

Oral History Interview
with
J. THOMAS SCHNEIDER

Chairman, Munitions Board Inter-Agency Committee on Military-Contractor Relationship, 1949-50; Chairman, Munitions Board Industry Advisory Committee on Military-Contractor Relationship, 1949-50; Chairman, Personnel Policy Board, Department of Defense, 1950-51, and Assistant Secretary of Commerce for International Affairs, 1952-53.

Washington, D.C.
January 10, 1973
by Jerry N. Hess, Harry S. Truman Library

The Harry S. Truman Library
Independence, Missouri
March, 1977

NOTICE

This is a transcript of a tape-recorded interview conducted for the Harry S. Truman Library. A draft of this transcript was edited by the interviewee but only minor emendations were made; therefore, the reader should remember that this is essentially a transcript of the spoken, rather than the written, word.

RESTRICTIONS

This oral history transcript may be read, quoted from, cited, and reproduced for purposes of research. It may not be published in full except by permission of the Harry S. Truman Library.

Oral History Interview
with
J. THOMAS SCHNEIDER

Washington, D.C.
January 10, 1973
by Jerry N. Hess, Harry S. Truman Library

[1]

HESS: All right Mr. Schneider, this morning let's start by discussing your background a little bit. Tell me where you were born, a few of the positions that you have held before your service with the Truman administration?

SCHNEIDER: Well, I was born in Cedar Hill, Robertson County, Tennessee, on June 2nd, 1895. I went to public schools in my hometown until I went to college at the University of the South, Sewanee, Tennessee, between 1913 and 1917,

[2]

from which I graduated with a bachelor of arts degree in 1917.

Immediately upon graduation I took the examinations for a commission in the Regular Army, and in the interval I applied for and attended the second officers training camp at Fort Oglethorpe, Georgia, but about a week or so before that camp was to complete the course in the latter part of November, I was informed of my appointment and was commissioned a second lieutenant in the Regular Army, which I accepted.

From there I went to the heavy artillery school for young Regular Army officers at Fort Monroe, Virginia, and graduated from that in the spring of 1918, and immediately joined the 62nd Artillery Regiment, which was an artillery regiment at that time based in the Presidio in San Francisco, California, and then in a

[3]

few months the regiment left to go overseas.

We arrived in France, I believe, in the early part of, June, 1918, and a short while after that I went to the front for a time with a French artillery regiment and came back and joined the regiment just before the armistice as it was in training for the front.

I was then detached from the regiment and went into an officers replacement camp, and from there, after a week or so, I was ordered to General Headquarters at Chaumont, where I became Information Officer, General Staff, and aide to the Chief of Staff, Major General [James W.] McAndrew.

After a short time I was appointed Acting Secretary of the General Staff, GHQ AEF, and thus became acquainted with General [John] Pershing. General Pershing and his General

[4]

Headquarters removed from Chaumont to Paris (45 Avenue Montaigne) during the Paris Peace Conference and I went along as Secretary of the General Staff. During this period, General Pershing's brother James, came from New York for a visit and I conducted him over the battlefields and visited the headquarters on the Rhine of the U.S. and Allies, I returned with General Pershing and his headquarters, on the *Leviathan*, arriving in New York City on September the 13th, Pershing's birthday, of 1919. (He was then, I believe, 59 years of age.)

A couple of months after that General Pershing informed me that the President and Secretary of War [Newton D.] Baker had requested him to make a tour of military camps and posts, as well as principal industrial areas which had been engaged in war production; and General

[5]

Pershing asked me to set up the trip and to accompany him and his staff on that trip; which I did, and which lasted from just before Thanksgiving of 1919 until sometime in March of 1920. There were about 10 staff members in the party, all of whom served on Pershing's staff in France,

including Generals Fox Conner, Moseley, Fiske, Colonels George C. Marshall, John Quekemeyer and myself.

General Pershing and his staff were entertained by civic bodies and others throughout the trip which covered practically every state in the Union and most of the major cities. We returned to Washington in the early spring, and just before we arrived in Washington, General Pershing told me he had rented "Highwood," Mrs. Henry C. Corbin's estate in Chevy Chase, Maryland, and asked me to become a member of his personal household. (The General was a

[6]

widower.) He also had with him a Major John G. Queckemeyer, and we three lived together there until Pershing retired in September of 1924.

I then was stationed in Boston, Massachusetts, where I took advantage of the opportunity to go to the Harvard Law School and obtained a law degree in 1925.

From there I went to Fort Sill, Oklahoma, to the Army Field Artillery School for a year and remained there with the 1st Field Artillery Regiment for the following year and thereafter was assigned to the United States Military Academy and taught law and field tactics to the cadet corps, 1927-1929. I then reluctantly resigned my Regular Army commission in December of 1929 and went with a law firm in New Jersey. The Army by then had been reduced to less than

[7]

11,000 officers and slightly over 100,000 enlisted men and appeared to offer no future.

After a few years there I went to New York, became a member of the New York bar and remained there during the early years of the "Great Depression." In 1934, I became Special Assistant to the Secretary of the Interior (Harold Ickes) and made a survey in this country and in most foreign countries, including a trip to Western Europe and the Scandinavian countries, dealing with the field and history of the preservation of historic sites and buildings. This was made possible through a grant from John D. Rockefeller. And in connection with and as a result of this, I obtained legislation through Congress setting up an appropriate and existing authority in the National Park Service to administer a program in the United States covering the subject. Most

[8]

of the Federal Government's activities in this field developed from that legislation and has since formed an important division in the National Park Service.

HESS: Before we move on, tell me a little about General Pershing, just your evaluation of the man and what kind of a person was he?

SCHNEIDER: Well, when I first met him at GHQ -- I might say at this point that I happened to be ordered to GHQ by a turn of the wheel of fortune as I knew no one there at the time. I didn't learn this until a few years later. The Chief of Staff desired someone to become his aide -- primarily office aide -- and he requested the Adjutant General to send over the personnel file of a

few young Regular Army officers, and mine happened to be one of those the Adjutant General selected and the

[9]

Chief of Staff happened to pick mine out of the few that the Adjutant General sent over. I knew no one at GHQ at the time and it was just a very lucky break for me. But General Pershing, of course, as everyone knows, was a very stern disciplinarian in the military, and publicly gave an impression of being a very stern man, which I say not by criticism but really as a very commendable trait for a distinguished military leader. But he was very efficient, he was a tremendous administrator, and, of course, I don't have to add my comments as to what a great military leader he was, and what a great organizer he was, as that's all a matter of well-known history, but I don't believe that the public as a whole had any idea at all, then or now, of what Pershing was like as a man.

[10]

In his home he was always a perfect gentleman. I lived in his home for approximately five years as a young officer, and, although I'm certain I gave him many reasons to do otherwise, he never spoke an unkind word to me in the entire five years I lived in his home with him. He was always considerate of me, and I was very fond of him, and he always gave every evidence of being fond of me.

I happen to think of one little incident, among many that I could think of, which I think shows the character and consideration of the man. I accompanied him to a very high official dinner at the British Embassy during one very cold, snowy, wintry night, and I had a cold, and very foolishly I didn't take an overcoat with me. But we came out of the Embassy after the dinner, somewhat after 10 o'clock, he said, "Schneider, where is your overcoat?"

[11]

I said, "I didn't bring one, General."

"Well," he said, "you have a cold haven't you?"

I said, "Yes sir."

He said, "Here, put on my overcoat."

Well, I objected, but he made me put on his overcoat to protect myself while driving out to Chevy Chase.

Well, that is just one minor illustration of the kind of man he was in his personal relationships with his friends and the people who lived in his home.

I kept in touch with him quite frequently after he retired, and during the last several years of his life he was at Walter Reed Hospital and I called on him there any number of times, and he was always alert and interested in everything almost right up to the end.

[12]

HESS: All right, now moving back to your own career, was your next position as counsel of the Reconstruction Finance Corporation?

SCHNEIDER: Yes, I came back from Europe in the early spring of 1934 and was engaged in communicating with several foreign countries which I had not visited for the purpose of learning what those countries had done in this particular field of the preservation of historic sites and buildings and objects of antiquity.

During the course of my time spent in gathering further information along this line, and at the same time writing a report to the Secretary of the Interior, and to the President, on my study of the subject, I met a classmate of mine from Harvard Law School who was then General Counsel of the Reconstruction Finance Corporation. He said that the Congress had

[13]

recently authorized the RFC to finance business enterprises and this being the period during the depression when businesses, large and small, were becoming bankrupt for lack of financing. The General Counsel asked me to come over and be counsel to this new setup, which I did. I remained in Washington for approximately a year and a half, and then Mr. Jesse Jones, the chairman of the RFC and James B. Alley, the General Counsel I referred to, asked me to go to New York to become assistant agency counsel to the RFC office in New York, which covered the states of New Jersey, New York, and Connecticut, as well as certain other jurisdictions, particularly the Caribbean and such countries as that. I was told that I would later be made the Chief Counsel, which I was in about a year. I was there during the

[14]

tremendous buildup by the RFC of the preparedness program, preceding World War II, which involved the building of billions of dollars of defense plants, financing of government contractors, the procurement of supplies, storing supplies of critical materials, as well as the liquidation of prior loans to banks, mortgage loan companies, business enterprises, and others. For example, I had a something to do with the purchase of tin from the Dutch East Indies before those islands were taken over by the Japanese. I arranged for the storage of all this in warehouses in Brooklyn. And there was tremendous other projects of that kind. I handled and closed a loan of 450 million dollars to the British Government.

I stayed with the RFC, and at the same time attempted to get back into the military on active duty when we got actively in the war,

[15]

but Mr. Jones and the people of the RFC would not approve my going on active duty, because they said I was doing a much more important job for them than I would do as a colonel in the Army, which was what I was offered.

So, I stayed with them, with the RFC, up until the latter part of 1942 when I became secretary and general counsel of Standard Brands, a large industrial manufacturing and food processing

company. And I remained with Standard Brands until after Harry Truman was elected President of the United States in his own right in 1948.

HESS: '48?

SCHNEIDER: In 1948. I think it of interest at this point to state how I happened to come to Washington.

[16]

Prior to the election, when President Truman was elected in his own right, there were one or two staff people close to the President whom I knew, and I think everybody had some doubts as to whether Mr. Truman would be elected or not, and I remember asking one or two of them what they were going to do, and they said they didn't know if Mr. Truman was defeated, although they still thought he would be elected. "Well," I said, "if he's defeated, you come on up here, I'll either give you a job or get you a job."

So, after Mr. Truman was elected one of them called me up and said, "You offered me a job, now how would you like a job?"

And I said, "Well, it depends on what it is." It was indicated to me that I would be appointed a member of the Federal Trade

[17]

Commission, and I told them I'd take it, because I had a great deal of experience before the Federal Trade Commission as a lawyer, and I was disgusted with the lack of integrity of some members of the Board of Directors and my principal assistant. But, subsequently, Senator James Mead of New York who had been defeated for the Senate and the Democratic State Committee, I understood, wanted to put him on the Federal Trade Commission, so I told my friend to tell Mr. Truman that I understood the situation perfectly and to go ahead and appoint ex-Senator Mead, which they did.

But then I was invited to come down on a temporary assignment to organize a staff and make a study of military procurement and pricing policies in connection with the

[18]

Munitions Board, which I did, and while engaged in that, just before the Korean war broke out, the President and Secretary of Defense Louis Johnson asked me to become Chairman of the Personnel Policy Board, which board had jurisdiction over the promulgation of policies dealing not only with uniform personnel, but also with civilian personnel and worked closely with the Munitions Board with respect to all labor matters throughout the country. The Board was a very high level arm of the Defense Department and was composed of an Assistant Secretary of the Army and an Assistant Secretary of the Navy and an Assistant Secretary of the Air Force. The members first being Assistant Secretary [Eugene M.] Zuckert of the Air Force, Assistant Secretary Bendetsen of the Army, and Assistant Secretary Floberg of the Navy.

[19]

The Director of my staff was Vice Admiral John L. McCrea, who was formerly Naval Aide to President Roosevelt.

HESS: Bendetsen of the Army?

SCHNEIDER: Bendetsen of the Army.

HESS: I'm not sure that he was there at first, but in the 1950 volume of the *Official Register*, giving the names of the Government officials, it mentions yourself as chairman, Karl R. Bendetsen as Assistant Secretary of the Army, John F. Floberg, Assistant Secretary of the Navy for Air; and Eugene M. Zuckert as Assistant Secretary of the Air Force.

SCHNEIDER: That's correct, except for a very short period there, I think, when there were others, but these were the members from the three

[20]

services who served the longest period of time while I was the Chairman of the Personnel Policy Board.

Well, then...

HESS: Before we move on, what can you tell me about those three men: Bendetsen, Floberg, and Zuckert?

SCHNEIDER: Well, I found them all tremendously able and also, although I had a long career in the military service and had a background dealing with the military service under Pershing and at West Point, and abroad with the regiment, with troops, and with the French Army for a while, I found that these men although they all had had very limited military service, yet they impressed me as being quite capable and quite knowledgeable and having a real under

[21]

standing of the military background, personnel and problems and things of that kind, I had complete cooperation from them. And fortunately, I also knew a number of the uniformed people themselves in the three services. For example, for the Army, the General in charge of the G-1 of the Army, which is personnel, had served with me at Fort Sill, Oklahoma. Oh, his name was General Edward Brooks who commanded a corps in the invasion of Europe on D-Day and was one of the brilliant commanders in the Army at that time. I was a student of his also at Fort Sill, he being an instructor there in ballistics, and I found him one of the most brilliant of the young Army officers at that time that I knew. And I knew several people in the Navy and also in the Air Force, and the Secretary of Air Force I had known off and on, at the time, now Senator Stuart

[22]

Symington of Missouri, a very dedicated and able man.

I might say that as Chairman of the Personnel Policy Board, although the Personnel Policy Board handled, I said, personnel and to some extent legal matters, there were three boards in the

Defense Department at that time, one was the one of which I was chairman, another one was the Munitions Board, that handled procurement and supplies and munitions, that kind, and the third board was the Research and Development Board.

Well, during the first six months of my duty as Chairman I had begun to see that there should be a more of a consolidation of activities at the level of the Secretary of Defense dealing with personnel, military and civilian, as well as labor. And I recommended to General (I think

[23]

his first name was Joseph), McNary, who was at that time head of the committee, or group, in the Defense Department dealing with management problems. And I recommended that all these various activities which were then diffused and scattered to various echelons of the Defense Department -- that the top policymaking responsibilities and duties be consolidated, either in the Personnel Policy Board or in an Assistant Secretary of Defense, and I suggested also that this same procedure might be followed with respect to the Munitions Board activities and Research and Development Board activities, and I was very glad to see it done later when along about the time that General [George C.] Marshall succeeded Louis Johnson as Secretary of Defense that that Congress authorized additional Assistant Secretaries of Defense, one each of which was charged with these

[24]

responsibilities. I have always felt that my recommendations had some influence in this being done.

When I was there as Chairman of the Personnel Policy Board we only had two Assistant Secretaries of Defense, in addition to the staff of the Secretary of Defense. Those two Assistant Secretaries' offices were filled at that time by Paul Griffith of Pennsylvania, who was more or less the overall assistant to the Secretary of Defense, the other one was occupied by McNeil, a comptroller.

HESS: Wilfred.

SCHNEIDER: J. Wilfred McNeil, who was a Reserve rear admiral in the Navy, and his job was that of comptroller, fiscal affairs, dealing with the overall Defense Department. The Deputy

[25]

Secretary of Defense, most of the time I was there, was Steve Early, who had been Press Secretary to President Roosevelt. I had known Steve Early when I was with Pershing at the old War Department after World War I, because he covered the State, War and Navy Building where our offices were when Pershing was Chief of Staff. He covered these three departments for the Associated Press and I got to know him quite well, and he was really a tremendously able man. Pershing appeared to have a high regard for him. But he was Deputy Secretary of Defense the latter part of Louis Johnson's service as Secretary, and then Johnson was succeeded by George Marshall who had been the senior aide as General Pershing, but did not live with us, because he was married and resided most of that period at Fort Meyer,

[26]

Virginia. And then when General Marshall left as Secretary of Defense, he was succeeded by Robert Lovett who was appointed Deputy Secretary of Defense when Marshall came in. Incidentally, Lovett had served with Marshall as Under Secretary of State when Marshall was Secretary of State. Lovett was formerly and subsequently, a partner in New York with the banking house of....

HESS: Brown Brothers Harriman and Company.

SCHNEIDER: Brown Brothers, yes, Brown Brothers Harriman and Company.

HESS: Before we move on, let's discuss Early, Griffith and McNeil just a minute. Now Steven Early's background had been, as you mentioned, in press relations. What were his duties as Deputy Secretary of Defense?

[27]

SCHNEIDER: Well, of course, I don't know all of his duties but I always had the understanding that one of his principal duties was relationships with Congress and with the public. He had spent most all his life in Washington, as I said, as a young man covering the old War Department, and I assumed that he kept that up during many of the intervening years. And then, as Press Secretary to President Roosevelt during most of Roosevelt's four terms as President -- I think that he was probably one of the most knowledgeable men in Washington dealing with the interworkings of the Government, particularly with the Congress, executive departments; and I can well see how he was an invaluable aide in that position to the Secretary of Defense. I appreciated his broad experience in Government because of my own

[28]

experiences. Incidentally, I was present at the swearing-in ceremonies of Johnson when Forrestal left.

HESS: Now that was March the 28th of 1949.

SCHNEIDER: In the early spring of 1949, correct.

HESS: Tell me what you recall about the swearing-in ceremony.

SCHNEIDER: Well, it was held in the court of the Pentagon. The Pentagon being a...

HESS: Five sided building.

SCHNEIDER: ...five sided building with a very large interior court that is rather effective. It had been made attractive with places where workers at the Pentagon would go out and have lunch there and sit in the sun during their off lunch hour; it was inviting and very

[29]

attractively arranged.

I remember at the ceremony seeing for the first time, since I arrived in Washington, at that time, a number of my old friends whom I had known during my year and a half at the RFC and even some I had known as far back as my days here with Pershing in the 1920s. But I do remember that all the top officials of the Defense Department were there, both military and civilian secretaries, as well as other top officials of the Government. And to the extent that the area could accommodate them, everyone at the Pentagon was invited to attend the ceremony. It was a very colorful affair, with the flags and the Army band, as I recall, was there and it was a very impressive ceremony. I noticed particularly the solemn and unhappy expression on the face of Secretary Forrestal.

[30]

HESS: Now, when did you come on the Munitions Board? You say shortly before then?

SCHNEIDER: It was just shortly before then. I, at the moment, I would say it was in December of 1948.

HESS: Let's see.

SCHNEIDER: Probably was in January, I would imagine.

HESS: I don't know where I got it from, but I got it in my notes that the official date was probably January of '49.

SCHNEIDER: Well, it was '49 for sure.

HESS: Now, of course, Forrestal was still Secretary of the Navy...

SCHNEIDER: Secretary of Defense.

HESS: ...Secretary of Defense at that time when

[31]

you arrived?

SCHNEIDER: Yes.

HESS: Did you ever talk with Mr. Forrestal?

SCHNEIDER: Well, I only recall, perhaps, just meeting him briefly once or twice, maybe two or three times around the Pentagon.

HESS: What were your impressions?

SCHNEIDER: Well, I remember, as a matter of fact, meeting Mr. Forrestal briefly in New York. He was formally, as I recall, a partner of Dillon Read and Company. Being with the RFC I

met most of the banking people in downtown New York, because, just for an example, the RFC had voting stock in, oh, about 450 banks that RFC financed in New York, New Jersey and Connecticut. I had a good deal to do with

[32]

the voting of that stock, and also the merger and reorganization of these various banks and financial institutions. Now, of course, I recall that we had no financial interest in Brown Brothers Harriman, but I know some of the large New York banks let the RFC take some preferred stock, although they didn't need the stock, they did it in order to create an atmosphere where all the other banks throughout the country would come in and cooperate; and rather than fold up they would sell preferred stock to the RFC and that preferred stock carried full voting rights until it was retired. In this connection I met many of the officers of the large New York banking houses.

HESS: So you had met Mr. Forrestal when he was at Dillon Reed?

SCHNEIDER: I think I had, yes, and then I remember

[33]

meeting him, I think, once before, because bachelor friends of mine (I was a bachelor then) one summer I know -- maybe two or three summers -- but they rented a large house out on the Forrestal estate on Long Island, and I used to go out occasionally and visit out there, and I think I met Mr. Forrestal that time, too, as I recall. That's quite a while ago, but I distinctly remember visiting on the Forrestal estate there on several occasions.

But my impression of him at that time, I saw no evidence of any kind that would lead up to what ultimately occurred. He seemed to me to be in complete full control of himself, and a very keen-looking individual is my recollection today of him.

HESS: I believe that the date of his suicide was in April. I think April the 22nd of 1949, but

[34]

we can check on that.

SCHNEIDER: Well, I don't know that date, but that of course, was afterwards, but I think when he left here, as I recall, he went down to Florida. He went to Florida and stayed a while down there and then came back into the Navy hospital, as I remember. That's when he...

HESS: But you saw no evidences of...

SCHNEIDER: Of course, I must say I didn't know him closely, I wasn't in contact with him enough, really, to form any impressions as to his physical or mental condition, but from my observation of him I saw no evidence at all of it at that time. And I don't think I heard anyone even mention it or discuss it around the Pentagon at that time. Now maybe some of the

[35]

people higher up had some indication of it, but I'm sure no one at the particular level that I was thrown in daily contact with, ever mentioned it, none of us ever thought of it.

HESS: In your opinion why was Louis Johnson selected as the next Secretary of Defense?

SCHNEIDER: Well, it's only what I know from hearsay, what I know about Louis Johnson. I had known Louis Johnson slightly before when he was the head of the American Legion. He was one of the organizers as a matter of fact, as I recall. And when I'd met him several times when he was Assistant Secretary of War, and I was familiar with that period and I'm familiar with the fact that he left the War Department. I think he was not too happy there with...

HESS: Mr. Woodring.

[36]

SCHNEIDER: ...the situation, although I didn't have any real direct personal knowledge of it at the time.

HESS: Harry Woodring of Kansas was the Secretary of War at that time.

SCHNEIDER: Yes, I think he was. I don't think I ever met Mr. Woodring, maybe I did, I don't recall; but he came in afterwards. When Pershing was Chief of Staff the principal one who I recall who was Secretary of War was Mr. [John W.] Weeks, from Massachusetts; a very, very able man, I felt.

HESS: What is your opinion of the job that Louis Johnson did as Secretary of Defense?

SCHNEIDER: Well, I think I started to say a while ago, and I don't think I finished, Louis

[37]

Johnson invited the chairmen of the three boards to sit with the Armed Forces Policy Council, which is a statutory body composed of the Secretary of Defense, Deputy Secretary of Defense, the chairman of the Joint Chiefs, the three Secretaries of the services, and the Chief of Staff of the Army and Air Force, and the Chief of Naval Operations; and we three board chairmen sat with the Armed Forces Policy Council, which was presided over by the Secretary of Defense. I always had the opinion that Louis Johnson was a very capable man, a very forceful man, which was confirmed by my service with him as Secretary of Defense. He was, I think, a man who also understood public affairs, and understood, let's call it "the merry-go-round in Washington" pretty well. He was a very strong man, but he was always willing to have and he invited comments from his staff and his

[38]

subordinates. At meetings of the Armed Forces Policy Council, he gave everyone an opportunity to express their views on any of the major subjects that were discussed. That council met at least once a week, and sometimes more, especially after the commencement of the Korean war. But up to the time of the commencement of the Korean war, that period in between there -- do you recall what date that hostilities first started in the Korean war?

HESS: June the 28th.

SCHNEIDER: Well, now was that period...

HESS: Of 1950. Because he had been in a little over a year, from March of '49 until the latter part of June of '50 .

SCHNEIDER: Well, during that period, while I, of course, was not familiar with all of the

[39]

background currents that went on, it was known there was, of course, common knowledge, it was in the press, that the President and the Congress and the people of the country were definitely backing economy in the Government. That policy permeated the Defense Department as well as the other departments, according to my understanding. And the result was that in the beginning there was very little, I think, very little anticipation of the Korean war breaking out as it did. Although, as has always been true with the military, they always had in mind preparing for any conceivable potentiality that might fall upon the Defense Department or the Army, Navy and Air Force to become active in the defense of the country. But against that desire on the part of the services to improve not only materiel, but also battle strength, there was this other court, namely

[40]

the civilian and practical side of the government, calling for economy.

I now have no reservation in saying now, without any notes, without referring to material of that day, it's all from memory, but it's quite clear in my own mind that there was a definite policy handed down to the Defense Department to economize. And I felt then and now that Secretary Johnson loyally attempted to implement this policy in the Defense Department. As I recall there was a ceiling placed by the Budget Bureau -- and I assume by other people who had anything to say about the budget -- a ceiling placed on the Defense Department. I recall Secretary Johnson informing the council one year there that the Department was limited to get only 12, 13, or 14 billion dollars. Now that figure against 75 to 100 billion dollars

[41]

today seems quite small. Secretary Johnson informed the Department chiefs that the ceilings must be met. The Budget Bureau imposed the ceiling and the Defense Department had to comply.

HESS: Seems small doesn't it?

SCHNEIDER: It's quite startling isn't it? But there was the three services that had just been merged into the Department of Defense within the year, and I know myself, being rather active in Reserve and National Guard affairs, a long time ago I was an officer in the New Jersey National Guard, that they were woefully unprepared for any kind of major conflict, either in materiel and personnel.

And to go back, they're not as badly off as they were in 1929, when I resigned from the Army for a very simple reason, at that time

[42]

there were only 11,000 officers in the Army, including lawyers and doctors and veterinarians and everybody else, and there were only 110 thousand enlisted men, and I could only at that time look forward with confidence to retiring at the age of 64 in the grade of senior major or junior lieutenant colonel. I saw myself as a captain of the Regular Army with over 30 years service, I just wasn't interested and I got out. I didn't want to, but anyway, that's beside the point. To get back to your question again.

Well, Secretary Johnson was trying to meet the desires of the three services within the limits of the budget ceiling that I understood was imposed upon them. And there were a great many problems involved. One of the major problems was the question of housing.

[43]

I recall very distinctly there were discussions at the Armed Forces Policy Council about housing in Alaska, by the Air Force in particular, and at other posts, there just wasn't any to speak of. It was not quite as bad when I was at Fort Sill. I was a bachelor, I lived in quarters which, when they had a rainstorm, I had to put ponchos over my bed to keep the water from drowning me in my bed in these old quarters I had; they were pretty bad.

HESS: As you will recall, shortly after Mr. Johnson came in he cancelled the contract for the aircraft carrier, and upset the Navy and caused Secretary Sullivan's resignation.

SCHNEIDER: Yes, I understood that, although Sullivan resigned before I got there. He was succeeded by that very fine gentleman from Nebraska, who

[44]

later died, I think.

HESS: A very fine Irish name?

SCHNEIDER: Yes.

HESS: I can't think of it right now, but we will look it up and will add it to the -- we'll place it in.

SCHNEIDER: Well, they had some tremendously able people there. Now, the chief of the air staff who attended these meetings of the Armed Forces Policy Council was General [Arthur] Vandenberg, and if I'm not mistaken he was one of the cadet students of mine when I taught at West Point.

HESS: When you taught law at West Point?

SCHNEIDER: Yes. Law was given only to the senior class and that was a concentrated but a

[45]

comprehensive course leading up primarily to military government, martial law but at the same time giving the future officers some knowledge of the requirements of overall legal principles and problems.

HESS: Francis P. Matthews was the Secretary of the Navy.

SCHNEIDER: Matthews, that's it.

HESS: That's the man we couldn't think of from Nebraska.

SCHNEIDER: And Vandenberg from Air Force, and "Lightning" Joe Collins, J. Lawton Collins, Chief of Staff of the Army most of the time, and, incidentally, I play golf now with Joe Collins and we're going to be together during the month of February out at Tucson, Arizona.

[46]

We'll play golf out there. A very dynamic and able man and a brother of the Colonel Collins who was secretary of general staff at Chaumont, when I first went to GHQ at Chaumont. Then, the Chief of Naval Operations was a very able man, and Secretary Matthews, as well as Frank Pace, Secretary of the Army. He previously had been director of the Budget, and he later went up to New York, he and Johnson, who, incidentally, was for a time on the Personnel Policy Board. Earl Johnson was Under Secretary of the Army under Pace, but that pretty well covered the members of the Armed Forces Policy Council during my service as chairman.

HESS: Well, tell me a little bit about your duties with the Munitions Board, just what was it set up to do, what your duties were, how closely

[47]

you were watched by Secretary Johnson, how much attention he gave to those matters.

SCHNEIDER: Well, Secretary Johnson had a great deal of interest in the assignment I had, and I really had three assignments for the Munitions Board. I was an adviser on military contractor relationships, chairman of the joint committee of the Armed Service on military contractor relationships, and as Government chairman of an industry advisory committee on that subject.

The first task assigned to these committees was to study the procurement, pricing, and profit policies relating to military contracts. I at first went about recruiting and organizing a staff, an immediate staff, to carry out my assignments. In that connection I also appointed an industry advisory council, which was primarily

[48]

to be composed of leaders in American industry which were engaged in the production of munitions and supplies of all kinds relating to the military, all the way from the procurement of socks and shoes and things, up to battleships, aircraft carriers, and the like. And on that advisory committee I obtained the voluntary services of some of the leaders in American industry such as

the president of General Motors, of Allegheny Metal and Steel, American Viscose Corporation, B. F. Goodrich, these others were all the top executives of those companies. I had the president of General Motors, the president of Esso Standard Oil, chairman of the Rockwell Manufacturing Company, the president of Douglas Aircraft Corporation, the chairman of the Sperry Corporation, the president of Reynolds Metals, the executive vice-president

[49]

of the Worthington Pump and Machinery Corporation, and the president of Newport News Shipbuilding and Drydock Company; and I also, then, had two or three heads of smaller companies, which would have knowledge of not only of the small business companies throughout the country, but also a great many of them were acting as subcontractors to these larger companies. I tried to get a well-balanced committee that would fill those various echelons of industrial production, such as the large companies like Newport News and General Motors and Douglas Aircraft, and then to get the heads of the smaller companies that acted as subcontractors to those larger companies, right on down the line. And I also had on that advisory committee, two or three people who had served in the Government during World War II in the procurement

[50]

field at a high level, such as Willie [James W.] Marbury of Baltimore, Maryland, who had served as assistant to, I think, Secretary Patterson, who was Under Secretary of the Army for Procurement Matters, and then another one was Mr. Struve Hensel, who had been Assistant Secretary of the Navy, and handled procurement for the Navy, among other things.

Then I had as members of the joint military committee a brigadier general and a Major General E. H. Brennan and Colonel Saline, both of whom were well-experienced in the procurement and pricing field from previous experience in World War II. In the Navy, I had two rear admirals, a member and an alternate, and from the Air Force I had a general officer and an alternate colonel, and I was chairman of those committees. Not only the military committee but also the

[51]

industrial committee.

HESS: What was the nature of the cooperation that you received from the leaders of industry who were on your committee?

SCHNEIDER: I called several meetings and invariably a great majority of them came to those meetings. And I might add that when they did, Secretary of Defense Johnson always attended the opening of the meeting, and spoke to them, and encouraged them, and thanked them for their cooperation.

I obtained the services of a well-known experienced economist who had spent a good deal in previous times dealing with this general subject matter of military procurement and munitions matter, and with him and other members of the small staff I assembled, experts,

[52]

we set up the study so that it would be a definite guideline as to what we proposed to get into. And just for example, we began with a field of procurement pricing, we proposed to study the line of demarcation under the Forrestal, Patterson, Henderson pricing agreement of 1942 (which I'll not undertake to go into at the moment because it's rather comprehensive), but under that we also studied some problems and issues remaining, under agreement in the area of products code by the Office of Price Administration ceilings: for example, the necessity for numerous industry-wide changes in ceilings affecting procurement of nonexempt goods; that is, for example, standard

[53]

foods, textiles, apparels, etc; secondly, Service contentions that some OPA regulations denied them practical price equality with private buyers, who sometimes could pay higher price under the ceilings than could Government procurement agencies; another was differences in the strictness of OPA and Service standards for price adjustments for individual contracts; and, in view, as to the use of mandatory pricing powers, and delays in administration of contracts and applications for adjustment of prices; and Service contentions that the existence of ceilings on prices of their prime contracts caused many contractors to build up fictitious cost estimates; and the belief among some officials that negotiations are superior in principle to any form of ceiling even in the area of commercial articles purchased for

[54]

military use.

And then we were supposed to make analyses of problems affecting OPA ceilings upon prices, costs, profits, the use of resources, output, and the financial condition of business where ceilings were applied to war procurement and the like. And another broad area related to the analyses of various direct methods of pricing by procurement agencies, such as the use of price comparisons without cost analysis in negotiating on individual contracts, and also pricing upon the basis of cost estimate analysis during the original negotiations of individual fixed price contracts.

And I'm not by any means going to use the entire outline that we set up, but to give you a general idea what the entire study was about, we also were going into the question

[55]

of redetermination of prices in individual fixed price contracts, and the same with respect to company pricing and the same with respect to cost type contracts.

For example, there would be such things as legal restrictions upon the use of cost type contracts; errors in extent of use in World War II; variations in the evaluation of the cost plus a fixed fee contract; and the extent of present use of cost plus fixed fee contracts and cost sharing contracts, by such procurement agencies. Then we also were going into the question of incentive type contracts, and various other miscellaneous pricing problems such as the effects upon prices, profits, and costs, and the use of resources of time and material contracts or letters of intent, contingent contracts, escalator

[56]

clauses, royalty adjustment clauses, long term and open end contracts, of audits of excessive change orders, of audits of unnecessary rigidity and important specifications, government purchase and free issue of materials, components, plants and equipment as practiced in procurement pricing profits, and future use of each of the above types of contracts. A further area would be the measures for Government recovery of excessive profits already received, which is the area of responsibility of the well-known Renegotiation Board.

We also get into the question of subcontracting as a factor in profit allowances. Increase in sales volume as a factor in profit margin allowances, incentive contributions, allowances for discontinuance of deferred maintenance costs, and various other things of that kind.

[57]

Another area which would require study, would be the taxation of business profits, such as the excess profits taxes that were in effect during World War II; and relationship of various levels of profits taxation to reinvestment earnings, efficiency of production, expenditures, sales prices, output, the desirable levels of excess profits taxation in relations to renegotiation and in lieu of renegotiations; and other corporate taxation problems such as the normal tax, the surtax, and special taxes, and taxation of non-profit enterprises, foreign experience with wartime taxation of business profits; and then another area would be amortization of the emergency facilities as a factor in profit levels.

I've only mentioned a few of these. The entire study which we proposed to make would

[58]

cover all subtitles under these broader titles that I have just mentioned and would be very comprehensive.

We had meetings with the Industry Advisory Board and with the Military Advisory Board and tried to coordinate the views of the two, and we were just getting into the real activity of this study when I was -- wholly unexpectedly -- asked to become Chairman of the Personnel Policy Board by the President and Secretary Johnson.

HESS: At what time was that?

SCHNEIDER: That was in 1950.

HESS: It was 1950, but what time in 1950?

SCHNEIDER: I think it was around March.

HESS: Around March of '50, before the Korean...

[59]

SCHNEIDER: It was shortly before the Korean war.

HESS: Fine, because that was in June.

SCHNEIDER: Well, I recall it was around March or April.

HESS: When you switched over. When you were working with the Munitions Board did you work closely with J. Wilfred McNeil, the comptroller?

SCHNEIDER: I had not reached that stage when I was with the Munitions Board. I was working to a large extent independently of anyone, except the Secretary, and that was one of the understandings I had with the Secretary of Defense, and the Munitions Board, when I agreed to come down to set up and to make this study. It was my experience in the military with General Pershing and otherwise, especially around the

[60]

War Department previously, that to make a study like this it's got to be done independently, because, with all due respects to the military, when you get into this munitions field, pricing field, procurement field, at that time particularly -- I don't think it's entirely true today -- but at that time in particular the services I believe were generally lacking in personnel who had had any considerable experience in or with industry, and in matters that you'd have to go into this field and resolve.

But I wanted to be independent both of industry and of the military; I wanted to consult them which was necessary, that's the reason I set up these military advisory committees and industrial advisory committees, but I didn't want to be influenced by any members of the Munitions Board or the Secretary of Defense' office, or anyone else.

[61]

My agreement was that I would be completely independent; and that I would make the study and I would make the appropriate recommendations, pointing out the advantages and disadvantages of one situation or one procedure over other, and at the end I'd make the recommendations that I deemed appropriate in particular situations, based upon my study and the advice I received from the military and from industry. The result was that while for administrative purposes I did report to the Munitions Board and the director of the staff, who had been General [Patrick W.] Timberlake, and I got full cooperation from all of them. I had known General Timberlake's father and mother at West Point. He was the chief quartermaster there, and I had known the brother at West Point, that is the director of the munitions staff.

[62]

I got full cooperation and I must say that at no time did any of them undertake to dictate to me what I should do or how I should do it. I did report to the Munitions Board occasionally. For example, the outline of the study I made, I presented that to the Munitions Board. They approved it unanimously, they did not ask me to change it in any respect, they said it was absolutely comprehensive and complete, and it was exactly what they wanted.

Unfortunately, I didn't have the opportunity to complete it, it was turned over to someone else and with all due respects to them I don't think that they ever came up with anything worthwhile. I

think that they came up primarily, ultimately, with, to some extent, an attack on the functions of the Renegotiation Board and its authority and functions.

[63]

HESS: So, that is more or less the end result of the Munitions Board recommendations?

SCHNEIDER: Well, I'm going to turn over to you a copy -- I only have the one copy but I'll turn it over to you for the Library, the final report. They appointed another man, a Mr. Lynn, to take over the job I was doing, and while he later became a personal friend of mine -- I used to play golf with him and was very fond of him -- yet I don't think he was the appropriate man to undertake that study. I don't think he had the background, and I think the end results indicated that. However, he was a charming gentleman. This Industry

[64]

Advisory Committee, I understand, employed some outside man to pretty much run the study; they paid him themselves a rather substantial salary for those days and I think he, to a large extent, is responsible for the report that was ultimately made, which I have never approved, and I don't think really contributed much to the end that I sought to achieve here, which in more modern times I think was achieved to some degree. While I had an open mind, I always felt that procurement for the military services should be somewhat similar to the organization General Pershing had in Europe, which was headed by General James G. Harbord, called the Service of Supply; and it was entirely an independent outfit. General Harbord reported directly to General Pershing. He was a tremendously

[65]

able man, he later became one of the first presidents and chairmen of the Radio Corporation of America, which was just starting and which today you know is one of the large corporations of this country, and he demonstrated what he could do.

As I understand now, the Defense Department does have a unified separate supply department in a broad area in the defense setup that has the primary responsibility for procurement for all the services, although I don't think they procure everything; I haven't studied it. But what they are doing today is what I had in mind as a possible solution to the duplication of pricing and things of that kind that was in existence at the time I started this study.

HESS: And then in March you moved over to the...

[66]

SCHNEIDER: Personnel Policy Board.

HESS: ...Personnel Policy Board. Not too long after you moved over was the Korean invasion, what changes did that bring into your duties?

SCHNEIDER: Well, after I first took it over, the Korean war opened just a few months later. Initially I spent my time literally reviewing primarily the personnel organization of the three services, and, in particular, I gave attention to promoting a more awareness of the value of the

project that was underway, under the chairmanship of the Personnel Policy Board, and that was the Military Occupational Classification Project -- that was the military occupational classification project which had been initiated prior to my chairmanship, but to which I gave my wholehearted and enthusiastic support, and, in fact, broadened its scope.

[67]

What they were doing, it was composed of the representatives of the three services, about 150 men, headed by a very able young lieutenant colonel, later becoming a major general or lieutenant general -- and what they were doing was taking all the military jobs of the three services, or four services, if you include the Marine Corps, they were classifying and evaluating those particular jobs, all the way from cooks and bakers to the heads of the military services, the chiefs of staff. But, of course, they didn't get that far up. What they were doing, they were taking jobs common to the three services as one group, and another group was jobs not common to the three services. They were evaluating those jobs and classifying them into the common qualifications required for efficient performance.

[68]

For example, cooks: I found, much to my surprise, that each service had a different classification or requirements for the position of a cook. And that was true with respect to practically all the jobs that were common to several particular services. It was and still is ridiculous to say that a cook for the Army had to have qualifications of one kind or another that a cook for the Air Force had to have, or for the Navy, or vice versa. Yet I found that to be the fact. Likewise, for thousands of other common jobs. And the result was that when they use a draft or when they have people enlist in the services, they oftentimes, and more often than not, would undertake to put a square peg in a round hole or a round peg in a square hole, and it's just utterly inefficient and results in a misuse of manpower. Private industry wouldn't last very long if they followed that kind of

[69]

procedure.

Well, they were making quite some progress on this thing. We also had as an advisor a management consulting firm that specialized in job classification and personnel procurement for private industry. We had psychologists -- that's industrial psychologists -- and other specialized people of that kind, analyzing and classifying these jobs, because the modern military organization, as everyone knows today, not only requires personnel who go out on the battlefield and handle rifles and artillery guns, but they also have a need for practically the use and employment of everything, from specifications for shirts and shoes and socks and hats and everything else, all the way up to -- almost every activity you can think of that is required for the functioning of the manifold

[70]

jobs in the several military services. And we were trying to take all the common jobs, that is a job common to two or all of the three services, and classify those jobs so uniformly to the extent possible. And when the services, for example, train cooks and bakers each would know what kind of training they had to give that man, and when he would finish his course he could fit into

that job for each and all of the services. He would be qualified for it; he wouldn't have to have on-the-job training necessarily all the time. It takes time and money and effort to train even for the multitude of jobs in the services and it is obvious that the requirements for jobs common to the services should be uniform to the extent possible. It's the most efficient utilization of human resources, is what it

[71]

amounted to, and that's what we were trying to accomplish. I had personal experience and knowledge of this from my service as an officer of the Regular Army, the National Guard and the Reserve Corps, as well as top echelon of American industry.

Now, we were just getting to the point where we were making progress. I had approved the first report to be made to the Secretary of Defense and the Armed Forces Policy Council on this. And, incidentally, I might say, say I got tremendous cooperation from the services, from the military people, with few exceptions. I did not get complete cooperation all the time from the civilian employees in dealing with these matters. Some of them had been in the Government for many years; they had become bureaucratic in their attitudes and

[72]

it was pretty hard to budge .them, so I had to get the military people to do it and they did.

Before, for example, the head of G-1 of the Army, which handled personnel, was General Edward Brooks, who was an old personal friend of mine from Fort Sill days, field artillery days, he later was a lieutenant general, commanded a corps in the invasion of Europe, and was one of the top distinguished generals of the Army. He and his deputy, General Clovis Byers, who was also a friend of mine, had served with me at West Point, and gave me their 100 percent cooperation. They said, "Anything that you want to help you in this project, we'll do it."

And that same attitude was displayed by the head of the personnel in the Air Force and the

[73]

Navy, and I understood it; and I invited them, and they did likewise, when they or I did not fully agree, I invited them to tell me so and to argue with me about it so I could come to an objective conclusion, because I wanted to know what their ideas were so that we could mutually agree on all questions. That, I think, was the most important project I had up to the beginning of the Korean war. Of course, when the Korean war started, and our troops were just about to be pushed off of the peninsula into the ocean, the Defense Department and the services had the job, especially the Army and Air Force, of increasing very rapidly and as a result, this country was just about stripped of all its active duty personnel and sent over there. They immediately started calling to active

[74]

duty the Army Reserves and the National Guard. And I had a great deal of activity at that time dealing with those things. I remember that one very important question came up to which I had to give a lot of attention. The National Security Resources Board and the Department of Labor wanted to take over primary responsibility for all manpower in this country except personnel

already on active duty in the regular services. That would include the personnel in the Reserves and the National Guard. The Joint Chiefs of Staff went along with the proposal, but I opposed it, and I presented the problem to Secretary Johnson. He supported me. The Resources Board and Labor Department were fighting my position and trying to get me to concede that they had primary jurisdiction. They proposed that if the military needed personnel they should

[75]

requisition people through the Department of Labor and National Security Resources Board, and I said, "No."

So, finally, it went to the National Security Council and President Truman, who approved my position. That I think was one of the generally crucial important decisions that I presented as the chairman of the Personnel Policy Board. The President understood; he was a former military man. I took the view that once you've become a member of any component of the Armed Forces (that's the Regular Army, the National Guard, and the Reserve Corps, as well as of those components of the Navy and Air Force), you were out of the manpower pool so far as civilian jurisdiction is concerned.

But I said, "It must be understood that if it's a plant or other activity related to the

[76]

defense effort or the war effort, that needed any particular personnel people in the military service, in the Guard, or in the Reserves, they could requisition them through the Defense Department. It should come that way and not the other way around.

HESS: How close did President Truman watch matters on the Personnel Policy Board?

SCHNEIDER: That I don't know, because I didn't have any direct contact with the President on such matters at that time. It all went through the Secretary of Defense, and it should. He was the man, you know, that dealt directly with the President. But I know what happened in this case, and I am quite sure that the President kept close touch with nearly everything, because I know that Secretary Johnson and the

[77]

Joint Chiefs of Staff, and the service Secretaries were in constant touch with him. They were over there, I know, personally, went over there quite often to the White House, but I don't know each time what they went for, but they went. I do know that President Truman kept in pretty active constant contact. I think he knew exactly what was going on all the time.

HESS: All right, in September of 1950, shortly after the beginning of the Korean war, Secretary of Defense Johnson left the Defense Department, what do you recall about the reason for his resignation?

SCHNEIDER: Well, all I know is primarily hearsay, and that hearsay I don't know whether it's - I don't know the full extent of the matter.

[78]

There's always bound, I think, to be some overlapping of responsibility between various departments of Government, particularly between the State Department and Defense and other departments having responsibilities in foreign affairs. I've noticed that, and I know it to be true from at least one of the departments I've served in, as I told you that, as my biography points out, I served in several departments of Government, and in some rather responsible positions. The general talk at that time that there was some conflict between the State Department and Defense Department and that that may have been one of the underlying reasons. At least that was the prevailing view at the time as to Secretary Johnson's resignation.

HESS: That there was some conflict between Secretary

[79]

Acheson and Secretary Johnson?

SCHNEIDER: Well, I say between the State Department and the Defense Department. I suppose that you could lead it up to the heads of each department, as to where it was generated; whether it was generated down below at the Joint Chief of Staff, or among the Assistant Secretaries of State, and then finally to the heads of the Departments. There were some conflicts of ideas, I think, and that was the general view. But as I say, I didn't have personal knowledge of any incident. The only major thing of which I had any personal knowledge about is the context of what I just related dealing with the jurisdiction over the manpower pools in this country and the National Board and Reserves; that was a conflict between the Department of Defense, National Security Resources Board and the Department of Labor.

[80]

I also had some knowledge that Secretary Johnson was allotted a budget ceiling in financing the activities of the services, much below what was deemed required, but he loyally insisted that the Service keep within their allotted ceilings. He later was severely criticized for this.

HESS: And then in September of 1950, General Marshall was brought back to the Government. Of course, he had been Secretary of State in the first administration...

SCHNEIDER: That's right.

HESS: ...and he was brought back as Secretary of Defense. In your opinion, why was he appointed as the successor to Secretary Johnson? Why was he brought in by President Truman?

[81]

SCHNEIDER: Well, I wasn't told specifically, I think one reason, and this is just purely my own opinion, and opinion only, based upon my general observation and knowledge of the times. In the first place I think he was brought in because he had the qualifications and because I think that President Truman felt and admired him to such a high degree. It was in the midst of the Korean war?

HESS: That's right, the Korean war started in June.

SCHNEIDER: It's my opinion, and perhaps if I had been President I would have had the same feeling about it, that if I needed a new Secretary of Defense, I didn't want somebody to come in there that wasn't thoroughly qualified in all and every respect; it would be pretty hard to find anybody better qualified than Marshall.

[82]

HESS: All right, to finish up today, Mr. Schneider, let's finish our discussion of Mr. Marshall and why he was brought back in. Also, I believe that when I talked to you before you mentioned that General Marshall's interest in universal military training may have had some bearing on that.

SCHNEIDER: Well, that is presumption of mine also, because it began when the Korean war started, this very important question came up as it always does in every war, certainly in my life. "Shall we have the draft? Will it be better really in peacetime to have universal military training and have the military pretty well organized rather than to have a war suddenly start and then we are confronted with a very serious situation of having untrained men and having to take months to train

[83]

them before we really can get an effective fighting machine of sufficient size to meet the threats of the particular enemy, whoever it might be."

And this did become another very hot issue at that time, and had been at the beginning of the Korean war, along about that time. General Marshall had been interested in it all the way back to the Pershing days, when he was senior aide to Pershing, and Pershing likewise was always for universal military training. Most military men, I think, always have been. I've always felt that way myself.

HESS: Mr. Truman has always been a great proponent of universal military training.

SCHNEIDER: I think anybody who's been in a war, who spent any time in the military, realizes that, especially if he's had any knowledge of American

[84]

history, that our greatest weakness in the various wars that we've been in, is total lack of real preparedness at the beginning of the war. We have never been fully prepared, but in fact woefully unprepared except for World War II. The only reason we were relatively prepared at the beginning of World War II was because of the policies laid down by General Pershing and the men he trained, including Marshall.

Most of the leaders at the beginning of World War II were people who were trained under the Pershing organization. Pershing was the man that really established and developed the schools in the various services, and developed the Command and General Staff School and the War College and Industrial College, out of which the leaders in World War II received their

[85]

training and preparation.

So, this whole question came up and it was well-known that Marshall had all this experience in World War II and he also had great prestige everywhere. I think that may have been one consideration. But my judgment at the time, and my judgment today, is that one of the principal reasons he brought him in is because he needed somebody quickly to become Secretary of Defense who could walk in there and have the complete background to run the Defense Department and the war.

I think that a secondary consideration probably was this universal military training question. I don't think he brought him in primarily for that because even if it had been adopted, it could not have been put into effect for some time to come, I mean to...

[86]

HESS: It was too late to do anything for...

SCHNEIDER: It was too late for it to come in, but I do think that was a secondary consideration, and I also understand that's one of the principal considerations that caused Marshall to bring in Mrs. Anna Rosenberg from New York. She was a woman and she had had children, and she had been the New York director of the War Manpower Commission during World War II. I had met her there. I didn't have anything to do with bringing her in. Marshall brought her in and she attempted, with Marshall's backing, to get the universal military training adopted by Congress, but she didn't succeed. I don't think anyone really could have succeeded at the time under these conditions. I don't know what may come up in the future that might change the minds of the

[87]

American people. The American people just wouldn't buy it; neither would Congress.

HESS: Now she was brought in as Assistant Secretary at that time.

SCHNEIDER: Assistant Secretary of Defense for Manpower and Personnel. At that time they created these offices of Assistant Secretaries. General Marshall didn't tell me beforehand, but he told me afterwards, that he had these various things in mind; and I understood that one of the reasons he brought her in was to promote this legislation for universal military training.

HESS: Because she was a woman?

SCHNEIDER: That was one of the elements. Another is that she was a New York politician, one of the

[88]

wheel horses at Tammany Hall, I've understood. She had her own private business, you know, in the labor field. She's one of the leading labor experts in the country and had been up to that time, I don't know how active she is today.

HESS: Do you think she was a wise choice for the position?

SCHNEIDER: I do not believe the Services felt she was, and I am not aware of any outstanding accomplishments of her administration of the office. She personally was a very pleasant person.

HESS: We can close it.

SCHNEIDER: What?

HESS: We can close it.

SCHNEIDER: Well, I'll tell you, I don't know whether

[89]

I can say that it was wise or unwise. Marshall had his reasons, and Marshall is a man who knew what he wanted when he went after it and he certainly must have come to a conclusion that she could help him and maybe that was a good choice.

I might say that I don't think that I could have helped in Congress as much as she could, I'll say that. On the other hand, I don't think she knew anywhere near as much about personnel and manpower in the military as I do. She couldn't know. But I, at the time, told Secretary Marshall to go ahead and do anything he wanted to. I reminded him again that I recommended prior to and when he first came in that all this should be done under an Assistant Secretary and not through the Boards. I told him that in respect to the Munitions Board and the Research Development Board. Well, that's what was finally

[90]

done.

I don't know whether those boards were actually created before Louis Johnson became Secretary of Defense or afterwards; but I know that I recommended strongly to Secretary Johnson and to General McNarney and others there that the duties of the Boards should be transferred to Assistant Secretaries. General McNarney was in charge of Planning and Organization for the Secretary of Defense. And we did it, and I think we were wise. I never thought handling these subjects should be done by joint boards -- when I as chairman of the Personnel Policy Board, although, I might add here, I had what you'd call executive authority. I could make my own decision regardless of what the representatives of the three services thought or recommended. I could make my own

[91]

decisions, and that would be it, unless the Secretary of Defense overruled me.

So, I had the power and authority, although right at that time the services had been unified under the Secretary of Defense. At that time the Secretary of Defense did not actually, or through prestige, exert the influence that the subsequent Secretaries of Defense have.

HESS: And when did you leave the Personnel Policy Board, to wind matters up for today?

SCHNEIDER: Well, as I recall...let's see, President Truman retired from office in January of 19...

HESS: '53?

SCHNEIDER: '53.

[92]

HESS: And at that time you were Assistant Secretary of Commerce?

SCHNEIDER: I had been Assistant Secretary of Commerce just about a year, so I must have left it in the fall of '52, early winter of '52. And that came about -- I didn't have any idea of going to the Commerce Department. When Anna Rosenberg took over as Assistant Secretary of Defense, they asked me to stay on as Director of Personnel in the office -- that's not within the immediate, but director of personnel for the whole Defense Department, and pretty much acting as the adviser to Anna Rosenberg. I carried on pretty much as I had before, except Anna Rosenberg was the overall umbrella in the field rather than the Secretary.

But then sometime later I was asked by the White House would I be interested in becoming

[93]

Assistant Secretary of Commerce in the international field, and I told them that I would leave that entirely up to the President and the Secretary of Defense and the Secretary of Commerce and I was interested. I would do whatever the President wanted me to do. If he preferred to have me over as Assistant Secretary of Commerce I would be delighted to take it, and I said, as a matter of fact, I would prefer it at the present time. But I said on the other hand if you want me to stay at the Defense Department, that's what the Secretary of Defense wants, I'll be glad to do it. The result was they said we'd like to have you over at the Commerce Department. I think one reason I had experience with industry, I was a lawyer, I'd also had experience in international affairs, particularly when I was Secretary and General Counsel and Director of Industrial

[94]

Relations for Standard Brands for a number of years. It operated in about 30 foreign subsidiary corporations. I was on the board of all of these and had a great deal to do with foreign organizations.

HESS: Well, since your service on the Department of Commerce should be covered adequately, and it's a long subject, should we shut it off for today and get that later?

SCHNEIDER: All right, fine.

INDEX

Alley, James B., 13
American Legion, 35
Armed Forces Policy Council, 37, 38, 40, 43, 44, 46, 71

Baker, Newton D., 4
Bendetsen, Karl R., 18, 19, 20
Brennan, E.H., 50
Brooks, Edward, 21, 72
Brown Brothers Harriman and Company, 26, 32
Byers, Cloris, 72

Chaumont, France, 3, 4
Collins, J. Lawton, 45-46
Command and General Staff School, U.S. Army, 84
Commerce, Department of, U.S., 92-94

Department of Defense, U.S., 18-31, 35-46, 47, 51, 58, 66-92
Department of the Interior, U.S., 7, 12
Department of Labor, U.S., 74-75
Dutch East Indies, 14

Early Stephen J., 25, 26-27

Federal Trade Commission, 16-17
Floberg, John F., 18, 19, 20
Forrestal, James V., 28, 29, 30, 31, 32-35
Fort Monroe, Virginia, 2
Fort Oglethorpe, Georgia, 2
Fort Sill, Oklahoma 6, 21, 43

Griffith, Paul, 24

Harbord, James G., 64-65
Harvard University, Law School, 6, 12
Hensel, Struve, 50

Ickes, Harold L., 7

Johnson, Louis A., 18, 25, 28, 35-38, 40-41, 42-43, 47, 51, 74, 76, 77-80, 90
Jones, Jesse, 13, 15

Korean War:
 military manpower problems, 73-76
 Universal Military Training, 82-83, 85-86

Lovett, Robert A., 26

McAndrews, James W., 3
McCrea, John L., 19
McNarney, Joseph T., 23, 90
McNeil, J. Wilfred, 24, 59
Marbury, James W., 50
Marshall, George C., 5, 23, 25-26, 80-87, 89
Matthews, Francis P., 44, 45, 46
Mead, James M., 17
Military contracts, pricing, 47-57
Military Occupational Classification Project, 66-72
Munitions Board, U.S., 17-18, 22, 23, 46-58, 59-65, 89-90

National Park Service, U.S., historic sites preservation, 7-8, 12
National Security Resources Board, 74-75
National War College, 84

Office of Price Administration (OPA), 52-54

Pace, Frank, 46
The Pentagon, 28
Pershing, James, 4
Pershing, John J., 3-6, 8-11, 83, 84
Personnel Policy Board, U.S. Department of Defense, 18-24, 58, 66-92
Presidential Election, 1948, 15-16
The Presidio, San Francisco, California, 2

Queckemeyer, John G., 5, 6

Radio Corporation of America, 65
Reconstruction Finance Corporation, 12-15, 31-32
Rockefeller, John D., 17
Rosenberg, Anna M., 86-89, 92

Schneider, J. Thomas, background, 1-15
Selective Service, Korean War, 82
Sewanee, Tennessee, 1
62nd Artillery, U.S.A., 2
Standard Brands, Inc., 15
Sullivan, John L., 43
Symington, Stuart, 21-22

Timberlake, Patrick W., 61
Tin, 14
Truman, Harry S.:
 military personnel policy, U.S. Defense Department, support for, 75, 76-77

Presidential Election, 1948, outcome of, 16

U.S. Military Academy (West Point), 6, 44-45

Universal Military Training, 82-83, 85-86

University of the South, 1-2

Vandenberg, Hoyt S., 44, 45

War Department, U.S., 35-36

Woodring, Harry, 35-36

World War II, training school system for U.S. military leaders, 84

Zuckert, Eugene M., 18, 19, 20