

MEMORANDUM

November 5, 1943

Johnson
Com

To: Senator Kilgore
From: Mr. Meader
Subject: Clark Equipment Company

Attached is a copy of the statement made by President A. S. Bonner of the Clark Equipment Company at a private hearing of the Committee on October 25, 1943.

Mr. Ezra W. Clark, Vice-President and General Manager of the Tructractor Division of Clark Equipment Company, furnished this copy with the request that it be transmitted to you for your files. Of course, the statement was read into and will form a part of the record of the hearing.

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MEMORANDUM ON TESTIMONY BEFORE TRUMAN COMMITTEE
of OCTOBER 25, 1943
and
HIGH SPOTS ON CLARK EQUIPMENT COMPANY WAR BUSINESS

Mr. George Roudanez introduced himself as Industrial Sales Manager of Harry Ferguson, Inc., and among other things, testified to the following:

Mr. Roudanez testified that he bid \$1,275.00, plus \$15.00 extras, to War Department, on 729 of his machines, presumably his "Moto-Tug 40", and on being asked the price of the Clark machine, he said he did not know the price, but he believed that it was about \$1,400.

Mr. Roudanez made a perfectly excusable error, but for the sake of the records, I will state that the price of the Clark machine, namely: Model "Mill-44", was \$803.10, plus certain extras. Although I do not know the specification of the 729 machines Mr. Roudanez had been talking about, our extras for Bulldog coupler, and head and tail lights, would be \$17.65, making the total price \$820.75.

The price history on this "Mill-44", might be of interest. Our first quantity contract with the Government on this machine was Contract W535ac-14495, of April 9, 1940, this contract being awarded under competitive bidding. This contract included 82 heavy-duty tractors to meet Specification #91-66 of May 19, 1938, amended December 2, 1938,

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contract being with the Air Corps, our bid being \$1,047.45 for domestic shipment, or \$1,092.45 for 63 more tractors packed for export.

The Air Corps supplied the tires and tubes for these machines, which would have added, if we had supplied them, about \$100.

The above-mentioned specification has continued to govern these heavy-duty tractors since that time, and I hand you herewith our most recent contract; namely: contract W49001qm-102, which contract is dated the 24th of August, 1943, and among other things, includes 400 heavy-duty tractors, including tires and tubes, at a price of \$814.30.

During the period from April, 1940, to date, we have continuously reduced the price on this machine.

As our costs dropped, making reductions possible, the reductions were always made effective the date the savings became evident, and all contracts in existence at that time, were amended to a lower price. As a matter of fact, almost all our contracts on this machine have been billed in whole or in part at a lower price than the original contract price.

Mr. Roudanez, I believe, testified that the Army had objected to his machine because of the service parts situation and further stated that he did not believe this was important, because Clark's delivery on service parts was deplorable, and Clark assembled their machines with any parts they could happen to buy; specifically, they used several different kinds of motors; in fact any motor they could pick up.

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Mr. Roudanez made quite a point that his machine was completely manufactured by his Company, from the actual raw steel up; and, as to service parts, parts for his machine were already all over the Country and world.

As a matter of fact, I believe that if he were asked, Mr. Roudanez would agree that Harry Ferguson, Inc., does no manufacturing whatsoever, but rather, is an Engineering and Sales organization, and probably holds certain basic patents. Please do not misunderstand me, I mention this fact not at all in a disparaging way, and wish to add at this time that the Harry Ferguson Company is very highly regarded, and has a top-rate reputation in the automotive industry.

I believe if the matter were developed, it would appear that the Ford Motor Company makes a farm tractor from the designs, and with the Engineering collaboration of Harry Ferguson, Inc., and this machine has a wide distribution.

I believe it will further develop that when Harry Ferguson, Inc., decided to enter the industrial-tractor field, they made an arrangement with Truck-Tractor Company, of Columbus, Ohio to take the Ford farm tractor and rebuild it into an industrial tractor to be marketed under the name "Ford-Ferguson Moto-Tug".

I believe it will further develop that none of the major parts of the Ford-Ferguson farm tractor are used on the Ford jeep, or other major military Ford vehicles, so I would hardly expect to find service parts for the "Moto-Tug" in Army service

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stations.

As to the Clark "Mill-44", the Clark Equipment Company manufactures the front axle, the rear axle, the wheels, the brakes, and the transmission, and buys the motor, steering gear and electrical parts.

To the best of my knowledge, the parts bought, have always been purchased from the same parts maker, without change, except that the motor which is bought from Chrysler, was originally the motor for the Plymouth car, and when United States stopped the manufacturing of cars, it was changed to the motor being used in the United States Army--Chrysler 3/4-ton truck.

As to Mr. Roudanez's statement that Clark's delivery of service parts was deplorable, I fear that Mr. Roudanez has been badly misinformed.

As previously mentioned, Clark's first sale of any consequence of the "Mill-44", to the Army, was the sale in the Spring of 1940 to the Air Corps at Wright Field.

Since that sale, there have been numerous other sales to the Air Corps up until late 1942, when Quartermaster took over all buying for the various Army agencies.

Every order for machines, which Air Corps placed with Clark Equipment, also included specification of service parts, and these service parts were to be shipped, and were shipped, concurrently with the shipment of tractors.

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As a matter of fact, in the early summer of 1943, the local Air Corps inspector in our plant, informed me that he had been told by Wright Field, that the Air Corps had too many service parts for the "Mill-44", and wanted to return some of them to Clark.

I told the local inspector that Quartermaster now had similar parts on order, and suggested that he have Air Corps turn over their spare parts to Quartermaster, and Quartermaster could cancel orders on us to put them back in balance.

This transfer of parts has partially taken place, and I believe is still in the process of taking place.

To the best of my knowledge, the only complaint we have had, did not involve this machine, but involved machines where service parts were not ordered concurrently, and had to be put through after machine contracts were completed.

There is a rather peculiar circumstance in connection with this complaint, which I would like to mention at this time.

It has been increasingly evident to me for some time, that the combination of increasing war demands, and increasing manpower shortage, were placing our delivery schedules in jeopardy, and that the Army, to protect themselves, should take contracts away from us, and place them with other contractors, and I have been trying to persuade Mr. Graeme Darling, Chief of the Industrial Truck Section, General Industrial Equipment Division of War Pro-

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duction Board; and Lieutenant-Colonel Herbert R. Watson, of the Washington Quartermaster Depot, to reduce, or stop buying, the Clark "Mill-44", and in its place buy the Ford-Ferguson Tractor (at that time I did not know the price of the Ford-Ferguson tractor).

I finally wrote Mr. Darling on September 4, saying in part:

"I believe our "Mill-44" schedule, effective January 1, should be reduced at least 500 or 600 machines a month, and if you prefer, I would be perfectly willing to have it eliminated entirely".

On the same date, I wrote to Colonel Herbert R. Watson that we were approaching a possible 20 to 25% shortage in man hours to meet our transmission schedules, and I thought that he should protect his Fork Truck schedule, which machines could not be bought quickly at any other source, by eliminating from us the "Mill-44" towing machine, which could be bought from other manufacturers.

I would appreciate it if this Committee would verify these statements by questioning Mr. Graeme Darling, and by questioning Lieutenant-Colonel Herbert R. Watson.

I make this point, as it is rather difficult for me to understand how anyone with any possible connection with, or interest in, Clark Equipment Company, would be favoring Clark Equipment at the expense of Ford-Ferguson, and at the same time the President of Clark Equipment Company be trying to persuade Mr. Graeme Darling, who is the man who controls industrial tractors, to reduce or eliminate the purchase of the "Mill-44" of Clark Equipment, and in its place have orders placed with the Ford-Ferguson Company.

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There was considerable conversation at the hearing, last Tuesday, on Limitation Order L-112, and why the Clark machine, code name "Mill-44", was mentioned as an approved machine in Amendment L-112A, dated August 14, 1942; and, the Harry Ferguson, Inc. "Moto-Tug" was not mentioned. I call your attention to Amendment dated July 10, 1943, where, in the list of approved machines, Harry Ferguson, Inc., on the "Moto-Tug 25" and "Moto-Tug 40" were included.

I would assume that some time prior to July 10, 1943, and subsequent to August 14, 1942, the Harry Ferguson, Inc., registered their machines with the War Production Board, requested approval on Limitation Order L-112 as amended, and received that approval.

Mr. Roudanez testified, I believe, that it was about a year ago that Harry Ferguson, Inc., decided to revamp their farm tractor into an industrial tractor. It is therefore quite understandable why he was not listed under L-112 in August, 1942, but was listed in July, 1943.

If it meets with the approval of this Committee, I would like at this time to touch upon Clark Equipment and its contribution to the war effort.

Clark Equipment Company presently is employing some 6,800 employees in four plants, with floor space of 1,091,000

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square feet, and has schedules calling for seven to seven and a half million dollars worth of goods per month, of which some \$600,000 represents the machine we are discussing.

Clark Equipment Company has lands, building, and machinery, etc., which cost some 12½ million dollars, of which 3 million dollars worth of plant was put in at the request of the War Department, with the funds of Clark Equipment Company. Clark Equipment Company, during the Defense and War Programs, has, with one exception, never asked for any Defense Plant Corporation money, the one exception being something over \$100,000 for the second enlargement of our Drill and Reamer Plant, requested by WPB.

Clark Equipment Company has at present a trifle under ten million dollars of inventory, against approximately 2 1/4 million dollars pre-defense program.

Clark Equipment Company, in its four plants, manufactures the following items:

1. Electric steel castings
2. High-speed Drills and Reamers
3. Motor Truck Axles--rear and front, and brakes
4. Motor Truck Wheels
5. Motor Truck and Tractor Transmissions
6. Motor Truck Forged Axle Housings
7. Industrial Fork Trucks
8. Industrial Tractors
9. Gears and Forgings
10. Street-car Undercarriages; namely, the undercarriage on the silent street-car in Washington.

At the outset of the Defense Program, the Quartermaster Department, then the purchaser of most of the Army motor trucks, made

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their initial truck purchase as follows:

3/4 ton 4x4 truck, was purchased from Dodge
1 1/2 ton 4x4 truck, was purchased from Chevrolet
2 1/2 ton 6x6 truck, was purchased from General Motors Truck
4 ton 6x6 truck, was purchased from Diamond T Motor Car
4 ton 4x4 truck, was purchased by Federal Motor Truck Company

The 3/4 ton Dodge truck used our forged axle housings
The 1 1/2 ton Chevrolet truck used our forged axle housings
The 2 1/2 ton General Motors Truck used our transmission
The 4 ton Diamond T Truck used our transmission
the 4 ton Federal Truck used our transmission

Later, to be exact, on Sunday, December 7, 1941, Quartermaster bought a quantity of Studebaker 2 1/2 Ton 6x4 trucks which used our front axle. I was telephoned about 3:00 O'clock in the afternoon of December 7, 1941, by Quartermaster, and was told to supply Studebaker 1,000 axles a week, starting the 1st of February.

Although we had no material on hand for any quantity of these axles, we did start delivery on January 28, 1943, and met our schedule.

In November of 1940, Quartermaster sent for our then President, Mr. Eugene B. Clark, and myself, to come to Washington to discuss truck housings and transmissions.

We went to Washington the last week in November, 1940 and were told that we must build plants immediately for transmissions and housings. On January 16, 1941, our Board appropriated 2 1/2 million dollars, and we started construction of these plants.

At various later occasions, a half-million dollars further was also appropriated for war plants.

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Before our transmission plant was in operation, Quartermaster said they needed more $2\frac{1}{2}$ -ton transmissions immediately, and asked me what my comments would be to their tooling up Borg-Warner Corporation to make an exact copy of our transmission.

I told them that if they wanted more transmissions now, that was the proper thing to do, and we would give Borg-Warner all our drawings and our whole-hearted cooperation in getting into this job. This was done, and, incidentally, proved to be a very wise move.

In January of 1942, the Army became worried for fear there was not sufficient axle housing capacity, even though our new housing plant had just been completed, and on January 18, 1942, I wrote to Lieutenant-Colonel Douglas Dow, then in the Procuring and of Motor Truck Requirements for Quartermaster, calling his attention to the fact that if he wished more housings, one quick and inexpensive method of getting them, was to tool up American Metal Products of Detroit, or Midland Steel Company, of Cleveland, both of whom already had part of the equipment which could make the $3/4$ -ton Dodge job housing, but couldn't make larger housings; they could then take the $3/4$ ton Dodge job away from us, and give it to either of the preceding Companies, and leave our capacity open for larger housings.

We told them that our housing, of course, was covered by patents, but we would gladly license either or both of these Companies under our patent, on a royalty-free basis.

This was done in the case of American Metal Products,

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and again proved helpful.

In July, of 1943, Mr. Darling of WPB said that the requirements for Fork Trucks in 1943, called for 600 more trucks a month than the industry were producing, and asked if we could produce more trucks, and we had to tell him that we could not increase over our present schedule, and with the manpower situation, we were fearful that we could not be able to keep that schedule up.

Mr. Darling asked what our comments would be to WPB tooling up some other Company, probably a machine tool manufacturer, where labor was plentiful, in making an exact copy of our machine, the exact copy being necessary so as not to disturb the service set-up.

We said exactly what we had said to Lieutenant-Colonel Dow: namely, "by all means, tool someone up". "We will give them a royalty-free license, our drawings, and all the help we can".

WPB did locate a Company, Cleveland Automatic Machine Company of Cleveland, Ohio, and War Department and Navy ordered, I believe, 3,000 3-ton Fork machines for about 10 million dollars, from this company. We licensed them, gave them copies of our prints, and they are now in the process of tooling up.

The same situation developed again a month ago, with regard to our 4-ton transmission, and Kearney & Trecker, of Milwaukee, Wisconsin, are now tooling up on our 4-ton transmission for the War Department.

Last summer, at the request of Brigadier-General S.C. Godfrey, Engineering Board, Fort Belvoir, Va., we worked up, and made

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14 sample airborne, crawler-type bulldozers, completing these machines in six weeks, as the engineers were desperately in need of them.

We did not know until later, that they were needed to move in with the initial invasion of Africa. I hand you General Godfrey's letter of October 12, 1942, commenting on the building of these machines.

In August of 1942, Brigadier-General R. G. Moses, Assistant Chief of Staff, G-4, was very anxious for a certain special reconnaissance vehicle, which was referred to as the "Snowbuggy". This vehicle had a very complicated axle and transmission, which we worked out and supplied to Studebaker Corp., the prime contractor.

I hand you General Moses letter of August 7, 1942, commenting on this job.

Incidentally, the job that Colonel Herbert R. White, Executive Officer to Major General Levin H. Campbell, wanted so badly recently when Quartermaster waived to him, and removed something over 700 "Mill-44" from our schedule, was more of these same "Snowbuggies".

I had you herewith, copy of letter of Colonel R.Z. Crane, dated June 13, 1942, when he was transferred from the head of the Detroit Ordnance District, and no longer was responsible for the motor truck and motor-truck parts schedules.

I hand you, herewith, copy of letter of July 21, 1943, of Brigadier General A. B. Quinton, Jr., District Chief of Detroit Ordnance District, commenting to our Gear Plant, Frost Gear and

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Forge, Division of Clark Equipment Company, on our handling of an order for "Snowbuggy" gears.

I could continue with letters of this kind from various branches of the Services almost indefinitely, but will not take up more of your time on this subject, and will merely state that we are proud to have been able to serve the Government well, and we believe our record is second to none.

In recapitulation, I have point out that we had recognized some time ago that increased schedules and decreased manpower were jeopardizing our Government schedules, and we had been taking steps for some time to try to persuade Industrial Tractor Section, War Production Board at Quartermaster, to reduce or eliminate our "Mill-44" schedule, and replace these machines with Ford-Ferguson's.

I have pointed out that in four different cases, two involving transmissions, one involving motor truck housings, and one involving Fork trucks, we have gladly and willingly helped to set up other Companies in making duplicates of our products, and have disregarded entirely the fact that these other companies might be troublesome competitors of ours when the post-war reconstruction period arrives.

In the light of the facts, I cannot see why there is any question of any contracts being placed with us for any reason

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other than that we have proved that we are a good, reliable, low-priced contractor.
