

Matloff: This is an oral history interview with Mr. Henry Glass held in the Pentagon on October 19, 1987, at 10:30 A.M. The interview is being recorded on tape, and a copy of the transcript will be sent to Mr. Glass for his review. Representing the OSD Historical Office are Dr. Alfred Goldberg, Richard Leighton, Robert Watson, Ronald Hoffman, and Maurice Matloff.

Glass: I will answer at great length, as usual.

Matloff: We shall focus in this interview particularly on your service in OSD as Economic Adviser to the Comptroller, 1953-65, and as Special Assistant to the Secretary of Defense, 1965-69. First, would you describe your educational background and the nature of your wartime and post-war assignments before coming to OSD.

Glass: There were two individuals attached to the Secretary, beginning with McNamara's time. One was the Special Assistant. That job goes back maybe even as far as Forrestal, certainly as far as Wilson. I was the "Assistant." The Special Assistant's job was as the contact with the White House, he was the White House channel. The Assistant's job, my job, was set up by McNamara for a specific purpose--to serve him personally and directly.

My educational background is up to the Ph.D., short of the dissertation, which is characteristic of people that write for a living, in economics and public finance. That education was interrupted by World War II. I spent nine years at N.Y.U., mostly at night. The last year I was a teaching assistant, a fellow, in the Economics Department. I

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worked for one particular man who taught public finance in the Economics Department. I was his research assistant, for which I usually got a footnote credit.

Goldberg: When did you go into the military?

Glass: When the war started I went to the Office of Price Administration on the advice of Professor W.I. King, who did a lot of the original work on statistics and national income in this country, when Kuznets was around. He served in Price Administration in World War I and said, "If you really want to learn economics in the real world, go to work for the Office of Price Administration." I followed his advice. I arrived here in January 1942, right after we got into the war. Before that I had a part-time job with the Journal of Commerce, which is (or was) a publication in New York City specializing in shipping and international trade. I got that through one of the professors, Marcus Nadler, who taught international banking and finance. I had a lot of banking and finance, plenty of economics, and plenty of statistics.

Goldberg: How long were you at OPA?

Glass: I was there about a year and a quarter. From there we moved to Wright Field, Dayton, Ohio--the old Materiel Command, in the office of the Comptroller. I remained there as a civilian until I decided that I had better get into uniform. I went into the Army Air Force in early 1943 and remained a little past the end of the war. I went to OCS during that time.

Matloff: You stayed on at Wright Field after the war, for a number of years?

Glass: Yes.

Matloff: In what capacity?

Glass: We started before the end of the war on industrial demobilization planning. You have to keep in mind that there were no automobiles, white goods--washing machines, refrigerators, dryers--nothing being produced at this time. We had converted all of these civilian production resources to war production, much of it to aircraft. Frigidaire, in Dayton, was making machine guns and aircraft propellers, for example. Many plants were converted completely to aircraft production. The office I was in at Wright Field was under M.G. Benny Myers' control in the Pentagon. He oversaw aircraft production for Gen. Arnold. Our office had oversight of aircraft, engines and propeller production--Army Air Force, and Navy; U.S. and Canadian. The Canadians were a minor factor in the whole picture. From there we went on to industrial demobilization planning and then industrial mobilization planning, to prepare for the next war, to preserve as much as we could of the available production resources, to have an industrial base for a future war effort.

Goldberg: It was at Wright Field that you got to know McNamara, wasn't it?

Glass: Yes. He ended up there, that was his last military assignment. He was supposed to replace Col. Reith in Stat Control. Both of them were part of the whiz kid gang that Col. Thornton assembled and took with him to work for Ford. There were nine or ten Air Force officers involved. Arjay Miller was another one of them. McNamara came to Wright Field with a good reputation, he was called "the professor." He had been an assistant

professor at the Harvard Business School in accounting and got a direct commission with Stat Control. He was a Stat Control officer in the Pentagon, then England, then China-Burma, then Wright Field, and then went to Ford. He got sick out there at Wright Field, the whole family came down with polio, as I recall, so he wasn't around the office very much. My wife worked in his office and rarely saw him there. They had a dual head there, Reith, and McNamara, who was a Lt. Col. by that time.

I left the Mobilization Planning Office at the 2nd highest Civil Service level (P-7), which I attained because of my success in organizing the AAF's mobilization planning effort. At the end of WWII, the old Air Corps Engineering School reopened at Wright Field as the Air Force Institute of Technology and I was offered a full professorship. I had more work to do on the doctorate, so I took that job. I was Professor of Economics. Later we brought in an old gent from Washington University in St. Louis, and he took over economics. Then I took over business organization and management. Our students were Air Force officers who had served during WWII. They ranked from first lieutenant to full colonel and were still undergraduates. I spent about four years with them and developed special courses for the School of Logistics at AFIT.

Matloff: How about your work in budget and programs in the Air Force?

Glass: I came into the Air Force's Office of the Assistant for Programming in July 1951. When the Korean War started I decided it was time to get closer to the action, into the Pentagon. That office was responsible for putting out the guidance to the Air Staff--the general guidance, so they could then develop the detailed programs, like the aircraft production

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program, the base construction program, the manpower acquisition program, and so on.

Matloff: In what ways did this experience with the Air Force help you and prepare you for your assignments later on in OSD?

Glass: At Wright Field I learned the business end of the Air Force-- production, maintenance, supply--the logistics part of the business. When the Korean War broke out, I undertook to develop a crash course for Air Force procurement officers. Even the civilian purchasing agents that we hired from private industry had to become acquainted with the way we put together a contract, with all the laws pertaining to government procurement. And the Air Force had its own regulations. On the Air staff in the Pentagon I learned a lot about the operation side of the Air Force. The Assistant for Programs was Gen. Todd, "wee Todd," and Gen. Odom was his Deputy. The office I worked in was headed by Col. Fred Dean, who knew what the operational figures meant, like the readiness status of the air defense units. I lacked a lot of practical operating knowledge--a different aspect. I learned a lot about tables of organization and equipment, and the equipping, training, and operating of Air Force units.

Matloff: How familiar were you before you came to OSD with the post-war movement for unification of the services?

Glass: Being a teacher in an Air Force school, I followed what was happening in Washington in relation to the Air Force. I had a pretty good knowledge of what Truman was proposing and what the Congress was doing. I think I polished up more on that when I got into OSD.

Matloff: Did you have any contacts with OSD aside from the early relationship with McNamara and some of the officers associated with him?

Glass: At Wright Field we were always in contact with the Pentagon. Our counterpart office was headed by Mr. George Silverman. Mr. Foster Adams was from that office. Silverman had some problems, he was alleged to be a Communist, but Adams ended up in OSD, in the Comptroller's office. That office was top notch. They had very able people. It was a pleasure to deal with them, including Silverman. That group worked directly for Benny Myers at AAF Hq. during WWII.

With regard to OSD, I was the AAF working staff for a committee formed to deal with the post-war surrender treatment of the German defense industry. Our problem was the German aircraft industry. This effort was part of the Morgenthau Plan designed to ensure that the Germans should never again have the capability to launch another big war. That was the mission. Because it was air, it involved both the Army Air Forces and the Navy. I was the working group--the committee consisted of a bunch of colonels who would convene once in a while and review what I did. We worked out the plan of how to treat the German aircraft industry.

Goldberg: When was this?

Glass: Just before the end of the war. I was a first lieutenant and my Navy counterpart was Laurence Rockefeller, a Navy Lt. Cmd., the working man for the Navy in the Pentagon. General Wolfe was the Army Air Force senior representative. He was not a college graduate, but a graduate of the old Air Force Engineering School. He was very impulsive and got

into an argument with his Navy admiral counterpart; they didn't talk to each other. It then came down to my level, so I came to Washington to settle up with the Navy on the final report.

Matloff: What were your impressions about this movement for unification of the services and setting up a Department of Defense?

Glass: The Army Air Forces liked it, of course. The Air Force would then be independent, co-equal with the Army and Navy. We were all favorable.

Goldberg: That included you?

Glass: Yes. One couldn't help but be influenced by what Gen. Eisenhower was saying at the end of the war--that from his own personal experience there was no such thing as a Navy war, an Army war, or an Air Force war. There could only be a war of combined forces, and that's the way we fought WWII. I was also familiar with all the earlier unification effort, between WWI and WWII, and the struggle for an independent air force.

Matloff: About your function as Economic Adviser to the Comptroller, during the Eisenhower period, 1953-61--what were the circumstances of your appointment?

Glass: Fred Dean left, and a brigadier general came in to take his place. I did the writing for that office. By that time, at the end of 1953, I was writing the AF budget statements to the House and Senate Appropriations Committees--the basic drafts for the Secretary of the Air Force, the Chief of Staff of the Air Force, and the Assistant for Programming. These were the three top Air Force witnesses that would appear before the appropriation committees. I didn't like working for Dean's replacement.

Gen. Odom advised me that as a civilian, the Air staff was a dead end-- that I should find a place in OSD.

Matloff: Was this a new position, or had it already been established?

Glass: When I first came down to the ASD/Comp., Max Lehrer headed the Economics office of a Division that handled financial systems and reports and which helped to design the unified financial system for the DoD under McNeil. In effect, McNeil created the machinery without which it would have been impossible to run a unified Defense Department. Our part was to serve as economic advisers to the Comptroller, who was the economic adviser for the Secretary.

Goldberg: How did you come to get the job?

Glass: I got involved in an under the table transmittal of information to somebody on the Hill. A practice which the Air Force still engages in, I presume. When Eisenhower came in, Sec. Treas. Humphrey was the principal financial adviser and Dodge was Director of the Bureau of the Budget. Humphrey was the dominating influence in the financial end of the business as far as Eisenhower was concerned. He convinced Eisenhower and the NSC that we must get rid of the Korean War, cut back Defense expenditures, and get to a balanced budget. Eisenhower had already, before the election, committed himself to achieving a balanced budget. That meant about \$60 billion in expenditures, of which about \$35 billion could be for Defense. Eisenhower actually achieved his \$60 billion expenditure goal, at least for one year, FY 1955 or 1956. I prepared for Gen. Stone, the Comptroller of the Air Force, and for other AF officers, an analysis of what a \$60 billion U.S. budget would mean for

the Air Force. Working with some men in the Bureau of the Budget, we got an idea of what the minimum would be for the rest of the government departments, deducted that from the \$60 billion, and the rest was what was left for Defense. From that \$35 billion only about \$15 billion would be left for the Air Force. Most Air Force generals thought that the election of Eisenhower meant happy days ahead--unlimited support for the military. But Eisenhower meant to carry out his promise. We then got an NSC paper cutting national security expenditures (including Atomic Energy and Military Assistance) down to \$45 billion and that really upset the Air Force. General Vandenberg, Chief of Staff, decided to fight it, and to show that if we tried to carry out the directions of this NSC paper we would have to destroy the Air Force 143 wing buildup plan. The next problem was how to tell the Congress. I was told to prepare a statement, not knowing for whom, at the direction of Gen. Pitcher, then Asst. for Programming, attacking the Eisenhower program. I gave it to a Major Ginsburg in AF Legislative Liaison, who turned it over to another major, who turned it over to Congressman Yorty, a Democrat from Los Angeles, who called a press conference and said he had a paper from the Air Force attacking the Eisenhower defense program. That blew up the whole business. It brought my name to the attention of McNeil and his people, who made it their business to find out who wrote that paper. I had already been advised by Gen. Odom to move down to OSD in order to get ahead. I began to look around. I went into the economics office, and Lehrer said there was a spot. McNeil was a very practical man. He said they could use a fellow, on their side, like the one who wrote that paper, so I came down.

Matloff: Had you met McNeil before this?

Glass: No, I never met him before.

Goldberg: Did he talk with you before you took the job?

Glass: No, but one of the first jobs I was assigned was to justify the Eisenhower air program. You should have this file in your records somewhere. The chief spokesman on the Hill, Senator Saltonstall of Massachusetts, was the leading Republican on Defense matters in the Senate. The idea was to prepare a speech for him to make on the floor of the Senate show that the financial cuts didn't really damage the planned Air Force buildup.

Leighton: When was this?

Glass: It must have been early in 1954, after the Air Force launched an attack on the Eisenhower administration's air policies. That had already kicked up a storm on the Hill.

Goldberg: Vandenberg did that in May, didn't he?

Leighton: His testimony was in early June.

Glass: He went up to the Hill, and that kicked off the battle. The Democrats were happy to seize on the issue, for obvious reasons. They were defending their own policies through the Truman administration, and they had a club to beat the new administration with. This was just the beginning of the business.

Hoffman: So you must have gone down sometime between March and June of 1953.

Glass: I think it was December 1953.

Goldberg: So it was the later budget.

Matloff: What instructions or directives were you given when you came into the OSD office as economic adviser?

Glass: I was not the economic adviser then, I was just a member of the office.

Matloff: Were you given any specific instructions or directives as to the problems or what role you would play?

Glass: As I said, one of the assignments was to prepare a speech in support of the Eisenhower air program. They already knew I could produce this kind of work. We put a lot of work into it, working directly with Saltonstall and his administrative assistant, a man named Henry Minot.

Matloff: At what point did you get the job of economic adviser?

Glass: As far as McNeil was concerned, I could pick any title that pleased me. In the first two years of the Eisenhower administration there was a Republican Congress, and Republicans heading the committees. You had Mr. Taber from New York heading the House appropriations committee. He hated economists. There was a wave of transitions of titles, anything but "Economist." Max Lehrer and I decided to hold on to our titles as economists. There was a time when I was economic adviser, special assistant to the Comptroller, but I think towards the end I became the Special Assistant, certainly when Lincoln took over from McNeil, when McNeil left.

Matloff: How did you conceive your role when you entered into the Comptroller's office?

Glass: We tried to give some assistance to Secretary Wilson and Kyes, his Deputy. Both of them were from the automobile industry, G.M., they were businessmen. They were interested in the business aspects of the

Defense program. They wanted to know the effects of changes in the Defense program on the economy as a whole and on the manufacturing industry in particular. That was the sort of thing we would keep on top of for them, and also keep tab on economic changes and report to them promptly.

Matloff: Who was setting the functions and priorities for you, the Comptroller, or someone between the Comptroller and you?

Glass: The office was Max Lehrer and myself and, from time to time, a third person. One job that Max had already developed was writing McNeil's budget statements and contributing to the Secretary's statement. That's how I really got into the crux of the business. I took over on that, because Max would simply take last year's statement and update the facts and figures, while I could create an entirely new statement for McNeil. Max would also go up to the Hill as the support man for the Secretary and the Comptroller. He kept on top of the budget numbers and the financial reports, so he had enough to do. This office also prepared the Defense part of the President's Annual Budget Message and the Introduction to the Defense chapter of the budget, which was the descriptive part of it. If you are familiar with the budget documents, you will notice that in those days there would be an introductory discussion describing the programs that were costed in the budget. The budget message itself, above the President's signature, would deal with the policies and the really crunching problems--more divisions, less divisions--that Eisenhower wanted to put his name on. Sam Cohn in BoB was responsible for pulling together the whole budget message, and we worked with him in preparing the Defense portion. For the State of the Union message we prepared a Defense

part which usually didn't look the same when the White House staff got through with it. The budget part remained pretty much what we fed in. The State of the Union message was really worked in the White House itself, by the President's own people. Carey Randall was the senior military assistant to the Secretary. Wilson soon developed great confidence in him. He really ran the business with respect to day-to-day detail. He was in charge of preparing the Secretary's budget statements. He would send a memo around to the ASD's and other offices "for contributions to the Secretary's Statement." I got that job as soon as I got down there in OSD. I prepared the contribution. Max said to take it up to Randall, which I did. Carey Randall prepared the Secretary's statement actually by cut and paste; i.e., scotch tape. When I came into his office, I saw him working away on this, and said, "The Secretary's Statement looks just like what it is, a cut and paste job." Randall said, "If you think you can do it better, you do it." That's just how it happened, from then on I did the Secretary's Statement, through eight secretaries.

Matloff: The job gradually evolved, picking up one function after another?

Glass: Yes, especially those that involved writing. The presentation of the Defense policies and Defense programs ended up with me because Max was not a writer. He was good on numbers and files. His files were excellent. Part of them got destroyed by Baroody, but what remained is good.

Matloff: Still in the Eisenhower period, did the change from McNeil to Lincoln at the end of 1959 lead to any change in these functions?

Glass: It greatly expanded my functions because Lincoln was totally unsuited to the job, unfortunately. Shall I tell you how Franklin Lincoln got the job? It is a complicated story that goes back to Louis Johnson. Lincoln served with McNeil in the Navy, when McNeil was the chief financial officer of the Navy under Forrestal, and thus made his reputation. McNeil's efficiency, when Chief of Bureau of Supply and Accounts, in checking against the invoices to see whether the materials were actually received and in the proper condition, brought him to the attention of Forrestal as a man that really knew the business end of the Navy operation. Lincoln was a successful lawyer and the counsel for McNeil. When Johnson became Secretary of Defense, McNeil did not feel secure in his job. He was Forrestal's man. McNeil was afraid that he would be fired. He was a Republican in a Democratic administration. It so happened that Lincoln's brother was a partner of Louis Johnson's and McNeil sent word to Frank about his uneasiness and asked that Lincoln's brother talk to Johnson. So McNeil felt indebted to Frank Lincoln and recommended him as his successor. Someone asked me for my opinion and I suggested somebody else. At any rate, McNeil really decided who his successor would be. Lincoln never really addressed himself to the job. He took a three-month trip around the world with a whole entourage, an airplane full of people, and I was left to run the business. The deputy at the time was Sprague, from Standard Oil of New Jersey, now Exxon. My function was to help him do his job. The problem was that Sprague was also new.

Goldberg: So you were, in effect, the Special Assistant.

Glass: At that point the title must have been Special Assistant. I physically had two offices, one in the Comptroller's suite and the other my own.

Matloff: In the Eisenhower period, under McNeil and Lincoln, were you ever consulted or drawn into problems other than economic?

Glass: I had to do only with the Comptroller's function, at that point. But that covered a lot of ground . . .

Matloff: Any specific issues or problems come to mind?

Glass: . . . even the political business. When Nixon was running for the presidency against Kennedy, Navy captain Pat Gray was the legislative and legal adviser to the Chairman of the Joint Chiefs of Staff. Pat was a very able man. He decided to go over to the Nixon campaign. We began getting requests from him to speed up the placement of contracts. These requests would come into the Comptroller's office and we had to decide whether it was do-able. I advised Lincoln when it was necessary to get the Secretary to approve things, when we didn't really have authority and were going out of channels. He and I would run up to Sec. Gates with these requests and Gates went along with a few of them. Finally Gates said he had had enough of it and told us not to bring him any more. He was not interested in politics. They tried to get him to make some speeches in support of the Eisenhower Defense program, already under attack from Kennedy and company and Symington on the Hill. The administration was under heavy pressure, with the bomber and missile gaps, the Sputnik business, but Gates would not come out fighting. He gave one innocuous speech to the Veterans of Foreign Wars, which didn't get to those issues at all.

Matloff: I'm trying to get specifically your connections with these other than economic questions.

Glass: I was just the special adviser, holding his hand and guiding him along as best I could. I had learned by doing for McNeil, even working on speeches for the President, like the Oklahoma City speech which followed Sputnik, and which tried to dampen down the excitement in the country.

Matloff: What about your working relationships in your capacity as economic adviser, your relations with various people and agencies, starting with the Comptroller, for example?

Glass: I did all of McNeil's speeches. He made quite a few, usually for a particular purpose; also at the various military schools. After Sputnik, to dampen down the excitement in the country, for example, he spoke to a meeting of businessmen in Washington to explain why there would not be the anticipated large increase in the Defense budget.

Goldberg: So you really had a very close working relationship with McNeil and with Lincoln, also.

Glass: I assisted McNeil, but with Lincoln I had to do more than that.

Matloff: What contacts did you have with the Secretaries of Defense?

Glass: Since I prepared their statements, I had direct access to them.

Matloff: How about the Deputy Secretaries?

Glass: Yes. The budget was presented to the House Appropriations Subcommittee on Defense; then the House would enact a bill, and the Defense Department would examine the bill and decide what to appeal or reclama;

then we would prepare a reclama statement, which often the Deputy would take to the Senate Defense subcommittee. Before the Senate acted they would hold hearings. But if the reclama was particularly sticky, the Secretary himself would go. The Armed Service Committees of both Houses were not involved in this business at that time. The Secretary would appear before the Armed Services Committee only on substantive matters, such as pay and allowances. It would be a different statement entirely. Watson: Except in this period they did authorize military construction before it was appropriated.

Glass: That is right. Military construction was a separate bill, and, I believe, still is. That would go for authorization to the Armed Services Committees and then to the Appropriations Committees, but that was part of the "pork barrel," considered the same as the civil works.

Matloff: Aside from the Comptroller, what other Assistant Secretaries of Defense were you dealing with, some more than others?

Glass: We dealt with ISA about NSC papers, because Humphrey also got Eisenhower to insist that any national security policy paper be costed and have attached to it a financial appendix projected at least three years. This is very sensible. This says, "It is not enough for us, the NSC, to consider policy; we must at the same time see what this proposed policy is going to cost, not just for one, but for at least the next three years." That had never been done before, to my knowledge. Since it was a financial appendix, who should do it? The Comptroller, of course. This job was assigned to Lehrer's office, and I succeeded

Lehrer. We would prepare the Financial Appendix and then appear before the Planning Board of the NSC to support our figures. This was the agency that was responsible for preparing the paper for consideration by the NSC.

Leighton: When did you succeed Lehrer?

Glass: It must have been early in Eisenhower's second term, I think.

Lehrer went to work for Sen. Lyndon Johnson. Then he went to work for RCA and stayed there until retirement, recently.

Watson: Did you regularly get down to NSC meetings, when they were considering the budget?

Glass: Once in a while, to help make the presentation, as backup for McNeil. I attended the final NSC meeting of the Eisenhower administration, to support Lincoln.

Matloff: What were the relationships between the Comptrollers and Wilson, McElroy, and Gates? Did the secretaries make different use of the Comptroller's office?

Glass: The major change came with McNamara. He changed it in a very fundamental way. Up to that point the Comptroller was probably the most important of the subordinates of the Secretary; whoever controlled the budget controlled the program. McNeil controlled the budget. The services had to get past McNeil first. The Secretary's first look at the proposed budget was what the Comptroller gave him. Then the services could appeal McNeil's rulings. McNeil could never have worked with McNamara, he would have quit.

Matloff: You don't see much shadings among the Comptrollers before?

Glass: I suppose you know Eisenhower wanted to get rid of McNeil, at the beginning of his administration. A group of Senators went to the White House and talked him out of it. Wilson got to like McNeil more and more and had great confidence in him. He was a good channel for Wilson to know what was going on in the Department and even on the Hill. McNeil had his own channels, under the table, around the corner; he was the most prolific source of information for the Secretary. Also, as far as Wilson was concerned, McNeil came to him not just with problems, but also with proposed solutions. ASD McGuire, who had Installations and Logistics, for example, would come to Wilson with the problems and ask for solutions. That irritated Wilson. Wilson was a more active Secretary than McElroy, who was really a 40-hour a week man. He hated to put in overtime. McElroy had a civilian assistant, Oliver Gale, a close personal confidant and assistant and a very sensible man. McElroy was very dependent on Gale and McNeil. McNeil knew where all the bodies were buried. He had the broadest knowledge of what was in the budget, the status of funds and programs.

Matloff: How about the relationship with Gates?

Glass: Gates had already been Secretary of the Navy and Deputy Secretary, so when he became Secretary of Defense he was pretty knowledgeable and was able to innovate--take the lead.

Matloff: What contacts did you have with the JCS and the military services in this Eisenhower period?

Glass: We dealt with the man who sat in the same quarters with the Chairman--the military assistant, a two or three star officer. They were interested in what was going on in the budget and in what the Secretary was going to say to the Congress in his statement. We also dealt with some people on the Joint Staff, the J-2, Intelligence, for example. That was before DIA. The most accessible man in Intelligence was the J-2. I would go down and take a look at the NIE's there and keep McNeil abreast of what was going on in the intelligence area.

Watson: Wasn't McNeil pretty thick with Radford?

Glass: Yes, because they were both Navy. McNeil had a leaning to the Navy, there's no question about it.

Leighton: Did that translate itself into animosity to the Army?

Glass: The Army and the Air Force suspected that, that is characteristic. They simply assumed he was favoring the Navy, but they always had a Secretary of Defense to appeal to.

Leighton: I've often wondered, since the Army was the underdog during this period, was McNeil simply a positive factor in this in furthering that leaning or did he just go along?

Glass: I think the basic attitude towards the Army and its needs was set by President "General" Eisenhower. Nobody could really tell him much about what he should include in the budget for the Army. Eisenhower really thought he knew a lot more about the Army's need than any other officer, or anybody else, for that matter. And, he probably did. So I don't think McNeil could do much about that. But there were some peculiarities in the way the planning went forward. The JCS, with its military

planning and the Munitions Board and its successors, lived in one world, not the real world. But the budgeteers lived in the real world. McNeil did not like to argue about academic questions, theoretical questions, he was a practical man. They went forward in the mobilization planning--45 U.S. divisions for NATO by a certain time. The JCS, the whole military system would gin up the requirements for these 45 divisions, and that gave rise to big ammunition requirements, which the kind of budgets we were dealing with could not accommodate. Instead of McNeil arguing with these JCS plans, he would ignore them and address himself to the annual budget, how much money to put in for ammunition in the next fiscal year. He didn't fight the plan or try to reconcile it with the budget. He once told the Secretary of Defense just to note the mobilization plans and the JSOP, and approve them for "planning purposes." Then they were set aside while everybody concentrated on the forthcoming annual budget. That's where the battle was fought each year.

Matloff: Did you have any problems getting information from the Joint Staff or the services?

Glass: There was always a problem of getting information from the services. That was the job of the budget staff, to ferret out this information, across or under the table. McNeil was not particular. There was an informal relationship between the OSD budget examiners and the service budget examiners. Live and let live, because the service examiners knew that they had to live with the realities. If they didn't get along well with the OSD examiners it could hurt and cost the service. So where you needed it, you could get information through unofficial channels.

Leighton: ODM was a key factor in the final budget formulation. OSD and BoB would work together in the final weeks reviewing the budget.

Glass: The Defense Department was unique in that respect. Because the review of the Defense budget was such a big job, they saved time and manpower by doing it jointly in the Pentagon.

Leighton: Wasn't there tension in that operation between the OSD and the BoB contingent in that review process?

Glass: There were two stages of it. One was the joint review of the budget. That could be just by a BoB man, without an OSD representative. They didn't duplicate each other. They would go through the whole review together and then separate. OSD would go its own way and BoB would go and report to their director what they thought ought to be changed in the DoD budget proposals.

Leighton: During that process I believe that the BoB staff actually was reporting right along to their own boss, the Director of the Budget, and I've seen evidence that that would on occasion go directly to the President, via the Director of the budget.

Glass: There would be a preview of the budget around Thanksgiving, wherever the President happened to be. The final numbers came later in the year. The BoB always reserved its position in the joint review. Their final recommendation always went directly to the President--they work directly for the President.

Matloff: What relations did you have with the agencies outside Defense, like the Bureau of the Budget?

Glass: I made it my business to get to know the BoB people, we had to deal with them. I got to know Sam Cohn very well. He was the man who received our suggested draft of the Defense sections of the message and the introduction to the Defense chapter. Also, the budget supervisory examiners--Schaub, and Veatch. They were the number one and two men in the military division of the BoB.

Watson: There was apparently particular friction with Brundage, when he was head of BoB. There are some hints in the interviews with McNeil about that. Was this just a matter of personalities, or what?

Glass: What was Brundage? an accountant?

Leighton: Before he was director he was assistant to Roland Hughes.

Glass: The main thing is that by the time Brundage came aboard, McNeil really knew the President's viewpoint and the limitations.

Hoffman: McNeil said he was dishonest. He said there were occasions when they struck deals over budgets and Brundage didn't keep his word.

Glass: Part of the problem was General Eisenhower. It was hard to tell him something and make it stick, if Eisenhower didn't like it. He thought he knew a lot about the business, and did. Brundage may have promised something he couldn't deliver. Remember, in the Eisenhower Administration you were dealing with a professional military man who had been through the Defense budget earlier; had been the acting Chairman, JCS; Chief of Staff of the Army; and knew a lot about the Defense business.

Hoffman: McNeil said that Brundage compromised him with the services on certain programs. With the Air Force, particularly.

Glass: Chances are that it wasn't Brundage, but the man over him, who didn't buy it.

Matloff: Did you have any dealings with Congress, the State Department, or the White House during this period?

Glass: Yes. With the State Department, prior to McNamara, not very much, because we didn't get into foreign policy matters very deeply; except in the NSC papers. There we were many times opposed to what the State Department representatives were proposing in the NSC papers. Very often on the feasibility of proposed policies, for example, of the Ethiopian and Iranian army build-ups, and the cost of the programs. The State Department didn't worry about the cost. It wasn't in their budget, they didn't have to defend these military foreign aid budgets in detail, so they could take a more generous view. But the Defense Department, particularly with McNeil sitting on this area, would try to keep the cost within bounds. These programs competed for funds with our own service programs.

Matloff: How about with Congress?

Glass: We didn't deal much with the Armed Services Committees, but very frequently on a continuing basis with the Appropriations Committees. Especially the Senate side. Even the House side, the subcommittee had only five or six staff people at that time, total staff. We did a lot of work for the committee. We would write the boilerplate of the committee report, for example, in our office. The Associate General Counsel for Fiscal Affairs used to do the language, the general provisions, for example; then we'd review the entire report on a completely off-the-record basis before it was issued. They had even less capacity on the Senate side--two to three people. I would do the speeches for the chairman of the Senate Appropriations Subcommittee to introduce the bill on

the floor. On the House side I just furnished the material and somebody on the committee staff would do it, but the Senate side was very dependent on the Defense Department in those days. When acting in this role, we did the best we could to present the committees' views, not DoD views.

Matloff: How much leeway did you have when you were representing Defense?

Glass: McNeil was very much at home on the Hill, with the members themselves as well as the staff. What he didn't do with the staff, General Moore, his liaison with the committees, took care of. Moore cultivated the staff. I had complete leeway because McNeil simply assumed that his key staff people knew what his policies were.

Matloff: Did you clear those statements or speeches with McNeil?

Glass: Yes, if it was a major policy speech. The speech presenting the bill to the Senate, for example, McNeil didn't spend much time on, but I ran everything through him because he was interested in it. I worked directly with Fran Hewitt, the chief of the Senate subcommittee staff, or with the House staff. We would actually draft up a large portion of the House report--the boilerplate. Those things that differed from DoD recommendations the committee staff would insert itself; they'd keep it secret. Then we would get an unofficial copy of the House committee report for review. That had to be done on an informal, unofficial basis. We would tell McNeil generally what was in it, but we did not submit that to the Secretary. We did this as a service to the committee, and took care not to involve the Secretary and make him a party to a congressional decision which might not be in accord with the President's recommendation.

Matloff: What Defense issues in particular was Congress sensitive about?

Glass: After the first two years of the Eisenhower Administration, we had a Democratic Congress. They were always looking for some issues. For example, they always wanted a bigger Defense program. They wanted to move on the Polaris much faster than we did; they wanted more B-52s faster than the Eisenhower Administration wanted. They wanted carriers and all kinds of things that the administration felt we couldn't afford. In the Eisenhower administration we did what Coolidge used to do. The Defense Department was given a figure to build a program within. That was a big difference. The President, for various reasons, would have a Cabinet meeting in May and lay down some guidelines about a balanced budget, or new obligational authority of a certain amount, or expenditures of a given amount. He would give some general guidelines which would come down to the Secretary's office and, in Charlie Wilson's time, it would be discussed at Quantico, at the summer meeting where all the principal people met to discuss these matters and divvy up the total amount among the services.

Watson: Eisenhower never called a spade a spade by referring to a ceiling.

Glass: Looking at it from the current vantage point, Reagan should have learned a lesson from the Eisenhower administration. Eisenhower was very conscious of the total budget and the need to run the whole government, not just Defense. Because he was a very experienced military man, if he had to take risks he didn't hesitate to take them in the military area and keep the budget down. He felt there should be a balance between the national security requirements and the domestic requirements.

Hoffman: When that figure would come down, to what degree was McNeil really conscious of the strategic policy that was superimposed as well as the figure, fitting the policy and the figure together?

Leighton: That figure was always lower than the JCS one.

Glass: Of course. If the JCS wanted to cost out their JSOP it would be a lot higher. That's the way Eisenhower chose to run the business. We didn't have any big wars during his time, so it never was put to the test. The strategy was in a period of evolution. This was the period that the tactical nuclear weapons came into being. He made some statement at the UN where he said, "tactical nuclear weapons have achieved conventional status" or something like that. We used to put out comparisons that one of the shells of the 270 m.m. cannon, that couldn't find many roads to run on, was equivalent to X number of battalions of conventional artillery, or that one nuclear bomb was the equivalent of X number of squadrons of bombers. There was a period when Eisenhower considered that nuclear weapons were a substitute for conventional forces, and he cut the Army.

Hoffman: And McNeil's office planned accordingly, then, in terms of the amount of money that was allocated to the Army for nuclear weapons as opposed to conventional weapons?

Glass: Yes. Of course, it became clear in 1956-57, Wilson's time, that Eisenhower didn't believe in the NATO plans at all. He made statements such as, "We are never going to fight another World War II in Europe." "The six by six divisions are not going anywhere. There will be no ports to receive them in another war." So the strategy was

not formalized as in the McNamara period. This is the kind of criticism we are hearing now.

Hoffman: We had a national security policy.

Glass: Yes. There was a major overall paper, "Basic National Security Policy" that was updated once a year.

Hoffman: Your office would get that.

Glass: Yes. For example, there was a paragraph about rolling back the iron curtain. McNeil pointed out to Wilson that we were not providing forces for that task. We didn't have that kind of offensive forces, we were not planning an industrial base for it. It was pie in the sky. We always objected to that paragraph. After the Hungarian uprising McNeil's office got Wilson to propose again that we delete that paragraph and it was deleted.

Goldberg: Dulles made the statements early on.

Glass: When was the Hungarian uprising?

Goldberg: 1956.

Glass: Go to the next one and then back to the previous one and compare them. You will see there is a missing paragraph.

Goldberg: The failure to react to the East German uprising in 1953 made it pretty clear.

Glass: Yes, but the Hungarian thing was the final test. After that the paragraph came out.

Goldberg: Did you feel that the services were withholding information from OSD?

Glass: Always.

Goldberg: And from the Secretary?

Glass: Yes.

Goldberg: And the JCS withholding from the Secretary?

Glass: Yes.

Goldberg: Everybody was withholding whatever they chose to.

Glass: That's right. That is why McNeil built a strong staff. Would you like an example? The B-52 vs. the Bison issue--the Twining presentation, when he was Chief of Staff of the Air Force, that the Russians were going to build up to some 600 Bison bombers. He came up with a chart, and here we are with about 200 B-52s which we had thus far planned, programmed, and budgeted for. That was the bomber gap that the Democrats jumped on and began to beat the Eisenhower administration with--the Symington group and Alsop and those people. That projection was based on an NIE. As I mentioned before, I would go downstairs to the JCS and browse through the NIEs. There was one civilian in the J-2 who would let me go through these NIEs in his office, and I saw they had changed the number for the Soviet Bison bombers. I copied out by hand that paragraph, had it typed up and gave it to McNeil. I said here is this big bomber gap and here the latest NIE cuts it back so that we were going to have more bombers than the Russians are. McNeil took this paragraph up to Wilson, and that was the first that Wilson knew that the number had been changed. I don't know the exact date. It was some time after the Symington hearings in 1956. The one problem with the NIE is that this may have been the unilateral Air Force projection, or it could be in the footnote. This bomber gap was something in the public domain. For your information,

the note would be an undated, no-signature piece of paper. Wilson told McNeil, according to McNeil, "I'm going to put it in my pocket, and the next S.O.B that brings up the bomber gap, I'm going to let him have it." There's a good example of not keeping the Secretary up to speed on what's going on in the Department.

Goldberg: The changed NIE would have been available to the Secretary, wouldn't it?

Glass: Before McNamara, the Secretaries simply didn't read the NIEs. He depended on staff to keep him informed.

Goldberg: I'm talking about withholding information.

Leighton: Information of that kind would be pertinent to the NSC.

Glass: If you think the NSC debates things like that.

Watson: The director of CIA briefed him regularly.

Glass: Of course, but the NSC addressed itself to policy, not so much to numbers. The Secretary of Defense did not know that the number had been reduced, that is the important thing.

Goldberg: And you think McNamara would have known?

Glass: One of the first things he did was to look at the ICBM intelligence. He got into everything.

Matloff: Were there any people on the congressional committees and their staffs whom you found particularly knowledgeable in the Defense field?

Glass: Yes, George Mahon, Flood, Sykes, Whitten, Ford, Minshall, Laird. The people on the Defense subcommittee of the House were pretty well informed. On the House side, at that time the whole Appropriations Committee consisted of about 50 members. The Defense Subcommittee had 10 or

12 members. These people were able to spend a lot of time reviewing the Defense budget request. This committee would sit in hearings day after day for hours and hours over a period of months.

Goldberg: How about staff members who were especially knowledgeable?

Glass: Mahon selected pretty carefully. The chief man was always knowledgeable. Ralph Preston, for example. By the time he got to be chief of staff he had been there for 25 years already. The Senate staff was weak. Up until into the 70's, when they began to build a staff, they were dependent on men from the overall appropriations committee who would come and go. They were very dependent on the Defense Department for staff support. Yet the Senators could work their will in any event. They often had the final word on what the budget was going to be. Men like Gen. Moore, the liaison man, who had the inside track there, could exert influence.

Leighton: It was done in conference, wasn't it, between the Senate and the House, if there was disagreement?

Glass: Yes, but you could get through the Senate what you couldn't get in the House, and vice versa. If a Senator had a particular axe to grind, he could get it ground in that bill, and you had to go along with it. When I prepared a statement, as for Senator Robertson, whose name is familiar now, when he was Chairman of the subcommittee, Fran Hewitt told me that Robertson liked to "smite them hip and thigh." Very often when Chavez was chairman I would tell Hewitt, "This is the way I understand the Senate Committee actions on the Bill. If you want to insult the Defense Department or the administration, you will have to run in those

insults yourself." The factual knowledge wasn't there, so we provided that.

Matloff: Did you have any direct dealings with anyone in the White House?

Glass: Yes, with the speechwriters. For example, after Sputnik, the President decided to deliver a speech in Oklahoma City. He had a speechwriter there who came from Duke University, Arthur Larson, who was working this particular speech. McNeil called me into his office and told me to go over to the White House and work on the speech with Larson and to keep my New Deal ideas out of it. I worked well with Larson. When I went over there, Larson was adding \$10 billion to a budget which I think was \$30-some-odd billion. I asked him "Are you sure this is what the President wants?" He said, "Maybe I am mixing my own views in with those of the President." The President finally let him go because of that. Eisenhower would change something, and Larson would change it back again. I think Eisenhower decided that even though Larson was a very articulate Republican, he just couldn't use him for his speeches. The reason I was there was that I knew the program, the numbers, and the budget. I was there to supply the data.

Matloff: Was your contribution in this function being cleared with your chief?

Glass: McNeil sent me there.

Matloff: Did McNeil want to see it?

Glass: How could he? The two of us are sitting there in the office, and Larson is writing and jotting down ideas and numbers. I told McNeil when

I got back, "I had to keep his feet on the ground, to keep him from taking off altogether." That's when it was decided that McNeil was going to make a separate speech here in Washington, to cut off the speculation that there was going to be a big increase in the budget.

Leighton: How about Arthur Fleming?

Glass: No. We used to work with Bryce Harlow. He was a big wheel in the Republican Party. Goodpaster was over there. He was the military secretary to Eisenhower, and he often spoke for the President on military matters. Harlow was the channel that we used to feed information to the party, the political end of it, for the public debate, because as civil servants we had to be very careful not to get involved in politics. But when the White House wants information, you have to provide it. Max and I would often go over there to talk to Harlow and others, and I would go to help with speeches. The White House speechwriters, if they wanted to do a speech on Defense, needed information from us. We looked at the budget from the top down. We were very conscious of Eisenhower's fiscal policy--that Defense is not an absolute; that it is going to be relative and has to be kept in bounds with the domestic demands, with the need to balance the budget, with the need for prudent fiscal and budgetary policy. We knew and understood it better than most people in the administration, especially the State Department. We ran into trouble with the Joint Staff on two balance of payments problems towards the end of the Eisenhower administration. In 1956 we ran into the balance of payments problem for the first time. I think the deficit was about \$3 billion. Now the balance

of payments deficit is \$170 billion in one year. George Humphrey set the alarm bells ringing and created an uproar in Washington. This deficit in the balance of payments melted away when the Europeans, as well as Japan, had to buy oil from the United States after the Sinai War of 1956. But the next year, when that was settled, the deficit in balance of payments was back with us. We were pressed to do something about it, and we began to examine what the Defense Department could do to cut down the expenditures of dollars abroad by Defense people and agencies. As long as you deploy forces abroad, and they live there with their families, that is where their whole income is spent. So we began to get the Commissaries and PX's to buy American. We had calls in our office from the New Zealand Embassy. They discovered who was handling the problem and called us about their lamb exports, out of fear that they would be cut off. We asked the Joint Staff about the feasibility of reducing our dollar expenditures abroad. They refused to deal with it. They sent up a nasty memo. General Wheeler, Director of the Joint Staff at that time, understood the problem and said he would straighten out the Joint Staff. This was an issue that carried into the Kennedy administration. When Eisenhower left, he took a very drastic step--families would not be sent to Europe with the men. When he was a young officer he said that he had been posted abroad without his wife and family; he didn't see why other soldiers couldn't do that. The Marines in Okinawa never had family with them, and that would have saved a lot of dollars spent abroad. But it was one of the first things that Kennedy reversed.

Leighton: A good many of these years, in Germany, the Germans paid a portion of that.

Glass: Before Germany became an ally, when they were an occupied country, they were paying occupation costs. There is a story about that. McNeil squeezed out of the Germans an extra \$2.5 billion, which was a lot of money in those days, over a period of years. That was one of McNeil's unique contributions. When Germany was no longer an occupied country, its status changed, so we could no longer properly require occupation costs. The State Department wanted to drop the occupation costs without any arrangement for payment. But we had troops there, and these payments were defraying part of the cost of these troops. McNeil fought State on this issue, because the Defense Department budget would have to pick up these costs. He went to Lovett, who was Deputy SecDef. (Acheson was Secretary of State. McCloy was the High Commissioner in Germany.) Lovett agreed but told McNeil to go talk to Acheson. Acheson said, "I get your point, go and talk to McCloy." McNeil went to Germany and talked to McCloy. They had a meeting with the Germans, who said that they couldn't afford any payments and recited a line of hard luck stories. McNeil was unmoved. They then negotiated the program which would give us aid at a declining rate and peter out to zero, except for Berlin. As far as I know, we still get money from Germany. Looking back, you can see he was absolutely right in getting some more support costs out of the Germans.

Matloff: On the question of DoD organization and management, what was the nature of McNeil's influence and power in the Department?

Glass: His influence kept growing. Lovett ran the budget. Marshall presided and gave prestige, and appeared on the Hill--he was the front man. Lovett ran the inside business, and really got into the budget. McNeil got along well with Lovett. I imagine McNeil was quite circumspect around Marshall. When they left, Charles Wilson and Kyes, the know-it-all who was going to make the place efficient, came in. That's where McNeil came into his own. From then on, his prestige increased until he left.

Goldberg: Why did Kyes last only one year?

Glass: He couldn't take the abuse. There were some articles about his wearing a corset for a back problem, and about how nasty he was. He was the hatchet man for G.M., that's why Wilson brought him in. He was known for going in, wrecking the management, and rebuilding it. He remarked, "I'm not here to sprinkle stars around." He soon found out that there is an enormous inertia here. He broke his back on it. He began to get abuse in the press, and that was too much. He just left. Did you ever read Mystery Man of the Pentagon, in Colliers, about McNeil, the first time that McNeil began to emerge in the public view? Wilson realized that McNeil was the best source of the information. McNeil branched out and got into the NSC business, into intelligence, and got more confident of himself and his judgment and began to be more free with his advice to the Secretary.

Hoffman: When you came into McNeil's office, how many people were there and how was it organized?

Glass: The main element of McNeil's office was the budget office. Others were accounting and auditing; management; little odds and ends. The heart of the Comptroller's office, to this day, is the budget. There were about 200 or so professionals.

Hoffman: What was the biggest change?

Glass: McNeil never liked any of the staff to go to the War College, or any of the military colleges, which other organizations did very freely. He said, "If you can be spared for a year, we don't need you." I never went to any of the schools.

Goldberg: But you tried, later on.

Glass: He never approved anything. He didn't believe in that.

Goldberg: McNamara didn't let you go, either.

Glass: Yes. I never got to go anywhere, except for four days in England and France with the Hitch mission on planning-programming-budgeting.

Hoffman: Was there any major change that took place?

Glass: When I came in they had the budget office organized in two overlapping ways--by military function (i.e., budget category) and by service. This resulted in confusion and duplication. The real work is done in terms of budget category--military personnel, O&M, Procurement, etc. So eventually, the by-service organizations were eliminated. After the budget review was completed, a recap by service was compiled and sent to the military departments.

Hoffman: As McNeil's stature grew, was there a corresponding change in his office in the way it was organized, or number of people?

Glass: The way it was organized, but not numbers of people. I was relieved of the financial reporting part of my duties, which were transferred to Budget, so that I could devote full time to preparation of statements, speeches, NSC matters, notes for SecDef for Cabinet meetings, overall Defense policy matters, etc. Elsewhere, organization and management was given more attention; later the auditing staff was increased. But, always, the budget review function was central. Presentation of the first look-see on the new budget to the Secretary was made more formal.

Leighton: Was it the budget office that conducted the budget review?

Glass: I assume you mean the overall budget review. McNeil conducted that budget review in his office. He sat at the head of the table and I would sit on the side to record decisions. He would call in the principal reviewers in each function area, one function at a time; e.g., military personnel. He conducted this review like a Ph.D. oral. That was the most fearsome time for the budget examiners. That exposed what they did and didn't know.

Leighton: Were BoB people in on that?

Glass: No, DoD only. This was his first look at what his people were doing.

Hoffman: So he brought in his own people, not the military?

Glass: That's right. No military dept. or BoB reviewers. The budget examiners would come in and sit down. He would look at their markup and start asking questions. They would dread it. He knew the questions

to ask. They would go back shattered, to do some more work on it. Then he'd call in the other groups of examiners, one group at a time.

Leighton: Is this before or after the services submitted their budget in October?

Glass: After, of course. After the DoD and BoB examiners had completed their reviews.

Leighton: Doesn't the joint review with BoB start immediately after?

Glass: Of course it does, but McNeil wanted his own privacy.

Leighton: It precedes the bringing in of the BoB people?

Glass: The BoB people started work with the submission of the budget requests by the services about Oct. 1. They worked their way through those budget requests in Oct. and Nov. This was McNeil's personal review of the results of that effort.

Leighton: How was it a joint review, then?

Glass: The review proceeded from the time the budget arrived until the time it was fixed in final form. But along the way each organization, DoD and BoB, privately reported to their respective bosses. McNeil's private personal review took several days. BoB reviewers went through a similar process with their own bosses.

Leighton: It seems to me that the services had very little input, up to almost the last minute.

Glass: They submitted the original budget requests and justification. McNeil's staff was coming in on a daily basis to consult with him on various issues during the course of the review. At some point he had

to see the semifinal product in its totality, the whole military personnel account, O&M account, etc.

Hoffman: In most cases the budget has to be up to the NSC by the 15th of December. They are not doing this process until then.

Glass: I hate to disillusion you, but the NSC meeting was ~~was~~ pro forma, it had no influence on the outcome. The President made the decisions before then. Eisenhower didn't make his decisions at an NSC meeting, he made his decisions when the Director of the Bureau of the Budget brought in the budget and sat down with him and went over it in detail.

Hoffman: Whoever made the decision, the final decisions were usually made in the first through the third week of December. You don't have these big tent shows until after Thanksgiving, so the military has very little time to prepare for the whole process.

Glass: But everybody has been working on it since October 1. People are feeding the examiners the information. There was constant motion and communication between the services and OSD-BoB examiners, dozens of meetings going on between them every working day.

Hoffman: While the markup is going on there was still continual interchange with the services?

Glass: Of course. There was an input from DDR&E, the proponents for research, and proponents for other areas. The only objective man, looking purely at the dollars, was the Comptroller, who had no other axe to grind. The other Assistant Secretaries of Defense would also participate in the budget review, but they also had axes to grind.

Leighton: My impression is that on the whole, the BoB people, reflecting the economy wishes of the President primarily, had to have a rather low figure in mind. The OSD people, although they were constantly clamping down on the services, tended to support them to a degree against the BoB. Is that true?

Glass: There were all kinds of techniques used to try to get a realistic budget. Part of the game was to send up a budget to OSD from the services leaving out something absolutely vital that they knew the President wanted; they figured he would have to put it back in. We tried all kinds of techniques, the A budget and the B budget. The basic budget and then other things that we ought to have. They would put the essentials in the "ought-to-have" category and their favorite programs in the basic budget. I think that was a waste of time. The job of the OSD budget examiners and the BoB people was to whittle the budget down to where the President wanted it. I told you about the McElroy business, with the \$300 million for equipment for the six divisions to be dispatched to NATO by M + 6 months. Everybody in the building agreed that if they were going to be deployed by M + 6 months, you must have the long lead time for the heavy equipment (e.g., tanks) needed by these 6 divisions. It takes much more than 6 months to gear up production of major equipment like tanks. After it was all agreed in the Pentagon, Eisenhower personally plucked it out of the budget. So these issues you had right to the bitter end of the budget preparation process. Then around Thanksgiving, after McNeil had been over the proposed budget, he made an informal presentation to the Secretary of Defense; he would

give him the rundown before the markup was unveiled to the services.

When we had to prepare a budget without him, because he was sick, it was an agonizing affair.

Goldberg: My understanding is that it was a continuing, ongoing process, with negotiations among the services, BoB, OSD, force trading, things being done piecemeal.

Glass: Yes. Before the budget left the Comptroller's shop McNeil had to go over it and it became his. The one year we prepared a budget when he wasn't here was a disaster. He couldn't reconcile himself to that budget.

Goldberg: Even after the markup, this still went on. The services tried to exercise influence and go around OSD.

Glass: Then they had the formal tent show, their appeals directly to the Sec. Def., and after that came the final thing, when they had to deal with the President. The Chiefs and the Service Secretaries, McNeil, and SecDef would go down to the White House in early to mid-December for the final argumentation. Not at an NSC meeting. We had an NSC presentation after the fact, when all the decisions had been made by the President. When McElroy was Secretary and Maxwell Taylor was Chief of Staff of the Army, Taylor went in and told McElroy that he didn't do justice to the Army in the budget and that he wanted to discuss the matter directly with the commander in chief. Taylor was going to lay down the law to Eisenhower on what the Army needed. McElroy set up a meeting in the White House and they marched in to see General Eisenhower in his living room. According to McNeil, Eisenhower held up his hand and said, "The

figure is \$36 billion." That was the end of the discussion on the budget. Taylor never got to continue the discussion. Eisenhower began talking about how he could have been a great football player if he hadn't fallen off a horse at West Point, and that was the end of the budget discussion. I went up to talk to Taylor after his luncheon speech at VMI (in 1977), and told him his problem was with the President, not with McElroy and Wilson, whom he blamed for the Army's budget problems. When it came to the Army, Eisenhower felt he knew what he was doing, and nobody could move him.

Matloff: What similarities or differences did you note in the approaches of the various Secretaries of Defense toward the budget?

Glass: I wrote Wilson's budget statements that he presented to the congressional committees, and we didn't go very deep. They were unclassified, 30 pages double-spaced, to keep them to an hour reading time. Gates once agonized about eight extra pages. McElroy was not as well-equipped as Wilson, who knew a great deal about production of hard goods and overall management. When we had trouble with overspending the budget and Eisenhower was unhappy with it, Wilson felt he had let him down. McElroy was the least effective Secretary during that period. He was President of Procter and Gamble.

Matloff: I take it that part of McNeil's power and influence resided in the fact that technically he knew the game, and also that he had such a long tenure. What would you say was his permanent legacy in the Department?

Glass: The principal mechanism for running the Defense program was the budget. The bulk of the decisions were made in the budget review process

and in the execution of the budget after it was enacted by the Congress-- changes, and reprogramming, after the fact. Everybody that understood the process knew that if you were going to have any influence, that was the place to exert it. When I was on the Air Staff, we were always looking at the budget process. The important thing was to convince everybody that you needed the money. McNeil was effective because he was in charge of this most essential element of the planning, organizing, and managing of the Defense effort. He knew how it was constructed. It was in his tenure that they designed the new integrated DoD financial system. When they merged you had the War Department and the Navy Department, which had evolved completely separately since the Navy was established before 1800. From then on they went their separate ways. The budget, accounting, and organizational structures were different. A unified Defense Department needed a common language, and you had to start with the budget. The Army had about 140 appropriation accounts. It added appropriations accounts like barnacles. The Navy also had many appropriation accounts. Some of the appropriation accounts had no money appropriated to them for years but were carried along because they were in the structure. Before we had the unified budget, one year we had two budgets for the Navy--one the new form, and one the old. Both are in the Budget Book for that year, I think it was Fiscal '47. McNeil was still the Navy fiscal officer. That was before there was an OSD. Which do you think the congressional committees accepted? The old one. McNeil's lasting contribution was the uniform budget structure for the entire Defense Department. You couldn't have a

unified department without that. The budget goes to Congress. Congress appropriates funds in whatever format it finds desirable. The money is obligated, then it is spent, and the expenditures have to be recorded by the Treasury in the very same format, that is, the same account structure in which the funds had been appropriated. A major revision in the budget structure of the entire DoD is an enormous undertaking. Claude Baldwin was apparently the principal designer of the new DoD financial management system. When I came down to OSD in 1953 I began to go through the files and financial reports. I discovered that Baldwin was the key. He and Bordner, the head of accounting, designed the structure, recast the whole accounting structure and got it down all the way out to the individual base. The final set of financial tables came into Lehrer's office. All of it was standardized. But regardless of who did the spadework, McNeil got it done. He created the machinery that enabled us to have this single Defense Department. There's no question about it. And he got the Appropriations Committees to accept the new system and budget structure.

Leighton: Somehow as late as 1955 there was still a duality. I think it is appropriation accounts, in the case of the Navy, especially.

Glass: The Navy, of course, will have a shipbuilding account, which no other service has, and also an aircraft procurement account, which the Air Force also has. So there are differences. But you can add all military personnel accounts together and ask for X number of dollars for the entire military personnel category of appropriations.

Hoffman: McNeil's greatest legacy, then, was the budget structure.

Glass: By the way, Congress had to reorganize to fit the new structure.

They earlier had a Military (War Dept.) Committee and a Naval committee.

Hoffman: Was the other major contribution the machinery to control the spending of the resources?

Glass: The so-called financial plan. They are big pieces of paper you see in your files. McNeil carried them around with him and changed figures as he went along in pen and ink. This was one of the techniques he had of keeping track of things. That overall financial plan was probably the most important single document in the execution of the budget. He made changes as necessary, and from time to time during the fiscal year, revised Financial Plans were printed and distributed.

Matloff: Was there any permanent legacy left from the Lincoln period?

Glass: He was here a very short time. He was lucky just to keep the business running. He was a caretaker, really.

Matloff: Are there any other predominant influences on the Defense budget in the Eisenhower years that you want to call attention to?

What do you think was motivating him? domestic considerations?

Glass: First of all, his Cabinet was characterized as nine millionaires and a plumber. Eisenhower had enormous respect for successful business people, and his Cabinet was composed of these people, except for the Secretary of Labor. Humphrey (Sec. of Treasury) was very conservative, knowledgeable, and able. The Bureau of the Budget holds a press conference when the U.S. Government budget is released to the media, just before the Defense Department press conference on its part of the Budget. I would go over there to hear what was said at the BoB press conference and then

run back here and inform our people. Humphrey conducted that press conference, with Dodge sitting there. The Director always conducted this conference, but Humphrey conducted it at that time.

Leighton: Humphrey also presided over the mid-year review in August.

Glass: Humphrey was Eisenhower's economics professor, because Eisenhower didn't really know much about the finances of the US Government. Fiscal policy, budgetary policy, international balance of payments, were all foreign to Eisenhower. He relied on Humphrey. The other aspect was the Taft influence. The Taft wing of the Republican party was very powerful at that time. They convinced Eisenhower that you must have in mind the overall fiscal policy of the government, and its effect on the economy of the nation. Defense is not an end in itself. There are no absolute Defense requirements. The Republicans at that time still believed in a balanced budget.

Leighton: How do you explain the fact that it wasn't until 1956 that the budget was balanced?

Glass: It's like turning a ship around. You don't turn it on a dime, it takes time. Because you have money in the pipeline, a spending stream.

Leighton: Wasn't it partly also that Eisenhower always backed away a little bit when he thought that security issues were really involved? Away from Humphrey--he didn't go as far as Humphrey wanted him to.

Glass: I wouldn't be at all surprised, because Humphrey didn't have the responsibility for defense, but only for fiscal and budgetary policy. But Eisenhower didn't back away from potential or apparent military crises like Quemoy or Lebanon.

Matloff: Did this attitude give any heartburn to McNeil or to any of the Secretaries of Defense?

Glass: To McNeil, the government's dollar was like a dollar out of his own pocket. He was the ideal Comptroller, the money meant something to him. He was a man whom you could depend on to try to save a buck. He agreed fully with the Eisenhower administration policy that Defense is not an end in itself, but must be fitted into the total national security policy, encompassing not just military, but foreign and domestic policy as well. He and I gave many speeches along that line at the War colleges, where we tried to convert the heathens to this point of view. And he really believed in it.

Leighton: Where did Wilson get the idea that even if we had spent twice as much it would not have altered one bit the course of events and the state of national security?

Glass: Just look at what happened, as a historian. What happened that would have been different, had we spent double?

Leighton: But that is in retrospect.

Glass: So he had good foresight.

Leighton: So you think it was just Wilson's idea, then? You even wrote a paper supporting it.

Glass: Yes. Don't forget I was like a lawyer for a client, presenting their case, not mine. But I agreed with him then, and even more so now.

Leighton: I don't think Eisenhower would have said that, though.

Glass: Eisenhower not only said it, but acted on that basis. To say that he didn't even want to spend \$300 million on the six divisions which were

in the NATO plan, which were supposed to be there by M + 6 months, and say that they were not going anywhere! You remember that budget message where we ran in the correspondence between Wilson and the President on the President's view of the world from a military point of view. Wilson absorbed it and was glad to believe it. He was justifying his own tenure here. The fact is, as matters turned out, it did not make any difference. When Kennedy came into office he found there was no missile gap, and we were ahead of the Soviet Union. Because Eisenhower was a five-star general, a man of tremendous accomplishments in the military sphere, he could take chances. If he had to take a risk for the sake of a balanced budget or proper fiscal policy, he would not hesitate to take it out of Defense too, and that's what he did--just as he didn't hesitate when it came to the balance of payments problem, by taking such drastic action as saying that henceforth families would not go with servicemen abroad. He said that when he was a young officer he went abroad without his family. That was one of the very first things that Kennedy reversed.

Goldberg: I don't think that Eisenhower went abroad without his family when he was a young officer. He served in Europe and the Philippines and he had his wife and child there.

Glass: I seem to recall him saying so, whether it was true or not. This was a tremendous shock to the military throughout the whole structure. The Chiefs were terribly perturbed. I've never seen them so upset as they were over this issue. Kennedy went along with them.

Matloff: What role, if any, did the Comptroller's office play in connection with the evolution of the DoD structure, organization, and functions?

For example, those reorganization acts of 1953 and 1958 and any other matters that may have occur to you.

Glass: The OSD is like the corporate headquarters. The operating divisions are the military departments and agencies. That's the way Wilson visualized it. That's why he increased the number of assistant secretaries; he came up with the new title of ASD for Application Engineering. That has no application to OSD at all, although it is characteristic of auto manufacturing. DoD doesn't produce anything; we don't take developments and convert them into production. That is done in the civilian sector. It was a totally misplaced concept, and it didn't last. The job disappeared. It got squeezed by R&D on the one side and I&L (Procurement Policy) on the other side; R&D and production. OSD simply oversees the operation and lays down general policies for the services. Wilson had some shocks here. One shock was that, as he pointed out, at General Motors when he issued a verbal order, something happened. Here, he would issue a signed, written directive, and nothing happened. So he issued a directive on directives. It said, in effect, "When I issues a directive, all addressees have to carry it out." He never could understand the difficulty of getting things done in the military establishment.

Leighton: Did Wilson have any influence on the Rockefeller Committee-- the '53 reorganization?

Glass: I don't think so. He didn't serve, he was never in the military. They needed him in industry. He had no direct knowledge of military

affairs as such, so how could he contribute much? Rockefeller was in and out of government several times, so he knew a lot more. When Wilson came in, he had in mind the General Motors organization, the corporate headquarters, sort of thing.

Goldberg: He was too new.

Hoffman: He wrote letters to the Commission.

Goldberg: Yes, but who wrote them for him?

Hoffman: There is some correspondence suggesting that he had some input into that committee.

Glass: I don't remember the Rockefeller report any more. I know McNeil tried to influence every committee that came down the pike. His biggest success was in the 1949 amendments, which were also the most important from a DoD management point of view.

Hoffman: What was McNeil's reaction to the Cooper Committee, on fiscal reorganization, 1953-55?

Glass: Apparently not much, because I don't remember the Cooper committee report, either.

Matloff: Were you drawn in at all in connection with those acts of 1953 and 1958? Was anybody asking you for advice or recommendations?

Glass: No, that advice would come from McNeil, assisted by his deputy for accounting. He dealt with the Secretaries. The one he didn't get along with at all was Quarles, Deputy Sec. Def. He wouldn't even go to his office. They didn't talk. I would substitute for him.

Watson: Why was that, just personality?

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Glass: Quarles was an engineer, money was secondary to him. One occasion when I went up there in place of McNeil was on the Canadian Air Defense Program, the NORAD command, of which Canada is a member. [REDACTED]

[REDACTED] There was quite a bill.

The Comptroller wanted Canada to carry as much of the cost as possible. I was there to impress on Quarles, who was the negotiator, to get the Canadians to pay more of the costs. We were ready to pay part of the cost of the equipment. Quarles, who was an irritable man, said, "That's the trouble with you Comptroller types. You don't understand the broad strategy. All you think about is the money." With McNeil, money was important, and in the Eisenhower administration it was very important to keep the budget under control.

Watson: One of the things that was done was done by executive action. They changed the structure in which the budget went to Congress. Instead of requesting appropriations for the services and then breaking them down by title, they requested appropriations to broad functions, such as operations and maintenance, procurement, and so forth, with the service breakdown as line items under those headings. Were you involved in that?

Glass: No. It never sailed, the Congress didn't accept it.

Watson: Ike seemed to have attached some importance to it, as a step towards more Secretary of Defense control over things.

Glass: I don't think that proposal was very significant. What was significant was the 1949 amendments, where the new language introduced into the Law said that the Secretary of Defense has the authority to

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control the rate of obligations. That sounds pretty innocuous, but whoever controls the rate of obligations controls the Defense program. If you can't obligate the money, you can't spend it, you can't put out contracts. That was the irony, when Forrestal became Secretary of Defense, the Navy opposed unification. But by the end of his first year as Sec. Def., former Sec. of the Navy Forrestal was saying, "Nobody can run this show unless he has more authority." Eberstadt was the man on the Hoover commission that McNeil worked through. He put the language in the 1949 Amendment that McNeil wanted.

Goldberg: He knew Eberstadt well, because Eberstadt had been a close friend of Forrestal.

Glass: He put in the key words throughout the whole thing.

Hoffman: It was the amount and rate of expenditures.

Glass: No, I think obligations. You can look at the present language.

Leighton: The 1957 budget was the first time that the budget was submitted with three categories--NOA, expenditures, and obligations.

Glass: I think we always had that. New obligation authority, NOA, is the amount that the Congress adds each year to funds already available. There was much argument, however, as to what constituted an obligation. When you have a valid contract in which the government has assumed a financial liability, then the money is obligated. Joe Hoover was the artist here in faking obligations. How could McNeil, who agreed (as proposed) to cut the FY 1954 Air Force budget by \$5.1 billion under the Eisenhower administration have approved the Air Force budget in the first place, in the Truman administration?

Watson: That's what I always wondered.

Goldberg: Here's obligations: "In order to prevent overdrafts and deficiencies in any fiscal year for which appropriations are made on and after the beginning of the next fiscal year following the date of enactment of this act, appropriations made in Department of Defense or to the military departments and reimbursements thereto shall be available for obligation and expenditure only after the Secretary of Defense shall approve scheduled rates of obligation or modifications thereof."

Glass: That was the financial plan--apportionments and allocations--because that means after the money is appropriated, the Secretary of Defense can control the flow or use of funds. That's all the authority McNamara felt he needed to control the program. The Kennedy administration also had a commission on reorganization, the Symington Committee, on which Gilpatric, the new Deputy Sec. Def., had served. When the Kennedy administration took office they just ignored the whole thing. When McNamara looked around to see what additional power he needed to do his job, he found he had enough authority already in existing law. There was no point in getting into the big fight that would take place if they tried to eliminate the military departments, as proposed in the Symington Committee Report.

Matloff: What contributions did Wilson, McElroy, and Gates make to organization and management in the broad sense?

Glass: Wilson was a businessman, and he understood production. He did give some guidance. He guided Army procurement officers on the procurement of Hawk missiles from Raytheon, for example. He was also a very

stolid man, a solid citizen. He couldn't be panicked. His remark about Sputnik made a very bad public impression, even though, looking back, it wasn't far off the mark; namely, that it was no big trick sending a thing like Sputnik into orbit. We could have done it earlier, if Eisenhower had not separated that civilian space program from the military program.

Matloff: Is there anything organizationally permanent remaining from that era?

Glass: The Defense Supply Agency originated during Wilson's tenure. McGuire helped it along. McNeil didn't agree with it, but I think he was wrong on this one. The Defense Supply Agency now buys common items for all the services. Before that each military department bought its own supplies. We had a lot of horrible examples. At the very time either the Army or Navy was selling surplus, the other was buying the same items. We had a number of cases where one hand didn't know what the other hand was doing. That led to the "single manager" concept, where one of the military departments would be appointed as the buyer for everybody with regard to a particular group of supplies. That evolved into the DSA of today. It made good common sense. McNeil felt that each department had a scale of purchasing so big that there was nothing to be gained by consolidation. But I think he was mistaken there.

Goldberg: We will continue at a time convenient for Henry.