

HOUSE OF REPRESENTATIVES
COMMITTEE ON MILITARY AFFAIRS

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RECONNAISSANCE, OR "JEEP", MOTOR CARS.

American Bantam Car Company, according to reports, had been originators of the idea of producing these cars for the War Department and about two years ago, at the expense of the company, had a representative in Europe survey all cars of this character which were being used by the various armies. Thereafter that company developed a car on similar lines with such improvements in construction as their experiments and observations indicated would increase the value of that type of car and then brought it to the attention of the War Department, endeavoring to have it introduce these cars; but it was not until they reached the Secretary of War himself that they succeeded in getting action.

An order/^{was}thereafter given Bantam for 70 which were fully tested in accordance with the Secretary's instructions and subsequently, after the completion of the tests, a second one for 1500 cars, referred to further herein, and a third for 1000 cars which have not yet been delivered. These could have been delivered on schedule but they were requested to slow down on the production and the reason for this was given by the War Department as being their desire to hold up delivery until after army maneuvers in order to further determine their value and number they would need.

Reconstruction Finance Corporation has two loans on its books at the present time to the Willys-Overland Motors Corporation as set forth below:

<u>Date</u>	<u>Security</u>	<u>Amount</u>	<u>Balance</u>
Sept. 1939	Plant	\$2,450,000	\$2,088,659
Febr. 1941	1500 cars	1,290,000	1,035,916

Loans made to the American Bantam Car Company are as follows:

<u>Date</u>	<u>Security</u>	<u>Amount</u>	<u>Balance</u>
Dec. 16, 1938	Plant	\$ 275,000	\$ 256,960
Oct. 16, 1939	Plant	100,000	7,352
Sept. 9, 1940	70 cars	125,000	Paid
Dec. 6, 1940 (Same)	70 cars (Additional)	10,000	Paid
Dec. 21, 1940	1500 cars	1,300,000	Paid
Current	1000 cars	1,094,870	Paid

Only \$180,000 has been disbursed on the current loan.

Willys-Overland terms these cars "quad" cars.

War Department terms them "reconnaissance" or "command" cars.

Colonel Hester commends them highly according to a report.

Orders were placed about December, 1940, for 4500 of these and distributed in three lots of 1500 asaan "Educational Order" for the purpose of determining the practical value, manufacturing problems and other questions; 1500 to Ford Motor Company of Detroit, Michigan, 1500 to American Bantam Car Company, Butler, Pennsylvania, and 1500 to Willys-Overland Motors Corporation of Toledo, Ohio.

It was said, although unofficially and based upon statements on the part of various persons unofficially, that all cars which were built by the American Bantam Car Company had proven highly efficient and satisfactory; that those by the Ford Motor Company were not so satisfactory, their motors being sluggish among other things, and that some overweight had been found in the

instance of Willys-Overland which necessitated certain changes for the purpose of reducing it by shortening bolts and the like.

Their weight only 2100 pounds, have a device which is fundamentally new in the automobile industry, enabling the rear wheels, in the event of necessity to be turned to correspond with the front ones and the car to run side-wise, and also to transfer the power to the front wheels in order to pull the car out of a mud hole or sand. They can go about 65 miles an hour. They are greatly in demand.

Following recent invitations to submit bids on sixteen thousand of similar character in design, by the War Department, there were received, as the result of this, bids from the same firms, Willys-Overland underbidding Ford by \$6 and Bantam by \$40, but for the reason that it was felt by the War Department that Ford could be relied upon with greater assurance to deliver the cars on time; that Government financing would not be needed; that as all three companies got their axles from Spicer in Toledo, but Ford was in a better position to receive priority because of quantities regularly purchased, and also Ford attached their own brakes; that parts for these cars were interchangeable with Ford trucks and that the price was only \$6 additional, a contract was tentatively negotiated with Ford, and a memorandum was sent on July 31, 1941, by General Gregory, Quartermaster General, to the Under Secretary of War requesting approval of this contract for 16,000 cars at \$782.59 each, amounting to \$12,521,440 for cars and \$1,657,107.26 for parts, total \$14,178,547.26; but although also approved by him, O.P.M., by which all purchases must be approved, disapproved this request, indicating that Willys-Overland should receive it and on August 1, 1941, this was placed.

Considerations also entering into this were that Ford would be able to proceed with little tooling up; that in the instance of Willys-Overland a considerable amount is needed with the result that delay would ensue; that Bantam is entirely an assembly plant; that Ford does not require Government financing but Willys-Overland, which had been in receivership for five years, requires complete financing, undoubtedly through the assistance of the Reconstruction Finance Corporation; and that this probably obtains as to Bantam.

It is seriously questioned whether Willys-Overland is in a position to comply with the terms of the contract to produce 16,000 of these cars as required by the contract, by May, 1942, beginning deliveries in October, 1941, as that would require 400 cars a day.

Contending that it would furnish labor in Toledo where needed greatly at the present time, if Willys-Overland received this contract pursuant to the bid by that Company, two men by the names of Burke and Gosser, C.I.O. United Automobile Workers of America Union, sent by Willys-Overland, accompanied by one named Hall from O.P.M., called July 14, 1941, at the office of the Special Assistant to the Secretary of War and saw Mr. Amberg, but apparently without affecting the conclusion of the War Department as to the advisability of awarding this contract to Ford.

At a hearing before the Truman Senate Special Committee, testimony relative to the subject in question was offered, principally bearing upon the failure to award this contract to Bantam, and it was intimated by Senator Meade that Mr. Biggers of O.P.M. decided in favor of Willys-Overland because he is from Toledo where he is President of Libby-Owens-Ford Glass Company; and it was also intimated at the hearing that the War Department favors the large

manufacturers in Detroit to the prejudice and detriment of smaller business. Existence of such attitude is denied and War Department officials emphatically advance the view that as this is definitely an emergency, all the advantages that can be obtained should be, especially with so little cost, and it was stated that Under Secretary Patterson would be glad to have the facts brought out, not necessarily placing the blame on anyone but to let them speak for themselves; and it is particularly felt at the War Department that an opportunity should be given to clear Mr. Biggers as he is above anything of that kind. Feeling is prevalent that Mr. Millman and not Mr. Biggers probably is the one responsible for the action.

Bantam contends that as this type of reconnaissance car is very definitely the result of its own effort, recognitions of this on the part of the Government should be shown by awarding part if not all of this order.

It is also contended that specifications for this car have been drawn in such a way as to entirely eliminate everyone from the bidding but Ford, but the War Department emphatically denied that this occurred.

A Truman Committee investigator, Morris Lasker by name, called August 8th at the offices of the Reconstruction Finance Corporation to inquire relative to the subject in question.

A telephone call during my conversation with Reconstruction Finance officials, fortunately at the conclusion, requested both of the officials participating to come to the office of Mr. Jesse Jones, one of them being Mr. W. E. Stroud, Assistant Chief of the Examining Division, and the other, Mr. W. N. McCutcheon, Examiner, and Mr. Stroud stated that it related to the subject in question.

H. Ralph Burton
Investigator