosevelt and Stevens to draft a "Memorandum for the Adjustment of Wages, Hours, and Conditions of Labor in Shipbuilding Plants." This provided for the appointment of "an adjustment board of three persons . . . by the United States Shipping Board Emergency Fleet Corporation, one to represent the said Corporation, one to represent the public and to be nominated by the President of the United States, and one to represent labor, the last to be nominated by Samuel Gompers." Gompers, in fact, was given authority to nominate two persons -- "one from the metal trades" and another from the trades most closely related to the construction of "wooden hulls." Only one of these labor representatives would sit on the Board at any one time, depending upon whether the dispute dealt with the construction of steel or wooden ships.

Whenever this "Shipbuilding Labor Adjustment Board" met to investigate a dispute, the owner of the affected yard would also

nominate a voting member, as would the plant's workers. These local representatives of management and labor would increase the size of the Board to five. In disputes involving a private plant which was building both merchant and naval tonnage, the Secretary of the Navy would nominate a voting member as well; in such cases the Board would have six representatives. The decisions of the Board, the memorandum said, were to be by majority vote (if there was a tie vote when the Board had six members, the issue would be forwarded to the Chairman of the Council of National Defense -- the Secretary of War -- for resolution). As "basic standards," the memorandum stated, the Board would use "such scales of wages and hours and . . . such conditions" as existed in the affected yard on 15 July 1917, and the Board's decisions would be "final and binding on all parties" -- but would be subject to review and possible modification "at any time after six months."

This draft memorandum was approved by Hurley, Stevens, and Capps at the Fleet Corporation; Daniels and Roosevelt at the Navy Department; and, at the A.F. of L., by Gompers and the President of every trade union connected with shipbuilding, except for William Hutcheson, head of the United Brotherhood of Carpenters and Joiners of America, who refused to accept the agreement because it did not require a closed or union shop. After Wehle prepared the final wording of the memorandum, on 20 August, it was signed by Hurley, Capps, Roosevelt, and -- at the A.F. of L. -- Gompers, O'Connell, Donlin, and the Presidents of nine craft unions.[18]

To choose the Chairman of this newly created Shipbuilding Labor Adjustment Board -- the person who would represent the "public" -- Hurley, Capps, Wehle, and Roosevelt conferred with Gompers and other union officials. Wehle and Roosevelt both recommended V. Everit Macy, who was well known in progressive circles for a series of innovative reforms he had instituted as Commissioner of Public Welfare in Westchester County, New York. Since January 1917 Macy had been serving as President of the National Civic Federation, an organization that sought to promote cooperation between business, labor, and the government -- and which had members from all three groups (including

such diverse individuals as Andrew Carnegie, William Howard Taft, and Gompers, the Civic Federation's "First Vice President"). Macy's name was acceptable to President Wilson, and on 25 August the government announced the formation of the Labor Adjustment Board to the press, with Macy as its Chairman.

A few days later the other primary positions on the Board were filled. Gompers chose Alfred J. Berres, Secretary of the Metal Trades Department in the A.F. of L., as labor's representative. Since the President of the Brotherhood of Carpenters refused to accept the agreement, Gompers did not exercise his option to name an alternate representative who would deal with disputes in wooden shipyards.

Admiral Capps and Hurley proposed several names to A.F. of L. leaders as possible representatives for the Fleet Corporation. As the official history of the Shipbuilding Labor Adjustment Board states, these initial suggestions were rejected by union representatives, who felt that the men named were "antagonistic to organized labor and hence not suited to occupy a responsible position in an organization whose success necessitated the active cooperation and support of organized labor." Hurley then turned to a Chicago manufacturer he knew, Edward F. Carry, who proved to be acceptable to the A.F. of L. Secretary Daniels, meanwhile, announced that Roosevelt would, when required, sit on the Board as the Navy's representative.[19]

The "Macy Board," as this new organization soon became known, had its work cut out for it. The strikes in New York City and Wilmington were still in progress and demanded immediate attention. Strike votes, moreover, were scheduled to be taken at numerous shipyards on the West Coast -- in Seattle, Portland, and San Francisco. The labor situation was rapidly threatening to get out of control, and the Fleet Corporation counted on the Macy Board to restore order and keep workers on the job. That would prove to be an extraordinarily difficult task -- in large part because of severe controversies that would swirl around the Labor Adjustment Board during its first few weeks of existence.[20]

The Macy Board's Rocky Start

The Shipbuilding Labor Adjustment Board, once it was established, attempted to act promptly to deal with the labor disputes it faced. Upon hearing of the strike threats in Seattle and Portland, the Board, at Hurley's urging, sent out telegrams to unions in the two cities inviting them to send representatives to Washington D.C., at government expense, to present their grievances. If the workers stayed on the job, the telegrams said, any decision reached by the Macy Board would be retroactive to 1 August -- the date union wage agreements in Seattle had expired. Since shipyard labor contracts in San Francisco plants were not up for renewal until 15 September, there was more time to deal with the situation in the Bay Area. The Board, therefore, decided to settle the disputes in the Pacific Northwest first, and then, after having that situation under control, turn its attention to San Francisco area yards.[21]

The Macy Board's telegrams had the desired effect; shipworkers stayed on the job in Pacific Northwest yards, and labor representatives from Seattle and Portland set out for Washington D.C. So did representatives of employers from those cities. While waiting for the arrival of these men, the Labor Adjustment Board attempted to find a solution to the ongoing strikes in New York City and Wilmington.

Immediately there was a problem. The hastily prepared 20 August agreement that established the Board did not precisely specify who should pay for any wage increases the Board might grant. The owners of the struck eastern yards flatly announced that they would refuse to accept financial responsibility for such wage hikes. They pointed out, quite correctly, that they had had no say in the formation of the Board, and had not signed any agreement to accept its rulings.

Macy quickly brought this issue to the attention of the Emergency Fleet Corporation. In a 7 September letter to Hurley and Capps, Macy stated that it would be useless for his Board to take any action until it was decided who would pay for wage hikes. As he put it: "[If] this Board should take up a dispute and decide that the wage scale should be

changed and the decision could not be put into effect, it would complicate the situation rather than benefit it. Such action would practically be a repudiation of the agreement under which this Board was created." Macy's preference was strongly implied in his letter; the Fleet Corporation, he indicated, should consider paying the "increased cost to the shipbuilder that might result from our decisions."[22]

Hurley and Capps had a different viewpoint -- and made this clear in a meeting with the Macy Board, in Hurley's office, on 8 September. Capps, who placed a great emphasis on keeping the cost of the merchant shipbuilding program as low as possible (as he had demonstrated by his tough contract negotiations with shipyards), put his views on paper in a lengthy 10 September memorandum to Hurley. "The officials of the Fleet Corporation," he wrote, "have a very grave financial responsibility in dealing with this question." If the government agreed to pay the entire cost of potential pay raises, Capps said, it could lead to an "increased expenditure of nearly fifty million dollars."

The Admiral went on to say that "the establishment of mutually satisfactory wage scales is one of the most important of responsibilities devolving upon employer and employee." For the Fleet Corporation to foot the entire bill for any pay raises, and thus free employers from this obligation, would be, Capps stated, "wrong in principle, would tend to establish a dangerous precedent, and would be sure to lead to serious and far reaching legal complications." The government, he contended, should "bear its proper share of the increased cost resulting from such increase in wages as may be found just and reasonable," but this, he said, should be decided on a case-by-case basis. That way employers making big profits could be made to pay for part -- or all -- of the increased wage bill, thus reducing profiteering. The government should not, Capps firmly concluded, "assume any blanket financial responsibility for increased cost due to increases in rates of labor which may from time to time be decided upon by the Labor Adjustment Board."

Hurley, on the same day he received Capps's memorandum, forwarded it to Macy. In a cover letter he wrote that his "own careful study of the situation" convinced him that Admiral Capps was "correct in his conclusions." When the labor agreement was made, Hurley said, "we did not anticipate that the employers would decline to become parties to it unless the whole burden of expense was borne by the government." Shipyard owners, he went on, should pay at least "part of the expense of meeting whatever just demands" were made by labor. Unless this was done, he felt, employers would have no incentive to keep wage costs down, and pay scales would spiral upward -- to the severe financial disadvantage of the government.

Admiral Capps, in his memorandum to Hurley, had suggested that the agreement establishing the Macy Board might have to be modified. The Shipping Board Chairman went further -- Hurley proposed to Macy that the entire arrangement be scrapped. "The Labor Adjustment Board," he wrote, "may not find it possible to render the particular service which we have in mind"; perhaps it would be better, he suggested, for the Emergency Fleet Corporation to deal directly "with the employers and employees." In such a situation, he went on, the members of the Macy Board could perhaps provide "individual counsel" to the Corporation.[23]

Macy, naturally, was outraged by Hurley's attitude -- he did not intend to have his Board go out of business just as it was beginning its work. Berres, the labor representative, felt the same way, as did Wehle. All three me moreover, believed that the government should guarantee that any wage increases granted by the Board would be paid to workers, even if employers refused to share the burden.

Hurley's hand-picked man on the Board, Carry, felt differently. If employers were not made at least partially responsible for wage hikes, Carry believed, he, as the Fleet Corporation's representative, would be powerless to hold down costs. Berres and the local labor representative on the Board, it seemed to Carry, would always favor higher pay in any wage dispute; if the government promised to finance the entire cost of any pay raise, the shipyard owner's representative

on the Board would probably agree to higher wages as well. That way, after all, the yard owner could prevent strikes at no cost to himself -- only the Fleet Corporation would have to pay the added expense. These three votes, Carry realized, would normally represent a majority on the Board, regardless of how he voted.

Since the Fleet Corporation was ultimately responsible for the cost of all merchant tonnage under construction, Carry further believed -- along with Hurley and Capps -- that the officers of the Corporation should have the power to veto any award made by the Macy Board. This, though, was in direct conflict with the 20 August agreement, which stated that the Board's decisions would be "final and binding upon all parties." Macy, Berres, and Wehle therefore strongly objected to the Fleet Corporation having the authority to overrule the Board's findings, and in this stand they were supported by Wehle's good friend, Assistant Secretary of the Navy Roosevelt.

Roosevelt, in fact, wrote a "personal" letter to Hurley, on 11 September, to express his deep concern. If "in the very first case that comes up the Shipping Board should decline to have anything to do with this Adjustment Board," Roosevelt said, "it might be regarded by the country as a whole as a repudiation of a definite agreement by a branch of the Government." Roosevelt continued:

> It is true that the Shipping Board contracts are large, but the Navy contracts are very nearly as large, and the number of men affected, including all of the Navy repair yards, is very nearly the same. I cannot help feeling that the Government should take the same action whether it be the Navy Department or the Shipping Board, and frankly if the Labor Adjustment Board goes out of business at this juncture we shall all be placed in an exceedingly embarrassing position.[24]

Roosevelt's fear that the Macy Board might collapse before it could issue its first decision was well founded. On the same day the Assistant Secretary wrote his letter to Hurley, Carry submitted his resignation -- "effective immediately." Carry, in a minority position on the Labor Adjustment Board, and strongly opposed to the policies of Macy and Berres, decided that he could not effectively represent the

Fleet Corporation under such conditions.[25]

The Macy Board, unable to function without the required Fleet Corporation representative, was now powerless to take any action. The strikes in New York and Wilmington, meanwhile, continued, and the employer and employee representatives from yards in the Pacific Northwest arrived in Washington D.C. to negotiate their wage disputes. Hurley, with the Macy Board out of commission, decided to take up these labor matters himself -- and soon discovered that the situation in the nation's shipyards was, as he put it in his diary, "rather complicated." After meeting with "the employers and employees from Seattle," on 15 September, he recorded the following impressions:

> It looks as if the Western labor men, particularly in Seattle, have lost their heads. They are asking for a 20% increase in wages as of August 1st and 23 1/3 [percent] January 1st. This demand has created a great deal of unrest throughout the country. Even New York City machinists [striking for an increase from $4 to $4.50 per day] are referring to the $6 machinists scale the Seattle machinists expect to receive January 1st.[26]

As Hurley was discovering, the labor situation on Puget Sound was one of the most volatile in the nation. The shipbuilding industry had rapidly grown in Seattle due to the extraordinary demand for vessels after the outbreak of the Great War. Before 1914 the city had only had one steel shipyard; by the autumn of 1917 four steel yards, with a total payroll of more than 15,000, were in operation, and another plant was under construction. There were also twelve wooden shipyards in the Seattle area.

The labor movement in the city, as the historian William J. Breen describes it, "was both politically radical and very well organized." In 1915, in all industries, there were roughly 15,000 union members in Seattle; by 1917 this number had mushroomed to 40,000. The metal trades were particularly well organized, and the sixteen craft unions that represented the various shipyard trades were all affiliated with the city's Metal Trades Council.[27]

In Seattle it was this organization -- and the Central Labor Council to which it belonged -- that dominated the local labor scene. As Robert L. Friedheim states, in his study of Seattle's 1919 General

Strike, workers in the city "gave their loyalty primarily to their local coordinating bodies -- the trade councils and the Central Labor Council," not to the national and international craft unions to which they belonged. Gompers, and other top A.F. of L. officials, disliked this intense localism in Seattle, but could not do anything about it. A.F. of L. leaders were also disturbed by the political viewpoint of the city's Central Labor Council, which they considered to be "radical." As Friedheim puts it, union leaders in Seattle "stood for everything Samuel Gompers rejected -- labor in politics, industrial unionism, and nationalization of key industries." This radicalism -- along with strong currents of localism and a tendency towards individual unionism rather than close affiliation with the A.F. of L. -- made the Seattle labor movement unique.[28]

Seattle was also home to a unique shipbuilding firm: the Skinner and Eddy Corporation. This company had been established in 1916, during the period of American neutrality, and had originally built ships for Norwegian account. The plant was very ably managed by one of the nation's top shipbuilders, David Rodgers, who was a master at the technical aspects of vessel construction. Under his direction a pneumatic frame bender, and several other innovations, were designed and developed right in the yard itself.

Rodgers was just as masterful in dealing with the men who worked for him. He met daily with foremen and superintendents to discuss and plan the next day's work, and spent much of his time on the job climbing over the plant's partially built hulls and visiting its many shops. Rodgers was immensely popular with the workers, who respected his competence and appreciated the interest he took in their welfare. Under his management the Skinner and Eddy yard became the nation's most efficient shipbuilding plant.[29]

The principal owner of the yard, David F. Skinner, was as talented a businessman as Rodgers was a shipbuilder. Skinner decided, probably on the advice of Rodgers, that his plant would only build one type of ship. That promoted standardization and efficiency. Expecting

the wartime demand for shipping to continue for some time, Skinner also purchased, at fixed prices, a large quantity of steel castings and other shipbuilding material -- enough for over thirty vessels -- in late 1916 and early 1917. A few months later, when prices for much of this material soared due to wartime inflation, Skinner had a guaranteed supply at prices much lower than those his competitors were paying.

Skinner dealt effectively with his workers as well. He recognized that Seattle, as Friedheim states, was "a labor town with a tradition of vigorous labor activity." Rather than fighting the unions, as some of Seattle's other shipbuilding firms tried to do, Skinner accepted a "closed shop" in his plant. That meant he had to pay higher wages, but this, and the added security of a closed shop, enabled him to attract more highly skilled shipworkers -- which further increased the efficiency of his yard.[30]

Shortly after the United States entered the war Skinner went to Washington D.C. in search of orders from the Emergency Fleet Corporation, and on 28 May landed a "lump-sum" contract for six steel cargo ships (i.e., the government agreed to pay a fixed purchase price for each vessel). The terms of this contract, which included a generous allowance for labor costs, turned out to be highly profitable. Although the overall price Skinner got was not out of line with that paid by the government to other firms, Skinner's highly efficient plant, with its guaranteed supply of relatively low-cost material, could net, at the same price, far more profit than other yards.

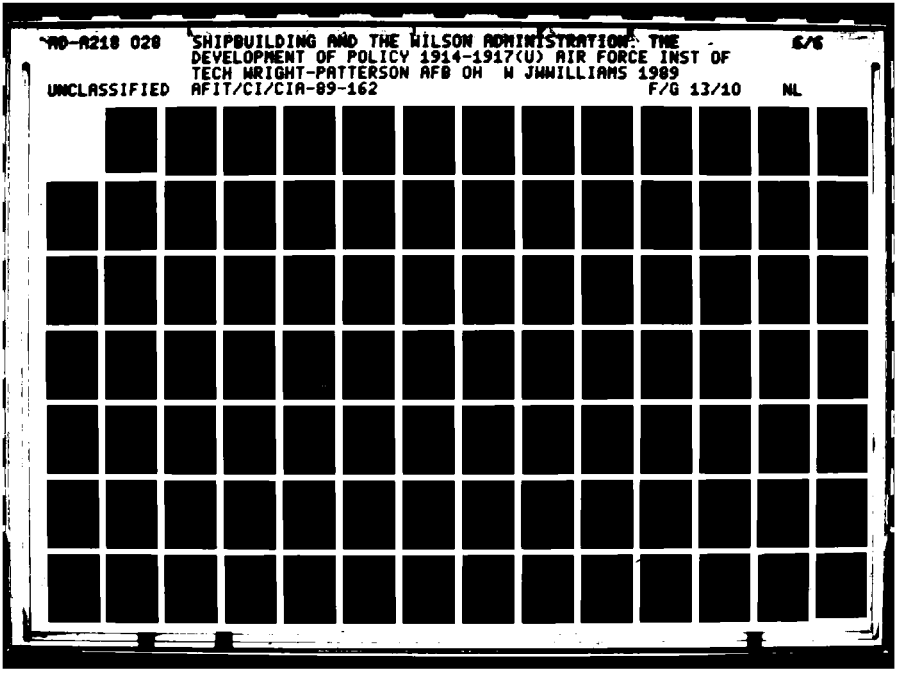
The order from the Fleet Corporation, moreover, was not Skinner's only lucrative contract; his yard was also working on eight ships for private account, and the profit on these was quite generous as well. In August, when these vessels were commandeered by the United States, the terms of the original contracts were honored by the Fleet Corporation. For Skinner that was good news, for it meant that he would continue to earn a high rate of return for building these ships.[31]

Skinner's closed-shop labor agreement, once it was established, forced Seattle's other shipyards to follow suit; only by doing so could

they get the skilled workers they needed. After all the yards in the city were unionized, the base pay rate for shipworkers was established through negotiations between shipyard owners and the Metal Trades Council. At the time the United States entered the war the base pay rate for Seattle's shipworkers was $4 a day -- an agreement due to expire on 1 August 1917. Most yards, however, found that the competition for labor was so intense that they had to pay substantially more than this to keep their men. The plant that paid the most was Skinner and Eddy, which attracted highly skilled workers from all over the West Coast. This remarkably successful firm could afford to pay the highest wage rates of any shipbuilding plant in the nation -- and still make handsome profits.[32]

In July 1917 the Seattle Metal Trades Council submitted a proposed new wage agreement to the city's yard owners. This provided for a rate of $6 per eight-hour day for all the basic crafts, and increased the wages of laborers, helpers, and semi-skilled workers proportionally. Skinner and Eddy agreed to pay $5.50 a day for all the basic trades from 1 August 1917 through 1 January 1918, and then $6 a day thereafter. This was acceptable to the unions, but not to the other yards in Seattle, which were less efficient than Skinner and Eddy, and which also had less lucrative contracts. If these yards had signed such an agreement, it would have cut severely into profits -- and perhaps, in some cases, led to losses. When these plants refused to match the Skinner and Eddy offer, the city's Metal Trades Council decided to call for a strike vote. That was postponed, however, when the Macy Board invited the Seattle workers to send representatives to Washington D.C. to discuss their grievances.[33]

These representatives, when they got to the nation's capital, could not meet with the Macy Board since it lacked a quorum due to the resignation of the Fleet Corporation's member. Hurley talked to the men from Seattle several times, but was unable to arrange a settlement. As these discussions in Washington D.C. stalemated, the labor situation on the Pacific Coast remained tense -- not just in Seattle, but also in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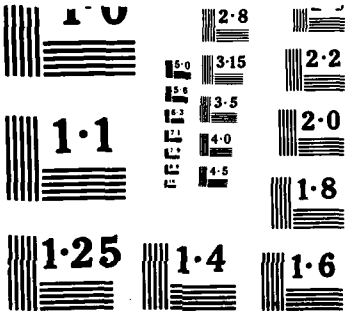
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Portland and San Francisco. In mid September this troubled situation suddenly exploded.

On Saturday, 15 September, more than 2,000 employees of wooden shipyards in the Portland area struck for higher pay and a closed shop. On the same day negotiations in San Francisco between the Iron Trades Council, which represented the metal trades unions in the Bay Area, and the California Metal Trades Association, representing yard owners and other industrial firms, broke down. The following Monday, 17 September, over 25,000 men in shipyards and related industries in San Francisco and Oakland walked off their jobs; their demand was a wage scale similar to what Skinner and Eddy had agreed to pay in Seattle. This labor action stopped work on over $150 million worth of naval and merchant ship construction in the Bay Area. Meanwhile, in Puget Sound yards ship carpenters -- who were vital to both wood and steel construction (in steel yards they erected the scaffolding upon which riveters and other men worked) -- decided that they would completely refuse to handle "ten-hour" lumber. This sympathy strike brought nearly all vessel construction in the Seattle area to a halt.

The New York Times, surveying the highly agitated labor situation on the Pacific Coast in an article on 18 September, estimated that 50,000 men had stopped working in western shipbuilding plants and related industries. This strike, the largest the West had ever seen, brought to a halt twelve percent of the Fleet Corporation's shipbuilding program, as well as naval construction at private yards in both San Francisco and Seattle. Navy yards were not affected.[34]

This was a major crisis, and one that greatly concerned President Wilson -- who questioned the wisdom of Hurley's decision to withdraw the Fleet Corporation's support from the Shipbuilding Labor Adjustment Board. This huge strike, after all, was exactly the kind of problem the Board had been set up to deal with. Samuel Gompers was also disturbed by Hurley's action and visited the White House, on 17 September, to express his misgivings to the President. Wilson responded by asking Hurley to call on him that evening. The Shipping Board Chairman, in his diary, explained what happened:

> He [President Wilson] said: 'Hurley, tell me about this labor situation and the Labor Adjustment Board.' He took the position that the Labor Adjustment Board was appointed and that we had all signed the contract but that Mr. Gompers had intimated that we had tried to repudiate the contract. I told him that it was not a question of trying to repudiate the contract or a question of decreased wages, but simply a question of the interpretation of the memorandum agreement that we all had signed and hoped to produce results by, in such a way that it exempted the employers from any responsibility whatever in connection with wages. . . .
>
> The President was rather insistent, but I urged, for fear that he would ask me to start the Adjustment Board again, that he allow me to see Mr. Gompers, and I told him that I was sure we could work the matter out to the satisfaction of all concerned. He remarked that Mr. Gompers was doing a great service for the country in urging labor to stand by the Government, and he was anxious not to have any contract repudiated to which he was a party. I left him with the understanding that I would take the matter up with Mr. Gompers.[35]

The next day Hurley and Capps called on Gompers to explain their position, but neither side was willing to compromise. Hurley and Capps were convinced that the Labor Adjustment Board would do more harm than good if it required the government to finance all pay raises; a much better approach, they felt, would be for the Fleet Corporation itself to serve as a mediator between employers and employees -- with employers paying at least a portion of any pay hikes. That, they believed, would give shipbuilders an incentive to keep labor costs down, and save the government money. Gompers, on the other hand, was just as convinced that the agreement setting up the Labor Adjustment Board had to be honored -- even if the government had to pick up the entire tab for increased wages.

The A.F. of L. President, after his meeting with Capps and Hurley, discussed his views with Walter Lippmann, a journalist on leave from the New Republic who was working for the Department of War (and serving as one of the three members of the Emergency Cantonment Adjustment Commission). Lippmann prepared a memorandum of his meeting with Gompers for Secretary of War Newton D. Baker, who forwarded a copy to the White House on 19 September. Lippmann's concluding paragraph clearly showed the President that Hurley's conference with Gompers had

failed to resolve the dispute:

> Mr. Hurley while taking care of the pennies as against his ship builders is playing with dynamite; he is jeopardizing the honor of the Government in its dealings with organized labor. If the President does not at once bring the adjustment memorandum back into full life there will, according to Mr. Gompers's own statement, be an irreparable estrangement between the Government and labor.[36]

Hurley, in the meantime, had turned his personal attention to the problem of ending the various work stoppages on the Pacific Coast. Following the discussion he and Capps had with Gompers, Hurley told reporters that he would leave for San Francisco to mediate the labor dispute there, and then would visit Portland and Seattle to settle the strikes in those cities. His plan, apparently, was to use himself as a substitute for the abandoned Labor Adjustment Board.

Hurley's primary motive in proposing this course of action may simply have been to escape, at least temporarily, the intense pressures of his job in Washington D.C. Hurley, after leaving his position at the Federal Trade Commission in February 1917, had told several acquaintances that he was looking forward to a long rest. Unfortunately, the entrance of the United States into the war, and his appointment to the Shipping Board, had prevented that -- his wartime job, in fact, was proving to be far more strenuous than his duties at the Trade Commission had been. Early in September Hurley had spent an enjoyable few days at his home in Chicago. A trip to the West Coast, he may now have thought, might provide another welcome break from the hectic work schedule he had to maintain in the nation's capital.

A western trip, though, did not make much sense. Mediating all the labor disputes on the Pacific Coast would obviously take a good deal of time, and while Hurley was preoccupied in the West the Shipping Board and Fleet Corporation would both be leaderless -- a highly disruptive arrangement. Secretary of Labor William B. Wilson, moreover, apparently acting without Hurley's knowledge, made his own effort to settle the dispute by appointing W. T. Boyce, an Assistant Immigration Commissioner in San Francisco, as a federal mediator. Upon learning this Hurley decided to give Boyce an opportunity to settle the

strike -- and gave up his own quixotic scheme of personal mediation.[37]

Hurley next looked for a way to end the sympathy strikes tying up work in Seattle over the issue of "ten-hour" lumber. On 19 September he sent a telegram to seven prominent businessmen in Washington State who were associated with the logging and lumber mill industries. "Will you please wire me promptly," he said, "the reasons why an adjustment or settlement is not made of the eight hour day in the lumber industry? . . . I am on this job trying to build ships . . . and having confidence in your judgement I am requesting you to give me full information so that if it is possible for me to be helpful in any way I may do so."

The replies Hurley received did not suggest any ready solution to the problem. The establishment of the eight-hour day in the Pacific Northwest, he was told by the lumbermen, would be "suicidal" for their firms. As one mill operator in Bellingham, Washington, put it: "Our lumber industry cannot live with an eight hour day and three dollar and a half common labor against the low wages and long hours of our great competitor, the South, which reaches the markets of the Middle West on less than half our freight rate." Hurley thus remained perplexed about how to solve the sympathy strikes in the Seattle yards.

Interestingly, Hurley did not contact any labor leaders about this issue -- a revealing indication that his true sympathies, probably as a consequence of his own experience as head of a manufacturing firm, lay more with employers than employees. Wehle, for one, clearly recognized this and would later write that "Hurley believed in the stiff arm for dealing with organized labor."[38]

As Hurley communicated with western lumbermen he continued to meet, in Washington D.C., with the labor and employer representatives from shipyards in Seattle and Portland who had come to the nation's capital to settle their wage disputes. These talks, however, made no progress. Nor was any progress made across the country, in San Francisco, towards ending the strike there; Boyce's mediation attempt was floundering. F. W. Kellogg, publisher of the San Francisco Call,

sent a telegram to Secretary of the Treasury William G. McAdoo explaining the situation:

> Much dissatisfaction and surprise that Government appointed such a lightweight as Boyce to settle iron workers strike. It needs a big man to handle the situation and delay in settling controversy is most injurious. Gavin McNab [a leading San Francisco attorney and prominent Democrat] could settle the strike in twenty four hours and is the best man the Government could get. Won't you please personally urge his appointment with the President.[39]

McNab, in fact, was angling to get the job -- and was probably the moving force behind Kellogg's telegram to McAdoo. McNab, in a cable to Hurley, stated that both employers and employees in San Francisco had been disappointed by the appointment of Boyce as a mediator. As McNab put it:

> When the Secretary of Labor appointed a man who had been a deputy in various small political positions for a period of twenty years, the act was the subject of much ribald remark and they ['the people of San Francisco representing both sides of the controversy'] felt that the government was treating this tragic situation in a spirit almost of indifference. I am saying this without any desire to reflect on Mr. Boyce with whom I am very friendly. I am merely stating what is the fact as far as the public is concerned. . . . At these times the Government surely is expected to have some sense of proportion and to deal with big things through big men in a big way. . . . I would advise your immediate appointment of a man or men of commanding position in this community to bring employers and employees together and to keep them together until some settlement is evolved. . . .

The kind of "big man" needed, McNab apparently felt, would be someone like himself. He had, as a consequence of his experience in politics and law, many contacts among San Francisco's business elite, and also among the labor leaders in the Iron Trades Council. McNab, because of these connections, was convinced that he would be able to negotiate at least a temporary settlement to the work stoppage -- a development that would both serve the country and substantially enhance his own reputation.[40]

All of these developments -- the strike in San Francisco, the possibility of replacing Boyce with McNab, the walkout in Portland, the sympathy strike in Seattle, and the wage negotiations underway in

Washington D.C. -- kept Hurley busy. He remained determined, though, not to turn these issues over to the Shipbuilding Labor Adjustment Board. Macy, frustrated at being ignored, had been considering submitting his resignation to President Wilson for some time, but at Wehle's insistence had held back. On 20 September, however, he met with Hurley and bluntly offered to resign. That was fine with the Shipping Board Chairman. The "labor question," Hurley wrote in his diary, would now "be handled by the Emergency Fleet Corporation."

Macy, immediately after his talk with Hurley, penned a long letter to President Wilson explaining the problems that had developed in the formation of the Labor Adjustment Board. "Should you think best," Macy told the President, "please consider my resignation as chairman of the Labor Adjustment Board in your hands."[41]

Wilson was not nearly as ready as Hurley to accept Macy's resignation and dissolve the Board. Samuel Gompers, whose support for the Administration's mobilization program Wilson considered vital, let the President know how greatly disturbed he was at Hurley's actions. In a strong letter of protest to the White House, Gompers pointed out that Hurley and Admiral Capps had signed the 20 August agreement setting up the Board. He continued:

> If there was any provision in the agreement to which they objected they ought to have withheld their signatures until it conformed to their views as to the needs of the Government. But within fifteen days after signing the agreement, important agencies of the Government, the United States Shipping Board and the Emergency Fleet Corporation, nolens volens, broke a solemn agreement. In other words, they have treated [it] as a 'scrap of paper.'
>
> You can readily understand the effect and influence of this action upon the minds and actions of the working people of the country. I am free to say that I have grave apprehensions as to the consequences, and I earnestly hope that you may see your way clear to impress upon the [Shipping] Board and the Corporation the need of revising their course and to reinstate Mr. Carey [i.e., Carry] as their representative [and] that Mr. Macy your own appointee and Mr. Berres the man whom I recommended, be brought in to resume their functions under the terms of the August 20th agreement.[42]

The President's sympathies on this issue were not with Hurley and Capps. Dissolving the Macy Board, Wilson recognized, would outrage

Gompers and other top A.F. of L. officials, a development that would complicate the problem of ending the present strikes, and perhaps lead to future labor problems as well. Wilson, furthermore, agreed with Gompers that the Fleet Corporation had a solemn obligation to stand by the agreement it had signed. The President also realized that if he abandoned the Macy Board before it even had a chance to operate, the result would be a public relations disaster -- especially in light of the Fleet Corporation's failure to settle the ongoing strikes on the Pacific Coast.

Hurley and Capps felt strongly about the position they had taken, but discovered that there was no support for their stand within the Administration. In fact, just the opposite was the case. Secretary of War Baker believed, as Wehle later put it, "that if Hurley's position were allowed to stand the Government would lose labor's confidence and it would be impossible to negotiate any voluntary labor-adjustment machinery covering production of munitions and supplies -- the heart of war production." Assistant Secretary of the Navy Roosevelt, who was now responsible for all labor-related matters for the Navy, agreed with Baker's viewpoint. So did President Wilson.

Hurley, the President decided, would have to accept the Macy Board. Wilson was probably the only man who could convince Hurley to do so. The Shipping Board Chairman was certain that he was right on this issue; in his memoirs, ten years later, he would write a lengthy and spirited defense of the stand he had taken. But Hurley, more than anything else, was loyal to Woodrow Wilson. After the President discussed this matter with him, Hurley met with Admiral Capps and the two decided, as Hurley put it in his diary, that "it would probably be better for all concerned if I would write a letter to Mr. Gompers and start the Labor Adjustment Board functioning again, recalling Mr. Macy and Mr. Berres." The impasse, it seemed, had been broken.[43]

Hurley's letter to Gompers, dated 21 September, proposed a compromise solution. As the President and Gompers wished, Hurley called for the reestablishment of the Macy Board and agreed that the

Board's decisions would be binding on all parties -- the Fleet Corporation would not have any veto power. However, Hurley said, the Corporation would determine what proportion of any wage settlement the shipyard owners would have to pay; both he and Capps still refused to accept the argument that the government should pick up the entire tab. This arrangement was acceptable to Gompers -- who did not care who paid for the increased wages, just so long as the men got the money -- and to Wilson, who was (as Hurley put it in his diary) "quite pleased" to see the Shipbuilding Labor Adjustment Board reconstituted.

Macy, though, still saw a problem. What would happen, he asked Hurley at a meeting on Saturday morning, 22 September, if his Board made a wage settlement and the employers refused to pay the proportion of the award the Fleet Corporation directed? Would the settlement made by the Labor Adjustment Board be repudiated, or would the government step in and pay the men the full amount of the wage increase the Board had granted? The key question, Macy recognized, had still not been answered. When Hurley refused to guarantee that the Fleet Corporation would pay the men, Macy got in touch with President Wilson's private secretary, Joseph P. Tumulty, and complained that the proposed solution was unworkable. The Labor Adjustment Board, Macy believed, would not have any credibility unless it could assure the workers, without fail, that any wage increases it granted would be paid.

Tumulty invited Macy, Gompers, and Hurley to meet at his office the next morning, a Sunday, to settle the issue. Hurley held firmly to the principle that the employers should be made to pay something, but agreed, in effect, that if they declined to do so the Fleet Corporation would make sure that the men got paid. That was satisfactory to Macy, and the impasse which had paralyzed the Labor Adjustment Board for almost two weeks finally appeared to be resolved.[44]

As these fierce disputes over who would pay for wage increases transpired in Washington D.C., the strikes in shipyards on the Pacific Coast, in New York City, and in Wilmington continued. Hurley, in an effort to get the men in San Francisco back on the job, decided to have Gavin McNab serve, as he wished, as the new federal mediator, replacing

Boyce, who had failed to make any progress. McNab, confident he could get a temporary settlement, immediately arranged a meeting between the city's employers and the striking workers. Effectively using his connections with both groups, McNab got the two sides, on 21 September, to agree that the men should return to work, at a temporary wage rate, until the Labor Adjustment Board could rule on their dispute. Any decision made by the Board, McNab promised, would be retroactive to the date the men returned to their jobs. It took two more days of negotiation to establish the temporary wage rate that would be paid, but on 23 September McNab was able to cable President Wilson that the strikers in the Bay Area were ready to resume work. This was the first good news Hurley and Capps had had from the labor front in some time.[45]

Hurley -- along with Macy and Gompers -- decided to use the successful arrangements McNab had made in San Francisco as a blueprint for possible settlements in Seattle and Portland. On 23 September the three men, after their Sunday morning meeting with Tumulty, drafted a telegram for President Wilson to send to labor leaders in the two Pacific Northwest cities. The strikers in San Francisco, the cable said, had agreed to return to work and refer their wage dispute to the Shipbuilding Labor Adjustment Board. The Board, the telegram continued, would also be asked to make "findings in the Seattle and Portland situations." The message then concluded with a personal appeal by the President to the men's patriotism:

> I need not say that this happy solution of the labor trouble on the Pacific Coast would be most gratifying to me as it is a further evidence of the patriotism of labor. In view of it I would ask that no cessation of work occur at Portland or Seattle. The wage board begins functioning at once and will announce its findings with expedition. I count confidently upon the patriotic cooperation of the workmen and their leaders. The men can count upon just and prompt action.[46]

Unfortunately, this intervention by the White House came too late to head off labor trouble in the Pacific Northwest. This was largely due to the fact that the union representatives from Portland and Seattle who had come to Washington D.C., at the Fleet Corporation's

request, to present their case to the Shipbuilding Labor Adjustment Board had felt snubbed. Indeed, during their stay in the East they had never even met the Board, for it lacked a quorum (since Hurley refused to name a replacement for Carry) and could not formally convene. The western labor representatives were able to meet with Hurley, but discussions with him had not been productive. Frustrated and disappointed, the men had eventually gotten tired of waiting for the Macy Board to emerge from the bureaucratic muddle they found in the nation's capital. On 21 September the employee representatives from Portland boarded a train for the long trip back across the country; two days later the labor delegates from Seattle did the same. Quite understandably, this wasted trip by local union leaders made the men employed in the shipyards of Portland and Seattle highly suspicious of any promises made about the ability of the Labor Adjustment Board to resolve their grievances.[47]

Serious labor problems now developed in the Pacific Northwest. On 24 September over 10,000 workers in steel shipyards in Portland walked off their jobs to protest anti-union activities by employers, and to demand higher wages. To the north, in Seattle, the refusal of ship carpenters to handle "ten-hour" lumber continued to paralyze activity in most of the city's shipyards, and the Metal Trades Council announced plans to launch a strike, on 29 September, against all firms that refused to pay the wage scale to which the Skinner and Eddy plant had agreed. The labor situation in the Columbia River and Puget Sound shipbuilding districts had thus reached a state of crisis.[48]

On 25 September Macy, trying to determine how he would deal with this predicament, decided that his Board could not settle the strikes in the West by holding hearings in Washington D.C. As he wrote to President Wilson, "the conditions and matters in dispute on the Pacific Coast are so complicated that the Board cannot reach intelligent conclusions without a personal visit to the Coast to secure full information upon local conditions." Unless the President objected, Macy said, the Board would "leave within ten days for the Pacific Coast to visit the shipyards" there. Wilson approved this plan and Macy

began to make preparations for a western trip.[49]

There was, however, still one problem -- finding someone to represent the Fleet Corporation on the Board. Carry, after resigning on 11 September, had returned to his private business in Chicago. Hurley had then invited him back to Washington D.C. to head the Fleet Corporation's newly created Division of Operations (a position Charles Piez had just turned down). Carry accepted the appointment and returned to the nation's capital -- only to discover that the Macy Board had been resurrected. Hurley, lacking a substitute who could quickly be inserted into Carry's former position, asked Carry to sit on the Board once again, at least temporarily.

On 25 September the rejuvenated Labor Adjustment Board -- Macy, Berres, and a reluctant Carry -- met with Hurley and Capps to formalize operating procedures. To make sure that there would be no further disputes over the payment of awards, Macy and Berres had the following clause inserted into the memorandum of understanding which came out of the meeting:

> If any award of an increase is made by the Adjustment Board, which a shipyard owner declines to pay, the Fleet Corporation will pay such increase promptly . . . so that the execution of this Board's decisions shall not be prejudiced by any questions between the Fleet Corporation and the yard owner as to bearing the burden of such increase.

The memorandum also made it clear that the Board's decisions would be "final and binding on the Fleet Corporation." Carry, unhappy with these provisions and unenthusiastic about being on the Board, refused to sign the memorandum. Someone else, it was clear, would now have to be found to serve as the Fleet Corporation's representative.

The individual Hurley and Capps decided upon was a Boston businessman, Louis A. Coolidge, who was the treasurer of the United States Shoe Machinery Company. Coolidge accepted the position and was appointed to the Macy Board on 29 September. To minimize any negative publicity that might develop, Hurley announced that Carry had been forced to resign due to "illness." Coolidge joined the Board on 4 October, just as it was beginning its western trip. Carry, meanwhile,

rapidly recovered from his "illness" and became the first head of the Fleet Corporation's Division of Operations.[50]

Among those accompanying Macy, Berres, and Coolidge on their trip to the West Coast was Louis Wehle, who was now serving as the Shipbuilding Labor Adjustment Board's legal counsel, and F. S. Curtis, who Secretary Daniels had chosen to serve as the Navy's representative since Roosevelt (the Navy's original appointee) was too busy with other duties to make the trip. Another man who joined the entourage -- to the surprise of the Macy Board's members -- was John Barton Payne of Chicago, who had just been appointed by Hurley to serve as head of the Emergency Fleet Corporation's legal department. Wehle later described, in his memoirs, the problems caused by Payne's unexpected appearance on the train:

> Payne, unannounced, joined the board [in Chicago] for the trip to the coast. Not only was Payne new to the situation but he also must have been badly briefed by Hurley. He told me at once that any decision by the board must be subject to Hurley's approval, and that it could be released to the public by Hurley only. When I told this to Macy and Berres, they threatened to give up the trip. On my suggestion Macy called a meeting of the board and staff in the large lounge space of the rear private car. There Payne stated his view tersely and emphatically.
>
> I took Payne through the entire history of the shipbuilding labor-adjustment arrangement; I showed him that President Wilson had directed that it be negotiated, that he had approved it, and that he had himself designated Macy to act as it public member and chairman. I said that Payne probably had not realized that he was in effect challenging the President and proposing that the government compromise its honor; that if Payne insisted any further on his view, I would take up the matter directly with President Wilson because it would be impossible for the board to arrive on the coast with any doubts about its authority.

After this "painful session," Wehle recalled in his memoirs, "Payne's attitude changed markedly." During the Board's hearings on the West Coast Payne would serve, Wehle wrote, "merely [as] an observer" for Hurley, "keeping his own counsel" and avoiding any "questioning [of] the Board's authority." At last, Wehle noted, the Shipbuilding Labor Adjustment Board was "free from major inherent dangers. It could function."[51]

The Macy Board -- like the Shipping Board and the Emergency Fleet Corporation -- was thus rocked by controversy at its very birth. As Macy, Berres, and Coolidge headed west towards Seattle, their first stop, they could only hope that settling labor disputes would prove to be easier than the recent bureaucratic struggles the Board had weathered. Their task, however, would not be easy: the strike in Portland continued; in Seattle the sympathetic strike against "ten-hour" lumber had now evolved into a full-blown strike for higher wages by over 10,000 men; and shipworkers in San Francisco, although they had returned to their jobs after accepting Gavin McNab's temporary settlement, were expecting the Board to grant generous wage hikes. The challenges lying ahead of the Labor Adjustment Board would prove to be every bit as difficult to resolve as the ones it had just passed through.

Labor Settlements by the Wage Adjustment Committee and the Macy Board

The Macy Board only had authority to establish wage rates in private shipbuilding plants. In navy yards there were completely different procedures for setting pay scales and handling labor disputes -- procedures that had been established by an 1862 act of Congress. This legislation stated that "the hours of labor and the rates of wages of the employees in the navy yards" would conform, as nearly as possible, "with those of private establishments in the immediate vicinity of the respective yards, [as] determined by the commandants of the navy yards, subject to the approval and revision of the Secretary of the Navy."

In practice this plan, as it had evolved by the time of the Wilson Administration, called for the appointment of a wage board at each navy yard. Each of these boards was composed of five naval officers, whose service on the board was an extra duty. The boards convened once a year to make a survey of pay scales in the community surrounding the government plant. Based upon this data, the officers then set wage rates for the coming year. If the men in the yard

objected to the pay scales that were announced, they could send a delegation to Washington D.C. to appeal the wage decision to the Secretary of the Navy, or his designated representative (who, for Daniels, was Roosevelt). Although there were complaints about this system by some workers in government yards, the scheme generally worked fairly well.[52]

After the Great War began there was a tremendous demand for ships, and navy yards faced the same problem as private yards -- holding their skilled work force. Roosevelt later recalled that the "demand for war material by foreign countries, and the later demand for materials for our own use," led to a reckless "bidding for labor at any price" which "threatened to strip the Navy Yards of workmen." As government plants began to lose skilled men to higher paying jobs in private industry, Roosevelt, in cooperation with the War and Labor Departments, helped establish, on 15 August 1917, the Arsenals and Navy Yard Wage Adjustment Committee. The purpose of this agency was the same as that of the Macy Board -- to settle labor disputes and determine fair wage scales. Roosevelt represented the Navy on this Committee, Walter Lippmann the War Department, and William Blackman the Labor Department.

The Wage Adjustment Committee, shortly after it was formed, solicited recommendations on pay increases from both wage boards and employees at government plants. In mid September the Committee, based on the information it received from these investigations, proposed a pay hike of roughly ten percent for industrial workers on the government payroll. Although the War Department decided not to implement this blanket award in government-owned arsenals (each of which negotiated a separate wage settlement with its employees), the Navy Department accepted the recommended wage increase and announced it would become effective, on 1 November, in all navy yards.

The size of this increase, in most cases, was seen as fair by navy yard workers and union officials. Government shipbuilding plants had a reputation for paying good wages -- the strikers in New York

City's private shipyards, in fact, had been demanding the same pay schedule that was used by the New York Navy Yard. The new wage scale assured navy yard employees of continued good pay, even taking into consideration the increase that had occurred in the cost of living. This settlement, though, would be the only one issued by the Arsenals and Navy Yard Wage Adjustment Committee -- its ability to function ended when the War Department decided not to implement the Committee's pay award at government-owned arsenals. For the rest of the war wage scales in government plants would be determined separately by the War and Navy Departments, although the two would consult informally with each other before announcing pay schedules at their respective facilities.[53]

At the same time the Wage Adjustment Committee's ten percent pay raise was being implemented in navy yards, the Fleet Corporation took action to get men in struck private shipyards along the Atlantic Coast back to work. Since the Macy Board was in the West, Hurley asked the Vice Chairman of the Shipping Board, Raymond B. Stevens -- who had helped Wehle draft the agreement setting up the Macy Board -- to arrange temporary settlements of the work stoppages in plants on the Delaware River. Stevens visited Wilmington, where the strike at Bethlehem's Harlan and Hollingsworth plant continued, and Philadelphia, where several new strikes had broken out.

To get the men back to work, Stevens appealed to their patriotism and -- more importantly -- promised them an immediate ten percent increase in wages. When the Shipbuilding Labor Adjustment Board returned from the West Coast, Stevens told the strikers, it would arrange for a more comprehensive wage settlement which would be retroactive to the date the men resumed working. By the first week of November Stevens's efforts had paid off; all the struck yards in the Delaware River district were back in operation.[54]

In the West the Macy Board faced a more difficult challenge than Stevens -- it had to arrange for comprehensive labor settlements, not just temporary ones. The situation it found when it arrived in Washington State, moreover, was far worse than anything that existed in

the East -- in Seattle strikes had shut down the city's entire shipbuilding industry, except for the high-paying Skinner and Eddy yard.

Also complicating the Board's task was the fact that there was not much of a sense of wartime crisis in the Pacific Northwest. As Macy wired Hurley during his trip across the country: "The farther we leave Washington [D.C.] the less [the] war is realized." Relatively few of the western strikers believed that their personal security, or the security of the nation, was seriously threatened by the war in Europe. Still, they did not want to appear to be disloyal to the country. Patriotic appeals by the government would thus have some impact in the West, but would not, in and of themselves, guarantee the immediate cooperation of the men.[55]

An additional obstacle the Macy Board had to confront in Seattle was its poor reputation among the workers. The labor delegates from the city who had gone to Washington D.C. in September had made a wasted trip. When these men returned to the Pacific Northwest, with nothing accomplished, their disappointing experience made the city's union leaders skeptical of dealing with the Board. Recognizing the credibility problem he faced, Macy sought help from men he hoped the workers would listen to -- top officials from the A.F. of L. international unions that represented the shipbuilding trades.

Five high-ranking union officers responded to Macy's appeal and agreed to go to Seattle: James A. Franklin, President of the International Brotherhood of Boiler Makers, Iron Shipbuilders and Helpers of America; James Wilson, President of the Pattern Makers League of North America; William H. Johnston, President of the International Association of Machinists; Milton Snellings, President of the International Union of Steam and Operating Engineers; and James V. Ryan, Organizer for the Amalgamated Sheet Metal Workers, International Alliance. These men arrived in the city a few days after the Macy Board itself.[56]

The Board began its proceedings in Seattle on Monday, 8 October.

Its first step was to make arrangements for local representation, as provided for by the 20 August agreement which established the Board. Seattle's union leaders selected two local labor representatives -- one who would sit in on hearings related to steel shipbuilding and the other on sessions that dealt with wooden construction. Similarly, the steel and wooden shipyard owners each nominated their own local delegate. The Board itself appointed a western official of the United Brotherhood of Carpenters to sit "in Mr. Berres' place while questions relating to wood shipyards were under consideration" -- an arrangement which the President of the Carpenters' union, William Hutcheson, refused to sanction, but which Berres and the A.F. of L. accepted.

Once these organizational steps were completed, the Board started its investigation into the city's labor conditions. For the next five days it held hearings in the morning and afternoon, and then, each night, met with strikers in a continuing effort to get them to return to work.

At the end of this busy week the Board decided that rather than announcing a wage award in Seattle, and in each subsequent city it visited, it would wait until the conclusion of its trip and then, after having examined labor conditions in all three of the West's major shipbuilding centers (Seattle, Portland, and San Francisco), establish a uniform pay scale for the Pacific Coast. This approach, the Board believed, would alleviate the problem of men shifting from one locality to another in search of higher wages.

To help determine what a fair wage rate would be, the Board's statistician, W. Jett Lauck, recruited in Seattle two members of the University of Washington's faculty -- Carleton H. Parker (an economist) and W. F. Ogburn (a sociologist). These professors would assist Lauck in making a study of wage levels and living costs in Seattle, Portland, and San Francisco. This data, the Board decided, would be the basis for its ultimate wage decision.[57]

The Macy Board's proposal to postpone the announcement of a wage settlement did not go over well among Seattle shipworkers. Willard E. Hotchkiss and Henry R. Seager, two members of the Macy Board's wartime

staff, would later describe what happened:

> This suggestion [to postpone the wage award] met with opposition from the men in Seattle, and many of them, owing to the experience of the representatives in Washington, were opposed to returning to work until they knew the terms they were going to receive. The board decided, however, to proceed with the hearings in Portland and San Francisco. The international presidents of the unions had joined with members of the board in making a patriotic appeal to the men to return to work. By the time the board left Seattle on October 13, 1917, several of the unions of the Metal Trades Council had responded to this appeal. The vote to return upon the old conditions, pending a final decision, was based on the promise that any award would be made retroactive to August 1 [the date the wage agreement between Seattle shipyards and the Metal Trades Council had expired].
>
> The boiler makers' organization, which contained nearly half the men employed in the steel-ship yards, had not voted on the question of returning to work, and in consequence the five international presidents remained in Seattle after the board left in order to assist in obtaining a vote from all organizations immediately to resume work. This end was . . . accomplished and the international presidents joined the board in Portland early in the following week.[58]

In Portland the Board followed a schedule identical to the one it had used in Seattle -- it first made arrangements for local representation by employees and employers, and then held daily hearings, followed each evening by a meeting with strikers to appeal for their immediate return to work.

Complicating the issue in Portland was the fact that many of the shipyards along the Columbia River ran an open shop, and were determined to prevent unionization of their plants. These yard owners, joining with other anti-union businessmen, had had the city of Portland pass a "conspiracy" ordinance which made it illegal for anyone to try to change the relations between employers and employees. Using this law, the Portland police arrested a union leader enroute to the Macy Board's evening session on 17 October. Earlier in the day over a hundred men picketing one of the city's steel shipyards had also been arrested on "loitering" charges. These actions infuriated the striking shipworkers and a large crowd gathered in front of the Portland jail to show support for the arrested men, who at one point, as Portland's

Morning Oregonian put it, began "shouting, stamping their feet and rattling the bars, and [keeping] up such a din that the police station rocked." This ominous situation was finally defused, at two o'clock in the morning on 18 October, when a delegation of both employers and employees called at the police station to arrange for the release of the jailed men.

This incident revealed the potential for serious -- and possibly violent -- confrontations in shipyards along the Columbia River, a development neither side wanted to see. The successful resolution of the affair eased the sense of crisis in Portland and made both employers and employees more willing to cooperate with the government. The Macy Board, again with help from the five international union leaders, convinced the striking men to return to work pending the announcement of its wage decision for the entire Pacific Coast.[59]

When the Macy Board arrived in San Francisco and began its hearings there, on 22 October, the shipworkers who had struck Bay Area yards in September were back at work under the terms of the temporary settlement Gavin McNab had arranged. The Board could thus concentrate its efforts solely on the formulation of a comprehensive labor settlement -- there was no need for evening sessions aimed at getting strikers back on the job.[60]

To achieve a comprehensive settlement, the Macy Board had to address more than just the issue of wages; it also had to solve a problem that existed in both Seattle and San Francisco -- the refusal of some workers in these highly unionized cities to handle "unfair material" (i.e., material produced by non-union labor). In Seattle this had led to the sympathy strike against "ten-hour" lumber, and in San Francisco there had been several work stoppages when union men had boycotted boilers produced by the Willamette Iron and Steel Works, an open shop in Portland. The original sympathy strike over these boilers had been ended by an expedient which temporarily fooled Bay Area unions -- San Francisco shipyards told the Willamette firm "to obliterate all advertising marks on future shipments" so that workers could not determine the origins of the equipment. When the men discovered what

was going on, however, there had again been trouble.

The Fleet Corporation, the Macy Board, and the American Federation of Labor all agreed that during the war sympathy strikes could not be tolerated -- they would simply be too disruptive to the mobilization effort. The Macy Board therefore decided to include a clause in its Pacific Coast settlement that specifically condemned sympathy strikes for the duration of the national emergency. In return for A.F. of L. support on this matter, the Labor Adjustment Board -- and the Fleet Corporation -- encouraged employers not to discriminate against union workers in their hiring practices, or punish men who attempted to form unions.[61]

As the Macy Board held its hearings in San Francisco, its statisticians worked furiously to complete their study of wages and the cost of living in Pacific Coast cities. Finally, on 4 November, the Board announced its long-awaited wage decision. The new pay schedule, which sought to ensure that workers' earnings kept pace with "the increased cost of living that had taken place," fixed the wage for the basic crafts in steel shipyards at $5.25 for an eight-hour day. The rates for more specialized trades were to be determined later by examiners appointed by the Board. These pay scales, the Board emphasized, were minimum rates that in no way "altered or affected" the wages of men already receiving more than this. The award was retroactive back to 22 September in the San Francisco district (the date Bay Area workers had agreed to return to work under McNab's temporary settlement), 5 September in the Columbia River district (a date agreed upon with workers in Portland), and 1 August in the Puget Sound district (the date the wage agreement between shipyards and unions in Seattle had expired).[62]

The Macy Board's decision was not unanimous -- the permanent labor representative on the Board, Berres, and the local representatives of labor from Seattle, Portland, and San Francisco all voted against the $5.25 daily wage for the basic crafts. These men felt this rate should be at least $5.50, the pay scale the Skinner and Eddy yard

in Seattle had agreed to pay its workers through the end of the year (when it intended to increase wages even further, to $6 a day). Macy and Coolidge, however, along with the local representatives of shipbuilders, believed that the $5.50 rate, which was only being paid to several thousand men in Seattle, should not be made the basis for all 50,000 shipworkers along the Pacific Coast -- especially since the findings of the Board's statisticians showed such a rate to be "in excess of what was called for by the increase in the cost of living."[63]

After announcing this wage award the Macy Board immediately departed for the East. As the Board's three permanent members and their staff boarded the train in San Francisco for the long journey back to Washington D.C., they left behind them, on the Pacific Coast, a highly charged situation. The men in the yards, like the labor representatives on the Macy Board, strongly objected to the wage award. They had been expecting a rate of at least $5.50 per day in the basic crafts, and were bitterly disappointed to discover they would only receive $5.25. The frustration of many of the men was summed up by a local union leader in San Francisco, who told reporters: "There won't be many ships built under this scale." The President of Seattle's Metal Trades Council, Daniel P. McKillop, put it even more bluntly: "I think," McKillop said, "the decision is an insult."[64]

On the Pacific Coast there was thus still a great deal of labor tension, and many unanswered questions. How would the award be implemented? Would the workers who were disappointed by the award remain on the job? How would the Fleet Corporation and employers divide up the cost of the award? Did the award also apply to shipyards in districts not visited by the Board, such as Southern California? As the Macy Board prepared to turn its attention to labor problems in the East, these were the difficult issues the Emergency Fleet Corporation still had to deal with in the West.

Implementing the Macy Board's Award on the West Coast

Fortunately for the Fleet Corporation, shipworkers unhappy with the award of the Labor Adjustment Board did not immediately walk off

their jobs. Probably the only thing that kept them working was a sense of loyalty to the nation while it was at war. Western shipworkers did, however, plan to appeal the wage decision, all the way up to President Wilson, if necessary. But first they intended to explore their options at the American Federation of Labor's Annual Convention, scheduled to begin in Buffalo, New York, in mid November.

In San Francisco, meanwhile, the Iron Trades Council, which represented the city's shipyard unions, formally announced that it would not ratify the Macy Board's decision. Its position was outlined by one of its member unions, the Bay Area local of the Boiler Makers, which passed a resolution that affirmed "its loyalty to the United States Government" and announced its intention, for the time being, to have its men remain at work -- but which also emphasized that it was "flatly refusing to accept the awards as contained in the decision of the United States Labor Adjustment Board."[65]

Disgruntled employees were not the only group the Fleet Corporation had trouble with in the implementation of the Macy Board's settlement. The pay increases in the award -- including retroactive wages -- were supposed to be paid by no later than 12 November. Most yard owners did not meet this deadline.

Often this was due to questions over how the government would provide reimbursement for wage increases. This was not a problem in the case of ships being built under various forms of cost-plus contracts (as was the case with most naval work, and with some construction for the Fleet Corporation), or lump-sum contracts that had clauses protecting the shipbuilder against wage increases (an arrangement the Fleet Corporation sometimes made). But most shipbuilding plants had requisitioned vessels underway; indeed, these still accounted for the great bulk of steel tonnage under construction in both the East and the West. It was primarily for work on these vessels, whose contracts did not provide any protection against wage hikes, that shipbuilders, under Hurley's plan, would have to pay part of the increased labor cost.

The agreement Hurley reached with Pacific Coast shipbuilders on this matter was a complicated one. Where the net profit on a requisitioned ship was ten percent or more, any increase in pay approved by the Macy Board was to be borne entirely by the shipbuilding company; if the profit was less than ten percent, the Fleet Corporation would bear half of the increase and the shipbuilder half; if there was no profit, the Fleet Corporation would pay the entire cost of the wage increase.

There were many problems with implementing this arrangement. For one thing, it was an accountant's nightmare -- even in relatively straightforward cases there were likely to be wrangles between the government and yard owners over how the various calculations should be worked out. These calculations, moreover, could rapidly become quite complicated. What if a yard was working on requisitioned ships and simultaneously on ships where the yard owner was protected against increased labor costs? If the workers divided their time between the two types of vessels, how would the government calculate its reimbursement to the yard? And how would retroactive pay be calculated? If a worker had been employed at a different shipyard during the period covered by the back pay, who would he collect the money from -- the plant where he was presently working, or his former employer? And how would back pay be calculated if work records from the affected period no longer existed? These difficult accounting, procedural, and policy questions would delay the complete implementation of the wage award in many yards.[66]

Another problem developed in San Francisco, where the Iron Trades Council steadfastly refused to ratify the Macy Board's settlement. Shipyard owners in the Bay Area, in conjunction with the California Metal Trades Association, to which they belonged, acted as if this rejection by the unions nullified the award -- and continued to pay the wages prescribed by the temporary settlement Gavin McNab had worked out in mid September.

When Macy, attending the A.F. of L. Convention in Buffalo, learned of these developments he fired off an angry telegram, on 24

November, to William Blackman, a former Labor Department official who had recently joined the Emergency Fleet Corporation to handle labor affairs (and who had accompanied the Shipbuilding Labor Adjustment Board on its West Coast trip). "What is the matter with the Fleet Corporation?" Macy demanded to know. "They must stand by our decision immediately or [the] situation will get beyond control." To make sure that the Corporation's leadership knew how he felt, Macy asked Blackman to forward copies of his cable to Hurley, Stevens, and Piez (who had just recently become the Fleet Corporation's Vice President).[67]

Hurley responded quickly; the same day he saw Macy's telegram to Blackman he sent a cable to every shipyard in the San Francisco, Columbia River, and Puget Sound districts:

> It is imperative that you immediately put into effect the wages decided upon by the Shipbuilding Wage [i.e., Labor] Adjustment Board to which you were a party. The retroactive wages should be paid not later than the date of the award. Employees receiving a higher rate than that fixed by the Wage Adjustment Board should not be reduced. If any strikes occur in your plant on account of the rates not being paid as fixed by the Wage Adjustment Board, we shall hold you responsible. The part you are to pay is in accordance with the mutual understanding between the Emergency Fleet Corporation representatives and the employers. Where any doubt exists as to this on your part you should pay the men in full as fixed by the rates established by the Labor Adjustment Board and later you can adjust any differences that may exist with the Emergency Fleet Corporation. Both employers and employees alike agreed to honestly abide by the decision rendered and we hope that each and every employer and employee appreciate the present crisis our Government is confronted with and will aid in every way possible within their power to carry out this extremely urgent and important shipbuilding program.[68]

A. F. Pillsbury, the Fleet Corporation's District Officer in San Francisco, made sure that every shipyard in the Bay Area received these instructions. He was uncertain, however, about whether or not he should forward copies of Hurley's telegram to several shipyards that were located in Los Angeles, for he did not know whether or not the Macy Board's award applied to Southern California. That was a question to which he had been trying to get an answer, without any success, for more than two weeks.

Ever since the award had been announced, yard owners and employees in Southern California had been sending inquiries to Pillsbury to find out if they were affected by the Board's action. On 9 November Pillsbury had sent a telegram to Hurley asking for a ruling on this. In his opinion, Pillsbury said, it would be necessary to extend the Macy Board's pay raise to all of California "in order to prevent serious trouble" among shipworkers outside the San Francisco area, most of whom were non-unionized and earning wages below the scale set by the Board. Hurley, preoccupied at this time by his attempt to have Piez replace Admiral Capps as the Fleet Corporation's effective manager, did not respond. On 20 November Pillsbury again asked for a decision, and again received no answer -- Capps had now resigned and Hurley was busy trying to find a replacement. To Pillsbury, sitting atop a turbulent labor situation, the lack of attention to his plight by the Fleet Corporation's home office must have been frustrating, especially when strikes began to break out in Los Angeles area yards.[69]

Macy, concerned about these reports of labor unrest in Southern California, included a blunt warning in his 24 November telegram to Blackman: "All yards in Los Angeles must be notified at once to put in entire scales otherwise whole coast will be out again and you and our board completely discredited." Blackman, after discussing this point with Hurley, finally provided Pillsbury the information the District Officer had long been waiting for. "Am instructed to advise you," Blackman cabled Pillsbury on 26 November, "that the wages handed down by the Wage Adjustment Board shall apply to every yard in your district, including Los Angeles. . . . To avoid any misunderstanding these rates should go into effect without further delay."[70]

This took care of the trouble in Los Angeles, but not in San Francisco. Because the Bay Area unions in the Iron Trades Council continued their refusal to ratify the Macy Board's wage settlement, the shipyard owners in the California Metal Trades Association -- despite Hurley's telegram instructing them to implement the award -- continued to pay workers according to the rates established by McNab's temporary settlement.

The problem, the Metal Trades Association told Hurley in a telegram on 28 November, was that its organization represented more than just shipbuilding plants; it included, in fact, more than 150 firms, only four of which (albeit four of the largest) were shipyards. Yet many of the other firms were closely associated with the shipbuilding industry. These were the so-called "outside shops" -- foundries, machine shops, boiler shops, and so on -- which directly supported the city's yards. For the past decade the Metal Trades Association had annually been signing collective bargaining agreements on wages, hours, and working conditions with the Iron Trades Council, which represented the unions in both the shipyards and the outside shops (as well as other industrial plants in the Bay Area). "If you insist upon four firms out of one hundred fifty members accepting [the Macy Board's] wage scale," the Metal Trades Association wired Hurley, other industrial firms in San Francisco would be "left without an agreement and direct and indirect production of munitions of war other than ships" would be left in a "chaotic situation." The telegram then concluded with a warning:

> The temporary agreement which averted strike and prevented interruption of production was made between this association and Iron Trades Council. A binding agreement between those parties will alone insure uninterrupted production. We are prepared to make any rational sacrifice to secure this essential end but emphatically urge that the policy proposed will not get ships but strikes.[71]

Hurley was not impressed by this argument. By now many yards in the West had begun to pay their workers the scales announced by the Macy Board; Hurley was determined that San Francisco should fall into line as well. On 30 November he responded to the telegram from the Metal Trades Association:

> Sorry that your association has taken action declining to put into effect the Labor Adjustment Board's schedule of wages. I believe that ninety-eight per cent of the men employed under you are in favor of accepting these wages and are satisfied that the ruling of the Labor Adjustment Board was fair and just to all concerned. . . . If you decline to carry out the rulings of the Labor Adjustment Board I am afraid that such action will be given as

> reasons why these questions should be reopened and cause further discussion on matters we had hoped settled. . . . The Shipping Board recognizes that this schedule is fair and just both to the employers and employees and we therefore request regardless of what action has been taken toward signing up an agreement [with the Iron Trades Council] that this wage be put into effect by the California Metal Trades Association at once and we sincerely hope that you will comply with our request without further delay.[72]

Hurley, on the same day, wired instructions to San Francisco shipyards. They were, he said, to put the Macy Board's award into effect "at once." This was to be done, he implied, regardless of whether or not the Metal Trades Association agreed to implement the award in all Bay Area shops. Other shipyards on the Coast had "accepted the award," Hurley's telegram said. "Failure to do so at San Francisco would seriously disturb whole situation."[73]

Under this pressure from the Fleet Corporation, San Francisco's employers agreed to Hurley's terms. The Metal Trades Association announced that beginning on 3 December wages in all the city's industrial plants -- not just the shipyards -- would be based, "for the ensuing twelve months," on the scale established by the Macy Board. The Iron Trades Council objected to this unilateral pronouncement by the employers, but it did not call an immediate strike. Union leaders in San Francisco still intended to overturn the Labor Adjustment Board's wage settlement, but hoped to do so without having to resort to a work stoppage. Leading union officials from the city were back in the East, at the A.F. of L. Convention, investigating methods of doing this. Contrary to what Hurley believed, these union officials realized that there was widespread opposition among the rank and file to the Macy Board's wage scale.

Hurley's immediate goal, however, was not enthusiastic labor support for the wage settlement, but simply to have the employers put it into effect. When the Fleet Corporation received telegrams from California, on 1 December, announcing that the Metal Trades Association had finally agreed to implement the Macy Board's award, Hurley was visiting his home in Chicago. Blackman forwarded the telegrams from San Francisco to Hurley by special delivery. These "should reach you

Monday morning," Blackman's cover letter said, "and the information contained therein may assist you in properly digesting your breakfast. The situation seems to be rapidly clearing up, and the outlook is very encouraging."[74]

If in San Francisco the labor situation at least appeared to be getting better, on Puget Sound there was growing unrest. The Macy Board's wage award was highly unpopular with many of the shipworkers in Seattle. The men who worked in the Skinner and Eddy plant discovered that the announced pay raise was, in truth, no raise at all -- these workers were already getting $5.50 a day in the basic crafts, 25¢ above the Board's scale. The high wages paid by Skinner and Eddy, moreover, had had a tendency to drive up pay rates in other Seattle-area yards, and for many of the men in these plants the pay scales set by the Board represented a disappointingly small increase, or no increase at all. Most shipworkers in Seattle thus felt that the award was unfair to them, and expected their employers to increase pay rates to levels well above those set by the Labor Adjustment Board. This the employers -- except for the highly profitable Skinner and Eddy firm -- were reluctant to do.[75]

The situation in Seattle threatened to become even more dangerous on 1 January. The Skinner and Eddy plant, during the summer of 1917, had signed a contract with its men that provided for an increase in pay, in the basic trades, from $5.50 to $6 a day on 1 January. If that rate went into effect as scheduled, and the Macy Board's scale remained set at $5.25, there was apt to be serious unrest in Puget Sound shipyards that did not match the Skinner and Eddy rate.

To try to defuse this situation the Emergency Fleet Corporation had Gordon C. Corbaley, of the Seattle Chamber of Commerce, talk with Skinner to see if the shipbuilder would agree to hold his pay scale at $5.50 in 1918. Skinner told Corbaley, on 5 December, that he realized the scheduled pay hike of 50¢ a day would add to the "chaotic [labor] conditions" in other yards and "have a further tendency to upset the Macy Award." Nonetheless, Skinner felt bound by his contract with the workers. If he should "waive this increase," he told Corbaley, it

would break his "present friendly relationship with the men and destroy the spirit" of his organization. It would also, he might have added, cause a certain strike.[76]

Corbaley met with Skinner again the following day, but the shipbuilder remained committed to his planned January pay hike. Corbaley, concerned about the labor situation in Seattle, and convinced that something had to be done quickly, wired his analysis of the situation to Blackman on 6 December:

> Men play one yard against another. Greatest difficulty in situation is impress upon Skinner fact that time now past for display of individuality one yard at expense of others. Some reason should be found send him telegram pointing out that all yards now practically under government control and that yards should be operated without misunderstanding and disagreement. . . . What government needs is spirit of helpfulness between the yards that will not fritter their energies in useless competition. . . . Telegram sent by Hurley last week [urging shipbuilding firms to cooperate with the Fleet Corporation] did good but should be followed by fatherly message pointing out situation to Skinner and asking him take leadership in producing right condition among Seattle yards. . . . Discontented element among Unions proposing all sorts expedients. One proposal now under discussion is for all men to demand higher Skinner scale on January first and walk out unless conceded. You can see necessity of taking diplomatic steps get rid of that scale. . . .[77]

As December began there were thus serious labor problems in Seattle and San Francisco -- workers in both cities, although they had remained on the job, were disappointed with the Macy Board's wage settlement and were considering possible strikes. In two other shipbuilding centers on the West Coast, Portland and Los Angeles, there was less dissatisfaction with the wage award. Workers in these two cities were not as highly unionized or well paid as the men in the yards on Puget Sound and San Francisco Bay. For most shipworkers in the Columbia River district, and Southern California, the pay rates announced by the Labor Adjustment Board were attractive, especially when compared to what they had been receiving. Although there were some labor problems in these regions, the labor situation was far less

explosive than in Seattle and San Francisco.[78]

It was these latter two cities, however, that were most crucial to the success of the Emergency Fleet Corporation's shipbuilding program in the West. Yards on Puget Sound and San Francisco Bay were producing, by far, the greatest amount of tonnage on the Pacific Coast. The simmering labor problems in both these regions were worrisome to the Fleet Corporation during the late autumn of 1917. But not all the tension in shipyards was in the West -- there were also signs of trouble in major shipbuilding centers on the Atlantic Coast.

The Labor Situation in the East

On 31 October Hurley presided over a conference the Fleet Corporation called, in Washington D.C., which brought together representatives of labor and yard owners from shipbuilding districts all along the Atlantic Coast. The goal of the meeting was to explore ways to speed up ship construction, and Hurley's introductory remarks emphasized the tremendous need for merchant tonnage. The Fleet Corporation's goal for the coming year, Hurley told the conference, was "ten times the production of 1916" -- 7,500,000 deadweight tons. In an effort to create some enthusiasm for achieving this ambitious target (which was, as experienced shipbuilders realized, hopelessly optimistic), Hurley attempted to dramatize the task that lay ahead:

> We can't achieve this goal by ordinary methods, by normal energy, or average initiative. This is an extraordinary period in the country's history. We are confronted with an abnormal task, and must apply abnormal methods. Every ounce of our energy and initiative must be directed towards the achievement of the greatest task ever imposed upon a nation in war.
>
> The government alone, no matter how willing and anxious to do its part, cannot bring the production of ships to the maximum capacity of the country. The shipyards alone, no matter how willing, can't do it. The labor of the country, no matter how intelligent, skillful and patriotic, can't do it. Working together, determined to forget everything but the national welfare, we can achieve the goal we have now set for ourselves.[79]

The response of the attendees to this appeal discouraged Hurley. "Labor had their say and so did the employers" he wrote in his diary

that evening -- but noted that there was not much patriotic enthusiasm displayed by either side. As he put it:

> I feel that, as far as all the difficulties are concerned, it is 50% employers and 50% employees. They all have the same notion: that the Government is paying the bills and they all ought to get together and get as much as they can out of it. This is not the proper spirit, but it is fact just the same. I find no patriotism on either side when it comes to money. Talk about patriotic efforts, and we must do our bit! The bit that most everyone wants to do is a 'bite.'[80]

Hurley was particularly disappointed with employers because many of them continued to object to his insistence that they pay for a portion of any wage increase granted by the Macy Board. One shipyard executive bluntly told Fleet Corporation officials that employers should be required to do this only if their profit on the affected contracts was <u>above</u> ten percent; shipbuilders, the executive fervently maintained, were at the very least "entitled to 10% net profit." Hurley, who had championed voluntary cooperation between government and business during his years on the Federal Trade Commission, was dismayed by this attitude. As he wrote in his diary:

> My great disappointment in the labor question is from the fact that the employers take the position that it must not cost them anything for increased wages. They do not want to co-operate with the Government. In fact, they desire the Government to pay all the bills and seem to have lost interest in what wages the men demand as long as the Government pays the toll. After my work [at the Federal Trade Commission] in behalf of the employers of the country, to find this feeling prevailing in most quarters is most disheartening.[81]

Hurley was also disheartened by the attitude of shipworkers. Although the men in the West were uneasily back on the job, eastern shipworkers were continuing to disrupt progress on ships with numerous small strikes. Vice Chairman Stevens of the Shipping Board had gotten men in Philadelphia and Wilmington to return to their yards, but there had been many other work stoppages in the East. Most of these walkouts were relatively short and did not seriously paralyze the shipbuilding industry, but they did demonstrate the potential for serious labor unrest.[82]

More worrisome than these small strikes was a walkout by roughly 3,000 men, on 30 October, at the Fore River Shipbuilding Corporation in Quincy, Massachusetts, which was building destroyers for the Navy and merchant ships for the Fleet Corporation. Since this yard was primarily occupied with naval construction, Assistant Secretary of the Navy Roosevelt took charge of finding a way to settle the dispute.

Roosevelt chose Henry B. Endicott, of the Massachusetts Committee on Public Safety, as a mediator, and instructed Endicott to offer the men the same scale of wages that was paid at the nearby Boston Navy Yard. This scale, which had just gone into effect on 1 November, included the ten percent pay hike the Arsenals and Navy Yard Wage Adjustment Committee had recommended in September. When Endicott proposed this solution to the men, they readily accepted the arrangement and agreed to return to work. The Bethlehem Shipbuilding Corporation, which owned the Fore River yard, also had no objection to this settlement -- since the yard's naval construction was being done on a cost-plus basis, it would be the government, not the shipyard, which would pay for the added labor costs on all but the few merchant ships the yard had under contract. The strike was thus expeditiously ended in a manner acceptable to the Navy, the employees, and the employer.[83]

The successful resolution of the strike at Fore River made an impression on both shipyard workers and shipyard owners all along the Atlantic Coast. Most of the region's shipworkers regarded the pay scales at navy yards, especially after the recent ten percent increase, as satisfactory, at least on a temporary basis pending a more comprehensive wage settlement by the Macy Board. At the same time the Atlantic Coast Shipbuilders Association saw the implementation of this scale as an excellent way to avoid both strikes and -- through the standardization of wages in all eastern shipyards -- scamping. On 16 November this trade association, to which most of the major steel shipyards in the East belonged, passed a resolution recommending that each of its members "pay wages corresponding to the wage schedule in force at the nearest navy yard."

Homer L. Ferguson, President and General Manager of the Newport News Shipbuilding and Dry Dock Company -- a Virginia yard building primarily for the Navy, but with a few Fleet Corporation contracts -- quickly took action in line with this recommendation. The employees at his yard, Ferguson wrote the Fleet Corporation on 17 November, had begun to agitate for "the scale of wages [put into] effect November 1, 1917, at the Norfolk Navy Yard." His workers, he said, were "worth as much as corresponding Navy Yard employees . . . [and] should receive as much." As a consequence, Ferguson went on, he had decided to implement the navy yard scale, an action that was not only "fair," but also necessary "to allay labor unrest and to avert disturbances."[84]

Charles Piez, now the Vice President at the Emergency Fleet Corporation, saw the navy yard scale as an excellent solution to labor unrest in eastern yards, for it appeared to be acceptable to both employees and employers. On 22 November Piez sent Hurley a memorandum recommending the immediate adoption of this pay rate by all shipyards on the East Coast. The navy yard rates should remain in effect, he implied, until the Macy Board could hold hearings and make a final wage settlement.

Piez went on to say that if employers were instructed to raise their wages to the navy yard rate, there would have to be an immediate declaration "of the Shipping Board's policy in respect to bearing the additional cost involved in the labor advances." His personal viewpoint seems to have been quite different from that of Hurley -- Piez, apparently, believed that the Fleet Corporation <u>should</u> pay for this additional labor expense.[85]

Hurley mulled over Piez's proposal for a week, and then, on 30 November, announced his decision in a telegram to all Atlantic Coast shipbuilders:

> In order to expedite the completion of the ships, to avoid inequalities in payment of wages for the same class of service in different yards and to stabilize labor conditions generally, the Corporation has decided to adopt the Navy Yard scale of wages as of December 15th, 1917. You are therefore directed to put in effect on and after December 15th, 1917 the scale of wages paid at

the nearest Navy Yard.

Hurley then continued his telegram by stating -- to the delight of shipyard owners -- that the Emergency Fleet Corporation would assume the entire cost of paying for these wage hikes. This was a difficult concession for Hurley to make. In September he had bitterly opposed having the government take responsibility for pay raises; indeed, he had been willing to risk the breakup of the Macy Board over this issue. But now he had given up the fight. The continuing opposition of many shipyard owners to paying for increased labor costs, the difficult accounting and procedural problems that had arisen over this matter on the West Coast, and the contention of Piez, Macy, and Roosevelt that government reimbursement of pay raises would prevent disputes and speed vessel construction, all played a role in Hurley's reluctant agreement to change his position.

Hurley realized, of course, that if the Fleet Corporation paid for wage increases in the East it would have to do the same in the West -- and throughout the nation. With great reluctance, he consented to this. As he bitterly commented, some years later, in his memoirs:

> My position [on having shipyard owners share the cost of increased wages] was overruled; and the high cost of ship construction, which later subjected us to much unjust criticism, must be attributed largely to the absolute power which rested with the Macy Board to grant increased wages, the entire expense of which fell upon the Fleet Corporation.[86]

Revamping the Macy Board and Its Pacific Coast Wage Settlement

As the Fleet Corporation took steps to address labor problems in the East, it had to keep a wary eye on the West Coast as well. There dissatisfaction with the Macy Board's wage settlement, especially in Seattle and San Francisco, was still threatening to erupt into another round of major strikes. At the Buffalo Convention of the American Federation of Labor union leaders from the Pacific Coast forcefully brought their grievances to the attention of A.F. of L. officials -- and to Macy himself. In early December, after the Buffalo meeting

ended, key union officials, along with Macy, went to Washington D.C. to discuss these issues with Piez of the Fleet Corporation and Roosevelt of the Navy.[87]

The resulting conference lasted for a week and led to a comprehensive overhaul of the Macy Board's organization. The conferees agreed to reduce the size of the Board, in all cases, to three members. There was, everyone agreed, no longer any reason for local employer representation since yard owners, under the new arrangement, would not pay for any portion of the Board's wage settlements. If local employers were not represented on the Board, there would be an imbalance if local employees continued to have a seat -- this provision was therefore also dropped. Eliminated as well was the requirement for separate Navy representation; from now on the government member on the Board would represent both the Fleet Corporation and the Navy.

The December conference of Piez, Roosevelt, Macy, and A.F. of L. officials also took steps to regularize the process of dealing with labor problems in individual shipyards. Procedures were established for the appointment of an "Examiner" in each shipbuilding district, who would be responsible for attempting to mediate "any dispute with reference to wages, hours or conditions of labor." The Macy Board, instead of dealing with these individual disputes (as had originally been intended), would now focus its efforts on making general labor settlements in each of the nation's major shipbuilding regions. It had already done so on the Pacific Coast -- it would now direct its attention, in turn, to the Delaware River district, the South Atlantic and Gulf Coasts, the North Atlantic Coast, and the Great Lakes.

To handle future complaints over wage settlements issued by the Macy Board, the conferees established formal procedures which provided for a "Board of Review and Appeal." This agency, authorized to issue final rulings on any challenges to the awards made by the Labor Adjustment Board, was to consist of six members -- three appointed by the Emergency Fleet Corporation and the Navy, and three by the American Federation of Labor.[88]

This revamping of the Macy Board, however, was not the main

reason for the December meeting of government and A.F. of L. officials; the primary purpose of the conference was to address the grievances of shipworkers in Seattle and San Francisco over the size of the Board's Pacific Coast wage award. Unless something was done about this problem -- and relatively quickly -- the men might again walk off their jobs. The only way to satisfy the workers, it was clear, would be to change the Macy Board's wage settlement. Government officials, though, did not want to go on record as repudiating the Board's award. To do so, they recognized, would undermine whatever credibility the Macy Board had left and, quite likely, destroy its ability to set wage rates and labor standards in other parts of the country.

To solve this dilemma officials at the Fleet Corporation came up with the idea of granting shipworkers on the West Coast a ten percent "war service payment." This was officially justified as a tool to encourage men in the shipyards to work full time. Supposedly this bonus would only be paid to employees who stayed on the job "for six consecutive days in any week, and a total of not less than 48 hours." By this means, the Fleet Corporation said, it was attempting to end the practice of some men who were working only three or four days and taking the rest of the week off. Piez later admitted, however, that this explanation was a "mere subterfuge"; in practice, the six-day rule was not strictly enforced. The real purpose of the war service payment was to persuade workers in the Puget Sound and San Francisco Bay districts to stay on the job by giving them a pay raise -- and, at the same time, make it appear as if the Macy Board's wage award was still intact.

Labor representatives at the December conference suggested the daily wage rate on the West Coast, including the war service payment, be set at $5.80 -- which would be approximately a ten percent increase over the Macy Board's scale of $5.25. But the Fleet Corporation, now that it had consented to pay for the complete cost of the pay raise, was determined to save whatever money it could and announced (to the consternation of bookkeepers who would have to do the calculations)

that the daily rate, including the war service payment, would be $5.775, an exact ten percent increase ($5.25 plus $.525). Both the representatives of labor and government agreed, though, that this war service payment would not apply to employees "working under the Seattle agreement," by which they meant the Skinner and Eddy pay scale. Those men were already receiving $5.50 a day, and in a few weeks were scheduled to get $6.[89]

Hurley had the Fleet Corporation's Board of Trustees ratify all of these pay arrangements on 6 December. Two days later Piez, Roosevelt, and the A.F. of L. officials who had come to Washington D.C. signed the documents that formally implemented the reorganization of the Shipbuilding Labor Adjustment Board and authorized the ten percent war service payment (which was to go into effect, in all Pacific Coast yards, on 15 December, the same day the navy yard scale was to be implemented in yards on the Atlantic Coast). Once all this was taken care of, Macy prepared to turn the attention of his reconstituted Board (whose other two members remained, as before, Coolidge and Berres) to the labor situation in the Delaware River region. The Macy Board would begin its hearings in this district on 20 December, and these would continue for almost two months.[90]

In the West, meanwhile, most shipworkers and shipbuilders welcomed the new pay arrangements -- especially two resolutions the trustees of the Fleet Corporation passed on 6 December:

> RESOLVED. That the shipbuilders on the Pacific Coast . . . with the exception of those paying what is known as the Seattle Scale [i.e., the Skinner and Eddy wage rate], be authorized to pay the men, in addition to the wage agreed upon by the Shipbuilding Labor Adjustment Board, a bonus of ten per cent for continuous service of 48 hours or more, at the end of each week, and that the Corporation agrees to compensate the shipbuilders for that ten percent increase.
>
> ---
>
> RESOLVED. That in order to remove any further cause of friction and in order to expedite the construction of ships, the Corporation assumes the entire increased cost of wages granted by the Shipbuilding Labor Adjustment Board in the case of all requisitioned vessels on the Pacific Coast, excepting those

constructed by shipbuilders paying the Seattle Scale.

As these resolutions made clear, western shipworkers could expect a hike in pay, and shipbuilders could rest assured that the government would finance the entire cost of this increase -- except, of course, at the Skinner and Eddy plant in Seattle, whose pay scale was continuing to give the Fleet Corporation headaches.[91]

The already complex labor situation in Seattle was complicated even further by the introduction of the ten percent war service payment on 15 December. From that date until 1 January the basic rate in all the city's shipyards was $5.775, except for Skinner and Eddy, which continued to pay $5.50 since the so-called "Seattle Scale" was exempted from the war service payment. This created the unusual situation of Skinner and Eddy employees receiving less than other shipworkers in the city. On New Years Day, however, the basic wage rate at Skinner and Eddy was scheduled to go up to $6 per day, which again would make that yard's shipworkers the highest paid in Seattle.

To get the Skinner and Eddy wage scale into line with that paid by other shipbuilders, the Fleet Corporation attempted to put pressure on Skinner to raise his basic pay rate, on 1 January, to $5.775 instead of $6. Gordon C. Corbaley, of the Seattle Chamber of Commerce, continued to volunteer his services to the government to achieve this end. Corbaley was convinced that if Skinner implemented the $6 rate it would lead to significant unrest among other workers in the city. On 10 December Corbaley called a meeting of all the city's yard owners -- including Skinner -- and warned of serious labor disruption if any of their plants exceeded the $5.775 pay scale for the basic crafts. Skinner, Corbaley wired the Fleet Corporation, "agreed to try out [the] government program" but expressed "his opinion that [the] scheme probably would not work and he would withdraw whenever he was dissatisfied."[92]

Corbaley, unhappy with this response, turned up the pressure to make Skinner more cooperative. He recruited to his cause the President of the University of Washington, Henry Suzzallo, who was also Chairman of the Washington State Defense Council. On 11 December Corbaley and

Suzzallo discussed this issue with Secretary of Labor William B. Wilson, who was in Seattle as part of an extended tour of the West to investigate labor conditions. The scheduled 1 January increase at Skinner's yard, the two men told the Labor Secretary, had to be lowered to the standard set by the Fleet Corporation; otherwise, they said, there would be continuing turmoil in the city's labor relations. Secretary Wilson apparently talked to Skinner about this matter, as did Seattle's other shipyard owners, who put continuing pressure on the recalcitrant shipbuilder to abandon his impending $6 pay rate.

The Fleet Corporation also offered Skinner a financial reward for cooperating -- if he went to the $5.775 scale, the government would reimburse him for the increased cost of this pay raise over his current rate of $5.50. On 15 December, as a result of this pressure and financial incentive, Skinner and his General Manager, David Rodgers, privately told Corbaley that they would accept the Fleet Corporation's pay scale. They made this concession, though, with considerable reluctance, for they suspected that the abandonment of the $6 scale would lead to serious dissatisfaction and turmoil among their workers -- and that this unrest, given the strength and radicalism of Seattle's unions, might then spread to the city's other shipyards as well.[93]

Their supposition was well justified. Union leaders from Seattle who had attended the A.F. of L. Convention in Buffalo, and the subsequent discussions with Fleet Corporation officials in Washington D.C., had gotten the impression that the "Seattle Scale" would be allowed to stand as long as any shipyard owner was willing to pay it. At a meeting of the Seattle Boiler Makers' union on Sunday afternoon, 16 December, union officials encouraged their men to demand the $6 Skinner and Eddy pay scale from <u>all</u> the yards in the city. If Skinner and Eddy could afford to pay this rate, the union men reasoned, so could everyone else. In light of this development, any attempt by Skinner to roll back his 1 January pay hike seemed likely to result in an explosion of labor protest. For the time being, therefore, Skinner kept secret his agreement with Corbaley to implement the government's

$5.775 scale.[94]

As the labor situation in Seattle uneasily simmered during December, there was also unrest in San Francisco. There the problem was different. Most shipworkers in the city were content with the $5.775 scale, and -- in contrast to Seattle -- no yard had made a promise to pay more than this. There was, however, once again a problem over what would be done about this pay hike in the "outside shops." On 3 December the California Metal Trades Association, the employer group that represented both the city's shipyards and the outside shops, had put the Macy Board's $5.25 wage settlement into effect. Since then the Fleet Corporation had announced the ten percent war service payment, and had agreed to reimburse shipyards for the entire cost of the Macy Board's pay hike and the ten percent bonus. The outside shops, though, would not be reimbursed. Trouble developed when the employers at these outside shops refused to pay, at their own expense, the increase in wages from $5.25 to $5.775.

The workers who belonged to the unions in San Francisco's Iron Trades Council believed it was grossly unfair that those working in shipyards should get this higher rate while those doing similar work, in the outside shops, should not. As a consequence, the metal trades unions in the city began to make plans for a strike against the firms which refused to implement the ten percent pay hike. The Fleet Corporation, when it heard of this, became quite concerned, for if these outside shops were shut down for any length of time the city's shipyards would be seriously affected. On 22 December Piez sent the Iron Trades Council a telegram bluntly stating that a strike would be a demonstration of disloyalty to the nation. "Stoppage of war work at this time from any motive," Piez said, "necessarily does the work of the public enemy."[95]

Piez's appeal had no impact -- on Christmas Eve twenty-six of the Iron Trades Council's twenty-seven unions voted to strike the Bay Area's outside shops beginning on 26 December. In all, approximately 10,000 men walked off their jobs. The District Officer in San Francisco, A. F. Pillsbury, summed up the situation in a cable to Piez

on 27 December: "Practically all labor," Pillsbury said, "has quit work other than in steel shipyards."[96]

Fortunately for the nation's shipbuilding program, the strike did not turn out to be a long one. It ended during the first week of January when the employers in the outside shops capitulated and agreed to pay their metal workers the same scale that was in effect in the shipyards -- $5.775 for the basic crafts. The Fleet Corporation, as before, refused to reimburse the firms for this wage increase -- but sometimes ended up paying for it indirectly. Piez suggested to the California Metal Trades Association that the owners of the outside shops might "increase their prices to reimburse them for [the] extra amount" they had to pay in wages. This is exactly what they did. These higher prices were then passed on to the shipyards, which in some cases were able to collect, under the terms of their contracts, reimbursement from the government for this increased cost.[97]

Just as worrisome to the government as this strike in San Francisco was the continuing tense labor situation in Seattle. Skinner and his General Manager, Rodgers, had not yet figured out how to break the news to their men that the 1918 pay rate for the basic crafts would be $5.775 instead of $6. This procrastination concerned Corbaley and, at the Fleet Corporation, Blackman, who was still handling labor affairs. Skinner, the two men feared, might change his mind and pay the $6 rate after all. In an effort to prevent this, Blackman sent Skinner a series of telegrams urging him to adopt the $5.775 rate. When Skinner failed to respond, Blackman proposed to the shipbuilder a possible compromise solution:

> May we not ask if it would not be possible to call your men together and advise them of the necessity of accepting the scale of wages fixed by the Wage Adjustment Board including the ten percent war service payment? We appreciate the fact that your signed agreement with your employees carries with it a small increase above the wages provided for in the award. . . . Would it not be practicable to have your present force continue at their present rates but agree in hiring new men that such men be employed at the rates fixed by the Wage Adjustment Board?[98]

Blackman's proposal was not very realistic, for it suggested that

two men working next to one another, and doing exactly the same job, should receive different pay rates -- $5.775 for the newly hired man, and $6 for the one who had been employed previously. This the workers would not be willing to accept.

Nonetheless, Skinner and Rodgers did make an effort, albeit a half-hearted one, to get their men to agree to the $5.775 rate. They discussed the possibility of this with representatives of the yard's unions -- and immediately got, as they had expected, a hostile response. They then showed the union representatives the telegrams they had received from Blackman urging the abandonment of the $6 pay scale. It was the government, Skinner and Rodgers said, not they themselves, that wanted the lower pay rate.

The Metal Trades Council of Seattle, representing all the shipyard unions in the city, immediately protested the notion that any aspect of the $6 pay agreement be abandoned. On 10 January, in a telegram to Hurley, the Seattle unions outlined their position in clear terms:

> the Macy agreement in place of agreement signed by us which expires August first. We find that several messages have been sent by Blackman asking that this be done, and we wish to call your attention to the fact that when our representatives met you in September you stated no agreement signed would be abrogated. Our representative sitting on the [Shipbuilding Labor Adjustment] Board on the Coast was also assured by that body when decision was rendered [in November] that no existing contracts would be annulled. In the conference in Washington with the Shipping Board and the Navy Department [in December] the same statement was made and also that there was no objection to any of the other yards signing the same agreement [on wages as Skinner and Eddy].

There was thus plenty of evidence, the Metal Trades Council argued, to demonstrate that any attempt by the government to force Skinner and Eddy to abandon the $6 pay scale would be a stunning breach of faith. If that should occur, there might very well be serious labor turmoil in Seattle.[99]

In the face of this strong union opposition to the implementation of the $5.775 rate at the Skinner and Eddy yard, the Fleet Corporation backed off and decided, as Blackman put it, "to leave conditions

undisturbed until February first." That was the date the Macy Board's award was subject to revision in the Puget Sound district. Skinner, in the meantime, began to pay the $6 rate he had promised his men.

Under the terms of the agreement establishing the Shipbuilding Labor Adjustment Board, shipworkers could, after six months, make a formal challenge to any wage award that had been issued. In Puget Sound the Macy Board's original award had been retroactive to 1 August, which was why it was up for possible revision on 1 February. To determine what the revised award should be, the Board's statistician, W. Jett Lauck, made another study of the cost of living on the West Coast, and concluded that during the last five months of 1917 this figure was roughly eight percent. Piez, now Vice President and General Manager of the Fleet Corporation, decided to "stretch [this figure] a little [and] make it ten." He then tacked this percentage to the Board's original award of $5.25 and came up with a number for the 1 February revision of the Macy Board's award -- the familiar $5.775 for the basic crafts. This applied to the entire Pacific Coast. Only now this was no longer touted as including a "war service payment"; instead it was just a straight daily rate. The "subterfuge" of paying a bonus for six continuous days of work was thus abandoned.[100]

The Macy Board did not object to Piez's actions, and most shipworkers in the West accepted this 1 February wage settlement. Nonetheless, the labor situation on the Pacific Coast continued to be turbulent -- especially in Seattle. Since the Skinner and Eddy plant was paying more than the officially approved scale, other yards in Washington State had to follow suit to hold their good men. Before long most of the large shipbuilding firms in Seattle were paying more than $5.775 to men employed in the basic crafts. These high wages on Puget Sound attracted, as before, shipworkers from other regions, and thus contributed to continuing high turnover rates and labor unrest.[101]

The reorganized Macy Board, meanwhile, began to tackle the labor problems that existed in eastern yards. As it initiated its hearings

on this topic in late December, the Senate Commerce Committee, at almost exactly the same time, started its overall investigation of the Emergency Fleet Corporation's merchant shipbuilding program, and the House Naval Affairs Committee, also at the same time, opened its hearings on the status of warship construction. The first phases of the government's merchant and naval shipbuilding programs, and the first stages of its program for dealing with shipyard labor, were about to come under very close scrutiny. As 1917 came to a close, and 1918 began, Congress would attempt to determine exactly what had been accomplished by the Wilson Administration in the nation's shipyards -- and what still needed to be done.

NOTES TO CHAPTER 9

[1]Alexander M. Bing, Wartime Strikes and Their Adjustment (New York: E. P. Dutton and Company, 1921), p. 20; Frederick S. Crum, Restaurant Facilities for Shipyard Workers, 2d. ed. (Philadelphia: The Industrial Relations Division of the United States Shipping Board Emergency Fleet Corporation, 1918), p. 8; Roy Willmarth Kelly and Frederick J. Allen, The Shipbuilding Industry (Boston: The Houghton Mifflin Company, 1918), pp. 232-233; Report of the Industrial Service Department, 31 October 1917, Box 170, Records of the United States Shipping Board, Old General File, National Archives, Record Group 32 (hereafter cited as NA/RG 32); S. Gompers to Hurley, 22 October 1917, Box 119, "Report of the Department of Health and Sanitation of the United States Shipping Board for the Period November 16, 1917 to November 15, 1918," Box 147, Subject-Classified General Files, NA/RG 32.

[2]The largest employer in Bridgeport was not the submarine yard, but the Remington Arms Company, which established a large factory in the city in 1915. See "The War-Boom Town in America," Living Age 290 (16 September 1916):751-753, reprinted in David F. Trask, ed., World War I at Home: Readings on American Life, 1914-1920 (New York: John Wiley and Sons, 1970), pp. 36-37. See Arnold S. Lott, A Long Line of Ships: Mare Island's Century of Naval Activity in California (Annapolis, Md.: United States Naval Institute, 1954), pp. 164-165 for a vivid description of another housing shortage -- similar to the one seen in Bridgeport -- which developed in Vallejo, California, near the Mare Island Navy Yard.

[3]Bing, p. 21; Kelly and Allen, p. 233.

[4]New York Times, 7 February 1918; Supervisor of Construction Roberts to Admiral Taylor, 16 July 1917, File 27219, Records of the Secretary of the Navy, National Archives, Record Group 80 (hereafter cited as NA/RG 80); Hurley to E. H. Crowder, 25 October 1917, Box 104, Press Release of Charles Piez, 1 February 1918, Box 146, Subject-Classified General Files, NA/RG 32; P. H. Douglas and F. E. Wolfe, "Labor Administration in the Shipbuilding Industry during War Time, II," The Journal of Political Economy 27 (May 1919):372; U.S. Congress, Senate, Committee on Commerce, Hearings on Senate Resolution 170 to Investigate All Matters Connected with the Building of Merchant Vessels under the Direction of the United States Shipping Board Emergency Fleet Corporation, 65th Cong., 2d sess., pp. 176, 348, 1874-1880, 1885-1886 (hereafter cited as Senate Hearings); David Montgomery, The Fall of the House of Labor: The Workplace, the State, and American Labor Activism, 1865-1925 (Cambridge: Cambridge University Press, 1987), p. 380; William N. Still, Jr., "Shipbuilding in North Carolina: The World War I Experience," The American Neptune 41 (July 1981):202-203; Lester Rubin,

The Negro in the Shipbuilding Industry (Philadelphia: University of Pennsylvania Press, 1970), pp. 36-38. One yard that treated blacks better than others was the Newport News Shipbuilding and Dry Dock Company. Its President, Homer L. Ferguson, took a paternalistic attitude towards blacks and hired quite a few, including many in skilled-labor positions. See Rubin, p. 37. Despite the suspicions American workers had of immigrants, there were few incidents of overt hostility during the war -- except against those of German descent. See John Higham, Strangers in the Land: Patterns of American Nativism, 1860-1925 (New Brunswick, N.J.: Rutgers University Press, 1955), pp. 212-217.

[5]"The War-Boom Town in America," Living Age 290 (16 September 1916):751-753, reprinted in Trask, ed., World War I at Home, pp. 36-37; James L. Abrahamson, The American Home Front (Washington D.C.: National Defense University Press, 1983), pp. 98-99.

[6]Bing, p. 215; Senate Hearings, pp. 161, 1415; New York Times, 20 September 1917; Donald to Dollar, 9 January 1918, Box 85, Subject-Classified General Files, NA/RG 32.

[7]Report of the Industrial Service Department, 31 October 1917, Box 170, Old General File, NA/RG 32; Gordon S. Watkins, Labor Problems and Labor Administration in the United States during the World War (Urbana, Ill.: University of Illinois, 1919), pp. 100-101; P. H. Douglas and F. E. Wolfe, "Labor Administration in the Shipbuilding Industry during War Time, II," p. 375; Edward N. Hurley, The Bridge to France (Philadelphia: J. B. Lippincott Company, 1927), pp. 176-177; New York Times, 1 August 1917.

[8]Senate Hearings, pp. 172, 174; Willard E. Hotchkiss and Henry R. Seager, History of the Shipbuilding Labor Adjustment Board, 1917-1919, in Bulletin of the United States Bureau of Labor Statistics No. 283 (Washington D.C.: Government Printing Office, 1921), p. 19.

[9]E. Lister to Wilson, 18 August 1917, Box 18, Edward Nash Hurley Collection, University of Notre Dame Archives (hereafter cited as Hurley Papers); C. Howland and E. Burling to Capps, 27 July 1917, Box 84, Old General File, NA/RG 32; The Marine Review to Hurley, 18 August, 20 August 1917, Box 85, Subject-Classified General Files, NA/RG 32; P. H. Douglas and F. E. Wolfe, "Labor Administration in the Shipbuilding Industry during War Time, I," The Journal of Political Economy 27 (March 1919):149; New York Times, 1 July, 2 July, 3 July, 12 July, 16 July, 17 July 1917.

[10]New York Times, 1 August 1917.

[11]Hotchkiss and Seager, p. 11; Kelly and Allen, p. 205; Senate Hearings, pp. 170-176; New York Times, 17 August, 19 August, 21 August, 22 August, 26 August 1917.

[12]Montgomery, p. 375.

[13]Louis B. Wehle, Hidden Threads of History: Wilson through Roosevelt (New York: The Macmillan Company, 1953), pp. 18-23, 30; Who Was Who in America, vol. 3 (Chicago: Marquis Company, 1960), p. 899; The National Cyclopaedia of American Biography, vol. 49 (New York: James T. White, 1966), pp. 167-168; Dictionary of American Biography, Supplement 6 (New York: Charles Scribner's Sons, 1980), pp. 677-678; Ellis W. Hawley, The Great War and the Search for a Modern Order: A History of the American People and Their Institutions, 1917-1933 (New York: St. Martin's Press, 1979), p. 24; Robert D. Cuff, "The Politics of Labor Administration during World War I," Labor History 21 (Fall 1980):551; Samuel Gompers, American Labor and the War (New York: George H. Doran Company, 1919), pp. 97-98, 190-192; Abrahamson, p. 98; Bing, pp. 14-15; Hurley, The Bridge to France, pp. 194-195; Agreement signed by Baker and Gompers, 19 June 1917, File 120-15, Records of Charles Piez, NA/RG 32; Memorandum by Secretary of War Baker, 28 December 1917, File 28470, NA/RG 80. The original members of the Emergency Cantonment Commission were Walter Lippmann, a journalist working for the War Department during the war (representing the public), John H. Donlin, President of the Building Trades Department of the A.F. of L. (representing labor), and Brigadier General Ernest A. Garlington, retired (representing the Army).

[14]Wehle, pp. 39-40.

[15]Ibid., pp. 40-41.

[16]Ibid., pp. 41-42.

[17]Ibid., pp. 41-43.

[18]Hurley, The Bridge to France, p. 188; Wehle, pp. 43-44; Hotchkiss and Seager, pp. 8-10; P. H. Douglas and F. E. Wolfe, "Labor Administration in the Shipbuilding Industry during War Time, I," pp. 150-151; Senate Hearings, pp. 1687-1688; New York Times, 16 February, 18 February 1918; Robert A. Christie, Empire in Wood: A History of the Carpenters' Union (Ithaca, N.Y.: Cornell University, 1956) pp. 222-223; Walter Gelenson, The United Brotherhood of Carpenters: The First Hundred Years (Cambridge, Mass.: Harvard University Press, 1983), pp. 185-187; Memorandum for the Adjustment of Wages, Hours, and Conditions of Labor in Shipbuilding Plants, 20 August 1917, Box 15, Hurley Papers. The following A.F. of L. officials did sign (or have Samuel Gompers sign for them) the 20 August agreement: W. H. Johnston, President of the International Association of Machinists; J. F. Valentine, President of the International Molders Union; F. J. McNulty, President of the International Brotherhood of Electrical Workers; J. R. Alpine, President of the United Association of Plumbers, Gas, Steam and Hot Water Fitters; M. Snellings, President of the International Union of

Steam and Operating Engineers; J. A. Franklin, President of the International Brotherhood of Boiler Makers, Iron Ship Builders, and Helpers of America; J. Wilson, President of the Pattern Makers League of North America; J. W. Kline, President of the International Brotherhood of Blacksmiths of America; and W. W. Britton, President of the Metal Polishers and Buffers International Union of North America. Also signing were two A.F. of L. officials in addition to Gompers: J. O'Connell, President of the A.F. of L. Metal Trades Department; and J. Donlin, President of the A.F. of L. Building Trades Department. A member of the Brotherhood of Carpenters' General Executive Board, Theobald M. Guerin, also signed the agreement. Hutcheson refused to accept this as binding on his union since Guerin's action was not approved by the union's General Executive Board. Hutcheson's objection to the agreement was that it did not provide for a closed shop, and he did not want to be in a position of forcing his men to work alongside non-union labor. Roughly three months after signing the agreement, Guerin asked that his signature be withdrawn. See Guerin to Macy, 20 November 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[19]Hotchkiss and Seager, p. 11; Wehle, pp. 44-45; Hurley, The Bridge to France, p. 187; James Weinstein, The Corporate Ideal in the Liberal State: 1900-1918 (Boston: Beacon Press, 1968), pp. 7-10; Frank Freidel, Franklin D. Roosevelt: The Apprenticeship (Boston: Little, Brown and Company, 1952), p. 426, note 62; The Marine Review 47 (October 1917):361-362; New York Times, 26 August 1917; Memorandum for the Secretary of War, 19 September 1917 [Editor's note 2] in The Papers of Woodrow Wilson, edited by Arthur S. Link et. al. (Princeton, N.J.: Princeton University Press, 1966-), vol. 44; The National Cyclopaedia of American Biography, vol. 22 (New York: James T. White, 1932), pp. 35-36; Dictionary of American Biography, vol. 12 (New York: Charles Scribner's Sons, 1933), p. 179

[20]Hotchkiss and Seager, p. 11.

[21]Ibid.; Macy to Hurley and Capps, 7 September 1917, Box 15, Hurley Papers.

[22]Hotchkiss and Seager, pp. 11-12; Wehle, pp. 45-46; Macy to Hurley and Capps, 7 September 1917, Box 15, Hurley Papers.

[23]Capps to Hurley, 10 September 1917, Hurley to Macy, 10 September 1917, Box 15, Hurley Papers; Hurley, The Bridge to France, pp. 187-189.

[24]Hurley Diary, 11 September 1917, Box 18, Hurley Papers; Roosevelt to Hurley, 11 September 1917, Box 87, Subject-Classified General Files, NA/RG 32; Hurley, The Bridge to France, pp. 188-190; Hotchkiss and Seager, p. 12; Memorandum for the Secretary of War, 19 September 1917, The Papers of Woodrow Wilson, vol. 44.

[25]Carry to Hurley, 11 September 1917, Box 87, Subject-Classified General Files, NA/RG 32; Macy to Wilson, 20 September 1917, The Papers of Woodrow Wilson, vol. 44.

[26]Hurley Diary, 15 September 1917, Box 18, Hurley Papers.

[27]William J. Breen, "Administrative Politics and Labor Policy in the First World War: The U.S. Employment Service and the Seattle Labor Market Experiment," Business History Review 61 (Winter 1987):586-587; Robert L. Friedheim, The Seattle General Strike (Seattle, Wash.: University of Washington Press, 1964), pp. 24-25.

[28]Friedheim, pp. 26-27.

[29]Marine Digest 12 (30 December 1933):3-4; Ralph A. Graves, "Ships for the Seven Seas," The National Geographic Magazine 34 (September 1918):183; The Marine Review 47 (July 1917):253; Elizabeth Lees, "Shipyards and Technology, 1917-1919," typewritten manuscript, Vancouver, B.C., Canada, 1987, pp. 2-3; Director of Naval Intelligence to Hurley, 27 February 1918, Box 15, Hurley Papers; U.S. Congress, House of Representatives, Select Committee on U.S. Shipping Board Operations, Hearings before Select Committee on U.S. Shipping Board Operations, 66th Cong., 2d and 3rd sess., p. 4218 (hereafter cited as House Hearings on Shipping Board Operations).

[30]Friedheim, p. 24; Senate Hearings, p. 982; House Hearings on Shipping Board Operations, pp. 4224-4225; "Conference between Mr. Charles A. Piez and Mr. Charles M. Schwab and Shipyard Employees, held at New Washington Hotel, Seattle, Washington, July 18, 1918," Construction Organization General File Number 128-3, NA/RG 32; Report of Investigation of Labor Conditions in Seattle and Vicinity, 24 February 1918, Box 85, Subject-Classified General Files, NA/RG 32.

[31]House Hearings on Shipping Board Operations, p. 4224-4225; Hotchkiss and Seager, p. 16; "Conference between Mr. Charles A. Piez and Mr. Charles M. Schwab and Shipyard Employees, held at New Washington Hotel, Seattle, Washington, July 18, 1918," Construction Organization General File Number 128-3, NA/RG 32. Skinner, in making his bid for contracts with the Emergency Fleet Corporation, estimated his labor costs at a figure twenty percent above his existing wage scale. This estimate, which was accepted by the Fleet Corporation's accountants when they analyzed the cost figures in his lump-sum bid, was designed to protect him against increased payroll expenses due to wartime inflation. This generous allowance for higher labor costs was one factor which contributed to the profitability of Skinner's first contract with the Fleet Corporation. See Hotchkiss and Seager, pp. 16-17 and Breen, p. 601. It should be emphasized that Skinner's lump-sum contract did not reimburse him for wage increases of up to twenty percent; rather this was simply an estimate used to calculate costs in his lump-sum bid to help the government determine a fair price to pay

for the ships it ordered. For an explanation of how the Fleet Corporation evaluated lump-sum bids, see Circular Letter No. 16, 30 August 1917, Box 202, Old General File, NA/RG 32.

[32]Senate Hearings, p. 982; Hotchkiss and Seager, p. 16.

[33]Hotchkiss and Seager, p. 17; C. Wiley to New York Office of Seattle Construction and Dry Dock, 24 August 1917, File 27424, NA/RG 80.

[34]Hurley, The Bridge to France, pp. 189-190; Hotchkiss and Seager, pp. 20-21; New York Times, 16 September, 17 September, 18 September 1917; San Francisco Chronicle, 15 September, 16 September, 17 September, 18 September 1917; Seattle Times, 13 September, 14 September 1917; Senate Hearings, pp. 157, 171, 982-983, 1512, 1522; H. Leopold to Roosevelt, 15 September 1917, File 27424, NA/RG 80.

[35]Hurley Diary, 17 September 1917, Box 18, Hurley Papers; Gompers to Wilson, 21 September 1917 (Editor's note 1), The Papers of Woodrow Wilson, vol. 44.

[36]Hurley Diary, 18 September 1917, Box 18, Hurley Papers; Lippmann to Baker, 19 September 1917, The Papers of Woodrow Wilson, vol. 44; Ronald Steel, Walter Lippmann and the American Century (New York: Vintage Books, 1981), p. 123.

[37]Wehle, p. 46; New York Times, 19 September, 20 September 1917; San Francisco Chronicle, 18 September, 19 September 1917. At the same time Hurley was considering going to the West Coast, he was also looking into the possibility of joining Charles Piez's investigating committee on its planned tour of the nation's shipyards. That would have been just as impractical as his proposed western trip -- and provides further evidence to suggest Hurley was anxious to get out of Washington D.C., at least temporarily. See Hurley to Tumulty, 18 September 1917, Box 87, Subject-Classified General Files, NA/RG 32.

[38]Wehle, p. 39; Seattle Times, 19 September, 21 September 1917; Hurley to J. Donovan, E. Griggs, et. al., 19 September 1917, Donovan to Hurley, 19 September 1917, Griggs to Hurley, 19 September 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[39]Kellogg to McAdoo, 20 September 1917, Box 85, Subject-Classified General Files, NA/RG 32; Hotchkiss and Seager, p. 15.

[40]McNab to Hurley, 21 September 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[41]Wehle, p. 46; Hurley Diary, 20 September 1917, Box 18, Hurley Papers; Macy to Wilson, 20 September 1917, The Papers of Woodrow Wilson, vol. 44.

[42]New York Times, 18 September, 1917; Gompers to Wilson, 21 September 1917, The Papers of Woodrow Wilson, vol. 44.

[43]Wehle, p. 46; Hurley Diary, 20 September 1917, Box 18, Hurley Papers; Baker to Wilson, 19 September 1917, Wilson to Baker, 20 September 1917, The Papers of Woodrow Wilson, vol. 44.

[44]Macy and Berres to Hurley, 25 September 1917, Box 160, Subject-Classified General Files, NA/RG 32; Hurley to Gompers, 21 September 1917, Box 13, Hurley Diary, 20 September, 29 September 1917, Box 18, Hurley Papers; Hotchkiss and Seager, p. 12; Hurley to Wilson, 21 September 1917, Tumulty to Wilson, 23 September 1917, The Papers of Woodrow Wilson, vol. 44.

[45]San Francisco Chronicle, 22 September, 23 September, 24 September, 25 September 1917; Hurley to McNab, 21 September 1917, McNab to Hurley, 22 September, 23 September 1917, Hurley to McNab, 24 September 1917, Box 85, Subject-Classified General Files, NA/RG 32; McNab to Wilson, 23 September 1917, The Papers of Woodrow Wilson, vol. 44.

[46]Wilson to C. Boyle, E. Stack, and J. O'Connell, 23 September 1917, The Papers of Woodrow Wilson, vol. 44; New York Times, 24 September 1917.

[47]Seattle Times, 22 September 1917; Hotchkiss and Seager, p. 15.

[48]Seattle Times, 25 September, 26 September, 29 September 1916; Hurley Diary, 5 September 1917, Box 18, Hurley Papers; C. Bottomley to Wilson, 23 September 1917, G. Baker to Wilson, 24 September 1917, C. Boyle to Wilson, 25 September 1917, The Papers of Woodrow Wilson, vol. 44.

[49]Macy to Wilson, 25 September 1917, The Papers of Woodrow Wilson, vol. 44.

[50]Hurley, The Bridge to France, p. 190; Hotchkiss and Seager, p. 15; Hurley Diary, 29 September 1917, Box 18, Hurley Papers; Hurley to Coolidge, 28 September 1917, Box 85, Carry to Hurley, 18 September 1917, Hurley to Carry, 21 September 1917, Box 109, Macy and Berres to Hurley, 25 September 1917, Box 160, Subject-Classified General Files, NA/RG 32.

[51]Wehle, pp. 47-48; Seattle Post-Intelligencer, 9 October 1917.

[52]U.S. Congress, House of Representatives, Committee on Naval Affairs, Hearings on Estimates Submitted by the Secretary of the Navy, 1916, 64th Cong., 1st sess., pp. 2517-2537; "Report and Recommendations Concerning Wages at Navy Yards for the Calendar Year 1916," 17 December

1915, "Increase of Wages in Navy Yards," 27 December 1915, File 28470, NA/RG 80; New York Times, 19 August 1917.

[53]San Francisco Chronicle, 17 September 1917; New York Times, 2 July, 17 September 1917; Bing, pp. 62-63; Freidel, pp. 328-329; Roosevelt to Wilson, 4 October 1917, The Papers of Woodrow Wilson, vol. 44; Josephus Daniels, The Cabinet Diaries of Josephus Daniels, 1913-1921, edited by E. David Cronon (Lincoln, Neb.: University of Nebraska Press, 1963), p. 206; Senate Hearings, pp. 181. William Blackman soon left the Labor Department (and also the Arsenals and Navy Yard Wage Adjustment Committee) to join the Emergency Fleet Corporation -- he was replaced on the Wage Adjustment Committee by Rowland B. Mahaney; Walter Lippmann also left the Wage Adjustment Committee after a short period and was replaced by Stanley King. See Bing, p. 62. The principal government-owned arsenals were located at Watertown, Massachusetts; Springfield, Massachusetts; Watervliet, New York; Picatinny, New Jersey; Philadelphia, Pennsylvania; and Rock Island, Illinois.

[54]Hotchkiss and Seager, p. 24; Reports of Operative #2, 19 October, 20 October 1917, J. Mull to Hurley, 22 October 1917, Hurley to Mull, 24 October 1917, Box 119, Subject-Classified General Files, NA/RG 32.

[55]Hotchkiss and Seager, pp. 15-17; Macy to Hurley, 5 October 1917, Box 85, Subject-Classified General Files, NA/RG 32. For a discussion of the lack of a sense of wartime crisis among the American populace during World War I see David M. Kennedy, "Rallying Americans for War: 1917-1918," in The Home Front and War in the Twentieth Century, Proceedings of the United States Air Force Academy Tenth Military History Symposium (1982), ed. James Titus (Washington D.C.: Government Printing Office, 1984), pp. 47-48.

[56]Seattle Times, 22 September 1917; Hotchkiss and Seager, p. 15; Friedheim, p. 64; W. Johnston to Hurley, 6 October 1917, Box 85, "Decision of Shipbuilding Labor Adjustment Board Touching Disputes in Shipyards of San Francisco Bay and Columbia River and Puget Sound Districts," 4 November 1917, Box 94, Subject-Classified General Files, NA/RG 32.

[57]Seattle Times, 8 October, 13 October 1917; Hotchkiss and Seager, pp. 15-18; Bing, p. 23. The representative of the Carpenters' union on the West Coast was a Mr. Sanfancion -- see Piez to W. Hutcheson, 21 February 1918, Records of Charles Piez, File 126-1, NA/RG 32.

[58]Hotchkiss and Seager, p. 18. See also Macy to Hurley, 15 October 1917, Box 85, Subject-Classified General Files, NA/RG 32. Hotchkiss and Seager suggest the Boiler Makers' union "speedily" decided to return to work after the Macy Board left Seattle. This was not the case -- these men did not return to their jobs until 22

October. See Seattle Times, 15 October, 22 October 1917.

[59]Morning Oregonian, 18 October 1918; Wehle, pp. 48-49; Hotchkiss and Seager, pp. 18-20.

[60]San Francisco Chronicle, 22 October 1917; Wehle, p. 49.

[61]Moore and Scott Iron Works to Willamette Iron Works, 24 July 1917, C. Payne to Hurley, 29 October 1917, Moore and Scott Iron Works to F. Metcalf, 3 November 1917, Gompers to Macy, 16 November 1917, Box 85, "Decision of Shipbuilding Labor Adjustment Board Touching Disputes in Shipyards of San Francisco Bay and Columbia River and Puget Sound Districts," 4 November 1917, Box 94, Subject-Classified General Files, NA/RG 32; "Conference between Mr. Charles A. Piez and the Northwestern Shipbuilders, held at the New Washington Hotel, Seattle, Washington, July 18, 1918," "Conference between Mr. Charles A. Piez and Mr. Charles M. Schwab and Shipyard Employees, held at New Washington Hotel, Seattle, Washington, July 18, 1918," Construction Organization General File Number 128-3, NA/RG 32; Hotchkiss and Seager, p. 11; Senate Hearings, p. 174.

[62]P. H. Douglas and F. E. Wolfe, "Labor Administration in the Shipbuilding Industry during War Time, I," pp. 156-157; Bing, pp. 23-24; "Labor and the War: Adjustment of Shipbuilding Disputes on the Pacific Coast," Monthly Review of the Bureau of Labor Statistics (March 1918):67-73; Hotchkiss and Seager pp. 21-23; "Decision of Shipbuilding Labor Adjustment Board Touching Disputes in Shipyards of San Francisco Bay and Columbia River and Puget Sound Districts," 4 November 1917, Box 94, Subject-Classified General Files, NA/RG 32; Macy to J. Franklin, 16 November 1917, File 126-1, Records of Charles Piez, NA/RG 32.

[63]Hotchkiss and Seager, pp. 21-23; "Decision of Shipbuilding Labor Adjustment Board Touching Disputes in Shipyards of San Francisco Bay and Columbia River and Puget Sound Districts," 4 November 1917, Box 94, Subject-Classified General Files, NA/RG 32; Macy to J. Franklin, 16 November 1917, File 126-1, Records of Charles Piez, NA/RG 32.

[64]San Francisco Chronicle, 5 November 1917; Seattle Times, 5 November 1917; New York Times, 5 November 1917; The Marine Review 47 (December 1917):430; Hotchkiss and Seager, pp. 21-22; P. H. Douglas and F. E. Wolfe, "Labor Administration in the Shipbuilding Industry during War Time, I," pp. 156-157; History Committee of the General Strike Committee, The Seattle General Strike (Seattle, Wash.: The Union Record, n.d.; reprint ed., Seattle, Wash.: Shorey Book Store, 1971), pp. 8-9.

[65]A. Pillsbury to F. Bowles, 12 November 1917, Enright to Metal Trades Association, 23 November 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[66]J. Payne to Hurley, 13 December 1917, Fleet Corporation to W. Pigott, 13 December 1917, G. Oller to Hurley, 21 November 1917, Box 85, Stevens to H. Carr, 5 November 1917, Box 133, Subject-Classified General Files, NA/RG 32. For a discussion of the difficulty of calculating retroactive pay, see Hurley, The Bridge to France, p. 191, note 1, and "Conference between Mr. Charles A. Piez and Mr. Charles M. Schwab and Shipyard Employees, held at New Washington Hotel, Seattle, Washington, July 18, 1918," Construction Organization General File Number 128-3, NA/RG 32.

[67]Macy to W. Blackman, 24 November 1917, Hurley to A. Pillsbury and J. Blain, 24 November 1917, Pillsbury to Fleet Corporation, 26 November 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[68]Hurley to Pillsbury and Blain, 24 November 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[69]Pillsbury to Hurley, 9 November, 20 November, 25 November 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[70]Macy to Blackman, 24 November 1917, Blackman to Pillsbury, 26 November 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[71]California Metal Trades Association to Hurley, 28 November 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[72]Hurley to O. Fisher, 30 November 1917, File 125-2, Records of Charles Piez, NA/RG 32.

[73]Hurley to J. Tynan, 30 November 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[74]Tynan to Blackman, 30 November 1917, Blackman to Hurley, 1 December 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[75]Seattle Times, 5 November, 6 November 1917; Hotchkiss and Seager, pp. 16-17, 21-22; Breen, p. 601; G. Corbaley to Blackman, 3 December 1917, File 125-2, Records of Charles Piez, NA/RG 32; "Conference between Mr. Charles A. Piez and Mr. Charles M. Schwab and Shipyard Employees, held at New Washington Hotel, Seattle, Washington, July 18, 1918," "Conference between Mr. Charles A. Piez and the Northwestern Shipbuilders, held at the New Washington Hotel, Seattle, Washington, July 18, 1918," Construction Organization General File Number 128-3, NA/RG 32.

[76]Corbaley to Blackman, 5 December 1917, File 125-2, Records of Charles Piez, NA/RG 32.

[77]Corbaley to Blackman, 6 December 1917, File 125-2, Records of Charles Piez, NA/RG 32.

[78]"Conference between Mr. Charles A. Piez and Mr. Charles M. Schwab and Shipyard Employees, held at New Washington Hotel, Seattle, Washington, July 18, 1918," "Conference between Mr. Charles A. Piez and the Northwestern Shipbuilders, held at the New Washington Hotel, Seattle, Washington, July 18, 1918," Construction Organization General File Number 128-3, NA/RG 32; Senate Hearings, pp. 170-176.

[79]"Remarks before Representatives of Steel Ships," 31 October 1917, Box 18, Hurley Papers; G. Oller to Mr. Barber, 27 October 1917, Box 132, Subject-Classified General Files, NA/RG 32.

[80]Hurley Diary, 31 October 1917, Box 18, Hurley Papers.

[81]Memorandum of Conference with Harry C. Carr, Representing Sun Ship Building Co., 1 November 1917, Box 133, Subject-Classified General Files, NA/RG 32; Hurley Diary, 29 September 1917, Box 18, Hurley Papers.

[82]Senate Hearings, pp. 170-176; American Shipbuilding Co. to Capps, 6 November 1917, Box 32, F. Grogan to Fleet Corporation, 7 November 1917, Trowbridge to Bowles, 8 November 1917, Box 133, Subject-Classified General Files, NA/RG 32.

[83]J. Powell to Emergency Fleet Corporation, 3 November, 5 November 1917, Endicott to L. Wehle, 5 November 1917, Box 133, Subject-Classified General Files, NA/RG 32; J. Powell to Daniels, 6 November 1917, Container 510, Josephus Daniels Papers, Library of Congress (hereafter cited as Daniels Papers); Endicott to Roosevelt, 28 November 1917, File 28470, NA/RG 80.

[84]Ferguson to Capps, 17 November 1917, Box 85, H. Hunter to Capps, 17 November 1917, Box 133, H. Hunter to Macy, 19 November 1917, Box 153, Subject-Classified General Files, NA/RG 32.

[85]Piez to Hurley, 22 November 1917, File 205-1, Records of Charles Piez, NA/RG 32. For Piez's view on government reimbursement of shipbuilders for increased wage costs on requisitioned ships, see House Hearings on Shipping Board Operations, pp. 4213-4214. It is tempting to speculate that knowledge of Piez's position on this issue played a role in the willingness of the Atlantic Coast Shipbuilders Association to raise wages to the navy yard rate, but there is no concrete evidence to demonstrate this. Admiral Frederic R. Harris, during his brief tenure as General Manager of the Fleet Corporation, also recommended the adoption of the navy yard pay scale in private shipbuilding plants; see Senate Hearings, pp. 1530, 1536-1537.

[86]Hurley, The Bridge to France, pp. 188-189; Hurley to Atlantic Coast Shipbuilders, 30 November 1917, Box 93, Subject-Classified General Files, NA/RG 32. Hurley's bitterness over his defeat on this

issue never eased. Thomas F. Logan, who helped Hurley prepare his memoirs, wrote to him in 1926: "There is one chapter which you may want to soften. It is the chapter relating to the Macy Board. Merely writing one paragraph which would point out that while you felt that the policy was wrong, you would not be doing justice if you didn't highly commend the ability and patriotic zeal of Mr. Macy. This, probably, is all that would be necessary to keep him from feeling that you were using the rabbit punch." Hurley, however, refused to write a paragraph praising Macy; the relations between the two men during the war were not cordial, and never would be. See Logan to Hurley, 29 March 1926, Box 17, Hurley Papers.

[87] House Hearings on Shipping Board Operations, p. 4226; "Conference between Mr. Charles A. Piez and Mr. Charles M. Schwab and Shipyard Employees, held at New Washington Hotel, Seattle, Washington, July 18, 1918," Construction Organization General File Number 128-3, NA/RG 32.

[88] Hotchkiss and Seager, pp. 13-14, 98-99; "Labor and the War: Adjustment of Shipbuilding Disputes on the Pacific Coast," Monthly Review of the Bureau of Labor Statistics (March 1918):74-75.

[89] "Conference between Mr. Charles A. Piez and Mr. Charles M. Schwab and Shipyard Employees, held at New Washington Hotel, Seattle, Washington, July 18, 1918," Construction Organization General File Number 128-3, NA/RG 32; Hurley, The Bridge to France, pp. 190-191; Hotchkiss and Seager, p. 22; New York Times, 5 November 1917; "Labor and the War: Adjustment of Shipbuilding Disputes on the Pacific Coast," Monthly Review of the Bureau of Labor Statistics (March 1918):71-74. Admiral Harris may have been the first Fleet Corporation official to recommend the war service payment; see Senate Hearings, pp. 1530, 1538-1539. A. F. Pillsbury, the Fleet Corporation's District Officer in San Francisco, told the Senate Committee on Commerce early in 1918 that it was "impracticable to carry out" the feature of the war service payment that required that it be paid only to men who worked six full days. As Pillsbury put it: "Because in the large plants, for instance, like the Bethlehem [i.e., the Union Iron Works], working 12,000 men, they could not investigate if a man was absent, whether he was sick or whether he was attending a funeral, etc." These types of excused absences would not deprive a worker, according to the rules, of collecting the war service payment. See Senate Hearings, pp. 1245-1246, 1250; see also pp. 158-159.

[90] Memorandum on War Service Payment, 8 December 1917, Box 85, Memorandum for the Adjustment of Wages, Hours, and Conditions of Labor in Shipbuilding Plants, 8 December 1917, G. Oller to Hurley, 22 December 1917, Box 93, Subject-Classified General Files, NA/RG 32. The Emergency Fleet Corporation fumbled the implementation of the war service payment in wooden shipyards. Initially it decided the ten percent bonus would not apply to wooden yards, but after opposition to

this developed it reversed its position and, on 31 December, told its District Officers to "advise yard owners building wooden vessels to apply ten percent bonus to their employees same as to steel yards." This bungled implementation of the war service payment in wooden shipbuilding plants irritated many workers, but the Fleet Corporation's reversal of its position came soon enough to prevent any strikes over the issue. See Piez to Pillsbury, 11 December 1917, Pillsbury to Fleet Corporation, 29 December 1917, Blackman to Pillsbury, 31 December 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[91]G. Oller to Hurley, 22 December 1917, Box 93, Subject-Classified General Files, NA/RG 32.

[92]Skinner to Blackman, 10 December 1917, Piez to W. Pigott, 13 December 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[93]Corbaley to Blackman, 11 December, 17 December 1917, Box 85, Subject-Classified General Files, NA/RG 32; Charles M. Gates, The First Century at the University of Washington, 1861-1961 (Seattle, Wash.: University of Washington Press, Seattle, 1961), pp. 153-155. Secretary of Labor Wilson was serving as Chairman of a Mediation Commission that had been dispatched by President Wilson, as Robert D. Cuff puts it, "to the labor fields of the South and Northwest and charged . . . with an investigation of the controversial Bisbee deportations in Arizona, the Mooney case in California, and with the mediation of diverse labor disputes from Oregon to Illinois." See Cuff, "The Politics of Labor Administration during World War I," p. 552.

[94]Corbaley to Blackman, 17 December 1917, Box 85, Subject-Classified General Files, NA/RG 32.

[95]San Francisco Chronicle, 24 December 1917; California Metal Trades Association to Piez, 13 December 1917, Piez to Metal Trades Association, 13 December 1917, Piez to Iron Trades Council, 24 December 1917, Box 85, Subject-Classified General Files, NA/RG 32; Piez to Iron Trades Council, 22 December 1917, File 125-1, Records of Charles Piez, NA/RG 32.

[96]San Francisco Chronicle, 25 December, 26 December 1917; Pillsbury to Piez, 27 December 1917, File 125-1, Records of Charles Piez, NA/RG 32.

[97]San Francisco Chronicle, 3 January, 4 January 1918; Piez to California Metal Trades Association, 13 December 1917, Blackman to J. Blain, 29 December 1917, Box 85, Subject-Classified General Files, NA/RG 32; "Conference between Mr. Charles A. Piez and the Northwestern Shipbuilders, held at the New Washington Hotel, Seattle, Washington, July 18, 1918," Construction Organization General File Number 128-3, NA/RG 32; Senate Hearings, pp. 1246, 1250.

[98]Blackman to Skinner and Eddy Corporation, 7 January 1918, Box 85, Subject-Classified General Files, NA/RG 32. See also Blackman to Silcox and McBride, 7 January 1918, Box 85, Subject-Classified General Files, NA/RG 32.

[99]Metal Trades Council to Hurley, 10 January 1918, Box 85, Subject-Classified General Files, NA/RG 32.

[100]Hotchkiss and Seager, p. 22; Blackman to McBride and Silcox, 14 January 1918, Blackman to Blain, 1 February 1918, Blackman to Pigott and Blain, 2 February 1918, Box 85, Subject-Classified General Files, NA/RG 32; "Conference between Mr. Charles A. Piez and Mr. Charles M. Schwab and Shipyard Employees, held at New Washington Hotel, Seattle, Washington, July 18, 1918," Construction Organization General File Number 128-3, NA/RG 32.

[101]"Conference between Mr. Charles A. Piez and the Northwestern Shipbuilders, held at the New Washington Hotel, Seattle, Washington, July 18, 1918," Construction Organization General File Number 128-3, NA/RG 32.

CONCLUSION

THE SHIPBUILDING INDUSTRY AND THE WILSON ADMINISTRATION: 1914-1917

Robert H. Ferrell, in his 1985 book Woodrow Wilson and World War I, 1917-1921, states that President Wilson and his top advisers "were, and one uses the word with hesitation, ignoramuses" in their efforts to mobilize the American economy for war. To support this stark assertion Ferrell argues that "throughout 1917" industrial mobilization in the United States "suffered from lack of a plan." As he puts it: "No one could decide what the program should be. . . . Officials of the Wilson Administration did not offer suggestions and took refuge in routine."

"Volunteer skyscraper builders," as Ferrell terms them, then "flocked to Washington" with grandiose schemes for mobilizing the economy. These enthusiastic dilettantes "moved from office to office inquiring how they might serve the government without compensation as 'W.O.C. men,' perhaps receiving a dollar a year." They "usually managed to obtain positions and soon were attempting to rouse the government, seeking out officials whom they considered men of decision, sometimes building support for ideas through newspapers or journals of opinion." Unfortunately, Ferrell indicates, their schemes, for the most part, turned out to be impractical.

Wilson and his wartime administrators, Ferrell continues, thought that "they could manage industrial mobilization by, so to speak, the seats of their pants, putting a little more energy, a few more requisitions, more speeches, into the task and by some sort of legerdemain, which they did not bother to investigate, the necessary ships and military hardware would come out of the large end of American industry's cornucopia." The "highest civil officials of the United States Government," according to Ferrell, failed to recognize that in mobilizing the economy for war "there was only one sector, one place, in the United States where the necessary expertise lay, and that was

private industry," for only there "was it possible to find experience -- organizers and operators of the world's greatest industrial machine." Compared to America's big businessmen, Ferrell concludes, Wilson and his war managers "were children" in their "understanding of industrial mobilization" and, as a consequence, botched the mobilization effort.[1]

Although Ferrell focuses his discussion on the years 1917 and 1918, in the shipbuilding industry it is the period between late 1914 and early 1917 that provides the most support for his analysis. While the United States was a neutral "private industry" did indeed oversee a tremendous expansion of the country's shipbuilding capacity. In 1916 the nation launched almost three times as much steel tonnage as in 1915 -- and had under construction or on order more than four times the tonnage that had been launched in any year since 1907.[2] American industrialists, attracted by the huge profits that grew out of the great wartime need for shipping, invested heavily in the expansion of existing shipyards and the creation of new shipbuilding plants. Private businessmen -- without government interference, prodding or help -- vigorously responded to the demand for merchant tonnage, for meeting that demand proved to be, in a financial sense, extremely lucrative.

On 31 January 1917, one day after the United States Shipping Board met for the first time, Germany announced that its submarines would henceforth sink all vessels, including those flying the American flag, in a "war zone" around the British Isles. This threat immediately presented the Shipping Board with a severe challenge: making good the losses likely to occur as a consequence of U-boat attacks. William Denman, the San Francisco attorney who served as the Board's first Chairman, did not have any experience in the shipbuilding business and was not sure how to meet this demand for tonnage. Rather than relying on the advice of experienced shipbuilders, Denman turned instead to a wealthy amateur yachtsman who came to the nation's capital with a get-tonnage-quick scheme: Frederic A. Eustis.

Eustis was a perfect example of the "volunteer skyscraper

builders" that Ferrell describes. Eustis's proposal for building a vast fleet of wooden steamers -- so many that Germany's U-boats could not sink them as fast as they came off the ways -- was, to put it bluntly, a hare-brained idea. Denman, nonetheless, eagerly adopted this scheme and put Eustis on the government payroll at a "dollar a year." The Shipping Board Chairman, a progressive who was highly suspicious of both big businessmen and big profits, felt much more comfortable working with Eustis, an earnest visionary whose primary goal was service to his country, than with the profit-oriented heads of the nation's large shipbuilding firms. Unfortunately for Denman and the Administration, it was the latter men -- rather than Eustis -- who knew how to build ships.

Ironically, Denman and Eustis chose a man to manage the shipbuilding program, General George W. Goethals, who was far more comfortable with big businessman than with either of them. Goethals quickly scrapped the preliminary arrangements Eustis had made for the mass production of wooden steamers and, after consultations with some of the nation's wealthiest capitalists, made plans for mass producing fabricated steel ships. Goethals's main concern was to turn out as much steel tonnage as possible in as short a time frame as feasible -- without too much concern for cost. Denman, like Goethals, wanted quick production of ships, but, in contrast to the General, was highly concerned about cost -- and was especially determined to prevent profiteering.

Such policy differences were serious enough to cause major problems, but there was a possibility for compromise. Goethals recognized the need to build at least some wooden steamers, as Denman wished, and Denman was willing to consider the adoption of Goethals's plan for the construction of fabricated ships. By May, moreover, Denman had concluded, as Goethals had, that the shipbuilding program's primary emphasis would have to be placed on the production of steel tonnage. The two men might also have cooperated in an attempt to balance the need for speedy production with the requirement to keep

expenses down.

Denman and Goethals, however, could not work together due to their incompatible personalities. Instead of cooperating with each other the two protagonists -- each stubbornly determined to have supreme authority -- pursued separate agendas and stalemated progress on the shipbuilding program. President Wilson, meanwhile, allowed the situation to drift until Goethals's resignation, in late July, forced the White House to act. Wilson finally did so by consenting to the General's departure, and, at the same time, dismissing Denman.

Denman, when he had taken the helm at the Shipping Board, had tried -- as Ferrell aptly puts it -- to manage the shipbuilding program by the seat of his pants. His general ignorance about maritime matters, his willingness to listen to an amateur yachtsman rather than experienced shipbuilders, and his stubbornness, taken together, qualified him for Ferrell's stark label of "ignoramus."

That label does not fit Denman's nemesis, Goethals, who demonstrated an impressive capability for handling big industrial projects during his work on the Panama Canal. Although Goethals did not have any shipbuilding experience, he was willing to cooperate closely with the big businessmen and corporations who did. He also discovered a practical scheme for quickly expanding steel ship construction by building fabricated vessels. If Goethals's plans had been adopted in a timely manner, the United States would undoubtedly have turned out more tonnage during the war than it actually did.

But under Goethals's program there would very likely have been huge profits for shipbuilders -- just as there had been during the period of American neutrality. The Wilson Administration, Congress, the press, and the public were all hostile to this kind of "profiteering." Despite such attitudes, Goethals -- if he had been left unhampered by Denman -- probably could have implemented his program during the hectic early months of American belligerency, for then the nation's attention was preoccupied by many other pressing wartime issues. Eventually, though, the high profits businessmen would have received under Goethals's shipbuilding program would have, in all

probability, resulted in a stiff public controversy.

Wilson, after removing Denman and Goethals, did bring in a businessman to head the Shipping Board and Emergency Fleet Corporation: Edward Nash Hurley. Hurley had no experience in shipbuilding and no real contacts with men who did, but the Corporation's new General Manager, Admiral Washington Lee Capps, was a distinguished naval architect. Capps had supervised the construction of numerous warships and also headed the Navy's Bureau of Construction and Repair. Although the Admiral, like Hurley, did not have any background related to running commercial shipyards or building merchant tonnage, he did have considerable knowledge about shipbuilding in general.

Hurley and Capps both sought to strike a balance between getting ships built quickly and preventing profiteering. Their initial emphasis, however, was more on the latter than the former. Capps, with Hurley's acquiescence, delayed signing numerous contracts for several weeks in order to get the best possible terms for the government. Among the most severely delayed agreements were the most crucial -- those that provided for the building of three big fabricated shipyards. Because of Capps's prolonged negotiations, work on these plants -- which were intended to be the cornerstone of the Fleet Corporation's emergency steel building program -- would not begin until mid September.

Hurley and Capps also insisted that shipyard owners be held at least partially responsible for any wage increases granted by the Shipbuilding Labor Adjustment Board. Here their goal was to prevent profiteering by shipyard owners and shipyard workers by giving employers significant financial responsibility for any pay hikes and -- as a consequence -- a strong incentive to hold down wages. Employer objections to these arrangements, and the initial unwillingness of Hurley and Capps to consider a compromise solution, seriously interfered with the establishment of the Labor Adjustment Board.

The actions Hurley and Capps took in regard to contracts and wage settlements were designed to save the government money, but ultimately

led to serious delays, problems, and -- ironically -- added expense. The prolonged negotiations over fabricated ship contracts meant that the construction of these big shipyards would be pushed back into the winter months, which turned out to be extremely frigid that year. The severe weather conditions of December, January, and February would make the building of these plants much more costly -- and progress much slower -- than would have been the case had there been no delay in the contracts and work begun in late July or early August. Similarly, the dispute over responsibility for pay raises, by incapacitating the Shipbuilding Labor Adjustment Board at its very birth, would contribute to the outbreak of the largest strike in the history of the West Coast -- a work stoppage that delayed progress on hundreds of thousands of tons of shipping.

The Fleet Corporation's overall approach began to change when Hurley brought in Charles Piez, a Chicago businessman and industrialist, to replace Capps as the chief supervisor of the government's merchant shipbuilding program. Piez felt that the Admiral had put too much emphasis on reducing profiteering and not enough on speeding construction. The new man sought to redress this balance, but he did not get a position of authority at the Fleet Corporation until late November.

By this time the fundamental shape of the shipbuilding program had pretty well been established: the main emphasis would be on steel construction and fabricated ships, with a significant number of wooden steamers being built as well. The great challenge facing Piez would not be the formulation of a new program, but the efficient execution of the existing one -- which by now had been laid out, by Hurley and Capps, in a reasonable and practical manner.

Piez, like Hurley, did not have a shipbuilding background, but he was used to managing large industrial enterprises and would, soon after joining the Fleet Corporation, seek out the advice of experienced shipbuilders.[3] A competent and efficient businessman, Piez would get results; he could not be classified, in any sense, as an "ignoramus" on the topic of industrial mobilization. If he -- or another businessman

like him -- had been put in charge of the shipbuilding program in January, instead of November, much greater progress would have been made in merchant vessel construction.

The fact that America's great industrialists did not play a larger role at the outset of the shipbuilding program was due primarily to the suspicions the original Chairman, Denman, had about the profit-oriented motives of big businessmen. These suspicions, it must be noted, were not without foundation. If businessmen had made all the key decisions at the Fleet Corporation, the profits of shipyard owners would have been, in all probability, greatly enhanced. The potential for profiteering was clearly present.

The economic historian Frederic C. Lane, in the preface to his study of merchant shipbuilding during World War II, Ships for Victory, quotes a remark relevant to this issue that was made in the mid 1940s by Admiral Emory S. Land, Chairman of the U.S. Maritime Commission (the successor to the Shipping Board). "If you want fast ships, fast shipbuilding, fast women, or fast horses," Land told a Senate committee, "you pay through the nose."[4] Although Land's statement was couched in slang -- and sexist in tone -- it nonetheless was, as Lane notes, right on the mark in its analysis of wartime shipbuilding: during the Second World War the United States got "ships for victory," but at a very high price. During World War I, though, the Fleet Corporation -- at least initially -- was not willing to "pay through the nose" for merchant tonnage, and this emphasis on keeping down costs significantly delayed, during 1917, the production of fabricated ships and the settlement of major labor disputes.

The prominent stress the Fleet Corporation placed on economy was largely due to the desire of key officials -- such as Denman, Hurley, and Capps -- to keep profiteering to a minimum. Another important factor was that industrial mobilization was a new experience for the United States. Never before had the nation had to put its economy so thoroughly on a war footing, and Americans did not immediately realize how much this would cost. The emphasis the Fleet Corporation placed on

attempting to minimize expense also demonstrated how limited a sense of crisis the war initially generated in the United States. During 1917 Americans, in general, did not feel that their national or personal security was seriously threatened by the conflict in Europe, and thus saw no real need to relegate the goal of keeping costs low -- basically a peacetime priority -- to the goal of producing ships as quickly as possible regardless of expense -- a wartime priority. In many ways the Fleet Corporation's shipbuilding policy during 1917 reflected these public attitudes.

The naval construction program faced problems of a different nature than those encountered by the Emergency Fleet Corporation. The Secretary of the Navy, Josephus Daniels, was just as opposed to profiteering as Denman, Hurley, and Capps -- probably, in fact, more so. By March, though, Daniels -- after investigating all other alternatives, including government seizure of private shipyards -- reluctantly concluded that cost-plus contracts provided the only realistic means of acquiring the needed warships. This approach to negotiations with defense contractors considerably sped up and simplified the ordering of vessels for the Navy. To ensure that shipyard owners did not make any more from naval construction than a "fair profit," Daniels established a Compensation Board to oversee the execution of the Navy's cost-plus arrangements. This system functioned relatively well and spared the Navy from the wartime contract wrangles that caused such serious delays at the Fleet Corporation.

The major challenge Daniels faced in establishing his naval construction policy was determining what types of vessels to build: destroyers or capital ships. This was a difficult decision for the Navy Secretary since his key advisers were sharply divided over the issue -- and there was not enough shipyard capacity for quantity production of both types of craft. After the war ended Admiral William S. Sims, who consistently favored building destroyers, accused Daniels of having delayed a decision on this issue for so long that it severely hampered the American war effort. The Navy's General Board, however, repeatedly warned Daniels, through late August, that capital ship

construction should not be sacrificed to Sims's desire for destroyers. In the face of this conflicting advice from senior officers Daniels was careful not to rush into a hasty decision that might later prove to be a mistake. Instead he waited for events to clarify the situation and then made, in July, what turned out to be the correct decision: building destroyers along a standardized design and delaying work on capital ships.

Daniels took additional time to determine the best way to produce large numbers of destroyers -- he did not want to commit himself to a scheme that was impractical or poorly thought out, as Denman had done with Eustis's wooden steamer proposal. Daniels did not approach Congress for funding until his senior naval staff officers, working with representatives of private firms that specialized in warship construction, developed sensible plans for expanding existing shipyards and building two large destroyer "assembly plants." Congress agreed to appropriate the money needed for this destroyer program, but that did not occur -- largely because of Daniels's delayed request -- until early October.

The Navy's destroyer building program was logically planned and, once begun, efficiently executed. Unfortunately, the long and drawn-out decision-making process -- the result of Daniels's caution as an administrator, the conflicting advice he received from naval advisers, his care in developing a sound plan, and, it must be added, his inclination to procrastinate -- delayed the necessary shipyard construction and expansion projects so long that they had to be undertaken during the harsh winter of 1917-1918. As would be the case with the building of the Fleet Corporation's fabricated shipyards, the arctic weather conditions would delay the construction of these facilities and substantially increase their cost.

By the time winter arrived in 1917 the basic foundations for the merchant and naval shipbuilding programs had pretty well been established. The Emergency Fleet Corporation was putting its emphasis on steel ship construction and implementing an innovative plan for

producing large numbers of fabricated vessels. A fair number of wooden steamers were also on order, and although these would be of little value on transatlantic trade routes, they would be able serve on coastal and South American routes, thus freeing steel ships for runs to Europe. The Navy, meanwhile, had postponed work on big capital ships and implemented feasible plans for building a substantial quantity of standardized destroyers. The Navy also had under construction hundreds of submarine chasers, and was putting increased emphasis on the production of submarines. The Fleet Corporation and the Navy Department, moreover, had managed -- after initial difficulties -- to establish effective mechanisms for dealing with labor disputes.

As 1917 came to a close both the merchant and the naval shipbuilding programs, after fitful starts, had been laid out in a logical manner. These building programs, as they existed by December, could no longer -- by any stretch of the imagination -- be viewed as the work of "ignoramuses." In the shipbuilding industry Robert Ferrell's brutal characterization of the Wilson Administration's wartime managers had some validity during the early months of 1917, at least at the Shipping Board, but by the end of the year this was no longer the case. The merchant and naval ship construction plans that were in place as 1918 began had been developed by businessmen and industrialists, or in close consultation with such men, and were rational, practical, and feasible. At the Fleet Corporation, furthermore, a highly competent business executive, Charles Piez, had taken control of the entire construction effort. In the shipbuilding arena the business and industrial expertise needed to mobilize the economy was, contrary to Ferrell's contention, effectively being tapped by the Administration.

Ferrell, in his overall appraisal of American mobilization during World War I, notes that this "was for the United States the first modern war, requiring mobilization of industry, not merely conversion of plants (as in the Civil War) but construction of new plants." Yet it is wrong, he continues, "to come to a conclusion that constitutes a sort of absolution to everyone involved, by remarking that they were

taking part in such an immense novelty that, after all, one could not expect them to triumph on every hand."[5]

With the aid of hindsight it is easy to suggest, as Ferrell seems to, that no mistakes should have been made. That there were many mistakes -- including some major blunders -- was obviously the case. But the nation's shipbuilding program was not as flat a "failure" in 1917 as Ferrell contends.[6] At the Fleet Corporation Eustis's impractical scheme for mass producing wooden steamships had been scrapped by the end of April, and by the end of July Denman had been replaced by Edward N. Hurley, a businessman. By August all the steel merchant tonnage under construction in the United States had been requisitioned by the government, and by September plans were in place for building large numbers of fabricated steel ships. By October a labor adjustment scheme had been implemented and used to end major strikes, and by November a highly talented businessman and industrialist, Charles Piez, had taken over supervision of the Fleet Corporation's entire building program. True, there had been many delays, but a good deal of progress had nonetheless been made. And much of the delay that did occur was not due to ignorance, but to sincere efforts by government officials to find ways to keep costs low. The Fleet Corporation, without any previous mobilization experience to serve as a guide, understandably found it difficult to find the proper balance between preventing profiteering and quickly turning out tonnage.

Considerable progress had also been made in the naval construction program by the end of 1917. There too there had been some floundering around during the early months of U.S. participation in the war, but that had been due primarily to disagreements among senior naval officers over the nation's strategic need for capital ships as compared to destroyers. By July Secretary Daniels had resolved this debate in favor of the latter; by September the Navy Department and private shipyards had worked up plans for building large numbers of standardized destroyers; and by October -- when Congress appropriated

money for this purpose -- the Navy was ready to implement its ambitious destroyer construction program.

As 1918 began, the foundations for massive American merchant and naval shipbuilding programs had been laid. Although there had been some false starts and many delays, the basic planning that had been accomplished by the Fleet Corporation and the Navy was sound. All things considered, quite a bit had been achieved during the first nine months of American belligerency.

Frederic L. Paxson, in his 1939 book America at War, argues that during 1917 the government developed large-scale programs for mobilizing the economy, and began the process of administering these.[7] Paxson's interpretation turns out to be more valid, at least in the shipbuilding industry, than Ferrell's assertion that "throughout 1917" there was a "lack of a plan." By the end of the year the Wilson Administration had pretty much completed the formulation of a comprehensive policy for the construction of both merchant and naval tonnage. The next great challenge facing the Administration would be to implement, as efficiently as possible, the policy that had now been developed.

NOTES TO CONCLUSION

[1]Robert H. Ferrell, Woodrow Wilson and World War I, 1917-1921 (New York: Harper and Row, 1985), pp. 98-99, 116-117.

[2]U.S. Commissioner of Navigation, Annual Report for the Fiscal Year Ended June 30, 1920 (Washington D.C.: Government Printing Office, 1920), p. 142.

[3]U.S. Congress, Senate, Committee on Commerce, Hearings on Senate Resolution 170 to Investigate All Matters Connected with the Building of Merchant Vessels under the Direction of the United States Shipping Board Emergency Fleet Corporation, 65th Cong., 2d. sess., pp. 1409, 1412.

[4]Frederic C. Lane, Ships for Victory: A History of Shipbuilding under the U.S. Maritime Commission in World War II (Baltimore, Md.: The Johns Hopkins Press, 1951), p. vii.

[5]Ferrell, p. 116.

[6]Ibid., pp. 116-117.

[7]Frederic L. Paxson, American Democracy and the World War: America at War, 1917-1918 (Boston: Houghton Mifflin Company, 1939), pp. 112-113.

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APPENDIX: TONNAGE MEASUREMENTS

Tonnage Defined

Since the middle of the nineteenth century the shipping industry has used four different methods of measuring a vessel's size, and these can cause considerable confusion.

Gross tonnage refers to the volume of a ship's total closed-in space minus certain exempted areas such as ballast tanks and galleys. One hundred cubic feet is considered to be equal to one ton -- thus a vessel with a volume of 600,000 cubic feet would be rated at 6,000 gross tons. In most cases, however, a ton of cargo occupies less than one hundred cubic feet, which means the actual tonnage of cargo carried by a ship is usually greater than the gross tonnage.

Net tonnage is a vessel's gross tonnage minus deductions of space occupied by accommodations for crew, by machinery for navigation, by the engine room, and fuel. A vessel's net tonnage thus expresses the space available for the accommodation of passengers and the stowage of cargo.

Deadweight tonnage refers to the number of tons that a vessel can transport of cargo, stores, and bunker fuel. It is the difference between the number of tons of water a vessel displaces when "light" (i.e., empty) and the number of tons it displaces when submerged to the "load water line." The terms "deadweight tonnage" and "deadweight carrying capacity" can be used interchangeably.

Displacement tonnage is the deadweight tonnage plus the weight of the vessel itself. Displacement "light" is the weight of the vessel without stores, bunker fuel, or cargo; displacement "loaded" is the weight of the vessel plus stores, fuel, and cargo.[1]

The Use of Tonnage Measurements

Net tonnage is normally used to express the size of merchant cargo and passenger vessels on the official register of a nation's

merchant marine, and harbor tolls and other charges are usually computed on the basis of net tons. Many British and American shipbuilding statistics, however, are published using gross tonnage. The United States Shipping Board was an exception: it published its shipbuilding statistics using deadweight tonnage. Deadweight measurements are primarily used to measure cargo ships; displacement tonnage, on the other hand, is normally applied only to warships.[2]

Tonnage Conversions

Sidney Pollard and Paul Robertson provide a good account of the difficulties involved in any attempt to compare these different types of tonnage:

> Unfortunately, there is no good way of converting from one set of measurements to another. The Queen Mary measured 81,235 gross tons or 77,500 displacement tons. A cargo ship of 8,000 deadweight tons might have a displacement of 11,500 tons and measure 5,200 tons gross or 3,200 tons net. The problem of comparison is exacerbated by anomalies in methods of calculating and collecting tonnage statistics that can lead to inconsistencies within the same series. From 1881, for instance, erections above deck that could not be "efficiently closed" were not included in gross or net tonnage calculations, leading builders to leave open hatchways (which in reality could be closed if necessary) in permanent parts of the superstructure in order to reduce taxes and harbor canal charges.[3]

Edward Nash Hurley, the Chairman of the U.S. Shipping Board, kept a chart[4] in his files which stated that for

> a modern freight steamer the following relative tonnage figures would ordinarily be approximately correct:

Net tonnage	4,000
Gross tonnage	6,000
Deadweight carrying capacity	10,000
Displacement loaded, about	13,350

There could, however, be tremendous variations in these figures and the comparisons shown serve only as an extremely rough guide.[5]

NOTES TO APPENDIX

[1]Sidney Pollard and Paul Robertson, The British Shipbuilding Industry, 1870-1914 (Cambridge, Mass.: Harvard University Press, 1979), p. 237; "Tonnage Explained," no date, Box 22, Edward Nash Hurley Collection, University of Notre Dame Archives. See also Edward V. Lewis, Robert O'Brien, and the Editors of Life (New York: Time, Inc., 1965), p. 14; James A. Dunnage, Shipping Terms and Phrases (London: Sir Isaac Pitman and Sons, 1925), pp. 85-86.

[2]U.S. Shipping Board, Annual Report (Washington D.C.: Government Printing Office, 1918), pp. 177-179; Pollard and Robertson, p. 237.

[3]Pollard and Robertson, p. 237.

[4]"Tonnage Explained," Hurley Papers.

[5]For a good discussion of the difficulty involved in attempting such conversions see U.S. Congress, Senate, Committee on Commerce, Hearings on Senate Resolution 170 to Investigate All Matters Connected with the Building of Merchant Vessels under the Direction of the United States Shipping Board Emergency Fleet Corporation, 65th Cong., 2d Sess., pp. 123-126, 144-145, 1068.

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