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INTERVIEW WITH
MR. JOHN OHLY
SPECIAL ASSISTANT TO THE SECRETARY OF DEFENSE
1947-1949

By

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INTERVIEW WITH MR. JOHN OHLY - JULY 17, 1974

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GOLDBERG: This is an interview with Mr. John Ohly, former Special Assistant to the Secretary of Defense.

YOSHPE: One of the problems that Mr. Forrestal had in carrying out his job as Secretary of Defense was getting top notch people to fill key civilian slots. Was there any particular reason for this? Was it just the fact that it was a peacetime situation; people reluctant to come into the service, unlike, for example, in World War II?'

OHLY: I think the problem should be considered in terms of two separate successive time periods. During the first period one factor was principally responsible for the difficulty; during the second period two or three factors were operating. During the first period, which covered roughly the first 9 to 12 months that Forrestal was in office, the principal difficulty was the continuing exodus from Washington of people who had been associated with the war effort and the unwillingness of those who had already returned from war service to private life to return for further government service. People were anxious to reestablish themselves in their businesses and professions before they'd been away too long to reestablish themselves in them effectively, and they did not want to lose out to their contemporaries on the highly competitive promotion ladder by staying in or returning to Washington. Those who had not begun their careers before the war were anxious to get started in them. I was very close to this problem since I did a great deal of the recruiting work for Mr. Forrestal--setting up meetings with prospective recruits and maintaining lists of potential candidates for key positions. For a

particular job, he would sometimes telephone a score of people in an effort to persuade them to come down to Washington to talk to him about the possibility of taking the job. Perhaps one or two of those to whom he talked would come down to talk to him in person, but in most instances those who did so could not be persuaded to join his staff.

In the second period, which started in August or September of 1948, there was the added factor of the coming election, an election which it seemed likely would produce a change in administration. Forrestal was himself fully convinced that there would be a change in administration. I sat in on many conversations between him and others in the Truman administration in which all of the participants simply assumed that this would be the case, much as they regretted the prospect of such a change. In that second period also, and this became more and more important as a factor as we got into November, December, and January, there was the growing uncertainty as to whether Forrestal would be staying on as Secretary of Defense even though Truman had won the election. I can remember writing a memorandum during these months to Forrestal in which I listed all of the jobs that needed to be filled and said that, difficult as it was to fill such jobs under ordinary circumstances, this difficulty was compounded by uncertainty as to what his plans were and as to whether he was going to continue on as Secretary of Defense. So this uncertainty was an additional complicating factor during the last months of his tenure in office.

The problems of getting people mounted as the second period went on, and I can give examples. The successful replacement of Vannevar Bush presented real difficulties and was probably made possible only

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because Bush himself went out and recruited Karl Compton, his successor at MIT, for the position he was vacating as Chairman of the Research and Development Board. Bush again was responsible for persuading Don Carpenter of Dupont to become Chairman of the Military Liaison Committee, and it was only by shifting Carpenter to the Chairmanship of the Munitions Board several months later that Forrestal was able to fill the vacancy created by the resignation of its first chairman, Thomas Hargrave.

Carpenter was eminently qualified for the latter position, but he would not have been transferred to it if other people had been available; dozens of other people had turned down the post. There were similar problems in getting someone to head the Personnel Policy Board and in filling many other positions of lesser importance. Recruitment for some of these positions was affected by the uncertainties that I have mentioned; in other cases it was simply the problem of getting anyone who was really good to leave private life and take a particular government position.

I recall the difficulties that we encountered in getting someone to head up a committee that we hoped to establish on Human Behavior under Combat Conditions; we wanted to get one of the best psychiatrists or psychologists in the country to head it. Similar difficulties were encountered in getting a top level civilian for the Weapons Systems Evaluation Group, someone to head the committee to plan against the possibility of unconventional forms of attack, and someone to chair a group to study the problem of biological warfare. There were a whole series of other jobs to be filled as well, including persons to chair or to serve as members of the various advisory committees that Forrestal wanted to establish, such as the Committee on Medical Services.

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GOLDBERG: Can you remember any of the people who turned him down?

OHLY: Well, I can't offhand, but I can give you a pretty good idea of who some of them were by checking through a "Peoples Book" which I kept for Forrestal of potential people for various positions. We had sort of an interchange back and forth almost every day on people for particular jobs.

GOLDBERG: Did the White House have anything to do with filling these jobs?

OHLY: Not as far as I can recall. Occasionally a memo or a phone call would come in suggesting a particular person, and these suggestions for the most part were not particularly political. Forrestal was out asking everybody to suggest who could do these things. He was almost desperate to get people. I talked to many of these people on the phone, so I know what kind of a problem he had.

GOLDBERG: You didn't have to clear their appointment with the White House?

OHLY: I don't know. Forrestal would probably have had to do so for the chairmanships of the Munitions Board and the Research and Development Board, because I believe these jobs required Senate confirmation. I forget what the law said at that time.

GOLDBERG: I meant cleared in the sense of getting political approval.

OHLY: I don't recall that having been a problem; if it was a problem it was something that Marx Leva would probably have handled. I had the feeling that Truman gave Forrestal a great deal of leeway.

YOSHPE: Some of the Air Force critics of that era felt that Forrestal had not done enough to get Air Force people into the administrative

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circle. Did he sort of look upon you as representative of both Army and Air Force, or was there an attempt on his part to bring an Air Force person into the close circle supporting the Secretary of Defense?

OHLY: I don't know of any effort that was made to bring someone else in to represent the Air Force. I think Forrestal looked on me as being a representative of both the Air Force and the Army simply because the two services had both been part of the War Department and I had been a Special Assistant to the Secretary of War. In this latter position I had come to know Symington, Brackley Shaw (General Counsel to the Air Force), Eugene Zuckert, General Norstad, and other key Air Force civilians and officers extremely well. For almost a year, I had breakfast every morning in the Secretary of War's mess with General Vandenberg, who became Chief of Staff of the Air Force. If an effort was made to bring in someone to represent the Air Force, I was not familiar with it, but possibly some such effort was made. Of course I didn't really represent the Air Force or the Army, although I was much more familiar with their problems and their people than with those of the Navy. There certainly was a great preponderance of people in Forrestal's office who had been drawn from the Navy. Apart from McNeil and Leva, he had a naval officer as his aide for part of the time and a public information officer who was a naval captain. I know that the Air Force felt that Forrestal was very much under the Navy's influence, but how much this was due to the fact that there was no person who could be specifically pointed to as an Air Force representative, I don't know. Air Force personnel certainly always had direct access to him.

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YOSHPE: There was no deliberate effort on his part to slight the Air Force?

OHLY: I don't believe that was the case. The Air Force was pretty nasty to him at times. Symington just rode him unmercifully. His public relations man was outrageous. On the other hand, I felt the Navy was even worse. The Navy people, both those in uniform and the civilians, were close friends of his--such people as Sullivan, Kenney, Hensel, Denfeld, and Radford. They exploited that relationship. I don't mean that they did so unfairly, but they certainly didn't give away the advantages they had as a result of this relationship, and they couldn't have been expected to.

GOLDBERG: In retrospect, do you think that Forrestal would have been better off had he deliberately brought in somebody associated with the Air Force in the same way that he had in effect representatives from the Navy and the Army? Perhaps he could have gotten Symington to nominate someone for a job. Do you think this would have made things a bit easier for him with the Air Force subsequently?

OHLY: I don't really think so, no. It was a very openly operated office and the Air Force had access; they had access to me and they knew it, and they had access to Forrestal.

GOLDBERG: But that's not the same thing as having your man in there. They obviously looked on McNeil and Leva as being Navy men, whether McNeil and Leva thought of themselves that way or not. I don't think they looked on you as an Air Force man. They looked on you as an Army representative. So from their standpoint, they contended, there was no Air Force representative in the Secretary's office. They believed that

they were cut out; therefore they were suspicious. They were suspicious of Forrestal to begin with, and the fact that he surrounded himself with those particular people and did not include any Air Force people kind of galled them.

OHLY: Well this could very well be. I didn't sense it at the time, though I did sense this suspicion. I'm not quite sure what difference it would have made to have had an Air Force man in there. In terms of the organization of the office at that time, one of the special assistances could have gone to an Air Force man; this would have been perfectly possible.

GOLDBERG: Of course, they could have had a fourth special assistant.

OHLY: But under the statute, there were three Special Assistants. Two of those posts had been filled before Forrestal came over. Whether he really thought about this problem, I don't know. I have a feeling Marx Leva said to him, "Look, you've got to get somebody else in here because the Air Force and the Army are going to be suspicious as hell." And at that point they decided they would get somebody else and not have Forrestal just bring over his staff.

GOLDBERG: That's what Leva told us.

OHLY: Oh, he did?

GOLDBERG: Your suspicion is correct.

OHLY: He may have told me that, I don't know.

YOSHPE: Mr. Ohly, Forrestal, as you well know, made extensive use of ad hoc committees. It appeared to be a good way to bring in top flight people for short periods to consider critical problems. Was it also a device to overcome the problem of having a small staff and therefore finding

supplementary ways to get the job done? What is your own judgment as to the effectiveness of the committee setup in terms of providing adequate staff facilities for the Secretary of Defense?

OHLY: When the Unification Act came into effect, you started with two basic conditions. One was the fact that you had no central structure at all. The theory of the Act was that there would be practically no central structure. The Secretary of Defense would not even have an Under Secretary or Assistant Secretaries. He would sort of preside and mediate; he would bring together and coordinate three continuing executive departments. This is what the Army, Navy, and Air Force were--executive departments. Thus, no structure was created or even anticipated by the statute for dealing with any problems that needed to be dealt with centrally. The limitation on the number of people in the Joint Staff and so many other similar limitations can be cited to demonstrate the determination to restrict the authority of the Secretary of Defense.

The second condition, which I think was equally important, was that all of the basic strategic decisions and other major defense decisions that needed to be made had been postponed during the immediate post-war period. The primary concern during that period was with problems of occupation and problems of demobilization. Consequently, a whole series of great decisions needed to be made about where the United States was going to go in the post-war world. The questions remaining to be considered went far beyond issues of military concern; they had to do with the whole framework of American foreign policy and with the role that military posture, etc., would play in that policy. Thus, you had a very large number of major unresolved issues.

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People were really living in a fairy land when they thought that you could deal with the problems of unification with the kind of structure provided by the 1947 law. This seemed obvious to me, even though Forrestal believed that it was going to be enough. And there were many issues that had to be dealt with that were not necessarily unification issues but just basic policy issues. Your only possible way of dealing with these issues was to set up committees, ad hoc or semi-permanent, to deal either with the major substantive issues that had to be tackled quickly or with the issues of unification that required attention.

GOLDBERG: Did Forrestal really look on himself then as the chairman of the board? Was this his view of his role as Secretary, initially?

OHLY: Yes, but even less than chairman of the board.

GOLDBERG: Less?

OHLY: Well, I don't know. This depends upon what you're talking about.

GOLDBERG: Of course, the role of chairman of the board has been changing this past generation.

OHLY: Well, maybe the analogy is good enough. If you don't mind my taking a few moments, I want to pull out a memo about his concept of management.

This is a memorandum which Forrestal addressed to me on July 22, 1948.

Let me just quote it because I think it's a good background to have anyway.

In connection with my conception of the function of this office
(for use before the Eberstadt Committee):

It was my idea at the outset that the Departments should retain autonomy, and with that, prestige, not merely in order to increase the position and prestige of the individual secretaries, but from a practical point of view to spread the burden of the work which would fall upon this office. A case in point is the handling of the Selective Service legislation which I delegated to the Army.

A somewhat less clear case is the handling of the advocacy of UMT before the Congress. Probably this necessarily devolves upon this office, but there is no question that it engaged a tremendous amount of time and diverted us from giving thought and study to other matters more particularly our responsibility.

In general, my policy is to let the Department having the dominant interest in any particular situation carry the ball, giving support to that Department where necessary. For example, I could, I suppose, gather to myself the direction of policy of our occupying forces in Germany and Japan, but in so doing I would leave myself that much less time to plan the permanent organization of OSD. The securing of proper personnel for Executive Director of the Security Council, for the CIA, for the Resources Board, for the Munitions Board--these are tasks which I cannot escape if the machinery, as set up under the Act, is to function.

This is a very interesting commentary, it brings out the extent to which he felt a personal responsibility for seeing that all the machinery outside of the Department of Defense that was in any way related to problems of national defense worked effectively. This was demonstrated in a variety of actions that he took. One of his principal concerns was with the operation of the Central Intelligence Agency. He took the initiative in getting a study of the agency undertaken. It was on his suggestion that the Dulles-Jackson-Correa Committee was established. One of the members of my staff, Robert Blum, served as executive director of the committee, and the facilities of the Department were used in making the study. Forrestal also met every day or so with Admiral Hillenkoetter to get the latest general intelligence.

Another example of Forrestal's concern with the other elements in the national defense structure was his interest in the National Security Council and in seeing that it functioned properly. He was in constant touch with Sidney Souers, as I was, day in and day out. And a great proportion of the early papers that went to the National Security Council

were papers that we submitted. Many substantive issues needed to be looked at and Forrestal felt these were not receiving proper attention at the highest level. I personally drafted the memos to the Security Council raising these issues.

Forrestal concerned himself with the National Security Resources Board in much the same way. However, I had less to do with relations with that Board than with the other two agencies I have just mentioned because Forrestal had great confidence in Hargrave, who was Chairman of the Munitions Board, and had him handle many of the relations of his office with that Board. But nonetheless, the chairman of the Resources Board was in and out of Forrestal's office every few days. Forrestal often invited Hillenkoetter, Souers, and NSRB Chairman Hill to War Council meetings.

Forrestal's concern with these other agencies and his close relations with their heads are indicative of the very considerable thought that he gave to the establishment and effective operation of a governmental super-structure capable of dealing with the whole complex of national security matters. However, he delegated many specific tasks to the departments, letting them act as executive agents in doing what needed to be done in such areas as Selective Service, occupation policy in Germany and Japan, and the Berlin airlift, subject, of course, to keeping himself informed on these matters. But the matters whose day-to-day handling he thus delegated did not for the most part go to either (a) the central questions that had to be answered in establishing a unified Defense agency or (b) the many crucial questions of future American strategy, the roles and missions of the several services, new weapons systems and how to evaluate them, etc.

GOLDBERG: This raises a related question: the relationship of Forrestal to the National Security Council. It rather interested me that here he speaks of getting an executive director for the National Security Council. This raises the question of what he conceived his role to be in connection with the Council.

YOSHPE: Well, I sort of got the impression, which I think you confirmed, that Forrestal had a strong sense of responsibility for what was going on in these other agencies that had been established under the National Security Act of 1947. After all, the National Security Council and the NSRB were really agencies outside the DOD, though the National Military Establishment was hooked into them. I couldn't help but wonder if perhaps Forrestal took a little too much responsibility for things that were somewhat beyond the scope of his statutory authority. I remember, in working on the history of the NSRB, there was some feeling that the DOD was exerting too much influence in the organization and work of this Presidential staff agency.

OHLY: In the case of the NSC, I believe that Forrestal's contribution to its effective operation was major; if, in making this contribution, he stepped on some people's toes, I think, viewing the matter in retrospect, and as I thought at the time, that this was just too bad and not of any importance. In the case of the NSRB, I think that he may have gotten involved in its activities more than he should have done, but then he was tremendously interested in the substantive matters with which the Board was concerned. Moreover, there was the problem of potential conflict between the Munitions Board and the NSRB; there was a real question as to where the responsibilities of the two Boards

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should begin and end, and he felt obliged to try to get these two agencies working in harmony and complementing one another. There was a great deal of jealousy between the staffs of the two agencies. The Munitions Board people reflected the sort of traditional military viewpoint that the military have got to be involved in anything that's associated with the military no matter how far it stretches out into the civilian community. And so I think that there was a problem there and that perhaps Forrestal didn't handle that well. It should be noted, however, that he was a close personal friend of Arthur Hill. He saw Hill socially; he'd known him beforehand. Under all of these circumstances, Forrestal was bound to get involved in NSRB matters and this involvement was going to seep down into matters affecting the NSRB staff and to cause resentment; it couldn't help but do so.

But I think that he played a very constructive role in relation to all of these other agencies, and particularly NSC and CIA. CIA was really in bad shape. Moreover, he had to get rid of Hillenkoetter, who was just not up to that particular job; and that would have been difficult to do without a reorganization which, in any event, was very badly needed.

GOLDBERG: Wasn't the White House one of the really important elements here, and the effect of the pressures there with reference to the NSC for instance and its relation to the President? Did the President get the same kind of feeling that some of the other people did, that Forrestal was always pressuring him to do things and he wasn't necessarily always prepared to do them, or willing to do them?

OHLY: I have a sense that there was some of this reaction. On the other hand, it should be noted that Souers, who handled both the NSC and

the backstopping to a certain extent of the Central Intelligence review, was a very good bridge. While Forrestal kept pursuing his viewpoint on the President, Souers to some extent moderated the reaction that the President might have had toward these pressures. This is something I sensed because I never knew Truman and I was not in the White House complex except during the earlier period when I was Executive Secretary of the President's Committee on Military Training.

YOSHPE: Truman is going down in history as being a pretty good decision-maker. He stood up to the Russians, and at the same time tried to keep things in check and avoid the risk of war. One gets the feeling that perhaps Forrestal overreacted to some of these recurring crises in Greece, Turkey, Trieste, the Middle East, and Berlin. When you read his diary you get the feeling that he's constantly concerned with the danger of war tomorrow. And here are President Truman and Secretary of State Marshall seemingly sedate about things. They are not as concerned. Marshall seems to be trying to keep calm and see if he can avoid a confrontation. What is your reaction with the benefit of hindsight?

OHLY: I think I might agree that he probably had a sense of somewhat greater urgency--of the more immediate impendency of crises--than was justified. However, in retrospect looking back over 25 years, I don't have the feeling that he was too much off base in terms of his perception of the key security issues that the United States faced and of how these issues might affect United States security over the long run. There were in fact many real crises while he was in office. We had the Berlin airlift. China was falling apart; hardly a day went by in which there wasn't a paper going to or from the Joint Chiefs of Staff

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concerning what should be done in the event that this or that port fell to the Communist forces that were sweeping southwards or with respect to what weapons should be transferred to the Chinese Nationalist army. There were major issues involving the occupation of Japan and Germany; there were crises in the Middle East; Greece was in turmoil; Turkey appeared to be seriously threatened; the political situation in both Italy and France was deteriorating. Forrestal thought that the situation in the Middle East was fraught with danger. He saw this situation both in terms of its possible future impact on oil supplies that he considered vital to U.S. security (and in this respect he was very perceptive) and in terms of possible developments that might require the deployment of 100,000 American troops to the area.

There was a continual emergence of situations that might have blown up in such a way as to have involved the United States suddenly in a new war. Forrestal had to think in terms of the readiness of our military forces for such an eventuality and of the decisions that would have to be made in the event that any of these crises came to a head. He wanted to force people to make decisions with the possibility of various impending crises in mind and to make them think in advance about what they would do if these crises in fact came to pass.

As I said at the outset, he may have overreacted and he may have exaggerated the possibility of things "busting wide open" quickly. But basically, particularly in the light of our understanding of what was going on around the world, I think he was justified in pressing and in pressing very hard for the consideration of those issues that he kept raising and pressing. And you must remember that our intelligence

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at the time wasn't very good. We hadn't really assessed what had happened in the world as a result of World War II. A great revolution had taken place in the world, and some of its ramifications were incomprehensible to us then and probably are still not fully appreciated today.

YOSHPE: Can we go back to the committees, and finish that part of it?

Do you remember how effective the committee structure was?

ONLY: First, as I indicated earlier, Forrestal had no alternative but to resort to committees to deal with the issues that he turned over to committees; the structure provided by the National Security Act provided him with no other instrumentalities for dealing with these issues. For the most part, it wasn't practical to deal with these issues by getting some outsider in to study and to decide them, at least not in the case of issues that had to do with unification. The solutions of such issues had to be based upon a good advance understanding of the general problems involved and they had to take into account, and to reflect, the viewpoints and the needs of the different services. Therefore you had to have an instrumentality that brought representatives of the different services together even though you might also bring in, and we usually did, an outside arbiter or chairman who could preside over it.

In dealing with problems of unification, we used a variety of techniques depending on the character of the problem. There were certain issues that we believed could be resolved through the Joint Chiefs of Staff (which of course is a committee) and we attempted to use them for that purpose, sometimes successfully. However, there were many problems that we attempted to handle in this way that the Joint Chiefs

simply did not resolve, and so ad hoc groups of other kinds had to be set up to deal with them. A number of these special groups were very successful. For the most part they were established to deal with problems of unification that couldn't be postponed or with other sorts of substantive issues that required prompt attention.

One area that was handled through one of these ad hoc committees was that which involved the development of a uniform system of military justice. It did produce a uniform military code, with only a few disagreements that had to be resolved by command decision at the level of Mr. Forrestal. The product was a good one. Another very successful group was the Armed Services Medical Advisory Committee. Its work resulted in many improvements in and the consolidation of many medical services. Some very able people from civilian life helped in this effort.

The question of military pay was very thorny. Clearly there was a need for pay adjustments for the armed forces in the light of what was happening to pay scales in the civilian economy. Then there were various inequities in the pay scales among and within the three forces, and there were special problems of pay for persons engaged in allegedly hazardous types of service, such as submarine duty or active air service. These problems had to be tackled. The Pay Board did a good job in dealing with these problems and was able to come up with workable solutions.

It also soon became obvious that in setting up a structure for the National Military Establishment, one major area had been completely overlooked; this was the whole area of personnel. It was therefore necessary to set up a Personnel Policy Board or to find some other similar instrumentality to fill this void. The need for doing so had been highlighted

by the necessity to set up special committees to deal with various facets of the personnel problem, such as the committees on military pay, military justice, and social welfare in the armed forces. Moreover, we had to have some sort of an instrumentality to deal with those personnel problems that had to be dealt with at the level of the Secretary of Defense on a day-to-day basis; I just couldn't handle these things alone from my own desk on an ad hoc basis.

The problem of the reserve forces also urgently needed to be looked at, and for this reason we set up the Gray Board. In terms of substance, its findings were pretty good, although, from a political standpoint, they were dynamite and caused many problems. Still, I think it was a worthwhile undertaking.

Similarly, it was essential for someone to look at the whole problem of civil defense for the future. No one but Forrestal seemed willing to take the ball on this subject. So we set up a committee to study the problem of civil defense. Its report made a great deal of sense from a technical standpoint, but it was unrealistic in terms of what American society was prepared to accept at that time. Its recommendations also raised difficult issues on the question of where the function of planning for and providing for civil defense should be located in the structure of government.

A number of other ad hoc committees were constituted to study special problems, such as biological warfare. These problems were not necessarily inter-service problems, but they were ones that had to be looked at by real experts from outside the military establishment. And the ad hoc committee approach enabled us to marshal the best possible people for these tasks.

GOLDBERG: May I ask a question here? How big a staff did you have?

OHLY: Well, I started out by myself; I was alone. I think I probably had about eight people when I left.

GOLDBERG: These are staff assistants, professional people?

OHLY: Yes, professional people. I had Robert Blum working in the politico-military area, one that came to take a great deal of time. I think that he had three people working with him--Phil Barringer, Jeeb Halaby, and Townsend Hoopes. The latter also worked to some extent on problems of internal security, and I had one officer, Colonel Black, who also worked on these internal security problems, and particularly on problems of defense against unconventional attack. I also had several people who served as executive secretaries of some of the ad hoc committees that I have mentioned earlier and some of these individuals assembled small temporary staffs, composed mostly of people loaned from the several services.

GOLDBERG: How did the staffs of Leva and McNeil compare with yours?

OHLY: McNeil had a substantially larger staff. He brought over quite a number of people from the Navy, but he had large and complicated problems of budget analysis to handle, and quite a number of his people worked on administrative problems, such as those of space; I don't remember what all of them did. Marx Leva brought only his secretary from the Navy. He was alone, as I was, when we started out. Subsequently, before I left Defense, he built up a staff of perhaps eight or ten professional people, as I remember. He and they were concerned with legislative problems even more than with legal problems. All of his people were very good and some of them were superb. There was John Noble, who later became head of Aramco, and Felix Larkin, who is, I think, Chairman of

the Board, or at least the top executive officer, of the Grace Company. There was also Len Niederlehner, who later became General Counsel of the Munitions Board and still later of the Department of Defense.

GOLDBERG: It compares rather favorably with the present numbers in OSD.

OHLY: Well, it was an impossible situation. It wasn't more than a few weeks, I think, before Forrestal began to realize that this whole thing was impossible, though he gave way rather reluctantly. He obviously needed an Under Secretary. The special assistants were seriously handicapped. We operated as though we were under secretaries, but there was just so much we could get away with. And yet someone had to take the initiative and do things. As one man, Forrestal just simply couldn't do it. He was operating on the outside as well as the inside.

YOSHPE: You mentioned before the tremendous sense of crisis throughout the period, and yet it seemed that we had peace-type budgets--trying to live within a ceiling of 15 billion dollars or less during those years. This posed terrible problems for Forrestal, with each of the departments trying to grab as much of that as they could. Forrestal, in his speeches, was constantly telling the people that a budget beyond this would wreck the economy. Yet we have since learned that we could go much higher than 15 billion and still not wreck the economy. Was he just trying to be a good soldier and carry out the wishes of the President, or did he really think that a budget of some 15 billion was about right for the type of security he was looking for?

OHLY: I don't know the answer to that, but I believe he felt that a budget of that magnitude, perhaps a little more, would be adequate for what needed to be done, assuming that you could resolve the inter-service issues such as the carrier-Air Force issue.

GOLDBERG: That's quite an assumption isn't it?

OHLY: Well, yes. Of course, 15 billion dollars went a long way at that time. Consider what the pay levels were in the armed forces then and what a dollar would buy. While he had a very strong sense of the importance of defense, Forrestal also was a businessman and a person who thought very broadly about other matters; he was worried about the size of the federal budget and the increased taxation that might be involved. The Joint Chiefs of Staff came in with some fantastic figures, and Forrestal just didn't even consider these as being at all reasonable. I forget what they were now.

YOSHPE: Close to \$30 billion.

OHLY: Well, something like that. I know that he didn't think that those figures were realistic. Practically no decisions had been made at that time as to the kind of war we might fight or where we might have to fight it. All these things remained to be thought about. My answer to your question would be that Forrestal thought that you could have a pretty effective defense establishment with a budget of between about \$15 billion to \$20 billion, and that the figure of \$15 billion did not distress him too much.

YOSHPE: Of course, he did go back to the President and try to get him to up the ante a bit.

OHLY: Yes, he did; but this in part resulted from the fact that he was unable to resolve within the department some of the issues that, if resolved, would have permitted the choice and financing of one of two or more alternative courses of action or weapons systems rather than all of those alternative courses or weapons systems simultaneously, at least

until the means for resolving such issues could be found. He had no place to go for advice; this was the thing that kept bugging him from the start. At the early meetings of the War Council he continually posed the question of how do we decide the big issues, and particularly those that involved matters requiring military judgments by professional military men. He didn't know the answers himself, and he wanted some person or some body from which he could get authoritative advice and help. He kept groping for that the whole time. To some extent he was a person who had difficulty making decisions, but he also simply didn't have the technical facilities to which he could look to help him make reasonable judgments on these big issues.

GOLDBERG: He didn't have particularly strong Secretaries in the departments, did he?

OHLY: No, Sullivan was very weak. Symington was able but very ambitious and very much bent on working to build up the Air Force and defend it, and he had his own problems with his own military people.

GOLDBERG: He took a parochial view.

OHLY: Yes, a parochial view. Royall was fairly strong and very able. And Gordon Gray was able but not as strong; he didn't come in until toward the end of the Forrestal period, I believe. No, the departmental Secretaries were not Lovetts, McCloys, Pattersons, or Forrestals. They were just not in that class.

GOLDBERG: So, he turned to outsiders, I guess, for advice and consultation, people like Eberstadt, who was very close to him and whom he must have consulted a great deal.

OHLY: Well, there were people inside too. He did confer with Royall who came to have a position more and more close to Forrestal. Al Gruenther, of course, was another person in a special category. Forrestal talked with Gruenther a great deal and Gruenther was tremendously helpful, not only because he was a fine independent thinker, but also because he understood the issues, the Joint Chiefs of Staff, and the political factors that were operating within the Chiefs and among the services. Forrestal could count on Gruenther for very good advice.

Vannevar Bush was also a source of very sound advice all the way. He certainly was a man of great perception and fine judgment. And Eisenhower was helpful in the latter part of 1948 when he was brought in to advise on the budget and strategic issues facing the Secretary of Defense. Forrestal thought well of Bradley. Denfeld was very weak. Spaatz was only around for a short time. Vandenberg, Spaatz's successor, was very able, but he wasn't particularly helpful on these issues.

GOLDBERG: Unfortunately, Spaatz was hooked on the controversy with the Navy. He was, I believe, normally a sound man on most issues but he expressed himself more strongly on the Navy than anything else in his whole career.

YOSHPE: Among the papers you left for the Historian's use is a good statement by you at an Orientation Conference which Forrestal held for business and other groups. In this paper you pointed up the difficulties that Forrestal had because he inherited such organizations as the JCS, the Research and Development Board, and the Munitions Board. Even though they had new names, they were carryovers of the pre-unification structures, with their quest for unanimity before decisions were made. And apparently

it was extremely difficult to get these agencies to change their approach and realize that they were staff agencies of the Secretary of Defense with the job of providing him with broad defense-wide judgments rather than those reflecting service biases. Do you feel that Forrestal's life would have been easier and happier had he been able to develop his own staff organization and pick his own people? Further, you mentioned that the international situation made it difficult to plan any major reorganization. Can you elaborate on these points?

OHLY: I'll begin by saying a few words about these orientation conferences. Forrestal was very anxious to keep people in industry and labor and other areas familiar with what was going on and to try to get their support for the Defense establishment and defense programs. And so we had a whole series of conferences of which the one you refer to is an example. Marx Leva and I would alternate as speakers at these conferences.

Well, responding to the first part of your question, I think that Forrestal would have been better off if he had been able to appoint his own staff rather than having to accept things that he inherited. But you have to start with the fact that these were a variety of institutions already in existence. Even if Forrestal had had the statutory authority to dismantle anything, the forces he was dealing with and that were represented in these institutions were such that it might not have been as easy as it may now seem in retrospect to have swept the board clean and put new people in. At the time I probably thought it would have been great if he could have just had a clean slate. In retrospect, while I feel he should have had a greater opportunity to start with a

clean slate, you had to deal with the fact that you had service rivalries. You would have had to set up organizations that had representatives from the services such as the three representatives on the Munitions Board, both the civilian Under Secretaries or Assistant Secretaries and the military representatives. You would have had to do the same in the research and development field. And it would have taken time in any event to get new staff people in.

Bush, I think, was more successful than anybody else in this respect, because he knew the scientific community cold. And he had such stature in the scientific community that he could bring people in to staff the Research and Development Board in a way that it was not possible to bring in people to staff the Munitions Board and some of the other agencies. Yes, I believe it would have been desirable if Forrestal had had greater legislative freedom to sweep the board clean and bring in people whom he personally selected, but probably much less so than I thought at the time. (See also my earlier remarks about recruitment difficulties.)

The character of the international situation also made reorganization somewhat difficult in some areas. But again, I think it presented less of an obstacle to reorganization than I believe that I thought at the time. The international situation was a handicap primarily because the international issues involved took up so much of the time of Forrestal and other key people that they couldn't devote enough time to dealing with problems of unification. However, most of the crises involved matters which continued to be handled (and which, regardless of any reorganization, would have continued to have been handled) by those people who had been handling them before. Even if you had reorganized,

you probably would not have significantly changed assigned responsibilities for the handling of those matters. So I think the international crises as such didn't prevent reorganization, but the time of people who should have been working on reorganization was preempted by those crises.

YOSHPE: In much of the literature that relates to the budget problems, Forrestal comes out with the notion of a balanced force. He appears to be sympathetic to the idea of having a strong Air Force, but, as you know, he feels that that isn't enough. Our possession of the atomic bomb may not be the answer. You get the notion of Forrestal propounding the idea of readiness for brushfire wars, a concept that became rather prominent in the 50s. Do you feel that he really grasped this idea of readiness for all types of contingencies, including limited war, or was this only a reflection of his concern that the Navy fare better in the struggle for limited funds?

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OHLY: I'm quite sure that it wasn't simply an effort to make certain that the Navy would be properly treated within the framework. This was just not Forrestal. I think it was a belief that you ought to get the appropriate balance among the different instruments with which one might fight a war. But I don't think that Forrestal had any sense of what that balance should be, and this was, I think, his great problem. He did not know where to go to get advice on what the elements of a balanced force would be. This was one reason why he finally went along with the Weapons Systems Evaluation Group. I was never quite sure why he was so slow in grabbing on to this as a possible instrument. But you must be familiar with the struggle within the services and between the Joint Chiefs of Staff and the Research and Development Board over the creation of WSEG.

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I really don't know what was Forrestal's concept of the kind of war we might have to face. We were in a strange period weaponswise. Missiles had really not come into the picture except, potentially, air-ground and ground-air. The idea of ballistic missiles and intercontinental missiles was talked about, but I know that Bush felt that although their development was not a dream, it was something a long way off. The Russians had not exploded their first atomic bomb; this was something which he looked at as being a long way off. Everybody was surprised when this happened; everybody in the Pentagon certainly. I remember Bush coming in and just shaking his head; he couldn't believe it.

So many things were happening that were causes for concern. Europe was still unsettled. We were in occupation in Germany, and had substantial forces stationed there. The occupation of Italy was about to end, but there was serious concern about what was going to happen in the elections there. France was completely unsettled. Europe was in ferment economically, socially, and politically.

I don't think that Forrestal really had a very clear concept of the kind of war that one might have to fight. I remember writing a number of memos in that period about these problems. I'd like to go back and read them; perhaps I could then tie them in with Forrestal's thoughts. Certainly he appreciated the desirability of getting the best kind of readiness for strategic air warfare, but then there was this whole question of the use of the carrier versus the B-36 as instruments.

GOLDBERG: What was the role of OSD in that particular controversy?

OHLY: It became much more of a role during the Johnson period than during the Forrestal period. This was, however, one of the issues on which

Forrestal sought advice from the Joint Chiefs; and it was one of the reasons why he turned to Eisenhower for help. It is true that Forrestal was a great believer in the worth of the carrier, but I do not think that his mind was closed when it came to the matter of the carrier versus the B-36. On the other hand, it was my feeling that Johnson did not have a very open mind on this matter, although one can interpret his statements and actions as reflecting a desire to play the big tough decisive guy and to resolve the issue by command decision. But I don't think Forrestal really had any clear concept of the kind of a war that the United States might have to fight or of what a truly balanced force would be.

GOLDBERG: And, of course, the Joint Chiefs of Staff didn't agree on that. So they weren't of any help to him.

OHLY: This was his problem. He could not go anywhere to get the kind of help that he wanted. And he did not have the technical capabilities for making these judgments without advice from people who could at least clearly define the issues for him. Bush, and Gruenther to a certain extent, were the only persons who could present these things properly to him.

GOLDBERG: Isn't it interesting that when he came to office, McNamara made the effort to provide himself with the technical and professional capabilities, apart from the military services and the Joint Chiefs, to get that kind of advice? And even then, once he did create that capability on a substantial scale, there were still many questions about it and the value that it actually had.

OHLY: It's a question of whether the capability he created was the right kind of capability. I don't know enough about the McNamara era to be

sure, but this takes us back to one of the crucial issues involved in the Weapons Systems Evaluation Group. Bush wanted an organization that would evaluate weapons systems from all standpoints--their technical possibility, their operational feasibility, their operational capabilities, etc.--an organization that would look at weapons systems, and compare weapons systems from every angle. The Joint Chiefs of Staff wanted to split this responsibility--to let the new weapons systems group look at the technical capabilities, but to reserve to themselves any analysis and decisions that involved the operational factors and also to control what information the scientists might see.

GOLDBERG: This is what they did during the war.

OHLY: That's right. And Bush sensed, I think properly, that if you were really going to get an evaluation that was objective and to examine all the relevant facts, you had to include in the evaluation of weapons systems an assessment of both technical and operational factors. I don't know whether McNamara did this completely. I've heard some people say that he was looking at some of the problems too much from the technical side and not enough operationally. These may be unfair comments; I can't assess them. As I said, I've been away from the defense picture for years.

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In any event, Forrestal had nowhere he could look for the necessary advice. Time after time, the Joint Chiefs of Staff simply failed to respond to requests for advice, recommendations, or decisions. They simply could not agree and they were bogged down with the volume of controversial issues before them. I would recurrently go down to their meetings so that I could report back to Forrestal on what was going on.

In addition, I would from time to time go over all the documents under consideration before the Chiefs in order to determine their status and in an attempt to find out what was holding up consideration of these documents. I worked with General Gruenther and Captain Laylor, who was sort of an executive officer for Gruenther. Following each such review, I would prepare and give Forrestal a memorandum that contained an inventory of all papers before the Chiefs and a description of where each paper stood. There were so many things on which the Chiefs could not agree. However, Forrestal was wise enough to know that while he might have a real sense of all the strategic factors that were involved in resolving a given question, he did not have the knowledge of military considerations that would enable him to answer the question without military advice on which he could rely, even if such advice was stated in terms of alternative possibilities, and he therefore was not prepared to try to fill the void with decisions of his own.

GOLDBERG: It is interesting, I think, that WSEG never really did live up to promise.

OHLY: No, I gather it never did.

GOLDBERG: It never really exercised the kind of influence either with the Joint Chiefs or with the Secretary of Defense that apparently it was conceived that it would exercise. To expect the service representatives in WSEG to really have achieved a very high degree of objectivity was probably expecting too much from them.

YOSHPE: Mr. Ohly, at what point in time would you say that Forrestal showed signs of his mental illness?

OHLY: I have to put this in terms of retrospect because, as I told you in an earlier interview, I didn't appreciate the fact that he was mentally ill until the very end--until the last ten days or two weeks that he was in office.

YOSHPE: This would be in March of 1949.

OHLY: I would say in February or March; I can't pin down the time any more precisely. However, even at that late date, I would have only said that he was a person who was suffering from mental fatigue rather than someone who was about to break down completely. This was probably very imperceptive on my part, but I was not then and am not now familiar with the ways in which people with mental disorders act and react. However, in defense of my imperceptiveness at that time, I should say, as I believe that I also said at an earlier interview, that one of the leading psychologists and psychiatrists of our time apparently failed to see anything seriously wrong with Forrestal during a two-hour session he had with him just several weeks before Forrestal left office. I refer to one of the Menninger brothers--I can't remember now whether it was Karl or Bill; he came to Washington at my request to discuss with Forrestal the selection of a chairman for, and the staffing of, a committee that I wanted to have Forrestal set up to study the behavior of people under conditions of combat--an effort to exploit what had been learned in World War II while the evidence was still fresh. After he had been with Forrestal, I had a long talk with him and it was obvious that he had not perceived or sensed that anything was wrong.

However, it was clear during the last four or five months that he was a troubled man in many ways; I just didn't recognize this fact as

one that reflected serious mental disorder. He would come by my office late in the evening repeatedly--say around 7:00 and say, "Come on back to my house; let's knock off and have a drink and sit and chat before you go home." He was obviously lonely and wanted to talk to somebody. He and his wife at that time were on rather bad terms. She was drinking very heavily and it was an irritating relationship. It was almost embarrassing to have dinner with them; you could never tell whether or not she would be on her feet. This bothered him very much.

He was deeply troubled by his inability to get issues resolved, and by the attacks that he was under from Zionists and from newspaper columnists and radio commentators---Wincheil, Pearson, and others. They attacked him unmercifully in the press and on the radio, largely because of his stand on the Palestine issue. These attacks began to get deeper and deeper under his skin. Whether this was the critical factor I don't know. It was probably only one of them. But in the last week or ten days he was Secretary, he would call me in at least three or four times a day and ask whether I thought he had said or done something wrong on the Palestine question. This was, as I said, at the very end. Bob Blum and one or two others on my staff who worked on politico-military matters also noted Forrestal's concern in this regard. But I must confess that apart from these things which I pick up now in retrospect, I just didn't understand what was happening in Forrestal's mind. Even the day of his departure from the Pentagon I just felt that this was a man who was exhausted. He drove himself unmercifully. I would have collapsed long before he did under the pressures he was under.

GOLDBERG: Did he give indications that he was aware of the deteriorating relationship with the President after the election of 1948?

OHLY: Well, not to me. Marx Leva would be the one who would have noticed that more. I obviously didn't know whether he was going to stay on.

There were all sorts of rumors. This was one reason why, as I indicated to him, he couldn't recruit good people to fill many of the vacancies.

People wouldn't consider coming on board if they didn't know whether he would be staying on. I just don't know the story of his relations with

the President; this was something he never discussed with me. I am sure that he didn't discuss them with McNeil either, but he might well

have discussed them with Leva.

YOSHPE: Forrestal knew he was going to be replaced. I gather it was some time in January 1949, because Johnson was then in contact with Forrestal and getting orientation for the job. Can you pinpoint it?

OHLY: I'm afraid I couldn't pinpoint it offhand; I don't know.

YOSHPE: Forrestal did think that he was going to stay on for a while, perhaps into May or June. Apparently his resignation was forced by the President. Is that correct?

OHLY: I don't know.

YOSHPE: Can you comment on Johnson's relationship with Forrestal during the period from January to the end of March 1949?

OHLY: Yes, I think I can. Forrestal felt that he should do everything possible to facilitate the transition. He instructed me, and I believe Marx Leva and McNeil as well, to stay on and help Johnson to get going.

Forrestal kept sending me memos to get up lists of issues for presentation to Johnson and to work out a briefing program that could be submitted to him. How much they saw of one another, I don't know. All I

can say is that he asked his staff, or at least me as a member of his staff, to try to make the transition as easy as possible. He seemed to me to be bending over backwards on this, but as for the personal relationship between the two, I have no first-hand knowledge. I don't think I ever saw them together. How often he came into Forrestal's office or whether they met outside during that period, I don't know.

YOSHPE: Johnson was such a radically different type of personality, sort of a bull in a china shop, quick to make tough decisions.

OHLY: Well, I'm sure there was no particular compatibility between the two. They were completely different types of people. In terms of the things that motivated them and of the way they acted and the way they dealt with people, they had very little in common.

YOSHPE: Some people think that Truman offered Johnson the post as a payoff for his contribution to the success of the 1948 campaign. Johnson often asserted, however, that he never looked for the job and didn't expect any payoff for the work that he did. Is there anything in your background of relationship with him that throws some light on this matter?

OHLY: Well, I think it was perfectly obvious from 1939 on, or even earlier, that Louis Johnson was angling to become Secretary of War. He was trying to get the post back in 1939, when he was Assistant Secretary of War. But Stimson was appointed to the post. I have no doubt that it was Johnson's ambition to become Secretary of War and, later, when the post of Secretary of Defense was established, Secretary of Defense. I don't base this conclusion on anything that he said to me personally; however, one of the first things that I became aware of in the fall of 1940, when I came down to work for Patterson, who had just been appointed

Assistant Secretary of War, succeeding Johnson, was the ambition of this man to become Secretary of War. From the military men around me, I received a picture of what Louis Johnson had been doing as Assistant Secretary, of what he wanted to do, and of how angry he was when he wasn't nominated by Roosevelt to be Secretary of War. His activities in the American Legion and all of the other things he was doing during that early period and later were directed toward this objective. I'm not trying to run the man down because of that. But the idea that he wasn't looking for the job, or that his campaign contributions and other things were completely unrelated to it, is just nonsense.

GOLDBERG: You already mentioned the Palestine issue and what a profound effect it had on Forrestal and other people during this period. We know that his position on Palestine was in accord with that of the State Department and other people in positions of responsibility. What was his reaction when the President went ahead, contrary to the advice of Defense and State, and did recognize Israel?

OHLY: I don't remember now. This is an issue on which I would like to consult my papers. I don't recall what his reactions were.

GOLDBERG: They must have been pretty much in accord with those of General Marshall who took a very strong position during that period. Well, let me turn from this to the problem of the revisionist approach to the cold war. I have reference particularly to the period between World War II and the Korean War, when the cold war really came into being and perhaps in some ways was at its height. You know the revisionist thesis is that the United States is very much to blame, perhaps more so than anybody else, for the onset of the cold war. The United States, the revisionists

contend, used its position in the world basically to enhance its own interests. Economic imperialism, they assert, was in fact a major element in United States policy and its attitude toward the Soviet Union. Were you aware of any such elements--any such considerations in the formulation of policy in the Defense Department or throughout the government during this period?

OHLY: There were certain preoccupations on the part of Forrestal and other people in Defense. He was very much concerned about the Middle Eastern oil and the essentiality of having strong forces in the Eastern Mediterranean and being in a position to defend those oil resources against any threat, including the Soviet Union's pursuit of the old Russia's policy of obtaining access to the sea in that area of the world. And U.S. access to Middle Eastern oil was certainly an important factor in Forrestal's thinking about the Palestine issue.

There was also, of course, considerable preoccupation with securing and protecting sources of strategic and critical materials, such as uranium and cobalt. These were all things that were very much on Forrestal's mind and he was involved in doing something about these things.

GOLDBERG: What you're saying then is that these were really strategic considerations and not matters that could properly be called economic imperialism in the sense of serving the business, commercial or industrial interests of the country.

OHLY: That certainly is correct, in my opinion. I can think of nothing that came up during my tenure that could have been interpreted as representing economic imperialism. There were, of course, occasions when a

company would come in with a problem in some country of the world and seek the support of the Pentagon, but not in terms of troop support. There was certainly nothing in Forrestal's thinking or, as I think back, in the papers of the Joint Chiefs of Staff, or in things that were submitted to us by the State Department, that reflected anything that might be construed as government support for economic imperialism.

GOLDBERG: As you know, there are historians who are writing books attempting to document the extent to which the Government participated in the economic penetration and commercial takeover of large areas of the world by American business. I think that they may be in error because most of the penetration took place later, except perhaps from the standpoint of air transport. I guess we did get the jump there, and to some extent I suppose the Government, and perhaps the military too, did participate in thinking in terms of the establishment of air routes and the use of air carriers. I know that during the war a good deal of consideration was given to this within the military, particularly the Army Air Forces.

OHLY: Your qualification is probably a good one. I think that the Air Force then and later felt that it had a strong interest in ensuring the effective establishment of private U.S. air operations here, there, and everywhere and in seeing that these were supported by proper equipment. Air Force interest of this kind was evident during the period when I was associated with the military assistance program and also later when I was involved in the rest of the foreign aid program. Its interest, I thought, was related to strategic considerations, but, in any event, its support, for whatever reasons, was of tremendous help to commercial

aviation outfits which, incidentally, were being staffed by ex-Air Force generals. I think your point is well taken.

GOLDBERG: I think they may have been seeking to help establish the dominance of American airlines throughout much of the world. Even in the World War II period the military talked of being certain that our strategic interests were properly protected in the postwar period as against other European air carriers, particularly the British. As you know, our real advantage came from the fact that we were the only producers of large transport aircraft. The other countries which wanted to operate air lines pretty much had to come to us. You mentioned the Foreign Military Assistance programs, and I know that your affiliation with it came primarily after this period.

OHLY: Military assistance was a responsibility of my office at the Pentagon. General Lemnitzer, with a few people working for him, was added to my staff toward the latter part of 1948 for the purpose of working on a proposed program for military assistance to support the forces of other countries that were to be associated in NATO. Thus I was directly associated with the military assistance program on its military side during its formative period before I became associated with it on the State Department side after the Mutual Defense Assistance Act of 1949 was enacted. During the earlier period, there were many instances in which military assistance was provided to other countries, often under questionable authority, but mostly involving the disposal of surplus military equipment. We moved a tremendous amount of equipment out of Germany in sealed trains to Italy just before the Italian elections. This was on Clay's recommendations because of his fear of serious

uprisings there after the elections. Huge stores of equipment were transferred to China, and lots of individual military items were transferred to Latin American countries. But the main military assistance program under consideration at that time--the organized one--was planned in connection with NATO, although Greek-Turkish programs also should be mentioned.

GOLDBERG: This is related to the question I asked you before about the revisionist notions of that period. In the initiation and development of the Foreign Aid Programs, both military and economic, were there any really strong considerations of economic benefits to be gained by the United States?

OHLY: There was one very important consideration, and this was an overriding feeling on the part of Acheson and, I think, Forrestal that the economic welfare of Europe was crucial to the economic welfare of the United States and that it was tremendously important to get Europe back on its feet. The thing that influenced Forrestal and Acheson most to advocate the establishment of NATO and U.S. military assistance in support of NATO was a desire to give Europe the kind of sense of physical security that it did not then have and that it must acquire before it would be possible for it to get back on its feet economically. It was this economic objective--which in a very real sense was a security objective--that was the motivating force behind the effort to get NATO established in the first instance and to have a supporting military assistance program--not the creation of a military force in Europe that would in fact be of great military worth in defending against external aggression from the Communist world. The military assistance program

was at that stage a relative small program; we started it off with \$1 billion. This was before Korea and before many of the other things that happened that changed our concept of what the role of NATO should be and of the character of the military assistance program that was needed.

GOLDBERG: Were there feelings that this was a good vehicle for U.S. economic penetration of Europe?

OHLY: I had no sense of that at any time. I ran into it later in connection with helping military production and things like that get started. We would hear a year or so later where various companies were interested in getting into the thing. But no, I had no sense of that at all. It just didn't occur to me, and nothing that happened made me feel that way.

YOSHPE: You mentioned the Department of State had a rather small request initially.

OHLY: It was \$1.2 billion, I think, initially. One billion was for NATO. Something like 10 or 20 million was for Korea; we were about to pull out of Korea, and wanted to leave some equipped indigenous forces when we did so. Congress added a small amount for what was known as "The General area of China," and perhaps \$100 million was included for Greece and Turkey and \$10 million for Iran. I think this was the basic structure of the first Act. We came back the following year asking authorization and appropriations for a somewhat comparable program, but with a small program added for Latin America. And then Korea broke, and we went back to Congress for an additional \$4 billion about five days later.

GOLDBERG: Your general evaluation then is that the United States program, at least the military portion, was initiated for strategic purposes.

OHLY: Strategic purposes if one includes among these the restoration of an economically viable and politically stable Europe. If you read our first reports on the military assistance program and the testimony of Acheson, Johnson and others in support of it, you'll find this purpose of providing a sense of security throughout free Europe as the dominant one--the objective of completing the job that we had started with the Marshall Plan of getting Europe back on its feet economically. The theory was that the welfare of the United States was very closely linked with the welfare of Europe, which in turn was then associated through its colonial system with a large part of the rest of the world. And you weren't going to get really dynamic economic forces going as long as there was a fear in France and Italy that the next election would be won by the Communists or that the Russians would be moving in from the East. This was a very crucial element in the thinking of the Administration on the question of why you needed a military assistance program and why you needed NATO. The military were quite perceptive in this respect; they wanted to have the framework of a military force in Europe, but they understood this broader economic argument.

GOLDBERG: In 1949 there were differences within DOD between the civilians and the military regarding the rearming of the French. The military appeared to favor it, and the civilians, primarily the service secretaries, appeared to be dubious about it. Do you remember anything of this?

OHLY: 1949? I don't recall any differences of this sort in 1949, but I wasn't deeply into this matter at that particular time. I got very deeply into the issue of French rearmament and the Indo-China war a year later, particularly in the fall of 1950 when the French position in Indo-China began to get critical. I don't recall anything of that sort in 1949 when I was still in the Pentagon, but such differences could well have existed; I would have to go over my papers to refresh my memory in this regard. However, I should point out that the Pentagon made no request for money for the Indo-China area in its proposals for the first military assistance program in 1949; as I indicated earlier, all the money was for NATO, Korea, Greece, Turkey, and Iran, with the overwhelming bulk of it planned for reequipping European forces. Moreover, under the agreements covering military assistance that we planned to negotiate with these countries and did negotiate with them, we didn't anticipate that any of the funds would be used to equip European forces that were not in support of NATO objectives or to purchase equipment that might be diverted from Europe. There was no expectation that any of the first military assistance program would be diverted to Indo-China, and the total amount of the program was such that any such diversion was not in any event a practical possibility on any meaningful scale. It was Congress that added money for the "general area of China," largely in response to the China lobby.

GOLDBERG: I think part of it had to do with the assessment of the stability of the French government, a certain feeling on the part of the U.S. military about assurances from the French military that things were going to be all right.

OHLY: At a very early point, serious questions were raised in connection with the military assistance program concerning the security of vital information, and thinking on these questions necessarily affected decisions on the kinds of equipment that could be made available to other countries. This issue was a particularly acute one with the French and the Australians. There was a big flap when Louis Johnson first took office concerning the release of information to the Australians in connection with a program to test missiles out there. And there were issues with the British and the Canadians. The French were much more suspect in the eyes of the military than any of the others simply because the French Government was in a state of flux.

GOLDBERG: On this whole military assistance business, at least for a time, there had been some suspicion on the part of the military services themselves about how they were going to be affected by it, and whether their budgets would be affected by it. Did you get involved in any of that?

OHLY: Oh, yes; this concern was very clear, and it was apparent while I was still located in the Pentagon. However, this concern largely disappeared when the services realized that this program was in fact a bonanza for them--that it provided them with large amounts of equipment and with huge funds with which to purchase equipment that they could divert and use pretty much as they wished without anybody being able to effectively stop them. This became a great problem. The diversion by the military forces of aid funds was really awful. I described the kind of scandalous practices in which they engaged in the report that I made to the Draper Commission and that is attached to the Draper Commission's

Final report as an annex. However, at the outset, when the military budget was still relatively tight, before Korea, there was the concern that you mention.

GOLDBERG: How much of a part in American military assistance policy did considerations of reciprocal assistance play? That is, some kind of payoff on the part of the recipients in terms of base rights, transit rights, strategic materials, and that sort of thing.

OHLY: Considerations of reciprocal assistance became very important at a later date in the administration of the military assistance program. It wasn't important when the program was in its early phases except as the equipment that we provided enabled local military forces to have facilities of their own that were also of use to us. The use of military assistance as a quid pro quo for concessions to us simply wasn't necessary in the European area at that time. While the occupation of Germany continued, we had troops all over the place. Of course we did have bases and other facilities in Turkey and this circumstance may have had some influence in decisions about military assistance there. There were many other countries in which we then had or were seeking bases and other military facilities of considerable strategic importance, but, in 1949, there were no military assistance programs for any of these countries that I recall. (In the case of NATO, bases in Portugal may represent an exception, but economic aid to Portugal would have been a more important consideration at that time. I just don't remember.) The quid pro quo aspect became very important later--in Spain, Portugal, North Africa, Ethiopia, etc. I could take you around the world discussing each of these situations separately, but they involve a period after I left the Department of Defense.

YOSHPE: Acheson in his autobiography, "Present at the Creation," had made some very critical remarks about Johnson. I was wondering if you would comment on State Department-OSD relationships in the Foreign Assistance Program. How smooth were these relationships? Were there problems in implementing the program, in view of the State Department's overall responsibility in this field?

OHLY: Yes, I'd be glad to talk about that. First, there was no love lost between Acheson and Johnson. They were just more incompatible than, let's say, Forrestal and Johnson. Johnson really was an impossible person to deal with. He was arrogant and very forceful in presenting the Department of Defense view, and he was also constantly running to the President.

In a sense the relationships at the outset could not have been on a better basis because Lemnitzer had been my deputy in the Department of Defense. I knew him well. He was a close friend of Gruenther and he also became one of my closest friends. Ambassador James Bruce, who was the Director of the Military Assistance Program, was virtually inactive. To him, this was purely a holding position until he was appointed Ambassador to Britain--a post which Truman had presumably promised him because of his contribution in the elections. Bruce did absolutely nothing. This is not because he isn't competent; he just expected me to run the program. And so, in effect, the relationship was between Lemnitzer and me. Our relations couldn't have been better, in my opinion. We respected one another. We often disagreed, disagreed forcefully, but it was always a friendly disagreement. There were people on our respective staffs who were abrasive, and sometimes that caused irritations. But our personal relations were good.

Basically, however, this was a very difficult relationship. An office outside of the Department of Defense approving programs in the exercise of its responsibility or rejecting programs that were exclusively military in their content even though their implications may have been as much political or more political, or as much economic or more economic, than they were military. Quite obviously, the final approval or rejection of a tendered military assistance program and many other decisions affecting the military assistance program had to take into account all of the many political, military, and economic considerations that were involved. This was especially true in the case of Europe, where the Marshall Plan was still in full swing, and there were real questions as to what forces the European nations could support economically and of what pressures should be brought on these nations to raise and maintain certain forces. Moreover economic aid programs had to be coordinated with military assistance activities. The whole matter was highly complex and my office, which had final responsibility for taking all the considerations into account and approving or disapproving a program, could not simply accept the Pentagon submissions without review and, often, without extensive questioning.

Obviously someone had to exercise a judgment that took into account all of these different factors, and yet the military on their part couldn't understand why other people were looking at and rejecting items that had to do with military equipment. Lemnitzer understood these things; there was no problem with him and there was no problem with the people who were around him, civilian or military. But in terms of the Department of Defense as an institution this was a real problem.

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Another factor which was perhaps even more important in affecting the relations between the State Department and the Pentagon, also entered the picture. This factor, which presented as much of a problem for Lemnitzer and his staff as for me and my staff, is one that I adverted to earlier--the efforts of some of the people in the military services to play this program for all it was worth in terms of their own narrow service interests. The most objectionable efforts of this sort were the efforts of the services to see how large a portion of the military assistance funds could be used to finance programs that they wanted to finance for their own service purposes--to keep industry lines for certain kinds of equipment operating or to modernize their own forces--producing new advanced equipment to replace equipment in the hands of our own forces, with the replaced equipment turned over to the military assistance program. Another source of disagreement was service reluctance to provide advanced equipment to certain other countries, sometimes for security reasons, completely ignoring the political implications of such a position. Still a further source of dispute was over the extent to which, with or without the use of military assistance funds, the United States should further the production of military equipment in Europe; the services often preferred to finance domestic production here so that they could have operating lines available to expand production in the event of an emergency or because of their relations with their defense contractors. There were a large number of factors that influenced Defence people in proposing various kinds of military assistance programs, and many of them were irrelevant or at least had nothing to do with the best interests of the military assistance program. These

factors influenced not only their recommendations as to the contents of the programs that should be financed but also their recommendations as to the type of force basis that should be supported in some of the recipient countries.

Someone had to deal with the kind of problems that were created by the above factors. Obviously that was a responsibility of my office. Lemnitzer had the same problems too and he was an ideal person to work with in dealing with them. He was in complete sympathy with the military assistance program, but he knew the problems of the services too. He had great difficulty preventing service diversion of assistance funds, but fortunately he was a very skillful diplomat and he had a full understanding of what the services were trying to get away with. However, with problems of the sort that I have mentioned and with the necessity of trying to do something about them, my office necessarily became the butt of a certain amount of service criticism.

Controlling the service situation that I have described, even from the Secretary of Defense's office, was almost an impossible thing. And to control it from an office as remote as a staff office of the State Department was even more difficult. It's a problem I struggled with not only then but for the next three or four years when the responsibility for the program shifted first to the Harriman office, and then to FOA, and then to ICA. It became an even more exacerbating problem when Harold Stassen came in and was constantly fighting with the Struve Hensel people in the Pentagon.

But in this early period generally, the period through 1951, the relations were pretty good. However, we in State were probably not tough

enough; we did not put the restraints on the Pentagon that we should have put on the services, but this was because we were only beginning to learn the problems that were involved and to understand the tensions and pulls within the Pentagon itself that the program generated--only beginning to know enough about the whole program to permit us to deal with such problems aggressively in an affirmative manner. In this early period, however, relations were pretty good and things went pretty well. Korea broke out. Lem and I saw eye to eye on what should be done. I was perfectly willing, as was Acheson, to have the additional \$4 billion that we immediately obtained put into production for whatever seemed in balance in the best interests of both the services and military assistance programs looked at together and to let the Joint Chiefs make the judgments in this regard.

It was only later on, particularly as large military assistance programs were initiated in less developed areas outside of Europe, that some of these problems became as serious as they finally did. One thing that helped relations a great deal, at least after Louis Johnson left, was the very close friendships that existed among Acheson, Lovett, Marshall, Harriman, Foster, and the other principals and among those in the echelon just below them--Frank Nash, Ed Martin, myself, the people in ECA--Dick Bissell, Harlan Cleveland, Ty Wood, etc.--Paul Nitze, and Lincoln Gordon. The relations among these individuals was such that problems of bureaucratic rivalry and other inter-agency issues that might have blown up into real quarrels were ironed out. We often met for lunch and talked out these problems--many times reaching major decisions that we then had our bosses ratify. These relations were a major means of keeping down friction during the period from 1950 to 1953.

After the change in administration, when Stassen came in, along with Dulles and a new different team of ambitious people (among whom Stassen was probably the most ambitious), then there were real problems of conflict, aggravated often by personal animosities.

GOLDBERG: We would like to come back and pursue this further at your convenience. You have been most helpful and we greatly appreciate it.