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MR. DONALD NELSON'S ARMAMENTS FORECAST

Allies will have:-
50% more than Axis in a year,
Twice as much by end of 1944.

Mr. Donald Nelson in an address to the War Congress of American Industry in New York last night said, in part.

At the moment, for the first time the United States is turning out combat armaments in as great a volume as the entire Axis the United Nations altogether now are producing twice the volume of combat armaments as their enemies.

Furthermore the tide of production is now running strongly in our favour.... our arms output is still rising. For at least another year it will continue to rise - very substantially. On the other hand the Axis cannot count on much, if any, further expansion. It has stretched its human and material resources very close to their limits. It is also experiencing some serious interruptions to production under the bombing of British and American airplanes. These interruptions will be more serious, not less, as time goes on.

By the end of next year America alone will produce almost as great a volume of combat armaments as all the rest of the world combined. Allies and enemies together. One year from now American production will be nearly twice as large as that of the Axis. The United Nations production will be nearly three to one ahead of the Axis production

But we dare not for our lives sake make the mistake of assuming that all we have to do now is to relax and let this preponderance of production bring victory automatically.

In the first place we started this contest under a great handicap. The Axis had piled up huge reserve stocks of arms while we slept it seems likely, however, that by the end of this year we will substantially have caught up with our enemies as 1943 begins our stocks of armaments - in the aggregate and in most categories - will be at least equal to that which the Axis can muster. We shall have a substantial advantage in airplanes, in fighting ships and in tanks and many other items as well.

But we, of course, cannot win the war simply by becoming equal to our enemies. We must have crushing superiority - for the task of the United Nations is to attack their foes and drive them from well prepared positions. To get that crushing superiority we must step up production much further we may expect to have 50% more arms than the Axis by the end of 1943 and at least twice as many planes, guns, ships etc by the end of still another year

We will surely build 16 million tons of merchant shipping in 1943. We may raise that to 18 or even 20 million tons - nearly one third of the entire merchant fleet of the world in 1939 - and with such an addition to our Merchant fleet, with some reduction in sinkings and with saving in shipping time that will come with the reopening of the Mediterranean route, we may expect that by the end of next year the shortage of shipping will not hamper us nearly as much as it has done so far. We shall then be able to use our preponderance of strength at points where it will do us most good

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But even then we shall not have automatic victory. Victory may be made possible on the production front but it is not actually won there. It is won on the fields of bloody battle... we dare not and cannot relax even for one moment in our effort even when we see ourselves drawing ahead of our enemies...

Our war production program has fallen naturally into three phases.

The first stage was the curtain raiser our civilian economy functioned on a normal basis; military demands were met for the most part out of surplus.... that stage ended a year ago at Pearl Harbour...

Second stage was the stage of great expansion tremendous effort went into the work of increasing the nation's capacity to make arms. Plans were formulated to convert the entire economy to war in a very real sense there is no longer any distinction between military effort and civilian effort in this country. Everything we do must be planned and done in terms of the increasing force of our war effort....

That puts us into the third phase which is the stage wherein our most important task is to make certain we make the best possible use of what we have that involves first of all greater reliance than ever before on technology -- on the "know how" of our best technicians and engineers on finding better and more efficient ways of doing things we must use imagination and initiative and we must be absolutely ruthless in our disregard of conventions established during competitive economy so that improved processes, procedures and techniques are spread rapidly from plant to plant there is only one measuring stick -- what hits the enemy the hardest. That takes precedence over everything. From the vested interests in a given market to financial interest in the parent or production processes, from the painfully acquired social and economic rights to the established routines and procedures of the corporations of government.

In other words we have got to face the fact that going into full war economy means in the fullest sense of the words all out mobilisation for war this may be defined as an economic and political structure in which all our resources -- men, materials and machines -- which can be directed against the enemy are so directed and in which the minimum essential civilian needs are provided

By making the united effort required of us in this stage of the war we are in no sense submitting to a straight jacket. On the contrary we are in a very real and immediate sense setting ourselves free we shall have in the end a full knowledge of what we can really do -- and that knowledge will show us that nothing -- literally nothing -- that we really want to do is going to be impossible to us. A nation which can do what this nation is doing and will do to win this war is a nation that can do anything. When the war ends we are going to face a torn and wounded world -- but it will be a world of unlimited possibilities.

The road to victory is hard. We cannot always see our way clearly. But we can see this much -- that in the process of winning we are going to unleash a power we didn't realise we possessed. Today we must use that power to destroy external enemies. Tomorrow we can use it to beat down purely material obstacles which stand between men and happiness.

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