

Oral History Interview

with

WILFRED J. MCNEIL

Fiscal director, U.S. Navy, 1945-47; special assistant to Secretary of Defense, September, 1947; Assistant Secretary of Defense and comptroller, Department of Defense, 1949-59.

September 19, 1972

New York, New York

by Jerry N. Hess, Harry S. Truman Library

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HESS: Mr. McNeil, would you give me a little bit of your personal background? Where were you born, educated, and what are a few of the positions that you have held?

MCNEIL: I was born in Boone, Iowa on February 21, 1901, although the Navy records show 1900.

HESS: Why did the Navy records show 1900?

MCNEIL: Somebody had to be in World War I.

HESS: So you lied about your age to get in.

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MCNEIL: No. I just got in the hands of an energetic recruiting officer.

HESS: Where did you go to school, sir?

MCNEIL: High school in Grinnell, Iowa. I joined the Navy from high school.

HESS: When did you get out of the Navy?

MCNEIL: The fall of 1919. And I stayed on with the Navy as a civilian until August 1920.

HESS: Where did you go from there?

MCNEIL: I went to Iowa. My dad had a country bank in Iowa. He wanted to reduce the time he spent in the business, so he wondered if I'd come back and start to take over.

HESS: How long did you stay with the bank?

MCNEIL: Three years, then I bought an interest in a small bank in Colorado. Out in the dry land.

HESS: Where in Colorado?

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MCNEIL: Brandon. I was there for four years, then came back to Iowa and went in the automobile business. I was a distributor in northern Iowa.

HESS: What did you sell?

MCNEIL: Nash. Which was an up and coming company.

HESS: That was an up and coming company back then?

MCNEIL: The best engineering in the business at the time. Our competitor of course, was Buick. Then that wasn't very profitable, so I got a contract for distribution of the *Des Moines*

Register and Tribune in northern Iowa about 1928. After the thing started to make some money the *Des Moines Register and Tribune* decided to take me off of contract and put me on salary and that was where we separated.

HESS: Were you a reporter?

MCNEIL: No. Circulation.

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Eugene Meyer at that time bought the *Washington Post*, and I think Gardner Cole, Sr., sometime or other, mentioned that I might fit into his plans for building in Washington. So I got a call from Eugene Meyer. I came down and had a discussion and started to work for Eugene Meyer.

HESS: About what time was that?

MCNEIL: About the beginning of '34. Just after he bought the *Post* in a bankruptcy sale. The *Post* was the smallest paper in town circulation-wise. I remember Eugene's instructions: when I asked him he took me over to a map of the United States and he said, "The damn thing's a desert, make it bloom." Those were my operating instructions. I said, "Do you want to do it by home delivery, news dealer circulation, how do you want it done?"

He said, "That's what we're hiring you for."

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That's how I happened to get in the newspaper business. From there I went back into the Navy in 1941.

HESS: Did you pretty well increase the circulation of the *Washington Post*?

MCNEIL: All you have to do is look at the records. We soon passed the *News* and the *Times* and the *Herald*. And then they combined the *Times* and the *Herald* and we started to outdistance them. Yes, that was a twenty-four hour a day job.

HESS: Then you went into the Navy again.

MCNEIL: The reason I did, really, was that along about 1939 Eugene Meyer was convinced that there was going to be a war. At that point in 1939 we ran about two three-inch headlines on masthead for three or four months, "It's later than you think."

The editor of the *Washington Post*, Felix

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Morley, would not believe that there had to be war. He just couldn't believe it. I remember at a Friday luncheon we always had, Eugene announced that Felix Morley and I were going to Europe. This was before the war started and we would see the crown heads of major countries in Europe. And when we came back Mr. Meyer was more convinced than ever that it was headed that direction.

Felix Morley said, "There didn't have to be war." He was a Quaker. And it didn't have to be, but there was.

He was replaced by an editor from the *Christian Science Monitor*. I forget his name. Morley became Haverford College president, which was a pretty good college. He was the brother of Christopher.

Meantime the last officer I served under in World War I happened to have duty in the Navy Department. And we had dinner once a month for maybe a year or so. So suddenly it

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seemed the right thing to do to put in an application for military duty. I had to go before a special board convened for the purpose, which was all right. I was called back to duty by June 1941.

HESS: What was your first duty?

MCNEIL: I had a job I was entirely unqualified for. I was the Deputy Disbursing Officer for the Navy Department.

HESS: How did you get that job if you were not qualified for it?

MCNEIL: The officer that I served under in World War I was the Disbursing Officer of the Navy Department and handled settlement of all the major contracts at that time for the Navy. He was the last officer I served under in World War I, so he asked I be assigned to him.

Pearl Harbor came along shortly, but meantime

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we were in an area of terrifically increasing workload because the Navy was starting to expand rapidly. In February 1942 my boss was ordered to take command of the Naval Supply Depot at Bremerton -- Puget Sound. So I got his job as Disbursing Officer. I had to do a little homework to keep up with the staff. They'd explain something to me that I didn't understand and I had to take it home and work it over before I saw them in the morning.

HESS: What size of a staff did you have in Washington?

MCNEIL: Oh, I guess it ran about 1200.

HESS: Where were your offices at that time? Were they down on the mall?

MCNEIL: First on Constitution Avenue and then we had five wings of one of those temporary buildings back of the pool. That was in the beginning.

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HESS: The old Navy buildings that Roosevelt had constructed during World War I.

MCNEIL: That was where we were before, up until just after Pearl Harbor. Then we built the new temporary buildings and we moved back of the pool.

HESS: You were released from active duty with the rank of Rear Admiral in 1945, right?

MCNEIL: Yes, but in the meantime Forrestal asked if I would be Fiscal Director of the Navy. He established a new job.

HESS: Forrestal did?

MCNEIL: Yes, on December 2, 1944. So I left the job of Disbursing Officer of the Navy Department. Incidentally, that job as Disbursing Officer was really part of the Bureau of Supplies and Accounts which supervised all other Disbursing Officers throughout the system. It was kind of a controversial job because in the

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military a Disbursing Officer, whether it's a Finance Officer in the Army or Disbursing Officer in the Navy, is quote, "personally responsible," for all payments regardless whether the contract agreement is legal or not. So it's your duty then to question both the legality and propriety of anything you do. So when you get into contracts with escalations and what not, to question them does make sense. Yet you have to do that without interfering with the progress, say, of making engines at Hartford, Connecticut or whatnot. You can't be a stumbling block while you are trying to be careful. What gets you into controversy with senior officers is if you contract with anybody else. If you just refuse to pay, why, that brings it to an issue immediately. And that was the way, really, I met Forrestal.

HESS: When did you first meet him?

MCNEIL: It must have been late '42. I think it was about a controversy as to whether we would

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go ahead with building amphibious gliders for the Marine Corps, and I found that the Marine Corps didn't want them. I found that four or five people building them weren't worth a damn. I refused to pay and, of course, that made it a joint issue with the Bureau of Aeronautics, and

Forrestal then was Under Secretary in charge of current release contracts. So we had a knockdown-drag-out fight and Mr. Forrestal refereed.

HESS: What was your opinion of Mr. Forrestal at that time?

MCNEIL: He was one of the greats. Extremely confident, understood things quickly. He was very shy, but when faced with a decision he'd make it. You could force him to make it, I'd say. I don't mean it quite that way either. He had no problem making decisions on the facts of the case. The one big problem was that he had an insatiable curiosity for facts and sometimes you get so many facts you continue to have

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trouble.

HESS: You get bound up in the facts pertaining to the matter.

MCNEIL: Too many things. That's a terrible statement, but I think, perhaps, you understand what I mean.

From that time on I used to see Mr. Forrestal quite frequently. Lunch perhaps once a month or more on some subject. The subject could be almost anything, and it was a bit of an education to me. Then starting in December, Forrestal was very unhappy about the whole fiscal setup of both the Government and the Navy in particular. He wanted somebody to pull the picture together so that when he asked a question he got the answers. First, I had invented or drawn up a different system of operating the disbursing office and it attracted a little bit of attention, I guess. He had asked a management engineering firm named Paget-McCormack, something

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like that, to do this. Dick Paget, the chief man, was resident manager and an engineer, but he was forced particularly to use outsiders. But after making a study of it he asked if I would take the job of trying to remodel and put the thing together. That job started December 2, 1944. At that time I was really part of Forrestal's office as Fiscal Director of the Navy. And he put the management engineering functions and administrative functions of the Navy under the same job. It was his goal at the time to have a permanent Under Secretary of the Navy and he wanted to know if I would do it. I told him no. I didn't believe in that. I thought a continuing Under Secretary would be all right, if you get the distinction. Continuing gives it some permanence, but permanent is, I think, bad. One just gets the job and lays down on the job.

The Navy used to have that problem with the old Chief Clerk of the Navy back in the

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thirties. They couldn't get rid of him and he just didn't work anymore. I think "continuing" means you stay on the job as long as you are performing but you are subject to change at anytime. The

main thing is for carryover between administrations. In the military there should be some continuity in the secretariat. Forrestal was a great believer in having internal checks and balance and that's one way to get it.

HESS: I see that you were Fiscal Director as a civilian from '45...

MCNEIL: First in the military. I took the uniform off in the fall of '45 after the war was over and stayed on as civilian Fiscal Director. And then at the time when the Unification Act was passed...

HESS: September of 1947.

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MCNEIL: Yes. Forrestal asked if I would go over and help organize the Department of Defense.

HESS: And you were his Special Assistant?

MCNEIL: Yes, I was. And the Unification Act provided for three statutory special assistants. That was one of the interesting ideas in order to see if you couldn't build by evolution, and to eliminate what a lot of people were critical of; that is, you'd have a lot of clerks around the holding company headquarters giving orders to senior people like Secretary of the Navy, Chief of Naval Operations, Secretary of the Army, and so forth. And this was intended to emphasize the fact that the three jobs were, quote, "staff" to a Secretary of Defense who had a line of authority to the Secretaries of Army, Navy, and Air. It was done to emphasize that, although when you come to budgeting which has been one of my jobs, when you delete an item or reduce an estimate, you're pretty well

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giving directions. Here's an indication of why that's true. Immediately after the Unification Act became effective the Air Force got divorced from the Army. They got all hepped up about executive privilege. One day in the Appropriations Committee they wouldn't give John Taber and Clarence Cannon the background of accident reports, saying that they were privileged and so forth and so on. Finally after an hour of discussion John Taber shifted himself out of the chair and he stood up and he said, "Well, gentlemen, I believe you are right; if it doesn't take money we have no interest." That afternoon the Air Force delivered three tons of accident reports to the House.

HESS: Just weren't going to give them any money.

MCNEIL: "If it didn't take money we have no interest." So that's one reason the budget job was really, so fascinating. There wasn't a thing you could

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do; where you decreased money, you eliminated an item. I worked for six Secretaries and as long as they supported me I felt pretty good. If anyone didn't support me, of course, I was in trouble. But they all did, so I was fortunate. They started on September 18, 1947.

HESS: Then in 1949 you became Assistant Secretary of Defense and Comptroller.

MCNEIL: It was the same job, really.

HESS: A little bit of reorganization there between the National Military Establishment and the Department of Defense?

MCNEIL: Yes, but I say my duties were almost identical to what they were before; in fact they were identical. The basis for that was Title 4 of the National Security Act. I developed the whole thing, with the help of Ferdinand Eberstadt and Franz Snyder at the request of Herbert Hoover. The Hoover Commission had been asked what could

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be done to make operation of the military more effective. Hoover had some ideas as a result of the Hoover Commission work, and I was the Department of Defense representative in the Hoover Commission on these things. Hoover suggested that Eberstadt might want me to give him some ideas. Well, I had been working on several things back in '45, '6 and '7. We put the different ideas together and it became Title 4 of the National Security Act. The title for the National Security Act was broken up when they re-codified the laws into the Army, the Navy, and the Air Force. So it's pretty hard to find a separate section at the moment, although the provisions have not changed in any way, shape, or form.

First, in order to establish some kind of a mechanism which would last, it was felt desirable to make the comptroller functions a part of the legislative requirements for our

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organization. Also it was one way to keep a staff which would give some semblance of internal check and balance, and provide an audit function both over operations and money. So it required the establishment of a Comptroller of the Army, Navy, and Air Force and that one of the Assistant Secretaries would be given that duty.

Next it called for a change in the whole system of budgeting. In years past the budget required a separate appropriation for water coolers; a separate appropriation for newspapers; separate appropriation for travel; separate appropriation for certain civilian hire; but nowhere could you tell what a function cost. Nowhere could you tell what the operation of a hospital cost. In other words, 269 pots of money it took to operate the hospital at Bethesda. A little money here for fixing a fence and a separate appropriation for this and that. To run the Task Force One to test the A-bomb out at Eniwetok, it took 189 pots of money. I wanted

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them to fix it so that in any one job the money was all in one place to do the job. Then an eighth grader can explain it and justify it. I don't mean to downgrade, but you have military officers and you give them technical accounting questions; you see, it's really not even fair. You ought to rig a system that a good captain of industry or a good commander of a regiment could understand quickly and easily. If he has his money to maintain an airfield or a station all in one pot, or one pot for maintenance, one pot for new construction, he has a chance then to say, "Well, I can save some money here and spend a little more money for paint, I won't have to re-roof until next year," and so forth. It would give him a little more latitude all the way down the line with the money under much better control. So that was the system that Hoover bought and Congress bought at the time called performance budget.

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HESS: Did the various services give you very much trouble on this?

MCNEIL: Yes. When I was Disbursing Officer in the Navy I was paying money out of 500-odd different appropriations. I wanted to reduce that to National Guard and Reserve in case of the Navy and the Air Force and the Army. In the case of the Navy the military pay, major procurement, maintenance and operation, and research were all the pots of money I wanted, because I could run the operation with that kind of breakdown, and Congress bought it. It requires certain trust by Congress in the people who are operating the place. Unfortunately, in the period between 1960 and 1970, we lost credibility and Congress has now started to break up the appropriations into numerous little accounts.

HESS: So it's regressing to the way that it used to be?

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MCNEIL: Yes, rapidly, because Congress can't trust them to spend money. They do too much juggling. No, actually they are not doing so much juggling as Congress thinks they've been doing, but they don't take the time to explain it. If I have anything to be boastful about it was our relationship with the Appropriations Committee, which was one of pretty complete trust and we tried to earn it every day.

HESS: Who were the chairmen of the Appropriations Committee?

MCNEIL: Clarence Cannon and John Taber. [George] Mahon was chairman of the subcommittee. Harry Sheppard was the Navy Committee and later Mahon. And oh, we had [Joseph C.] O'Mahoney and a number in the Senate. But in the House it was Cannon and Taber.

Next, one of the things this legislation provided for was taking all printing plants, laundries, Navy yards, and arsenals out of the

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appropriations structure altogether -- no money appropriated for their operation. The only way they would get their money would be by billing the customer for work he'd ordered. Immediately you place responsibility on the person that's buying the material. I can give you an illustration; the munitions board used to send out 25,000 copies every three months of a mobilization bulletin. It didn't cost anything because somewhere somebody bought the paper; somebody paid the people. They just ordered them and they would give them out free.

After we put the printing plant in the basement of the Pentagon we took it out of the appropriations structure, put it under working capital, and, in other words, made it a corporation. The only source of money was what they got from collecting for the work they did. They started to bill them \$2.25 a piece. Immediately the staff said, "Well, my God, that's criminal." The first thing they'd do is squawk

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at the price. The next thing they did is go back home and cut the list down. We used to send the Department of Commerce 300 copies; they cut them to ten. They went through and finally there weren't enough people interested to print it at all. And nobody -- no managing engineer or study group -- issued a gold embossed report saying they should cut it out; they didn't. Even Marx Leva used to print a thousand copies of the legislative program. When he found it cost him about \$5 he didn't send out so many. We learned the decision was Marx Leva's, who's not a management engineer. As I put it at the time, I wanted to get some system to where the selfish aspect of human nature worked for you. The minute you can do that you get somewhere. I wanted the fleet commander when he sent a destroyer into the New York Navy Yard to be critical of the bill he got. If they replaced the forward turret, I wanted that priced. Well, it hasn't worked perfectly but it's worked

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pretty good. Laundries, bakeries, and so forth, overhaul shops, navy yards are what we call working capital. Without Eberstadt and Herbert Hoover, I as a bureaucrat could not have sold this package. Eberstadt was a master. He helped write the Unification Act. But he knew his subject and he came down and he spent thirty days with me. We had to sell the Treasury and the Bureau of the Budget. The Bureau of the Budget objected to this incidentally.

HESS: Why? What were their objections?

MCNEIL: They thought they'd lose some control, I think. They were accustomed to the old system of providing money for water coolers and so forth. They finally testified against it but Congress still did it. I was told I shouldn't do it, but I was trying to get fired for these several years so I could make some money. That was the establishing of working capital. Incidentally, to show you the degree of confidence,

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I would like to think, we asked for no appropriations to get this working capital started. And incidentally the first big "corporation" we established was the Military Sea Transportation Service. The Navy would not take the job of providing sealift for our Air Force and Army and have it in their budget. In their budget they wanted to buy a destroyer or an airplane, but they didn't want to do housekeeping for somebody else. They didn't mind running the place if they could. So then in MSTS we developed a tariff, such as \$150 for sending a soldier to Europe. Okay, they were willing to haul him. So you've made it possible to get some consolidation of activities just because of the nature of the thing, whereas you could not do it if you tried to make it an administrative assignment.

HESS: You were working business practices into the operation of the military?

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MCNEIL: That's all, that's all. Now to get the working capital, to get this started, Congress gave me authority to take all unexpended balances from all appropriations and transfer it into continuing accounts. Say a hundred million dollars was left over from operation of the Army or Navy. The money would be dead after it lapsed. I could transfer that into continuing money, and it would last forever on the books of the Treasury. And this law says: "The Secretary of the Treasury shall upon request of the Secretary of Defense transfer lapsed money into this continuing account." That took some faith from the Harry Byrds and the Saltonstalls who were pretty conservative people, and they all bought it, So I felt pretty good about that.

Next this same authority gave us authority to establish inventory accounts. In other words establish a Sears Roebuck to carry common use items under money control in Army, Navy, and Air.

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The Navy started that about the turn of the century and was pretty successful with it. I merely made it applicable to Army and Air Force. In other words, if the Navy wanted to get some spare parts from the Air Force for a certain model engine and so forth, and paid them for it, Air Force was more or less glad to serve them. Had they been required to issue them free they would have found they were out of parts. Those were the types of things. But when you had a Sears Roebuck merchandising corporation out of all the common use supplies in Army, Navy, and Air, the first time in history the Army had their stuff under money control, and that applies to the Air Force, too.

Then they gave you authority for special jobs -- for example, another A-bomb test in the Pacific that was of interest to Army, Navy, Air, and the Atomic Energy Commission. The commander could go out there with one single pot of money and pool it and distribute it after the work was

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done on the basis of the best guess. That was the kind of latitude we had and losing it really makes me sick. Because you need that kind of authority if you are going to run the business smartly.

During the war I had a hell of a time because they run a bus service around the San Francisco area, and it went by Army installations and so forth, but it didn't pick up airbase kids. But the minute the Army could run a bus service, and get paid for this on the basis of the best guess as to the amount of traffic, they were happy to do it for their new sister service. So it made a lot of things possible.

HESS: What reasons are they using to get away from that now?

MCNEIL: They're not getting away from it as much as they are being forced to get away from it because the budget system got pretty complicated

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under [Robert] McNamara. It took them years to wake up to the fact that he was not as competent as people thought. And finally when the reaction set in, it was a reaction against him and everybody that worked for him. And they haven't recovered it yet.

Now [Melvin] Laird spent most of his four years working with Congress and giving in sometimes, trying to recover some of the loss of credibility. But in the meantime, he was still dealing with cost overruns, the C-5A, which was a McNamara type contract, but the laundry work on that contract was all under Laird. He had the Roman type contract which was really a McNamara philosophy of a cradle to the grave type of contract. A completely unfair type of contract on both sides; but the laundering and cleaning up of that is all in this last three or four years.

HESS: Why is that an unfair contract?

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MCNEIL: First, a fixed price contract for research and development is wrong. Somebody gets screwed. Either the contractor makes a bundle, Uncle Sam pays too much, or the contractor can't break even. Therefore, you get into the Lockheed type thing; Grumman type problems; right straight down the line. Research and development, stepping out on a new deal just has to be on a cost basis. They might have cost incentive and so forth, and clearly do all you can to encourage them to do it cheaply. Give them a bigger margin of profit because it's the smart way. But a company worth two hundred million dollars cannot take a two and a half billion dollar development deal and come out. It's unfair to Uncle Sam; it's unfair to the stockholders. Now, when you can develop an airplane for five million dollars in a hundred million dollar company that's a different problem. Even so I was against fixed price contracts for research all the time I was in the Navy and in

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the Pentagon. It's wrong. You either make a killing or go broke. Now once you know what you want to buy then handle it competitively, even competitive with incentive afterwards. I have no sympathy for the contractor if he makes a mistake on that, because he's been given a chance. But you find every other time, either Uncle Sam has overpaid or the company is in trouble, if you go on a cost basis.

HESS: Is your opinion of Mr. McNamara rather negative?

MCNEIL: It certainly is. I hope not unfairly. If you take a list of the missilery and aircraft developed during his period, it has increased by a storm.

HESS: The TFX was one.

MCNEIL: Yes. I was chided, I say chided instead of criticized, one of the last times I was

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testifying, for having 40 new programs underway.

HESS: Forty programs?

MCNEIL: Yes. Major programs, comparatively new anyway, some of which were duplications. We were making progress on 40 and eventually we'd cancel half of them, perhaps; but still it was the cheapest way to get along. Everyday you developed something a little bit better. But you were doing it the hard way. Now when I was on the Blue Ribbon Panel we tried to emphasize that they ought to go back to prototype development with aircraft. You can't prototype a B-1. That would be too expensive. I mean two or three prototypes, different companies. But if you go back in history you will find that we practiced a little bit of what we preached. The financing of the F-4 and the F-8U-3 -- I don't know whether those numbers mean anything to you or not. The F-4 is the present McDonnell fighter -- the best

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fighting interceptor we've got today. We built 4,000 of them. But back in the fifties the Navy really liked the F-8U-3, which was built by Temco Vought. Well, as a budgeteer we financed, and I think we were being criticized by the Bureau of the Budget - and to a degree by the President and Congress, for continuing on the F-8U-3 and the F-4 for over a year and a half. There was a feeling then that these airplanes were pretty good, but that we can only have one of them. Let's let the lieutenant commanders and the Marine captains fly the damn things for a year and we will find out which is the best.

HESS: Let the pilots say which one is the best airplane.

MCNEIL: That's right. So the F-4 was chosen. Well the F-4 has been one of the world's most successful airplanes. It's being built right today. Fairchild builds it, too. It's now up to 4,200 and I see in the paper this morning the Air Force

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is going to buy some more next year, and that's a 1955 model.

HESS: Which is rather amazing for aircraft.

MCNEIL: Yes. It's a great airplane.

HESS: Like I say, many times they are obsolete when they come off the drawing board.

MCNEIL: Right today there is a competition going on for a ground support fighter to be built for the Air Force to support Army troops, called the A-9 and the A-10. It's a competition between Northrop and Fairchild. They were the two selected out of the eight who made proposals. They selected two to build prototypes. They are flying right now. I was out there last week to see the A-10 fly and they are almost ready to turn it over to the Air Force. The Air Force is going to fly them for some months. They need it to find out if they want something

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different on the airplane or if this is perfect, whether they like the Northrop airplane or like the Fairchild version the best. Meantime, the contract is so worded that novel ideas that Fairchild's got cranked in can be used by Northrop, if they happen to win the competition. Now they cost forty million dollars each to develop those two prototypes. So that will be eighty million dollars it costs to find out which one you really want. By that time you are ready with specifications and say, "I want the T-34 engine, I want this, and I want that." Contracts are then bid with some knowledge of what the hell is facing them. Meantime, you've probably spent 5 percent of the program's value to get a working model. That's not bad. So you have to have a little courage to say we are going to step out and spend eighty million dollars to find out what the hell the answer is and get a working model. But it's being done now in two or three different phases and it's a new policy, and on the

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Blue Ribbon Panel we recommended very strongly that they follow that in the future. But in the McNamara thing the judgments were made all on the basis of paperwork. And some of the paperwork would run thirty-five thousand or forty thousand pages, and you can't tell me you make a decision that way. I'd rather take a lieutenant commander's or an Air Force major's opinion as he climbed out of the airplane. I used to keep one-third of my budget staff on the road all the time.

HESS: Did you?

MCNEIL: Yes, On the 38th parallel in Korea or in an overhaul shop. We'd look at the tag on the engine. The engine would have three thousand hours; okay, we'd check then to see how many engines would last that long, and then we judged their budget markup from that. That's the only way I know how you run a railroad. Take a look.

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HESS: Keep a man in the field and see what's going on.

MCNEIL: There was a big fuss on the ammunition shortage under the Truman administration, but there wasn't an ammunition shortage. I had my man, who used to be, incidentally, General Marshall's man at Normandy, who was a competent observer.

HESS: Who was that?

MCNEIL: John Holcomb. He's dead. He did a magnificent job. He was a colonel in the Army, but he was strictly objective and he was accepted throughout the whole Eighth Army. I knew as a budgeteer he was probably more up-to-date than the Secretary of the Army. I didn't have any administrative layers between us.

And if you look at the budget appropriation passed just last week you will find they are setting up an Office of Tests. They appropriated

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twenty-seven million dollars, providing it as an independent office reporting to the Secretary of Defense. That's one of the jobs we used to try to do as part of the budget. We would send people out to Edwards Air Force Base or down to Patuxent to find out what the hell the boys found out when they flew the airplanes. That's one way to do it. The Office of Tests is the formal way to do it. I'd rather do it informally but this is better than nothing. I'm getting off the track probably.

HESS: That's all right.

MCNEIL: Well, that's the essence of this legislation, but it still hasn't been changed one iota in the whole period. Here's a copy of the committee report. We rewrote that report from testimony. Carl Vinson knew every word in that thing. I don't know whether that's of any value or not?

HESS: It's very good.

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MCNEIL: I would say it took four years to get that passed. I told Congress it would probably take ten years to get even a good start on implementing it. That's one reason I didn't quit some years earlier, I think, because I kind of wanted to see my baby grow up.

HESS: And you stayed there until 1959, right?

MCNEIL: Yes. I had six Secretaries as bosses.

HESS: Six Secretaries - that we'll get into.

Let's go back just a little bit. What are your earliest recollections of Mr. Truman? When did he first come into the picture as far as you were concerned?

MCNEIL: When he was head of the Senate investigating committee.

HESS: That became known as the Truman Committee. That was the Senate Committee to Investigate the National Defense Program.

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MCNEIL: I just had two or three visits to him and to his staff up on the Hill.

HESS: Yes. What were the occasions for your visits? What comes to mind?

MCNEIL: I went to explain what happened to a couple of contracts, as I remember. I don't remember what contracts.

HESS: Hugh Fulton was the special counsel. Do you recall Hugh Fulton?

MCNEIL: Not well. I can't picture him at the moment, but, yes, the name is quite familiar. Actually I didn't have too much directly to do with the subject -- maybe two one-minute conversations. Nothing, except strictly staff work, part of the job of the Fiscal Director.

HESS: What was your impression of Mr. Truman's handling of that committee?

MCNEIL: Although I was a little bit remote and not

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too closely connected with it, everything I knew about it is pretty good. There was not the feeling there is today with Senator [William] Proxmire.

HESS: Is that right?

MCNEIL: Just to mention his name raises the hackles of everybody. You can't get a sensible answer. Senator Truman was nothing like that. I think there was more respect for the job he had to do, and he did it pretty decently. As I say, I didn't have a lot of direct contact with the committee, so I'm relying mainly on impressions.

HESS: President Roosevelt died on April 12th, 1945. Where were you when you heard the news of his death and what were your thoughts and impressions?

MCNEIL: I can't recall that I had any deep feeling, any more than the ordinary citizen would have about the death of the President. Because Truman's name was more or less known around

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the place, probably because of the Truman Committee, it wasn't like we expected to do business with a complete stranger. And at that time we were so busy, that I just don't recall any thoughts, except seeing how much we could get done between 7 in the morning and midnight.

HESS: What kind of a President did you think Mr. Truman would make?

MCNEIL: Frankly, I can't recall whether I gave it much thought or not, at that very moment. Shortly thereafter, I felt better about it because he did do a lot of homework on the budget. Each year I had to spend quite a little time with the President about the budget. Because we often differed from the Budget Bureau's figures and because of the size of Defense's budget and its relative importance, and the fact that these Secretaries were generally people of stature, we had a little different relationship with the White House than did some

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of the other Government departments. So we would go and sit down with the President perhaps for several hours at a time.

In the case of [Dwight D.] Eisenhower, for example, we usually went down and spent a day or two at Augusta. We did business above the golf pro shop. Out there we went into item by item, this missile, that missile and so forth. With Truman, we did it in Washington, but he devoted considerable time to it. So while we weren't always happy about some of the decisions, at least we felt we had a hearing and an opportunity to present some views. Our batting average was pretty good in that kind of contest with the Director of the Bureau of the Budget as a rule.

HESS: Let's discuss that just a minute. There were four Directors of the Bureau of the Budget during the Truman administration - Harold Smith, Frank Pace, Jr., James Webb, and Frederick J. Lawton. What do you recall about those four men? What do you recall about the disagreements

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that you may have had?

MCNEIL: The first one I didn't work with.

HESS: That's right. Harold Smith you did not work with. He stayed there just for a short time within the Truman administration.

MCNEIL: I remember him and we talked on several occasions but actually we didn't do much. Then Frank Pace I think came along. Frank Pace is an unusual person. He can take a five-minute briefing and discuss in authoritatively for thirty minutes.

HESS: What do you mean by that?

MCNEIL: Well, he's a bit of a big-picture operator. He gets the general gist of it and has the knack of speaking authoritatively for thirty minutes based on a five-minute briefing. I don't know how else to say it.

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HESS: Pads it a little bit does he?

MACNEL: No, embellishes, perhaps.

HESS: Embellishes just a little bit.

MCNEIL: Dresses it up in a more attractive color.

HESS: Of course he was Secretary of the Army at a little later date.

Do you recall any particular issue where you may have been in some disagreement with Mr. Pace or with the Bureau of the Budget at that particular time, that might illustrate your working relationship with the Bureau of the Budget?

MCNEIL: First, our relationship changed with the Bureau of the Budget. You see, it worried me very much that the military would make a plan; the broad plan was to include so many people and so many divisions, so many wings. You translate that into people, gasoline, bolts and nuts, and so forth and have Army, Navy, and Air

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submit a budget by, say, June or July. That would be examined at length, and you'd have the budget analysts come up with their version and then you'd have the discussions. The law called for sending it to the Bureau of the Budget; I believe it was September 1st or September 15th. Then the Bureau of the Budget would paw over it a while. It would finally go up to the Congress in a document in January. You'd have your hearings in the spring but it would be the following July before you got money. Now it's later of course; it's completely disorganized now.

With the Middle East blowing up, with the vacuum in Greece, and the British pulling out of Lebanon and Palestine, and so forth -- with changes like that occurring, I was bothered very much by the time it took between developing a force plan and actually getting the money to implement it. It was just impossible. So we dreamed up a new idea and Frank Pace was very helpful in

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this and he would assign his staff to me. First, we wouldn't have the military make up a plan that far ahead. We'd try to get a fix on the plan along about June or July. We'd skip the Bureau of the Budget on September 15th. I don't remember what authority we used for not doing it. The Bureau of the Budget would assign their staff of analysts to me on the promise or commitment that we would try not to seduce them, that they could have the "combination to the safe." They'd know our innermost thinking. They'd know when they were trying to gyp Uncle Sam and so forth and so on. It was a ticklish arrangement, because all you had to do was deny something or do something and the whole thing would blow up. I felt very keenly that if we could reduce by three or four months the time the plan was made and implemented, we would be performing good service for everybody concerned. The Bureau of the Budget was reluctant at first, but Truman,

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as I recall it, forced them to conform after I brought this issue up with him. So, before I ever talked to the Bureau of the Budget, or put the pressure on them to do it, we already had the virtual approval of the boss, the "big boss."

I think that was the most forward step we ever made. First, there was not a secret. We did not have a Goddamn hidden thing in the whole budget that the twenty or thirty analysts didn't know about. And I saw nothing wrong. We were trying to prepare a budget. I remember Forrestal asked me when he gave me the job, or asked me to take the job back. He said, "Which way should it be done? There are two ways to do it: the way they are doing it now, and the other way, which is to put in an estimate for exactly what we think we need, and battle for it." On the first year's budget for the Navy we came through with a demand to Congress for about a

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five hundred dollar change on the five billion dollar budget. So it proves you could be pretty practical and straightforward. And we had that history pretty well all the way through. Frank Pace helped with that. That was probably the most notable administrative thing of the Bureau that Frank Pace did. In one particular incident, July 1950 -- I believe it was '50 -- he, the Secretaries, the Chiefs, and myself were all called to the White House.

HESS: This was just at the beginning of the Korean war?

MCNEIL: July 5th. Oh, it was 1949.

HESS: 1949, a year before the Korean war.

MCNEIL: July 5th, or July 7th. Right out of the blue the President said, "Listen, we're going to have this balanced budget," and so forth -- a forty billion dollar budget or something like that. He said, "We have allocated thirteen

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billion dollars to the Department of Defense." He gave a little speech, and so forth, and he went around and polled everyone; thirteen billion was enough for Symington; thirteen billion was enough for Ken Royall; thirteen was enough for the Navy. But none of them realized what the hell it would do to each one of them. It was a terrific cutback and the year was already started. It was a limit on expenses for the current year, and it was a ceiling for the following year on budget -- two things.

HESS: At first, though, the various Secretaries did think that that would be adequate?

MCNEIL: He said, "Is that satisfactory to you?" And of course, they all nodded their heads, not knowing what the hell it was all about. They nodded their heads and agreed.

HESS: They thought thirteen billion would be adequate for the entire defense setup?

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MCNEIL: Well, they didn't enter any objections. I don't really think they appreciated quite what was going on. But the President was pretty snappy; he just went and reeled it off and he knew his subject.

HESS: This was the first time that the Secretaries had been presented with this low figure, or this figure, is that right?

MCNEIL: Yes. They knew a low figure was coming, I think, because we had been telling them that right along in the budget process. But the ceiling on current expenditures was brand new; that came out completely new to Johnson, and to everybody else.

I remember Johnson was on an economy binge at the moment, which was all right. Of course, he got credit for wrecking the Department of Defense. But I remember he said, "There are a lot of things we can do to tighten up. Now you take McNeil's son. One of McNeil's sons is

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in the Air Force, and he's had sixty-five new duty stations in, say, five years. Now absolutely we can cut some of that out." Well, that didn't do anything to Symington, of course. He really was awfully hard to work with in that sense. You'd never know when he'd blurt out something you'd told him.

Changing the subject for a minute, we were up testifying with Dean Acheson on starting the Military Assistance Program. Acheson was sitting there and Johnson was doing the talking. [Robert] Taft had asked him some questions, and Johnson said, "Well, I tell you I think all of our staffs overseas, Ambassadors and so forth, are overbuilt." He says, "Now, they use too many military; McNeil calls them 'cookie pushers' or 'flower arrangers.'" It was things like that that endeared you to the old man.

Going back to the other area, about this time I spoke up finally and said, "Listen, this won't work." I said, "This includes

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stockpiling?"

Frank Pace said, "Yes."

I said, "Well, it won't work."

Stockpiling took about a half billion dollars, and it was really not strictly a military thing. Anyway, Truman got a little bit provoked at me after I brought it up about eight or ten times, and he said, "Well, you're going to have to work that out with Frank Pace, if you can get an agreement with him." So I stayed with Frank that afternoon until 5 o'clock and he finally agreed.

HESS: That you would need additional funds for stockpiling, right?

MCNEIL: It was a separate deal, yes. Because at that time it was being transferred out of the Department of Defense. I didn't think it should be part of that department. I told them what would happen on force structures and so forth at this late date, and he finally agreed. Truman

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was quite knowledgeable on lots of different facets of the military budget.

HESS: Now this is a very interesting subject, about the various departments wanting more money at this time. As you know, the departments each turned in a separate request for the money that they thought that they would need. Wasn't that right at this time, and didn't it come to a good deal more than thirteen billion?

MCNEIL: Oh, yes. I would encourage that even now. Ceiling budget is all right, but I don't mind if people write down first what they think they need, and then be forced to determine priorities by having them more limited.

HESS: Didn't the services turn in a combined total of almost thirty billion that they thought they needed for that year?

MCNEIL: I don't recall. It could have been. I know it was considerably higher.

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HESS: And then I believe they went back for another meeting with President Truman?

MCNEIL: Well, it was inadequate, at the time and in retrospect. Along about the fall of 1948 Forrestal gave Al [Alfred M.] Gruenther and me a job. We were operating then with a fourteen billion dollar budget or thereabouts. Forrestal, in his diary -- they destroyed part of his diary while I was in the White House. Ninety percent of his stuff disappeared somewhere, particularly a lot of the critical parts. I had some of the files that were finally destroyed. They were for the reinstitution of the draft and things like that. But Forrestal was worried, and the letters that remain will show it. He virtually forecast the Korean trouble. When Acheson said, "We have no interest beyond Japan," and we were down to skeleton forces, we were inviting trouble.

Forrestal asked me to develop one time a rough cut at how many foot forces we could develop,

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if we had an emergency, say, in the Middle East. If we stripped everything, from guards at the Navy Yard, Washington, and everything else, we would get a force of eighty-five thousand. That's all we could move in any direction. He didn't think that was enough to impress people behind the Iron Curtain. While we were trying to cut overhead and all that, the fact remains that after war you have a hell of a lot of things you carry on until you can get rid of them. So, he asked Al Gruenther and me to make a study, first, of what could be allocated to defense without permanently injuring the economic fiber or the chance for economic growth in the country. That's a toughie. Probably 5 percent, you know, isn't going to hurt your country. And you can do 15 percent if people understand the problem and have a will to do it. It's quite a range. It gets back to 7 or 8 percent, perhaps, for what a country can stand and still have cold cuts and butter. We came up with the conclusion that an increase from 14-1/2 to 17-1/2 probably

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would do it, because we could put it all in a usable force and didn't have to have any more air stations and so forth. Up to a certain point you can add protective forces on your existing overhead without adding materially to it. We took that to the White House. The Secretaries, the Chiefs, Forrestal, and Truman -- all sat there in front of his desk and Al Gruenther was magnificent in his speech. He showed the "soft underbelly of Europe" and all the arrows and whatnot, and how he arrived at force structure. I outlined the number of tanks and guns and ships and so forth -- what we could do with that money. The President never answered, except to say, "Al, Mac, that's a good job." The President said, "Thanks for the presentation." And the meeting, except for a gathering around the table and a few pleasantries, was over. The proposals were never implemented -- never accepted or implemented. But a year later, in June, we were faced with the

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Communist invasion of South Korea, which was the type of thing Mr. Forrestal felt would happen.

HESS: Now the fall of '48 is an interesting time; the election of 1948 came in the fall. Do you think that Mr. Truman's desire to have a balanced budget at this time influenced a good many of his decisions in relation to spending in the Department of Defense?

MCNEIL: Yes, and, peculiarly, most of us in Defense were sympathetic in trying to get the books in balance. We and a lot of the senior people -- who were pretty responsible citizens -- wanted a balanced budget. [Chester W.] Nimitz and the whole group were pretty responsible. They realized that unless you have income and outgo in approximate balance that something's going to suffer sometime. They were commencing to get the idea that we could find some way to avoid peaks and valleys, because these valleys of weak military forces are dangerous periods. They realized the money

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had to come from somewhere. So there was no real valid opposition to a balanced budget idea.

HESS: Was there a feeling or not in the Defense Department that Mr. Truman's desire to have a balanced budget had a political motive? In other words, that he was trying to present a balanced budget to the Nation to help in his reelection.

MCNEIL: My impression was he really believed in it. It may have been more than a coincidence that he pressed for it, and it was just an election year. But I think I could illustrate why I think he really believed it, in addition to it being a convenient time. We were having a very difficult time trying to get the unification to work. There were some bitter words between the naval aviation arm and the Air Force. Army wanted to get rid of the Marines and the Marines felt it very keenly.

HESS: The Army wanted to take over the Marines?

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MCNEIL: Oh, sure. Sure, they wanted to eliminate them except for guard duty. That's pretty well brought out in [Alexander] Vandegrift's book *What's [Once] a Marine*.

HESS: Do you think that the Air Force would have liked to have taken over the naval air wing?

MCNEIL: Eliminated it, yes.

HESS: Eliminated it altogether?

MCNEIL: Yes, sure. Unless it was for submarine patrol or something of the kind. I think they'd go along with submarine patrol. But they were violent at the time. Forrestal did his best by having morning and afternoon sessions of the Chiefs and the Secretaries separately. This went on until March. What would happen is that the Chiefs would get some semblance of agreement between them late in the morning. Then, they'd all go home at lunch, and come back and meet at 2 in the afternoon to try to whip out a problem.

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But by 2 in the afternoon you are right back where you started. They would go back and the colonel would tell his Chief, "Well, they're taking advantage of you on this, do you realize this?" And before they came back, the various staffs -- Army, Navy, and Air -- would have their seniors showing how they shouldn't give in that much. This went on for days. Forrestal and us at lunch one day talked about getting them out of this atmosphere. They were all decent people. We felt if they had no contact with their staffs we might get a semblance of order -- some ideas. So it was decided finally to take them to Key West. In your records somewhere, you'll probably find quite a bit of material under what's called Key West Conference, and this was the way it started. We decided to take them to Key West and shut off all the wire and message-dispatch communications, and just sit there with the Chiefs and the little Chiefs. Forrestal and I were the only civilians. A1 Gruenther was

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Director of the Joint Staff. He, the Chiefs, and little Chiefs, and Admiral [William E.] Leahy -- that was all of us.

We used what later became the "Little White House" in Key West, where President Truman vacationed. We had our meals cleared off; we just kept right on working hour by hour, until 2 or 3 in the morning for three or four days from Wednesday until Sunday. I don't want to elaborate too much, but we came out with a little piece of paper establishing a fresh, rough cut at roles and missions. It wasn't good, but it at least was an effort. It was called the Key West Conference. Admiral Leahy was a great help at that time. He represented the President; of course he was the President's Chief of Staff, so-called.

HESS: Did you find that that was a great advantage, to be completely cut off from Washington and isolated throughout the conference?

MCNEIL: Sure, because these people were decent people.

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But it's awfully hard to agree to something, and go back and have twenty colonels and five generals say, "Listen, boy, you're.."

HESS: "They are really handing it to you."

MCNEIL: They were all staking out claims, you know, and so you had the makings of a good lawsuit every hour of the day and night. One of the problems, of course, was between Admiral [Arthur W.] Radford and Tooe Spaatz. They were told to stay up one night, and they did stay up until 3:30 or 4 in the morning, trying to get a paragraph on naval aviation and the Air Force. I wrote the paragraph, I remember, on the Marine Corps -- that the Marine Corps for planning purposes would be limited to four divisions. That created quite a stir for about forty-eight hours.

Finally [Omar] Bradley and all agreed to it, including the Vice Chief, and Tooeey Spaatz, and Larry [Lauris] Norstad, Louis Denfeld, Admiral Radford, and Gruenther.

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HESS: Did the Air Force think that they should have the mission of flying planes off the carriers, though?

MCNEIL: It never got that far, really, because they didn't think anybody needed...

HESS: Carriers.

MCNEIL: They were endeavoring to kill the carrier idea.

HESS: Altogether.

MCNEIL: Yes.

HESS: They thought long-range bombers would replace the carrier altogether?

MCNEIL: That's right. That was their feeling. Now, going back to Truman. On Sunday morning Admiral Leahy, General Gruenther, Forrestal and I were having breakfast. Gruenther

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said, "Mr. Secretary, we are going to have a real problem with our meeting on Wednesday. It's the 'Army's gone to hell in a bucket.' The Army had four hundred and ninety thousand last month, and four hundred and eighty this month. They are dropping ten thousand a month. We are going to have to consider reinstating the draft." We talked about it a little bit and so Forrestal turned to me and he said, "Well, I've got to go to Hope Sound tonight. You go back and get Karl Bendetsen and Bobby Cutler." Did you ever hear of General Cutler? He was really head of the staff of the National Security Council.

HESS: Probably have, but I just can't think right off.

MCNEIL: His book *No Time for Rest*, incidentally might be worth getting. He had several tours of duty in Washington including the War Department and the National Security Council. He had been

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Special Assistant to Secretary of the Army [Robert] Patterson -- to [Henry] Stimson and Patterson.

Anyway, he asked me to get them and have them come down and prepare a statement which he could take to Congress, if the President approved, asking for reinstatement of the draft. So I

came back on Sunday night. Bendetsen was in from California on Monday. Bobby also came down. And we worked night and day, until I believe it was Wednesday morning on about the 16th or 17th of March. (We went to Key West on the 11th.) And so Forrestal said, "Oh, yes, we will make arrangements for you and I to go see the President as soon as you get your paper made out." When he came back from Hope Sound we had it ready for him. We tinkered with it and he had some ideas. So Forrestal and I went over to see the President around 9 o'clock; I guess it was about a Tuesday or Wednesday morning. It was the 15th, 16th or something like that.

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After we got through with our presentation, the President said, "Jim, I agree with you; think you are right. But this is not a very easy task," and he said, "and I've got to talk to General Marshall and some others." He said, "General Marshall as you know is in favor of UMT and not the draft." So he said, "I've got to do a little work on this one." That may not have been a quote but that was the sense of it. So he called General Marshall to come over. After thirty minutes, Marshall still didn't think much of it. He didn't say no, and he didn't say yes. He just didn't think much of it. The Secretary of the Treasury was from St. Louis. What was that man's name?

HESS: John Snyder.

MGNEIL: Yes, Snyder was worried about trying to keep the force level up because it cost money. That's about the only remark he made, as I recall. And then he got Jim Webb to come over. Webb was quite vociferous in arguing that we can't afford it. He said he needed a balanced budget and we can't afford it.

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HESS: He was Director of the Bureau of the Budget at the time.

MCNEIL: About that time, [Matthew] Connelly came in and said [Robert E.] Hannegan had a 10 o'clock appointment, and he had been waiting outside. President Truman said, "Tell him to come in." So he came in, and we went through our song and dance again for twenty or thirty minutes. Hannegan finally said, "Well, Mr. President, this is election year and you just can't do that. That's not a thing you do in an election year."

The President said, "Well, if we need it we're going to do it." He turned to General Marshall finally and he said, "General, I'd like to have you sitting beside Jim Forrestal when he goes up and asks Congress for this. Tomorrow or the next day, whenever," which I think was the 17th of March. What I'm trying to say is I think he really believed we should have a balanced budget, but if he saw some reason why -- well this seventeen and a half billion dollar

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presentation didn't impress him.

HESS: This was in 1949?

MCNEIL: The fact that the Army's "going to hell in a bucket," I think he, grasped that. I don't think he grasped this nebulous statement of Forrestal's that we have a vacuum in the Middle East.

HESS: Tell me a little bit about Forrestal's vies on the Middle East.

MCNEIL: As I recall he was mainly interested in avoiding a vacuum. When the British moved out -- remember when they moved out of Greece -- that left a vacuum and that's what disturbed him most.

HESS: Early in 1947.

MCNEIL: And '48. Well, at the time the Drew Pearson's and so forth were always talking about the pressure he was under from the Zionists, and he was. The

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feeling was quite high among the Jewish community that "This is our one chance to establish a new state of Israel. We've got to have the help; we've got to have the support of the United States." You can understand why, of course, there was excess zeal (is that a good way to put it) on the part of a lot of the Jewish community. Forrestal, of course, came from New York and the financial business down here on Wall Street, and there were a great many of them associated with him in that. Many of the "money people" were involved. I thought there was a terrific pressure. I didn't participate; I suppose I was at a lunch or two when some of them were there. Usually I had lunch with Forrestal two or three times a week maybe, but usually my business concerned working capital for the Navy Yard and stuff like that, and the budgeting. I didn't get into world politics except what brushed off as I walked down

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the passageway. Well, I thought this pressure was building up so I (you may chuckle a bit as to why this may have been part of the budget) hired a guy who had been head of OSS during the war, because this was affecting the force levels or could affect them. I wanted to see if we could get a balanced picture. So I got a pro-Arab in the place. His name was Steve [Stephen] Penrose. He later became president of Beirut University and died there. In fact, I tried to get Grinnell College to hire him at the time. He was pretty sensible, and it was quite obvious he felt sympathy with the Arabs who were being pushed out of Palestine to make way for the Israeli state. I used to give these memorandums to Forrestal, when I felt they were worthwhile. Sometimes I'd rewrite them and use my name on the bottom, but frequently I would just send them in. An amusing incident occurred later on. One day I woke up to answer the telephone and it was an administrative assistant for

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Chan Gurney. I don't remember his name. Senator Gurney was Chairman of the Armed Forces Committee. Congress had adjourned and he said, "I've got a whole stack of memorandums up

here and I don't understand -- about Arabs, and Palestine, and Israel, and whatnot, with your name on it."

I said, "For God's sake, Gur, it's about three miles up there; I'll be there in three minutes. Just don't let them get out of there." Afterward I went in to Forrestal and I said, "Listen, I wrote these for your edification so you could have a sense of balance of your own here -- some reasons why some things being told you aren't altogether true or valid, or one of the two and I..."

"Oh," he said, "Chan Gurney was supposed to make a speech and I just gave him the material."

But that was my only adventure in the political arena.

HESS: Some historians have pointed out that Mr.

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Forrestal was pro-Arab because of the oil situation. What do you think about that?

MCNEIL: Yes. I think he was interested in the oil thing. I used to keep oil statistics and have to answer questions of his about five times a day. And how much oil reserves in Iraq -- and so forth. And [Everette] De Golyer used to come frequently from Texas. De Golyer was about as good an oil man as you could find on the statistics end. He used to help me keep my books up to date. Yes, he was interested in the source of oil but not in oil as far as profits to the Arabs are concerned, just in oil for the United States. Yes, I think he felt that we ought to keep that source open. But I don't take that as being pro-Arab as far as where the Arabs occupied this acre of land or that acre of land. He didn't want a vacuum in the Middle East, nor should we today.

HESS: And he realized that the United States might

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need that oil at some time.

MCNEIL: That's right. Yes, I would say it was from an oil-supply source rather than whether the Arabs had it, or the Indians or the Pakistani; it wouldn't have made a bit of difference as long as it was available.

I want to add that his range was quite a bit beyond the narrow confines of the Navy or even Defense. I think you'll find that from his diary and papers. He used to have breakfast every morning with somebody at home or downtown. On the political side, I was not qualified. So I stuck to my knitting pretty well.

HESS: He was accused of being anti-Zionist. Do you think that he was anti-Israeli?

MCNEIL: No, I don't think he was, but I think he was "anti any kind of pressure" that was being put on him, yes. That's the only reason I got

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Penrose. I hired Penrose to get some balance in the thing. So at least he'd have pros and cons and not just listen to one side of the story. Penrose finally left me, as I say, to become president of Beirut University.

HESS: Moving back to 1949 and the question of the Defense Department budget that year, as I understand it after the President called the Secretaries in and told them that they were to operate within a certain limit that they later sent in budgets that were far in excess of that particular limit. And then later they were called in for other meetings with the President?

MCNEIL: During the time that Forrestal was Secretary, I don't recall that President Truman met with the Chiefs or the three Secretaries specifically on budget matters. The "seventeen and a half billion" presentation was not directly related to any particular budget schedule or

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anything else. If he approved it, it would have shown up on the following year's budget, of course, or some parts of it would. Most of those were just conversations where perhaps the Director of the Bureau of the Budget would be there half the time, and half the time it would be just Forrestal and myself.

HESS: You mentioned the meeting of July the 5th, 1949.

MCNEIL: That was a special meeting called in order to give him the criteria for the following year's budget and a check writing or a spending ceiling for the next fiscal year.

HESS: And at first the Secretaries thought that the limit might be acceptable?

MCNEIL: They entered no objection then, but later, as I understand, when they went back to their departments they found out that each department would need a good deal more money, right?

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MCNEIL: Remember the Chiefs were there also that day with the Secretaries. No one entered any objection. I was the only one that entered any objection and that was on the stockpiling of a half billion dollars.

HESS: And is it right that later when the Secretaries of the various departments thought that they needed more money there were further meetings held with Mr. Truman?

MCNEIL: I don't recall a thing -- not with the group.

HESS: Didn't Secretary Johnson go back?

MCNEIL: Well, Johnson used to see the President every Tuesday noon, I think. Yes, I imagine he did at times, but I didn't go with him on Tuesdays. NSC wasn't in operation at all for a while and irregularly then. That used to be my connection -- the National Security Council.

HESS: Is that right? Now the National Security Council was also set up in 1947 by the same act, right?

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MCNEIL: Right. But a year later nothing had been done to implement it.

HESS: Why? What is the story of the slow implementation of the National Security Council?

MCNEIL: Marx Leva probably knows more of the reasons why than I do. But I do know that in July 1948, almost eight months later, Forrestal had a draft of a letter that he asked me to look over, which he was going to release to the press. It was addressed to the President, and was quite critical of the fact that nothing had been done to implement an agency which he thought was awfully important. That was one of Eberstadt's. Eberstadt worked this out in my office at the time. Forrestal was a believer, and so was he, that you had to have some mechanism to pull the economic side and the political side of the picture into Defense. He felt that at the highest level these three agencies should be brought together.

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If you really were in trouble with an Office of Defense Mobilization, or a National Security Resources Board, or something, that you should get those elements as part of the defense picture. He felt very strongly about it. And it bothered him a great deal that eight, ten months went by and no effort was made to have the first meeting.

HESS: Why hadn't President Truman used this particular implement?

MCNEIL: Well I can't answer the question, unless it was for the same reasons that Kennedy didn't believe in it, when he started. He downgraded the National Security Council for the first months he was in. He liked to pick up the phone and have direct contact.

HESS: Did the National Security Council come into greater use later in the Truman administration?

MCNEIL: Yes, but not as a key agency. Eisenhower was the first one that made it a really key instrument.

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I think because he was brought up more or less with a staff concept, a concept of using the staff.

HESS: Because of his military background?

MCNEIL: Yes.

HESS: Now moving back to the period of time just after the Second World War, there were a good many disagreements at that time as to which service should be the Nation's first line of defense. That was a role that was traditionally held by the Navy during peacetime because of the ocean barrier. What do you recall at that time about the arguments, the conflicts, between the Air Force and the Navy as to which should be the Nation's first line of defense and therefore, which would receive more of the money in the budget?

MCNEIL: That was a live subject. I don't think we in the office of Secretary of Defense ever considered

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it a key issue, not at least in those terms. At least in our budget work and in marking up money and making allocations and so forth, I can't recall that that really influenced it one way or the other. I think we took more into account at the time that the Navy was quite modern. In fact, all the ships had been built between 1941-42 and 1945. Then we come along to the period of 1946-47. A lot of developments had come so we went into a program of modernization, because the basic hulls were good, and all the carriers were good. This also included a program of modernizing destroyers, if they still had ten-year life. Therefore, I guess -- as a budgeteer and a program planner, one didn't put a lot of money into them.

Aircraft had a shorter life and when a new development occurred in this area, I think one financed it with Air Force allocations. The Air Force ended up the war, of course, with the B-29. And they followed on with a few B-50's

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which were some improvement. The B-36 was pretty much of a lemon but that was their answer to long range bombing, assuming we lost all our bases in Europe. That program was something that just had to wear out, you might say. Then we came along with the B-47 which was the first step ahead, really, in bombing, and there was the B-52; when they came along, they had to be financed pretty heavily. Fortunately, some of these things didn't wear out at the same time.

Now the Navy has gotten to a point in recent years where a lot of ships are around twenty-five to thirty years old, and many replacements are necessary.

HESS: Wasn't it the Air Force's contention, though, during those years, that their long range bombers -- armed with atomic bombs -- were really then the Nation's first line of defense, and therefore, they should receive a bigger share of the pie than the Navy, and the Navy should be cut back?

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MCNEIL: That's true. But until about 1949 they didn't have any A-bombs. They talked a lot about it, but they didn't. The Army and the Air Force argued with Truman against the use of the A-bomb in Korea, because we didn't have enough of them in case we got in trouble with Russia.

HESS: We did not have a big enough supply of bombs?

MCNEIL: That was their contention. Admiral [Forrest P.] Sherman was the one who felt that we should take aggressive steps in Korea and we would have gone along. I think we would have used the big weapon on the 38th parallel.

HESS: Did you sit in on any meetings in which it was decided whether or not the bomb should be used in Korea?

MCNEIL: Yes, I did. But it was all in the Department of Defense, not at the White House.

HESS: What was the general consensus? That it should

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or should not be used?

MCNEIL: The consensus was that it should not be used. But Karl Bendetsen was Under Secretary of the Army, I think, at that time, and he favored it. [Admiral Arthur W.] Radford favored it.

HESS: Favored the use of the bomb?

MCNEIL: Yes, on tactical targets. I think Radford did. But the Army and the Air Force didn't. I am sure the reason was the lack of numbers in case we got in -- in case we got into trouble with Russia afterwards.

HESS: What were your views on the advisability of unifying the armed services into one department, sir?

MCNEIL: Well I was against the merger. But at the same time I felt that there had to be some mechanism to better tie the efforts of the several forces together. Perhaps I felt that

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way because of our day-to-day discussions, some of them heated, which caused us to think in that direction. What actually came out of it, the National Military Establishment, seemed to be going a bit far towards merger. What I would call the Eberstadt plan answered pretty well the questions that people had about duplication, et cetera. It was an effort to establish a holding company with very strong subsidiary companies reporting to it. The system of having a small headquarters staff seemed to be all right; that is, just enough staff to see that there was some

coordination in tying efforts together. I was against merger, and I'm still against it. I was against it in the Blue Ribbon Panel discussions. I was against it in a couple of talks I made in graduation ceremonies at the Industrial College, at the Army War College at Carlyle, and so forth. I have kept the same position right on through. This over-centralization is not healthy.

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HESS: Why? What were your reasons?

MCNEIL: When I gave a little talk at the Industrial College graduation one of the magazines billed it that this speech wasn't clear. It was on the subject of over-centralization. I can give you this reproduction which has excerpts from it, which may give you the story.

HESS: All right.

MCNEIL: But what you get in over-centralization is delays. In the office of Secretary of Defense you've got a dozen people that can say no -- only one can say yes.

First, I felt very strongly and I still do (I don't know how to get there quite), that if I was running a company, a conglomerate, and certainly the Department of Defense is a conglomerate, I would want each of the operating divisions to be headed by the strongest people I could get, and be pretty much able to stand on their own feet.

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If there was something they could do jointly, I'd use the whole office to see that they did it jointly. But on daily operations I would want them to make their own decisions. The more you centralize, the more authority you take away from operating heads. Before long they won't make any decisions - operating decisions - they will pass the buck. When it goes to the home office, if it's over-built and over-centralized, all you get is a clerk, some clerk's okay on something that ought to require the attention of a very capable person. To follow that through, then, you commence to find you get lesser qualified people to head these -- to be the presidents of these -- subsidiary corporations.

I felt very strongly, and that is where I disagreed with Marx Leva when he agreed with Don [Donald S.] Dawson and others that the service Secretary no longer be invited to Cabinet meetings, because then instantly you dropped it one layer down. I felt that the Army, Navy, and

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Air Secretaries should be very strong, powerful people, in their own right. The Secretary of Defense's job was to tie their efforts together, but not to take away their day-to-day operating responsibilities. One reason I am against a pyramid organization is that you can kibitz better than you can operate. And if you keep the office of Secretary of Defense in the position of kibitzing, you'll find it tightens up the whole organization, but you don't take away the authority of people on the job to operate.

HESS: Did you favor more the setup as it was under the National Military Establishment in 1947 where the three service Secretaries did attend Cabinet meetings?

MCNEIL: I did and that was one of my differences with Marx Leva, who was really representing Forrestal in the day-to-day workings with Forrest Sherman and I believe Don Dawson.

HESS: And the way that it was done in 1949 when the

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service Secretaries were downgraded, and no longer considered Cabinet level. That was Marx Leva's stand as opposed to yours, right?

MCNEIL: Yes.

HESS: What did Forrestal think about this at the time? How did he think it should be set up? In other words wasn't the National Military Establishment sort of set up on Forrestal's thinking?

MCNEIL: Yes. But one thing that caused a little feeling at the time was the peculiar language of the act, saying that here was a deputy President, in effect, in charge of three military establishments and a cut above the other Cabinet members. There was a feeling among other Cabinet members that this wasn't right. I'm sure that influenced Marx Leva's views, that the personal representative of the Defense Department in the Cabinet should not be a super Cabinet member.

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HESS: Was Mr. Forrestal against having a super Cabinet member also, against having a very strong Secretary of Defense at first?

MCNEIL: Yes. I think there were a lot of Navy people who influenced him on that.

HESS: This was at the time when he was Secretary of the Navy, before he knew he was going to be named. Why was he named? I have heard that Secretary Patterson was asked and declined.

MCNEIL: I have heard that. I know nothing to support it. I do know Forrestal was asked. But Forrestal was the one that took the initiative on a lot of these things. He was a member of the Hoover Commission, for example. When this thing came to an impasse, when all they were doing was fighting and calling each other names, Forrestal took the lead in getting Eberstadt to draw up a plan which became the solution. So he was taking the leadership in solving the problem.

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HESS: Was he one of the leaders in trying to get everybody to go to Key West for that meeting?

MCNEIL: Well, the Key West thing was strictly on roles and missions. That was not a big meeting. That was just decided by us at lunch one day as to how the hell to get this thing moving and get the three people talking to each other and understanding each other. One of the great problems, believe it or not, was the really unbelievable lack of knowledge of what one service was doing or was required to do. There were a lot of people in the Air Force who had no conception of what people at sea have to put up with. No real understanding of the elements. I'm talking about wind and storm and so forth. Vice versa, I'm sure a lot of Navy people didn't understand the problems the Army had slugging through a jungle, even though the Navy had the Marine Corps. There was just a lack of knowledge. Nobody had spent time studying it. That's why,

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when the National War College was established in 1947, Forrestal, Patterson and others thought it was a good idea. No one expected any immediate results. It was felt that if you could get a hundred officers from Army, Navy, Air Force, and Marines to live together one year, without the requirement of staff work at the top every night to satisfy the general or the admiral, that you would get them to have an understanding of each other's problems. Then ten years after they graduated they'd all be in senior positions and we should commence then to get some results from unification. It was a matter of evolution and not one of just drastically going in and chopping, and saying we want a merger, and we want this rigid pyramid organization.

HESS: Just helping people to get better acquainted and to understand each other's problems.

MCNEIL: One of the things that came up on this goes

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back to the Navy days when Forrestal believed that the bureaus that operate the business end of the Navy should report to the civilian secretariat, and that the operating forces should report to the Chief of Naval Operations. That by doing so you have a supplier-consumer relationship or a supplier and producer relationship. The very minute you have that you have automatic internal check and balance, because they are always critical of the fleet demanding too much. The fleet is always critical of the fact that shore establishments can't furnish repairs or spare parts to keep going. So you force the problems to the top and manage by exception, which is the only way you can run a big organization.

The Army and Air Force are organized, and so is the Navy now, I hate to even think of it, on a pyramid where bad news is killed all the way out. The other way you force bad news out - example: CNO (Chief of Naval Operations) about 1946 issued a directive that the Navy had to change

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the wave band on which they operated radio and it was to be done by June 30, 1947 or some such date. Well I didn't know anything about it at the time, but I met Earle [Vice Admiral Earle W.] Mills, a Deputy Chief, and he said, "Mac, you know what that Goddamn Mick [Rear Admiral Robert B.] Carney is insisting on -- that we change our wave band."

And I said, "What's it going to cost?"

And he said, "Four hundred and ninety million dollars."

And I said, "Four ninety?"

And he said, "Yes. That's all the money we have to operate ships and everything for the year." But you see, Earle Mills did not work for the CNO, he worked for the Secretary. He and his boss, [Vice Admiral Edward L.] Cochrane, reported to the Secretary. These disagreements fell partly into my lap. Captain McCarney, a very able officer, Earle Mills, Cochrane, and I

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worked out a plan where we made the changes over a five-year period. That would not happen in the Air Force or the Army until it became crisis, because it goes up through the pyramid and the Chief of Staff and the Secretary wouldn't know anything like that existed. Here everyone else felt perfectly free to squawk on another vice admiral, but because of the reorganization that would not happen today. The Navy has switched over.

HESS: During the period of time that Mr. Forrestal was Secretary of Defense, from 1947 until 1949, under the National Military Establishment, do you think his views changed on whether or not he needed more authority?

MCNEIL Yes they did. But they did because he didn't think he got backing from the White House.

HESS: He didn't get the backing from Mr. Truman that he thought he should?"

MCNEIL: When you say "Mr. Truman," you have to include

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the palace guard.

HESS: Who would you name in the palace guard; who would you place in there?

MCNEIL: Oh golly, I'd have to go back and get a list of the twenty or thirty. [John R.] Steelman perhaps on some things, Dawson on others.

HESS: Clark Clifford?

MCNEIL: Clifford.

HESS: Matthew Connelly?

MCNEIL: No. I would not say that. Also there was a Commodore -- somebody over there from St. Louis. He added to it a little bit in personnel. A good example is the Symington case -- the Los Angeles speech which really brought things to a head. Forrestal, as I recall it, went over to see if he could get support for dropping him [Air Force Secretary W. Stuart Symington]. He

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did not get support for doing it. It was that kind of thing.

HESS: He did not get the support that he asked for?

MCNEIL: No. Forrestal had a lot of ways to do it and let the chips fall where they may, but he didn't. I think in earlier days he might have.

HESS: What were the reasons given for not supporting Mr. Forrestal in this, and supporting Symington, do you recall?

MCNEIL: Well unless you lived with the workings of the machine behind the scenes you don't realize the effect of this speech was the culmination of a lot of things. If it had been a single incident, Truman was right, I wouldn't have fired him either. But having the policy very clearly discussed and understood and agreed to, and then to go out and completely take an opposing stand against the decision of the Secretary of Defense was disloyalty.

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HESS: What did Mr. Symington mention in his speech? What subjects did he cover?

MCNEIL: I can't recall. I believe it was in late February or March in Los Angeles. It would be easy to identify. I didn't pay very much attention to it at the time, except that I thought the Secretary of Defense should be supported. Leva knows more about that one than I do.

HESS: But when Secretary Forrestal did not receive the support from the White House that he thought he should, he too saw that the Secretary of Defense needed a stronger position?

MCNEIL: Yes. A lot of us thought and I know Eberstadt thought that the people who had helped frame the original deal didn't need any more authority than they had. You see if you got budget authority you've got everything you need, really. As John Taber said, "If it doesn't take money I have no interest."

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HESS: The power of the purse?

MCNEIL: Yes. If you give a million dollars to buy an airplane, that's approval for the purchase and the money to go with it.

I was testifying one time up in Congress and I was being berated because I didn't do something the law required. What the law said was it authorized the purchase, but that's all; it authorized the purchase, but there was no money with it. So I said, "Well Mr. Chairman, that's all right, but when you get authorization I consider it a hunting license. You got to go somewhere to get the rabbits." Let the Appropriations Committee get the rabbits. Well Forrestal understood it pretty clearly. Incidentally, the General Motors organization pretty much performs that way. You see the vice president of finance does not report to laterally to the president, actually he reports to the Board. That's to give them internal check and balance.

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HESS: But he bypasses the president?

MCNEIL: Yes. Now everything he does is available to the president.

HESS: But he doesn't report directly to him?

MCNEIL: That's a dotted line; the solid line is to the Chairman of the Board -- the Board of Directors.

HESS: All right. Now have we pretty well covered what your duties were as Special Assistant to the Secretary of Defense? This is from September of 1947 until 1949. Anything else come to mind under the National Military Establishment?

MCNEIL: The passage of the Act didn't change the job one iota. It changed the name on the letterhead and the title on the letterhead really. I don't recall that there was any break, any change of any kind of description.

HESS: What do you recall of the unfortunate mental breakdown that overtook Mr. Forrestal?

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MCNEIL: Well a lot of people have all kinds of ideas, but I think he thought he'd failed in his effort to alert America to what to expect and what actually happened. He created the best example. He foresaw so clearly.

HESS: Do you recall seeing any indications of a change in his method of operation or his personality those last few months?

MCNEIL: In retrospect, a couple of us, Marx Leva and I, used to see him regularly, twenty or thirty times a day sometimes. I think we were so close we didn't see anything really, except we thought he was tired. We ordered him to take a week off -- go up to Newport and play golf for a

week or do something. We urged him, but I don't think either of us thought how serious it was. Then the leaks to the press that he was being replaced by the money raiser for the Democratic Party didn't help any at the time. He was running for office, and Johnson apparently

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was being considered to replace him.

HESS: About what time of the year did those press leaks come out? Do you recall?

MCNEIL: They ran for six months or more.

HESS: It was in March when Mr. Johnson took over?

MCNEIL: Yes.

HESS: He was Chairman of the Finance Committee of the Democratic National Committee for the 1948 campaign. I think he had taken over there sometime in August or September of 1948 and had raised money for Mr. Truman's reelection, which took place I think, on November the 3rd.

MCNEIL: That's right.

HESS: All right. What would be your general evaluation of Mr. Forrestal's overall effectiveness and his administrative ability?

MCNEIL: I'd say the best the Government's had in this

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century. In spite of his wanderings sometimes, he had the ability to call and get on demand the best talent in America. He'd call Barney Baruch down in Carolina; he'd be there as fast as he could get. He'd call Eberstadt and Eberstadt would drop what he was doing and come down at his own expense and stay two or three days to help with the problem. So whether it was Nehru, when he came over or what not, he had command of more talent than anybody else in America, I think. I'd even include Presidents, as far as being able to command the abilities of people. And everybody thought he was sincere and working for America; therefore they just bent over. You take people like Louie [Lewis L.] Strauss; he is not easily impressed. And I think Strauss worshipped him -- mostly because of his ideals and the way he went about the business. [Admiral Ernest J.] King was no pushover -- he liked him. Nimitz liked him. Radford is no pushover -- he liked him. When you get

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people who've made negative decisions and so forth, saying okay, the fellow must have something on the ball.

HESS: This is the afternoon of September the 19th. We've had a little time off for lunch.

Continuing on this afternoon, sir. Would you tell me a little bit about congressional liaison and how you handled matters with the Congress?

MCNEIL: I felt this was one of the most important functions of the financial vice president or comptroller or even of the Department itself. It was clearly understood with each of the Secretaries for whom I served that the relationships between the Appropriation Committee and the Department of Defense would be handled strictly by the financial people of the Army, Navy, and Air, and the Office of the Secretary of Defense. We thought it was awfully important that they be kept informed. We tried very carefully not to ask their approval

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unless it was something very major. There are the countless number of changes you make in the annual program; we felt at liberty to go ahead and do it provided we kept them informed.

Next, the present practice today of having two or three hundred colonels or Navy captains, etc., carrying messages back and forth to departments, I do not think is the proper way to handle relations. You either promise too much or don't promise enough. I thought the people who see the responsible people in Congress should be those people responsible for carrying on the program. They are the ones who could speak authoritatively. They have an interest in seeing that the image is transmitted correctly. So I would say that not a day went by that some aspect of congressional relations didn't come up. I won't say we did it perfectly but there was an honest effort made not to mislead anybody. To that extent we can take credit for it. I felt

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very strongly and so did the people in the military departments that it was no different than dealing with the loan committee of a bank. When I borrow money I want to keep my credit good. Right today I borrow money and every once in a while if I've had a change in what I'm doing I stop by and sit down and say, "Listen Joe, I borrowed the money to do this. I got a little different angle at the moment and what I propose to do now is this." Then he's up to date and I'm up to date. We haven't asked his approval, although if it was finally opposed we would certainly sit and listen. To my mind it was no more complicated than that, particularly if you had the people involved going to see the interested people in Congress directly, and not going through a second or third party.

HESS: In 1949 there were two men added to the White House staff and given the title of congressional liaison. They were Joseph Feeney, who was in

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charge of the Senate and Charles Maylon, who was in charge of relations with the House. Did you have any workings with those two men at all?

MCNEIL: Going to provide them information from time to time.

HESS: Were they helpful?

MCNEIL: I made no visits directly with them.

HESS: Were they helpful to you or not?

MCNEIL: No.

HESS: They were not?

MCNEIL: No, nor were they harmful. I think our relations were close enough that Mr. Taber, Mr. Cannon, Mr. [George H.] Mahon, and so forth, and Mr. Saltonstall, and so forth felt absolutely free to pick up the phone and call directly. So it was not end-running the White House. We tried to be very careful not to end run or build

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up opposition to established policy. I believe we should keep our fight within the Administration. And probably the only time that I deliberately violated that was in selling the enormous Title 4 of the National Security Act in 1949. The Bureau of the Budget testified against it. The Treasurer was kind of non-committal but did not help. Herbert Hoover and Eberstadt and subsequently people like Senator [Harry Flood] Byrd all felt it would be helpful to the management of the business of the Government. I thought it was kind of a technical business management matter, non-political, but I thought we shouldn't take the dictates of the Bureau of the Budget or their staff who had never, frankly, been in business. And I don't think they ever saw the possibilities. They came around afterwards. After it was passed and they saw what could happen, I don't think they fought it particularly.

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HESS: I understand there was a time when General Eisenhower's advice was sought on some matters when he was here in town in charge of Columbia University, is that correct?

MCNEIL: Yes. We may tie it in with what we mentioned earlier about the Key West Conference and the development of roles and missions. That was followed a couple of weeks later by a meeting at Newport, which was intended to refine it. I didn't go to the Newport meeting; a fellow by the name of Jack [John H.] Ohly was kind of recorder of that session. I was not a recorder because frankly I'm not as fluent in words as he was. He did it from a staff angle. I was doing it a little more from that of a participant, I hope. That Newport Conference was helpful in better defining roles and missions. Still, the basis for any good budget is a pretty sound military plan -- the number of ships by categories, the number of aircraft by categories, the manpower,

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the deployment -- all those things have to be worked out if you are going to have a good budget. The budget is nothing but the dollar tag on the plan.

It was Forrestal's idea, I think, I don't know how it developed, but anyway, Forrestal asked General Eisenhower if he would become what in effect was a de facto chairman for the purpose of working with the Chiefs to develop our manual operating plan. He got off on the wrong track in the beginning because he had complete confidence, I think, in the military people with whom he was working and assumed they would lay aside their parochial instincts and, with him being a senior military person, they would lay their cards on the table and, granting that all things are a compromise, at least come out with a pretty different thing.

So he had what was called a "Red Brick" plan. I believe it was purple and something else. However, when they started to rack up the

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forces it didn't work. In the first column there were aircraft carriers and the Air Force wrote a zero; Army tried to call it four; the Navy or the Marines rated it ten. In working out priorities, all of what the Chiefs agreed on would be priority one; anything that two Chiefs agreed on was priority two. What one Chief wanted and the other two disagreed on would be priority three, and if none of them agreed with the list it probably couldn't be financed anyway. But I think he was quite chagrined when he found out what the answers were going to be. But I talked to Lyle Oarlock and Remember talking to Denver Latties and I asked him, "What the devil did you agree to that kind of a plan for?"

He said, "Well, I thought if I went along with the seventy air groups or whatever there was at the time that they would come along and support me."

I said, "That's just where you guessed wrong brother."

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He said, "I won't do that again."

[Admiral Louis E.] Denfeld was a very nice person who was on the Naval Academy Foundation and I worked with him for several years afterwards. He was a very decent person, but this wasn't his league. Forrest Sherman was more the kind of a person who was in this league; he could operate successfully in that league. I recall the day he was named to succeed Denfeld. The Secretary of the Navy from Omaha [Francis P. Matthews] -- one thing he did good was to pick Forrest Sherman as Chief.

Forrest Sherman did not have the best reputation in the Navy as far as collaborating with the other services, but we knew that he was a very ambitious man who did his homework. He was

just about two jumps ahead so he was kind of the enemy. I wouldn't take that at face value, but Sherman was sharp. I remember he had been Leahy's man when he came to the Policy Council the first morning as CNO. Louis Johnson had been

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over to the White House that morning. Johnson came in a few minutes late for the meeting and hung his straw hat on the pedestal, he sat down and without hesitation said, "Gentlemen we've got a problem. The President has given us a problem. He wants to know what he can do about freeing Angus Ward." Angus Ward was a State Department guy interned in Manchuria. So Johnson turned to his right (the Secretaries were there but he didn't ask the Secretaries) and he said, "Van," meaning General [Hoyt S.] Vandenberg, "What do you think we can do?" And he said, "Well I don't think there is anything the Air Force can do." Turning to Joe [General J. Lawton] Collins who sat on the right, he asked, "Joe what do you think?"

He said, "I don't think there is anything the Army can do."

Johnson turned to Bradley on the other side and said, "Brad, do you have any ideas? What do you think?"

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Bradley said, "I don't see there's anything any of us can do."

Sherman had only been sworn in that morning, and Johnson said to him, "Admiral," (he didn't know him enough to call him by his first name I guess). He said, "Admiral, it's not a fair question you know, since you've only been here an hour. Is there anything you think of?"

Admiral Sherman said, "Oh yes there's a number of things we can do." So this mild appearing soft-voiced guy said, "You see, in naval circles problems like this have come up for decades, centuries. There's a lot of things we can do. Now in international law and custom..." then for five minutes we got a dissertation on international law and custom. He said, "Now we come to blockade. There are so many different kinds of blockade, and different ways to enforce it. Now we could have the Chinese man it. We could have Taiwan, or we could have the Japs man it. We can man this with

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Koreans or we can man it ourselves."

And Louis said, "Well, that's interesting, what do you need?"

And he said, "Well, the first thing I need is anti-aircraft gun crews."

Johnson says, "You've got it. What else do you need?"

And he said, "Well I'd need another squadron of destroyers."

Johnson said, "Got."

Sherman said, "Mr. Secretary, just hold off your crew; I'll bring this up through the Chiefs this afternoon." But he had approval.

HESS: He had a plan; he knew what to do.

MCNEIL: He knew what the hell to do. A little later, maybe it was a week, he came to me and said, "Mac, I've got to keep another carrier; I've only got six. I need another one. The *Philippine Sea* is going out of commission, and I'd like to keep it. If I had an increase in

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my ceiling -- by twenty-five hundred people -- I could keep it commissioned. I'll find a way to support an off-shore station."

I said, "Forrest, it isn't in the cards." I said, "I'd like to see you have it, and I think if you handle your business right you could probably find your twenty-five hundred in the Navy somewhere, a few here and a few there, but you are barking up the wrong tree if you want to get approval." I said, "I don't know if Johnson who's on an economy kick is going to do it anyway."

So for about a week Forrest Sherman put his head in the door morning and night, looking for a time to see the boss. Then at lunch one day I sat beside him and he said, "I think I'll bring it up as soon as this is over." So as soon as it broke up we walked to Johnson's office and he said, "Mr. Secretary, I'll try to find the twenty-five hundred men to man it, but I need this other carrier."

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And Johnson says, "You got it." He went home. So with all this fancy planning sometimes, you know, you did it the easy way or the hard way. Johnson had been assured that Sherman was extremely competent.

HESS: Well we'll get into Admiral Denfeld's resignation a little bit later with the revolt of the Admirals. But leading into that was the 1948 election, and of course Mr. Truman in July of 1948 was nominated again by the Democratic Party as their standard-bearer to run against Tom [Thomas E.] Dewey. What can you tell me about relations between the Department of Defense and Mr. Dewey, perhaps between Mr. Dewey and Mr. Forrestal during the campaign between the conventions and the election in November of 1948?

MCNEIL: Well I can add very little -- in fact, nothing to the political side of the picture. During that year, and I'm not clear as to what months, Mr. Dewey came to the Pentagon. He was referred

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to me on three or four occasions by Mr. Forrestal. When he came in, Mr. Forrestal was busy and I talked to him. But the talk all centered around management of the business. He thought, based on his experience in New York State; he was convinced that the second and third layer of management must be reasonably competent or you couldn't get or keep good managers. He was urging at the time that we do more inside the building. Later, in the fall, he came to the Pentagon during a respite in the campaign or something. And the closest to politics we ever got was that he said if he won, he would try to see that the second and third layers of management were compensated.

HESS: Did he say anything about who he would like to have in as Secretary of Defense?

MCNEIL: Not to me.

HESS: Did you gain any impression that he would have

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retained Mr. Forrestal as Secretary of Defense?

MCNEIL: That I can't answer. It wouldn't surprise me if he had said yes.

HESS: But he did not say?

MCNEIL: I only say that, beside the fact that our entire discussion, which probably covered five or six or seven hours, at two or three times, was all centered on the efforts of Forrestal and the Hoover Commission and of supporting legislation and so forth, to help make the business run better. He was quite complimentary and appreciative; that's not necessarily a commitment, it's my description. But he certainly was not in the mood of "Let's throw the rascals out."

HESS: But mainly what he talked about were the second and third-level administrators and their compensation?

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MCNEIL: He felt it was awfully important and he thought that if he had any success as Governor of New York, it was because of the top people who actually did the work, and not necessarily the agency head who was more in the political vein.

HESS: When he came to the Pentagon did anyone come with him?

MCNEIL: Not that I know of. I think he had an aide one time, but he didn't bring him into the talk.

HESS: What do you recall of Mr. Forrestal's view of Mr. Truman's bid for reelection?

MCNEIL: I can't answer that. I just don't know. My guess would be if I was trying to reconstruct it that he was not surprised. I think he would support it.

HESS: Well some historians have said that he did not support Mr. Truman. I have read where he

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contributed to the Democratic Party and I have read where he did not contribute. I have read where he did not make any speeches. What is your view on his cooperation or lack of cooperation with Mr. Truman in the political end of things?

MCNEIL: As far as the contribution is concerned, it is not in my field. I just don't know. As far as having a preference between the candidates, I really don't know. All of our conversation was in trying to run the business. It's strange today, because in the last few years we've found terrific political pressures on various elements of the Department of Defense. I was surprised. I spent eighty days of the year down there on this Blue Ribbon Panel. As I went around I wanted to know why the decisions for this ship contract or something else were to go here; I found it largely politically motivated. I can't imagine procurement being made for political

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purposes in Forrestal's reign, Johnson's, Marshall's, Lovett's, or even Charlie Wilson's.

HESS: The Defense Department was far more divorced from politics in the Truman administration, right?

MCNEIL: And. with Ike, too.

HESS: Since you served there until 1959?

MCNEIL: 1959.

HESS: Almost all the way through the Eisenhower administration.

MCNEIL: Yes. I had six years plus -- six and a half. Of course, I had worked with Eisenhower quite a bit when he was Chief of Staff of the Army, and when he was de facto Chairman of the Chiefs. Then I'd go to the White House once every couple weeks, maybe oftener, on Security Council and other matters. Why I always felt I knew Ike a little better than I might otherwise.

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That's one of the resignations I'd made during the whole period. [Consulting a document.] I think it's rather an unusual one. They were usually glad you'd been here and they thanked you very much. But there was a little more of a personal air to this one.

HESS: It's quite nice. September 14, 1959; this is Mr. Eisenhower's letter to you?

MCNEIL: Yes.

HESS: This is Mr. Eisenhower's letter to you, thanking you for your assistance in the Department of Defense.

MCNEIL: It was rather unusual because as I say, some of them are pretty...

HESS: Pretty short. We thank you for being here for a few years.

MCNEIL: Yes, but he acknowledged the fact that we

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worked together for some years and at certain times.

HESS: Do you think that Mr. Forrestal purposely tried to keep himself separated from politics, much as the people in the Department of State also felt like they should keep out of politics?

MCNEIL: Oh yes. It was only these basic beliefs.

HESS: What was your belief? Did you think Mr. Truman would win the 1948 election?

MCNEIL: I don't know. I honestly don't remember.

HESS: In your reading file the only memo I could find about that time -- this is the 3rd of November 1948, and this is to A1 Gruenther, "My election forecast missed on one point and I wanted to admit it to you first, and that was the Gillette vs. Wilson race in Iowa," signed by yourself. So you don't say anything about Mr. Truman but maybe you thought Mr. Truman was going to win. I don't know.

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MCNEIL: Maybe I did. At least I wasn't violently upset.

HESS: It didn't seem so. And then one other memo I found of interest was on the following day, the 4th of November 1948, and this was to Mr. Forrestal, quote, "I could not help but notice the consistency of Drew Pearson's recent predictions on one subject. Pearson stated on the radio Tuesday night when he was still predicting a Dewey victory that Dewey would keep Symington but would be sure to get rid of Forrestal, Royall, and Sullivan. Today in his column Pearson predicts Truman's intent to get rid of Forrestal, Royall and Sullivan. The pattern is too much the same to pass unnoticed." So Mr. Pearson was not a Forrestal fan either was he?

MCNEIL: No.

HESS: All right.

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MCNEIL: No. We had at the time that you didn't amount to much around the barberry fence unless Drew Pearson took out after you and then you really...

HESS: In your reading file for 1949 I found the following memo; this was on February the 25th, 1949. Memorandum for Mr. Forrestal:

While perhaps none of my concern I would like to offer the suggestion that Gordon Gray be considered for the prospective billet as Under Secretary. Among the reasons: He is intelligent, has commonsense, applies himself to the task, thinking more of getting the job done right than seeing his name or picture in print. His objective has the respect of everyone with whom he deals, whether civilian or military, has moral courage, and in addition should be politically acceptable.

There are other considerations: If an heir apparent to the position of Secretary of Defense were named as Under Secretary it could have the effect of fixing the termination date of your tenure of office. On the other hand Gray could be named without necessarily being considered as heir apparent, leaving the termination date of your term of office flexible. In other words the termination date subsequently could be selected as best suited the President and yourself, or as circumstances may dictate.

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Whether it be six months, one year or four years (and I hope the latter), an appointee such as Gray would provide a desirable measure of continuity.

So as late as February the 25th -- this was just a few days before Mr. Forrestal's resignation -- you still thought that he might stay around for quite some time, right?

MCNEIL: Yes. There was no billet as Under Secretary at that time. It was under discussion to be included in the legislation in the 1949 amendments. No, I didn't know that memorandum was in there because usually I talked about those things but seldom put them in writing.

HESS: Did you think Gordon Gray would be a good man for the post?

MCNEIL: Yes. I thought he made a good Secretary of the Army later. Yes, he's a very decent person.

HESS: A11 right. And reading just a little bit from a

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book, *Men of the Pentagon*, by Carl W. Borklund, on page 62 he says:

All these embryonic programs certainly would need a firm, knowledgeable man to help them to fruition. Forrestal began indicating that he felt Johnson might come to the Pentagon in a secondary position and move up gradually as he gained experience. But suddenly, at 12:30 p.m. on March 1, 1949, Forrestal was called to the White House and asked to resign. He was shattered. Late into the evening, he worked, drafting and redrafting his resignation. He made two calls to New York to consult old friends about it. He told an aide he had been given until June 1 to get out, but, the aide recalls he said he wanted out earlier. When he named March 31 for his departure, the date was accepted.

What do you recall about the events of that day? The events surrounding the resignation of Mr. Forrestal?

MCNEIL: I don't recall anything particular, except we half anticipated the fact that the White House wanted Johnson instead of Forrestal. I'd say the leaks had been sown.

HESS: Ever since the election?

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MCNEIL: Trial balloons, yes. Trial balloons were sent up constantly.

HESS: Ever since the election?

MCNEIL: Yes. Even before. I remember even before. Some of these things, if you are conditioned to it even though they are quite undesirable and a shock, could be a shock if they're unanticipated. That's like I go in for an operation occasionally where I know I'm going, so it's no shock.

HESS: Do you think that the information as Borklund gives it is fundamentally correct, that Mr. Forrestal was called in and his resignation was requested?

MCNEIL: I would say he is correct as far as the effect. Whether that was the detail of how it arrived, I don't know.

HESS: And then he did retire a couple of days earlier than in his letter of resignation, in which he designated March the 31st. It was two days

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earlier, I believe on March the 28th, when Mr. Johnson was sworn in. What comes to mind about March the 28th of 1949?

MCNEIL: Nothing, except after the swearing-in ceremony he went off by himself with secretarial help and dictated for five or six hours what you might call a blueprint feature as well as a discussion of problems that existed.

HESS: Did you see him at that time? Did you see him during that period of time?

MCNEIL: I saw him that morning. I didn't see him after he started dictating. He went home and then he was taken to Hope Sound and brought back.

HESS: Did you ever see him alive again?

MCNEIL: No. They suggested that I wait a little bit; six weeks went by awfully fast.

HESS: And then on May the 22nd at Bethesda Naval Hospital he committed suicide.

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MCNEIL: And certainly it was because he thought he failed to alert America to the problems.

The presentation of this seventeen and a half billion dollar program, I outlined this morning, was the kind of thing that bothered him greatly.

HESS: All right. Just a couple of questions about a gentleman that I believe you worked for for a period of time, Mr. Marx Leva?

MCNEIL: No. He worked for me.

HESS: That's right, he was Counsel to the Fiscal Director at the time that you held that position. He later served as Assistant Secretary of Defense from 1949 to 1951.

MCNEIL: There's another break in there. Marx worked for me as counsel from about -- well, Frank Lincoln was my counsel; he is presently with what was Nixon, Mudge, Rose, Guthrie F Alexander. Then I

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asked him to help me get his successor so he could be released from active duty, and Marx Leva was the result. Marx was an extremely capable person. Innovative, I guess that's a good word for it; but a terrific worker, who grasped things quickly. And along about April of 1947 I was in Forrestal's office, and Forrestal's counsel was just outside the door.

He said, "I've got to find a replacement for this fellow, and I don't know, have you any ideas or something?"

And I said, "What about Marx Leva being the counsel?"

He said, "Marx Leva; is he that good?"

I said, "Yes, he's better."

He said, "Why, I don't believe I know him."

I said, "Yes, you do. I've had him in here a couple of times."

"Oh, yes." So he dictated a letter.

And I said, "I'm going to lose him. I can't keep him; you might, I can't." I said,

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"He's going over to be General Counsel to the Atomic Energy Commission." Who was the Atomic Energy Committee Commissioner at the time?

HESS: Was that Strauss at that time?

MCNEIL: No. From Utah -- a Mormon, [David E.] Lilienthal. I think that's who it was.

"Dear Dave," he said, "I just thought I'd tell you Marx Leva's staying here with me," carbon copy to Marx. That's really about how Marx got promoted, and of course his efforts justify everything that was done in my book. Ohly came along in September, that was 1947 I think; we all went to the Pentagon and he was one of the three horsemen, I guess you'd call it. And he became in effect General Counsel, the first General Counsel. I think he is doing quite well in his private practice as well.

HESS: All right. Now moving back to Mr. Johnson

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in March of 1949. In your opinion why was he selected as the next Secretary of Defense?

MCNEIL: Well, I don't know the answer to that; I suspect because he had some previous experience. He was a prominent Democrat, quite successful in his fund raising program, and one of the top civilians in the Administration.

HESS: What changes did he seek to implement when he first came in either in administration, or routine, or structure?

MCNEIL: Well actually at the urging of the President I'm sure, he went all out for cutting back the military. The first efforts were the meat axe approach. Subsequently, after a few months went by I thought he commenced to grasp some of the problems he faced outside the Department of Defense and abroad. He changed very much. His whole approach changed.

HESS: He did. At what time was that when you noticed

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a change?

MCNEIL: The first six months was an awfully difficult time to try to keep any sense of balance. Our problems with the Hill were tough because they were closing bases all over. He had a flare for the dramatic, which didn't help things along. For example, we had three hundred and fifty bases to close and stations to close at one time. So he sent them all telegrams, "Be here at 8 in the morning and we'll tell you what is going to happen to you." So we had the whole theater in the Pentagon, and I was to explain what was happening. Don't think I didn't get telephone calls for the next two months. But that was the dramatic way to do it. Maybe it's the only way it could have been done.

I was leaving and he asked if I'd stay for thirty days. I said, "Thirty days is nothing in my young life. I will."

He asked me to stay another thirty days.

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Before that was up he said that Herbert Hoover had suggested that I stay on. And he said, "If it's good enough for him it's good enough for me."

And I said, "Well, you're the one." I said, "We've got to get certain things straightened out." We had no problems in a discussion of fifteen minutes.

He said, "I agree with you."

I said, "Just to be serious, or half serious, or half facetious, what is your number one goal as Secretary?"

He said, "That's simple; I want to make a colonel a colonel again."

HESS: He what?

MCNEIL: He wanted to make a colonel a colonel again.

He was a colonel before the war. And colonels had quite responsible positions. But in the unification days, in the postwar period,

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they had more colonels and captains, and other officers than they really needed and they became messenger boys. The inclination was to give them duties not commensurate with their rank. So

he was determined to make a colonel, a colonel again, which was just an expression. And it's not a bad one really. Yet he was frustrated on two or three of his efforts. For example, he was going to cut out the Marine Corps and the Marine Air Corps, right quickly. He came to New York to make a luncheon speech. I got several calls by the time the luncheon speech was over saying what he was going to do. When he came back at 5 o'clock I took in to him a complete analysis of what a Marine squadron cost, even allocating the cost of the Judge Advocate General Office of the Navy to Marine Air. He said, "Well, this is unbelievable."

I said, "Well listen, I understand this is what you took into an informal off-the-record meeting you had in New York this noon. I'm sorry the word gets around awfully fast. When

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I got the word from New York about what you were saying I thought you'd like to know because you're going to hear from them." Carl Vinson paid a call on him the next morning at 8:15. Johnson said, "Mr. Chairman, I have no thought of cancelling Marine Air." So he started out with kind of the meat axe and his mind made up. But after a few months he started to look at both sides, and to study things just the least bit. And I thought he did a fair job. In the last two or three months I would say he did a good job as Secretary. Louis Johnson was very bright.

HESS: One of his first actions when he came in early in April of 1949 was the cancellation of the super carrier, the U.S.S. *United States*, right?

MCNEIL: Yes. That was part of a running fight with Naval Air and Air Force. Louis Denfeld was Chief of Naval Operations at that time. He was a senior Chief. This was before the days of the

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formal Chief; there was no billet in this chairmanship. So he signed on on behalf of the Chiefs -- the recommendation to cancel the carrier. Now I'm sure he felt that Johnson wanted it cancelled.

HESS: And Louis Denfeld signed that order, is that right?

MCNEIL: For and on behalf of the Chiefs, yes.

Now several people in the Navy didn't make as much fuss about it as they might have. The Chief of the Bureau of Ships at the time - I checked with him. The design of the first U.S.S. *United States* was not all to be desired, and Cochrane felt you would probably have to do it over anyway.

HESS: What did he find wrong, do you recall?

MCNEIL: I don't know...

HESS: It was a flush deck carrier.

MCNEIL: Yes. Which has merits, but it also has lots

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of things against it.

HESS: So they could take on board even the large bombers, is that right?

MCNEIL: Of course you got the Forrestal class carrier.

HESS: This one was supposed to be big enough that even a B-36 could take off?

MCNEIL: Yes.

HESS: Do you really think that it could have?

MCNEIL: I don't think that it had much power.

HESS: It was a big carrier but it wasn't quite that big was it?

MCNEIL: Yes.

HESS: There was one man in the Navy who got awfully mad over that -- John Sullivan, Secretary of the Navy.

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MCNEIL: I think he was down in the southwest -- Texas, making a speech. So I'm not sure he had the full story. I don't think he knew at the time that Admiral Denfeld had gone along. Denfeld could have; and if he felt strongly about it he should have written a note saying that on behalf of the three Chiefs and myself, I disagree for the following reasons. That would have been a legitimate submission of the Chiefs.

During the years I was there, I encouraged differences to come to the top. Rather than have a complete compromise done on the Chiefs, I'd rather have two or three of the Chiefs say we want this, and allow one Chief to object and give his reasons.

HESS: In Secretary Sullivan's letter to Louis Johnson which is published in Borklund's book, it's on pages 71 to 73, he would not characterize it as a letter of resignation because his letter of resignation went to the President. This is just

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a letter that he wrote simultaneously to Louis Johnson. And the gist of it is that there had been meetings and Louis Johnson had expressed the thought that the carrier should be discontinued --

cancelled. Sullivan had protested and thought he had Johnson's okay for at least a delay in discussions while he was out of town. Then while he was out of town he was notified that there was no need for further discussions; that it just had been cancelled.

MCNEIL: That fits in pretty well. Before the carrier started, a year or two before, when Eisenhower was Chief of Staff of the Army -- well anyway, the Bureau of the Budget had stricken the carrier from the items to be funded that year. I thought it was wrong. So it was one of the items that I put on the list which we were going to carry to the President. We were going to have one more session with the Bureau of the Budget, whose Director, I believe, was Lawton at the time. So I went over

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with [Vice Admiral] Forrest [Sherman], I believe it was. I went over and made quite a pitch. And finally Lawton, whoever was Director of the Budget, said okay. And he said, "Navy has accepted it." So I went outside. John Sullivan was sitting outside, and I think Ike was in making a pitch for some tanks or something under the Army. I went out to John Sullivan and I said, "Goddamn it, listen; we worked hard on this and I think the future of naval aviation depends a lot on whether you get it going. You've only got three big carriers at the moment. The rest are in the *Essex* class. You've got the *Midway* and so forth. It's time you started, because I think if you can get one a year for the next ten years you can keep this force alive and it will do some good." John Sullivan was a pretty able sort of guy and he went in and made quite a pitch for the carrier. But he had already accepted the strike out by the Bureau of the Budget. This was a year earlier. So what you just

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read there all fits in pretty well with my memory, although my records aren't complete on the subject.

HESS: And later that summer in 1949 there was the so-called "Revolt of the Admirals" -- when Admiral Denfeld resigned and was replaced by Forrest Sherman. Do you recall anything in particular? Anything stand out in your mind about the Revolt of the Admirals? This was part of the B-36, opposed to carriers.

MCNEIL: Oh sure, I was the second witness in that B-36 hearing.

HESS: Were you?

MCNEIL: Radford was the first. Headlines carried this billion dollar blunder. And Vinson's staff had been down there; gone over our books and all the papers we had on the subject. The Chief Counsel -- they employed counsel like they did at the Nuremberg trials, you know; they

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try you. I forget who the counsel at the moment was but he found that everything looked straight here. We don't want you. After Radford testified about the billion dollar blunder, I was asked to be there the next morning at 10 o'clock. That was an interesting period, because I remember at the time Radford was going to take a Banshee; that's the first McDonnell airplane fighter to shoot down a B-36, while Tooe Spatz had manned the tail gun. It really got hot.

HESS: Something like Billy Mitchell sinking the battleships.

MCNEIL: Actually I doubt if it was even called the "Revolt of the Admirals" then. That was what Bradley called it, and he called them "Radford's fancy Dan's," and so forth.

HESS: That's it.

MCNEIL: But really that was another manufactured deal of the Army.

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HESS: Is that right?

MCNEIL: That was manufactured a lot. It was blown all out of proportions. Sure, Navy disagreed, but Navy didn't go out and disagree with the public. They were fighting it out in its place, until it blew up and of course we got a lot of defenders and a lot of advocates, and a lot of people who didn't like it.

HESS: Secretary Matthews, we have mentioned today. I believe when Secretary Matthews was selected, a newsman asked him what his qualifications were? He said something to the effect that he used to have a row boat...

MCNEIL: On a lake.

HESS: ...on a lake. Is that right? Did he make a pretty good Secretary of the Navy? Matthews?

MCNEIL: I don't think he affected Navy for the good or the evil, either one, except I think he did a good job in selecting the new CNO. And he's the

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one that made the selection.

HESS: He was responsible for Admiral Sherman?

MCNEIL: Yes. I was in there when he was selling Louis Johnson on the idea that Sherman was the guy.

HESS: What did he know about Sherman?

MCNEIL: He'd read considerable testimony and minutes of the meeting. He, together with Larry Norstad and Marx Leva, had been assigned to deal with the White House and manage the Unification Act. President Truman had thought that Sherman demonstrated a grasp of unification, of what had to be done -- that is, to give more authority to the Secretary of Defense, than anybody else. And he said he was a person that's taking the lead and he understands the problems. I remember Matthews giving this sales talk -- quite convincingly to Johnson. Johnson, I don't think, had ever met

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Sherman. He took his recommendation and I think it was a good one.

HESS: Mr. Johnson's role in the reduction of the armed forces is a subject that interests historians a great deal. They question whether or not the reductions that were undertaken in his administration were the ideas of the President, whether they were the ideas of the Bureau of the Budget, or whether he had his own ideas that the armed forces should be cut back. What is your view? Was Secretary Johnson merely carrying out the orders of the Budget Bureau and of President Truman in this relationship, or do you think he personally thought that the armed forces should be reduced?

MCNBIL: I think he was carrying out orders and directions from the White House which was influenced by the Bureau of the Budget. There's a lot of reasons for that. On the side the Bureau of the Budget's staff would tell me

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things. For example, the Bureau of the Budget staff was on a campaign to get the Marine Corps limited to seventy-four thousand; I remember the figure quite clearly. I don't think it ever got below a hundred thousand, probably, but that was the effort. Next, there was no question that Johnson was surprised completely on the July 5th meeting when they were given certain ceilings. No question about it.

HESS: He was surprised?

MCNEZL: Surprised. He hadn't the foggiest idea that that was going on. He knew there was going to be a budget discussion. Certainly he didn't know he was going to be handed figures. Those figures were Bureau of the Budget's figures, from Frank Pace, the Director.

HESS: At the time of the reorganization of the National Military Establishment into the Department of Defense in September of 1949, you

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were made Assistant Secretary of Defense, correct?

MCNEIL: Yes.

HESS: Was this merely a change of title?

MCNEIL: Change of title.

HESS: It was Assistant Secretary of Defense and Comptroller of the Defense Department; that was the full title, right?

MCNEIL: That's correct. The duties remained the same.

HESS: Two other men were appointed as Assistant Secretary at that time. Marx Leva?

MCNEIL: He in effect operated pretty much as senior staff man and general counsel, across the board.

HESS: Did he also handle most of the legislative matters?

MCNEIL: He handled the legislative matters that

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came under the Bureau of the Budget and Congress, other than appropriations.

HESS: You know I've drawn a blank on the other man -- it's Paul...

MCNEIL: Paul Griffith. Johnson's appointments were surprising. They had no political connection whatsoever during the time he was Secretary. I expected the place would be filled by old cronies, but it wasn't. The only person he brought in from his old American Legion days was Griffith.

HESS: Hadn't Griffith also been National Commander at one time?

MCNEIL: Of the Legion, yes. So was Louis Johnson. As I say, I expected the place to be stacked with them, but it wasn't. His appointments were pretty clean as far as political or old associations were concerned.

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HESS: What did Griffith do? What were his responsibilities?

MCNEIL: Well as far as management of the place is concerned, I don't recall that he participated. He had a number of fire department type things that he would take care of.

HESS: Visiting firemen, things like that?

MCNEIL: Yes. And Congressmen who would have some real or fancied complaint and he would endeavor to straighten it out. But as far as fitting into the management structure, I don't recall that he participated.

HESS: All right. Now the gentleman that was asked to be Deputy Secretary of Defense at this time was Stephen Early?

MCNEIL: After September. Yes

HESS: What was it in Mr. Early's background that made him a good candidate for a position like

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Deputy Secretary of Defense? Of course, we all know that he had been Roosevelt's Press Secretary; he had been a newspaperman.

MCNEIL: You've answered the question already.

HESS: I talk too much.

MCNEIL: I think you've answered the question.

HESS: Why was he brought in?

MCNEIL: If I was going to run for President I'd want to get the best talent as early as I could get it.

HESS: Was Louis Johnson in the running for President?

MCNEIL: I don't think he'd have been adverse to it.

HESS: Did you ever hear him say anything along those lines?

MCNEIL: No.

HESS: Was it less what he said than what people

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around him said?

MCNEIL: Yes.

HESS: Would he have liked to have been the Democratic standard bearer in 1952 to follow Mr. Truman if all had gone well?

MCNEIL: Well knowing him pretty well, I just wonder if he would not have been adverse to being drafted to it. It wouldn't have taken a very strong draft.

HESS: If all had gone well?

MCNEIL: Yes.

HESS: And he had ridden it out a little bit better than he did.

MCNEIL: When the Korean war started, he and General Bradley, I believe, were in the Far East and just arrived back in Washington the day the Koreans crossed the parallel.

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HESS: That's right.

MCNEIL: His old relationship with the War Department was turned to pretty good stead. He saw what was needed pretty well, and he grasped it pretty fast, as far as mobilization, the pay scale, and family allowances that were necessary when you drafted people and took them out of their family life, were concerned. You had to provide a little different operation than when you were on the volunteer system and so on. He had a pretty good understanding of what was necessary -- concerning people and production schedule. Not that he knew how to manufacture shells and other things. He had a pretty good grasp of the magnitude of the task. I remember we were talking one morning shortly after they crossed the parallel, maybe it was within the week, and he said, "This is going to run a fifty billion dollar budget shortly."

HESS: How much?

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MCNEIL: Fifty.

HESS: Fifty billion?

MCNEIL: Which was right.

HESS: Where were you when you heard of the news of the invasion? Now that was on June the 25th, which was June the 24th Eastern Standard Time.

MCNEIL: Well, I was working that Saturday. That was when I think it was that Johnson and Bradley got back, or was it Sunday?

HESS: It happened on a Saturday. President Truman had flown over to Friendship Airport in Baltimore and dedicated Friendship Airport and then he flew on to Independence. So Mr. Truman was at his home in Independence on Saturday night. And he came back on Sunday afternoon.

MCNEIL: I think I went down and worked Sunday night a little bit with what it might take, and what might happen. At that time I knew Sherman and

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others were over at the White House making a decision on whether the U.S. would resist or not.

HESS: There was a meeting at the Blair House on Sunday evening. Mr. Johnson attended; the service Chiefs attended; Dean Acheson, the Secretary of State, was there, and Louis Johnson was there. Did you ever hear Louis Johnson say anything about what was said at the Blair House meetings? There was one on Sunday night and one on Monday night. What was discussed?

MCNEIL: No -- except that Sherman was the leader and he thought that this was the time to trample them, the time to resist the spread of communism. His view was somewhat like Forrestal's in that as the world existed at the time, every time somebody stuck his finger out you stepped on it. The easy way to do it was not to wait until he had his whole hand out. So when the adversary put his first finger out you stepped on it.

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HESS: Containment -- the word made famous by George Kennan?

MCNEIL: Well I came up to Princeton with Forrestal a couple of times and met George Kennan in a seminar on containment. It was very good.

HESS: Tell me about that.

MCNEIL: Well, Forrestal and Eberstadt were among those attending. I think I came up twice with Forrestal and spent two days. We heard State Department people -- such as George Kennan -- and others on the idea of containment. It seemed the right step at that time. As you went along perhaps you'd do it differently. But the consensus then was that containment was the right course of action. I wasn't a power and a figure in that kind of discussion really, but they did their best to help me get my feet wet. I could get more out of it by taking what they were saying and convert it to X number of tanks; X number of ships; X number of people; and so many dollars.

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HESS: The fiscal aspects of it?

MCNEIL: Yes. If you are talking about containment, I can tell you whether you do it or not, by whether you can get the dough.

HESS: By how much it's going to cost.

MCNEIL: Whether the people are available, and do you have the equipment on hand, or do you have to buy it?

HESS: Raise taxes?

MCNEIL: Yes. One of the most interesting things that happened later concerned Charles E. Wilson who had come to town as head of ODM. We were asked to come up to the Senate Finance Committee and testify on whether the adoption of the surtax was confining the economic growth of the country. Probably the two greatest neophytes on the economic scene in Washington were Wilson and myself -- Charlie, "Electric Charlie." We were

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kept waiting for two days before we testified. We argued that the 20 percent tax for not longer than three years would not jeopardize the future growth of the nation. Looking back at it that was a pretty good guess. Keeping that 22 percent rate much longer than two years would stifle the economic growth.

HESS: Cutting back on capital investments and things of that nature.

In general, what extra duties came your way at the time of the invasion? Would you look back to that weekend? You started on this a while ago telling me about Louis Johnson and how he was handling things. Just what extra duties came your way at the time of the invasion?

MCNEIL: The base wasn't expanded particularly, but I want to go back to what is a budget. A budget is nothing but a dollar tag on a plan. So the work is expanded, in such areas as procurement rates. You want to buy more airplanes, tanks,

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and whatnot, and work out about what it ought to cost. It might take a week, for example, to work out. We worked on an airplane schedule for some new aircraft, and came out with about two and a half billion dollars as a first crack for the Air Force and about eight hundred million for the Navy. Production of aircraft was accelerated quickly while the aircraft were still not outmoded. Like I say the base wasn't expanded. We were doing those things on a semi-peacetime basis before.

But a lot of work had to be crammed in, and many different ideas had to be considered. There were a lot of people to interrogate. There was a constant series of hearings, if that's what you want to call them. I had a small staff that was pretty competent and they had a series of hearings, on such matters as ammunition and artillery, for example. I tried to keep a third of the budget staff on the road all the time. I didn't ask and I was very careful not to ask for written reports

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afterwards; I mean detailed or gold-embossed reports. What I wanted to do was to encourage commanders, managers, and others to talk without requiring attribution. Not without responsibility, but without attribution. They would still be responsible. That was the way I felt we could best keep a line on what we and others were doing when things were happening so fast. One would suddenly get things that were unexpected. And there was an influx of people. My gosh, you'd have to spend a day on the clothing matter because Army, Air Force, and Navy wanted to buy all the clothing made .in the United States. As I say, the base wasn't broadened, but there was a very great increase in the depth.

HESS: You mentioned your staff, and let's spend just a few moments discussing some of the people who were on your staff. Perhaps you could tell me just a little bit about them -- your evaluation of some of the people that you had. Your Special

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Assistant to the Assistant Secretary was William B. Franke.

MCNEIL: He later became Secretary of the Navy. He had an accounting firm in New York, and I really had him dealing with accounting aspects of the business, not the program business. He did not enter into the budget aspects. He knew the accounting for our working capital in the Navy Yard for example; and that was the sort of thing I wanted to emphasize. Next, I wanted him to help develop a kind of reporting which an average business person, including a major in the Marine Corps, could read and understand. That was one of the facets I wanted him to work on.

Lyle Garlock was a strong man on the budget side. He later became the Secretary of the Air Force for Finance and then became vice president of Eastern Airlines.

HESS: And he was Assistant Comptroller for Budget for you, right?

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MCNEIL: Mostly -- during that period.

HESS: How about James L. Brewer, Jr.? He was Assistant to the Assistant Secretary.

MCNEIL: He handled things like the branch bank at a Navy yard, that type of thing. He had nothing to do with the programming.

HESS: Carl Blaisdell, he was Director of the Fiscal Management Staff.

MCNEIL: The word fiscal should be stricken. It's correct, but the word fiscal put it over in another shop. He was a management engineer -- that type of work. The Air Force wanted to build some housing up in Newfoundland. Well, the Navy wouldn't give them any ground; that was the story. Finally, I got a Deputy Chief of Staff of the Air Force and Army, Ed [Lt. Gen.

John E.] Hull and Nate [Lt. Gen. Nathan F.] Twining, and they said, "Listen, this Carl Blaisdell will go fix it, I

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know. Maybe we won't like what he does, but he'll come back with an answer of some kind, and you'll probably back him." But the Army asked for three weeks to see if they couldn't work it out themselves. They offered to send one or two lieutenant generals up there to solve the problems. They came back three weeks later and said they couldn't make it. So I sent Carl Blaisdell, with a vice admiral and a lieutenant general assigned to him. Carl went up and walked through every installation for two days and kept them up half the night -- probably with scotch and water, and came back with a signed piece of paper. That's how we solved the housing problem of Argentina.

HESS: He was the kind that would go out and get something done.

MCNEIL: He was the kind of a person who would walk through a supply depot that was busy as the devil and show what needed to be done.

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Here's a case right here. He went up to this air station that had a huge workload, reportedly -- by number of items. Oh, the records looked beautiful. But he found that they were really taking in each other's washing, locally. That is, distribution really didn't have to come from this base. So as he walked through with the lieutenant general and the vice admiral, they saw all these people wrapping packages and mailing out boxes and so forth for transshipment. He then walked around and came in the other door and, Goddamit, they were unpacking them. He had a sixth sense for such things. The solution was not difficult.

Once, while he was on the job in Hawaii, he brought back a message from the Air Force which said that they should send all administrative traffic by cable that they could, so they would be able to establish the need for their own communications. Well, of course, that's all I needed as a budgeteer. If I wanted to reallocate

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space in the pentagon, Carl Blaisdell was the one that took care of that. So when Louis Johnson wanted to move over to the Riverside from Forrestal's office, why he was the one that fixed it.

HESS: That is one change that Secretary Johnson did make, did he not? When he came in, he wanted a large office.

MCNEIL: The other one was just about as big. It had been the Secretary of War's office. Blaisdell, for example, was moving some people around. Then he came to Admiral Byrd. Byrd suggested he didn't want to move. Blaisdell said, "Admiral, I don't want you to move. I just want you to go to lunch."

HESS: And when he returned from lunch he found he was moved.

MCNEIL: Let's go back for a moment to the budgeting and the fact that our initial budget requests

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were sometimes much higher than the final budget. The first request submitted for modification of the '52 fiscal year budget totaled over a hundred and four billion dollars. The first real budget in the Korean war period went over a hundred and four billion.

HESS: That high?

MCNEIL: It went to Congress in '52. So one of our jobs, of course, was to go through the thing and try to get the damn thing to balance. You had to be sure there were guns enough to fire the ammunition you needed, and so forth. There is countless detail, but there are four or five thousand individual programs before you even get down to detail. Take ammunition requirements; you got to know a little about what you're doing before you can figure it out. In the Marines if you said, "I'll authorize six months' supply," that doesn't sound too bad. But the Marine's philosophy of engagement is to go

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in and strike and hit hard for three or four days, take their losses, and either win or lose; they usually win. The Army's philosophy is entirely different. They go into it gradually. They'll take six months to do what the Marines will do in a week.

HESS: Probe for weak spots?

MCNEIL: Yes. If you said to both services, "We want you to have six months' supply," and an energetic Marine says, "First, second, third, fourth, and fifth day of fire," which I have to multiply by 180 days, why you can't make that much. See what I mean?

HESS: That's right. Factories can't put it out that fast.

MCNEIL: So, Army usually likes to take the first day of fire -- their shooting at anything -- and multiply it by X number of days.

HESS: You have to know what you are doing don't you?

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MCNEIL: Yes.

HESS: In your budget division you had three assistant directors; one for the Army, one for the Navy, and one for the Air Force. For the Army was John L. Holcombe. For the Navy, Glenn Gibson. For the Air Force, Walker A. Hale Right?

MCNEIL: Yes. They rotated a bit. Holcombe was an extremely able guy. He helped when I helped set up the administrative structure for NATO in Europe. I made a three-months' study of an invasion, and he was my right hand man. The reason I hired him was that Marshall had used him, in the early days down in Louisiana, to evaluate the progress of training in 1941 before he went to Europe. Marshall also had him over as his eyes and ears at the Normandy landing. I figured if he was good enough for him, he was good enough for me on the budget job. I kept him about half the time in Korea, because he got along well and didn't write a lot of reports, but

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he came back with all dope and he wrote it down and he applied what he found to our next markup. Glenn Gibson, I brought over from Navy. He'd been in the Navy budget shop. We wanted to avoid parochialism, but at that time Army, Navy, and Air Force budgets were submitted separately, so we had to have somebody to pull all the different programs together. However, the people that worked for him did not report to them directly. For example, the guy on ammunition handled ammunition across the board. The same was true for aircraft engines and so forth. So we had somebody who was kind of a specialist in these different fields, whom you might say worked part time for each of the three services. It sounds like a complicated thing, and you can't do it if the organization gets too big. That's why I tried to keep it down to about twenty-five analysts or inspectors.

HESS: And Walker Hale?

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MCNEIL: Yes. He was there for a while.

HESS: And in your Accounting Policy Division, Howard W. Bordner?

MCNEIL: That's right.

HESS: Assistant Comptroller for Accounting?

MCNEIL: Yes. It was in that field I wanted Franke to contribute. Bordner was more the routine accountant. Extremely capable, and he had pretty good ideas, but he had a lot of difficulty in communicating. That's why I thought Franke could help, because Franke had come from the business world. Incidentally, I tried to keep a deputy from the business world all the time. For example, I had the vice president of finance for Firestone for a couple of years. Then I got another one from Humble Oil for two years. Not that they ever contributed a lot; they didn't pay their way directly, but it was

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an effort to keep from being strictly too much of a bureaucratic operation.

HESS: Was this a way to keep a finger on the thinking of industry?

MCNEIL: Yes, and also the advances they made. Any advances they made in management techniques - why I wanted to absorb them. So we tried to keep somebody from some good company that was solvent, and I was pretty successful in keeping one or two on board.

HESS: In the Progressive Reports and Statistics Division, Foster Adams was Director.

MCNEIL: Yes. That changed a bit but that staff was remarkable. Max Lehr who presently is doing all the statistical work for RCA -- he was a jewel As a matter of fact he was good at writing statements for the Secretary -- excellent.

I had Deville Motts. He went to Johns Hopkins Laboratories. I had a good staff. I

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tried to keep it very small, but I tried to get the best I could get.

HESS: All right. Now we have broached the subject of Secretary Johnson's handling of affairs from the time of the Korean invasion until the time of his resignation, but let's go into that just a little further. How successful was he at running the Department of Defense in its time of need?

MCNEIL: This is Johnson?

HESS: Louis Johnson.

MCNEIL: Carrying out what I'm sure was an understanding with the White House with which I'm sure he was in sympathy, he spent his first months in office using what I guess you'd call the "meat axe" approach. After he began to see that some of these meat axe methods were not contributing to some of his original goals, he started to listen to both sides of the story, and I thought

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he commenced to do a pretty good job. After he thought he had cut back as much as he dared and was looking at both sides of the picture, he was quite surprised when he and myself, along with Steve Early and the three Secretaries, and three Chiefs of Staff, were called to the White House and given drastically lower budget ceilings for the following year and expenditure limitations. The meeting was on July 5, 1949.

HESS: That gets us up to July of 1949. Of course, the invasion was in June of 1950, almost a year later. How would you rate his handling of defense matters after the invasion?

MCNEIL: After the invasion I thought he showed an excellent grasp of .the problem. He foresaw the magnitude of the build-up. He had a number of ideas during the time which helped smooth the path and get the build-ups, accomplished quicker. For example, although this may sound like it's a minor thing, he as an individual took action

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to get a family allowance made to the families of some of these draftees. It wasn't the same as depending on enlistments. Here you were taking people by draft away from their families and you had to provide for it. He saw it long before the personnel people of Army, Navy, and Air Force saw it. In fact he had first to impress them to get the proposal to Congress right quick. So that may seem like a minor thing but he was alert to what was necessary in mobilization.

I often thought he must have gone through this kind of thing back with [Harry H.] Woodring, when Woodring was Secretary and he was Assistant. He really had the mobilization job at that time, as far as the Secretary was concerned. I think that experience probably stood him in good stead. Once he got the signal he said, "Listen, we got to go all out." He thought we ought to build up to a reasonably high level and stay there. I'm probably ill-advised to criticize or comment

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on the ability of my senior -- my boss. But I thought he did a pretty good job in the last few months.

HESS: Okay, but still when September came along his resignation was requested.

MCNEIL: Well, that I'm sure was a political move.

HESS: Why?

MCNEIL: The press was unanimous in criticizing him for not being ready. And he'd made foolish remarks. Now the fact was that in 1949 we were in better shape than we probably were a year earlier -- even with the cutback. That was so because a lot of things that started with Forrestal were carried out by Johnson and emphasized readiness.

Going back a bit to Forrestal, it's really an illustration of how he approached his job. I remember when Nimitz became CNO [Chief of Naval Operations]. Forrestal decided to call [Admiral Marc] Mitscher, I mean Vice Admiral Mitscher who,

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along with [Rear Admiral A.R.] McCain had the two task forces and were alternating the command in the Pacific. Certainly those security forces were effective instruments. So he was called in, I believe it would be October of '45, and told he could have pretty much anything he wanted. In other words, he could go through the Bureau of Personnel records, and get a list of aviation mechanics, etc., etc.; they would still be available among enlistments to expire two years

from now (and not the people who were going out the next month). He could sort them out and have them ordered to duty with a new task force to be assembled.

About April 1st he reported that he now had task force blank, blank, consisting of four carriers and so forth, which was as fully ready as anything we ever had in the Pacific during the war. He said that as a matter of fact, he could take off and land now in an average of two seconds less than the best record in the

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Pacific. That was part of Forrestal's effort in the immediate postwar period when everything was disorganized. Forrestal wanted something he could use -- a symbol of power available instantly when the war was over. That was an example of what happened entirely unsung. You probably won't even see that in any of the history books. Mitscher was given a job and in five months he had what he considered the number one task force.

HESS: What can you tell me about the selection of General Marshall as the next Secretary of Defense?

MCNEIL: Well, the President's asking for the resignation of Louis Johnson was quite a shock. I recall when I first heard about it, on a Saturday, that it appeared to be a trial balloon set up from across the river, or perhaps it was a leak. People like Tony [Anthony] Leviero and others called me, and asked if there were any truth to the rumor that the boss was being fired? I told them I didn't think so. Anyway I got in touch with

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Steve Early who agreed that this was probably a smoke screen. But later in the day he said, "I've had too many calls; I believe it is more fire than smoke." We met with Louis Johnson early on the following Monday morning; he then went over to the White House, and came back a little later saying, "All right boys, I am fired."

HESS: What was his attitude when he came back?

MCNEIL: Crushed but not discouraged is, I guess, the way you'd describe it. Within minutes he pitched in to see what he could do to help. In the letter of resignation which is on file I'm sure in the President's papers, you'll probably find that he suggested the name of a successor -- a person whom the President highly respected and whom he felt could not be denied the appointment if it was well-known.

HESS: Why was his name suggested? How did that come about?

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MCNEIL: Johnson had differences with Stuart Symington. He felt, based on a constant series of reports from the Press Club and so forth, that Stuart Symington didn't want to be Secretary of Defense. He didn't think he was the man for the job.

HESS: He had left at this time is that right?

MCNEIL: He had left and was head of the National Security Resources Board.

HESS: That's right. And Mr. [Thomas K.] Finletter was Secretary of the Air Force at this time. But Mr. Johnson thought that Mr. Stuart Symington would be called in and asked to be Secretary of Defense?

MCNEIL: He was almost certain that the President had that in mind.

HESS: Are you certain that he had that in mind too?

MCNEIL: Yes. All the evidence pointed in that

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direction.

HESS: Was the addition of General Marshall's name to the letter an attempt to try to prevent the nomination of Mr. Symington?

MCNEIL: It was done more constructively. It was done by suggesting Marshall as the person to lead the Nation in this time of trial and tribulation.

HESS: This was in September of 1950. Not too long after that the Chinese Communists came in. I think that was in November of 1950. Do you recall anything in particular?

MCNEIL: Before we get into that, Marshall depended greatly on [Robert A.] Lovett. Lovett of course was Assistant Secretary of War for Air when Marshall was Chief of Staff for the Army during the war. They had a high regard for each other. When he became Secretary of State, I think the first person he wanted around him was Lovett.

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Lovett is a master diplomat, and a pretty good manager along with it.

The law was changed so Marshall could become Secretary of Defense. Before his appointment, the law prohibited Marshall from being Secretary of Defense, but it was changed within a matter of hours.

HESS: How was that worked through Congress? There was a law, was there not, that a military man could not be Secretary of Defense?

MCNEIL: Until he'd been retired for ten years. But when the President decided to name him, both the House and the Senate immediately took action to amend the law to permit Marshall to be Secretary of Defense. Immediately after he was sworn in and took office, I took the liberty of going in and suggesting that he might want Mr. Lovett back as Deputy Secretary.

HESS: You suggested that to him. What did he say?

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MCNEIL: He said it was not in the cards, because Lovett was sick. He had been quite ill. But having a hunch that maybe things would change, I called Ferdinand Eberstadt. His influence runs through this episode from beginning to end.

HESS: His name crops up quite often.

MCNEIL: He wanted no office for himself. He had been deputy to [Donald] Nelson in the Office of Mobilization during the war.

So I asked him if he would mind getting a hold of Franz Snyder who was out at Oyster Bay, and invite Bob Lovett for lunch. I asked him to find out if Lovett would take the job -- if it were offered, and find out if he was really ill. Afterward I received a call from Ferdinand Eberstadt who said he had a long lunch with Bob Lovett and he was all right, and while he didn't say "yes," I think he'd be flattered by an invitation.

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HESS: He didn't say "no" either.

MCNEIL: So I went in to see Marshall, and said, "By the way, I just happened to be talking to a couple of people in New York, and they said Bob Lovett looked like he is feeling pretty good and I think it would be worthwhile asking him."

Well, he kind of turned it off. He said, "Well, maybe." He didn't give me any good answer. It was about 3 or 4 o'clock one afternoon, just when he was getting ready to leave. Well, next thing I knew Lovett was named. Lovett said, "Listen, I didn't mind your suggesting me, but did you have to have the General call me at 6 o'clock in the morning? I don't get up that early." So that was all the thanks I got. It was criticism because I got him wakened at 6 in the morning.

HESS: How effective a management team did Robert Lovett and General Marshall make? Since they had worked together in State and they had worked

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together in the War Department.

MCNEIL: They teamed pretty good. But I don't think that administration was Marshall's dish. Lovett was good in the sense that he was entirely open and above board. He had pretty good understanding of people. He knew when he was being kidded. And he had a sense of humor. In the ammunition thing, Pace was raising hell as Secretary of the Army about the shortage of ammunition. Lovett looked into it pretty thoroughly and we gave him all the dope. I wrote a memorandum which I knew Lovett wouldn't sign, because this was something he was going to do personally. Let me get this on the record because [Lt. Gen. James A.] Van Fleet was kicking up the traces on a lot of stuff. In the last paragraph of the memo, I said (with some kidding):

Mr. Secretary, if you can take time from your tennis and study the statistics you'll find that we're in pretty good shape on the ammunition. If after such study you find it is worth bringing up again I'd be most delighted to talk to you.

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"If you can take time from your tennis to study this" -- well, he looked at it and he said, "I think you ought to make this a little stronger." But he seldom went that far. He didn't have to.

HESS: In what ways was General Marshall deficient in administrative ability?

MCNEIL: Well, some of his choices of people were pretty poor.

HESS: Who?

MCNEIL: Well -- Anna Rosenberg. The mayor of Durham, because he was a good fundraiser for our Red Cross -- that kind of thing.

You see in the military you have your promotion and selection boards and so forth, and you come up to the boss with your recommendation; you sign off, and that's it. At that time there was no real mechanism in the Office of Secretary of Defense to select people for the boss to approve.

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HESS: Anna Rosenberg was in personnel, is that right?

MCNEIL: Yes.

HESS: She was not efficient?

MCNEIL: Too officious. Well, she was smart, but I'm not sure that the struggle to go around the 38th parallel was a job for a woman. I'm not against the women's liberation movement, but there are certain jobs I think that they are better at than men, and vice versa.

HESS: I believe in 1950 Charles E. Wilson, "Electric Charlie," was called in as Defense Mobilizer. It was about that time was it not?

MCNEIL: Yes.

HESS: What was the philosophy; what was the thinking at that time?

MCNEIL: Well, by early December we had had several talks and had appeared up on the Hill before

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several committees. Like Topsy, the idea just grew, that there should be some way to raise the level of defense for a long time to come without overdoing it, and, to cut out the peaks and valleys. That way, we'd probably be stronger, and do it all within a price level we could afford to maintain forever, if necessary. General Marshall had enough stature that he was pretty well able to convince Congress we shouldn't shut down GM to convert it to tank production, because we weren't in the kind of shape we were in 1941. At that time, in 1941, we were short of guns, we had no artillery, no ammunition, nor ships. We had nothing in sufficient supply. But the fleet was new in 1949. We had plenty of rifles, and plenty of 105's, although we may have been short in some items in supply. We did need some procurement of aircraft to bring it up to combat levels. We had enough shipyards and arsenals. It was altogether a different problem.

Moreover, if you were going to plan a war in

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Korea you wouldn't plan for a world war. You'd lay the groundwork, by having production facilities in reserve that could be used if the war expanded, but it was not expected that they would actually be placed in production. So it just seemed obvious that if we could avoid going completely overboard, we might avoid the unnecessary backswings that would come later and probably leave us in a weaker position.

HESS: How prevalent was the feeling at the time that we should have a more complete mobilization?

MCNEIL: The people over at the National Security Resources Board, headed by Symington, and others on the Hill, were in the mood that we ought to convert -- shut down some of the automobile factories.

HESS: Do you know what Mr. Truman's views were?

MCNEIL: I'll come to that. So I felt strongly about it and I wrote a memorandum at the time. I don't know if I'm responsible for all the basic thoughts

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in it, but at least I was the one who wrote it down. I wrote it down because I knew what inducement was necessary for Charles E. Wilson to leave General Electric. I knew him just a

little bit before the appointment. If it had been just a minor job, he wouldn't have quit GE. But if the job was mobilization, and he saw that the country was in terrible trouble, why he might quit.

So based on that assumption I wrote a memorandum, outlining the reasons for us to keep on an even keel. We should get busy and get strong, but not overdo. I felt that Lovett and Marshall were two people he would probably talk to when he arrived in Washington. I didn't think about the White House too much at the time. I showed this memorandum to Lovett, and Lovett read it and didn't say anything much. I really was a little provoked, when I got no reaction. Maybe I expected him to jump up and down, which he never did. So on the way back to my shop, which

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was next to General Marshall's I stopped in to see General Marshall and immediately he said, "Can I have this?" He said, "I'm going to a Cabinet meeting at 4 o'clock; I'd like to take it over." I'd found that Lovett had gotten Jack Small who was head of the Munitions Bureau and they had gone to see Wilson when he arrived in town. So things were in motion awfully fast that day. Truman apparently bought the idea, or affirmed it -- whatever you want to call it. He accepted the idea that we get strong, and stay strong, but we shouldn't overdo and thereby invite a back swing.

HESS: General MacArthur was dismissed in April of 1951. Did you think that action was necessary? And do you think it was handled correctly?

MCNEIL: Well, some things are inevitable. I saw so many of these things develop over the years. You'd watch dispatches sent to the Commander in Chief, Pacific Navy, and to MacArthur, and the

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tone and wording of the dispatches would be so different. The Army Chiefs of Staff, Deputy Chiefs, and other leaders were juniors to General MacArthur. Perhaps that's why they did not order MacArthur back to the conferences. In effect, the wires would say, "If you're not busy; if it is convenient to you; if you'd like to," and so forth. "We would love to have you back about Monday morning or sometime in the future," was another way they put it. For anyone else, it would have been, "Report to headquarters Monday, September 16th," period, and you'd come. Next, you wouldn't wear a cap of your own design. So the answer very much to me is what happens in your family. If junior has his own way too long you're going to have to spank him or throw him in jail. So this is the way it built up. I don't think the speech he made before the machinist's union or whatever it was, caused it. It was something that built up over a period of years. The

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people in Washington were about nine-tenths to blame for it.

HESS: Handling him wrong through the years?

MCNEIL: Sure, sure. That's why I said it was inevitable. Once you embark on these courses, how do you correct them? You can take time to do it, but do you think Bradley would send a tough wire out to MacArthur? King would sure as hell send one out to his subordinates.

HESS: And enjoy doing it wouldn't he? General Marshall resigned in September of 1951 and was succeeded by Robert Lovett.

MCNEIL: My first meeting with MacArthur was in Manila.

HESS: Tell me about that.

MCNEIL: Well, it was during the war once. I was sent an invitation to come to lunch. So I arrived at 12:25, after being cautioned by everybody, from

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the sergeant to lieutenant general, to be on time. I said that I was used to being on time. So I was ushered in at about 12:35, and sat there talking a little bit. He got up and started to pace and to point at his map. He talked about the idea of an invasion of Japan, and other matters. This went on for four hours. Finally, he said, "Would you care to join me for lunch?"

I said, "Well, quite frankly, you invited me to come at 12:30." So we went down and got in the car and drove out to a house he had commandeered near Malacanan Palace.

Meanwhile, I was planning to meet my son who was a gunnery officer on the carrier *Ticonderoga* and my brother who had a troop carrier command at Clark Field; they had just moved into Clark Field that day. So I flew my son up for three or four days, to Manila. And I got my brother to come in, also, after several

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hours' work through field telephone. He came down in his jeep. Hell, I was going to spend the evening with them. Here it was, around 6:30 before we finished lunch.

I gave MacArthur his last medal at the Chamber of Commerce here in New York. The guy was a master speaker. In his acceptance, you could have heard a pin drop. And yet when you analyze what he said, he had said it every place in the world: "In the city I loved so well." "From the hands of one I respect so highly."

HESS: He was an orator.

MCNEIL: Oh boy. The guy had a lot on the ball, but they spoiled him.

HESS: My next question has to do with your working relationship with the men whom you served as Comptroller -- Louis Johnson, George Marshall, and Robert Lovett. We may have already gone into that as far as you want to, but how would you

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evaluate your working relationship with those men?

MCNEIL: In retrospect I couldn't imagine a smoother, closer, working relationship. I had a hundred percent support, not 99.44 support, at all times. I had support right straight through from Forrestal all along.

Colliers magazine ran an article one time on the subject. It showed someone with his feet astride the Pentagon, and it said, "The mystery man of the Pentagon." Well, it was not so mysterious. They quoted some testimony in Congress when Wilson had gone over to a NATO meeting. Under the Eisenhower administration, the Air Force had gotten more money than they could use. Ike wanted to redo the budget, so I took five million dollars out of the Air Force authority which they were not properly using. Wilson testified and he said, "Well, after I came back from Europe, I looked into it, and Mac

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had said I think the five million dollars should come out of here. It sounded all right to me, so I said okay." And Mac said, "It's all right with me." Well, that's the kind of thing that got me some notoriety, but I got 100 percent support. Otherwise, I couldn't have lived with it.

HESS: How closely did Mr. Truman watch the Defense Department's budget?

MCNEIL: Very closely. He was familiar with it, particularly up until the Korean war started. He was quite familiar, even with some of the details in major programs. He had done his homework.

HESS: He had run budgets. He had made budgets in Jackson County when he was the Presiding Judge of the County Court. I have heard from several people that he enjoyed working with budget figures. Did you find that true?

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MCNEIL: Oh yes. You're right. There's one thing I found, however, and you don't find it very often. People relate figures to physical things. In the budgets for people -- in the Department of Commerce, Department of Labor -- where practically the only expenditures are for civilian personnel, you can imagine hiring a staff that has eleven hundred and twenty-seven for this effort and multiply that by the average salary. You can understand that. But to translate budgets into guns, tanks, overhauls, transportation, training schools, and all that sort of thing, I don't think he ever grasped it. Those are physical things. That's one of the problems I always found. I had no accountants in the budget shop, except for two who put together the final figures. I wanted

people who, like John Holcombe, understood what it meant to land at Normandy and what was involved in real events. Ike didn't understand the figures in the same way that Truman did, but

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he understood the division and an armored division of 105's, troop carriers, tanks, and so forth. He grasped that pretty easy.

HESS: With his background, he would, wouldn't he?

MCNEIL: Yes. So some of these things that Truman would be good on Ike was not. But those things you expect and you have to look for them.

HESS: In his *Memoirs*, Volume 2, page 34, Mr. Truman has the following regarding military appropriations:

It was inevitable many pressures were brought to get me to approve larger appropriations. This was particularly true of the military. The military frequently brought pressure to force me to alter the budget which had been carefully worked out to achieve balance with the other needs of the government and our economy as a whole. All of them made excessive demands, but the Navy was the worst offender.

Did you feel that the armed services were making unnecessary demands? And would you feel that the Navy was the worst offender?

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MCNEIL: Air Force was the worst.

HESS: Why was the Air Force the worst?

MCNEIL: Well, they'd just gotten a divorce from the Army and they wanted to operate high, wide, and handsome. They are a much more stable, studious force today than they were in the first days after the war. We're dealing with a state of mind here -- we're not dealing with brick and mortar. Here, they had gotten their freedom after being suppressed by the Army for a century.

This is the time to get our house in order and do what we want. That was the attitude.

HESS: And that attitude translated itself into budget demands?

MCNEIL: Oh yes. No, I think the Air Force was the big problem.

HESS: Earlier in the day we mentioned the White House staff, but...

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MCNEIL: The Bureau of the Budget was anti-Navy.

HESS: Anti-Navy? Why was the Bureau of the Budget anti-Navy?

MCNEIL: Well, they would just as soon have seen the Marine Corps become part of the Army. They didn't believe in carriers. Naval aviation was a drain on the public purse, and its job could be done by the Air Force. That's in spite of the fact that there were three or four former Navy people on the staff. I think the Navy was rated the most modern in their demands, but Truman, of course, was anti-Navy himself.

HESS: He had been an Army officer.

MCNEIL: Yes. That influenced him, but I will say he got over it pretty well.

HESS: More than anti-Navy, he was just pro-Army, perhaps, is that right?

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MCNEIL: I think that's a better way to put it, yes. Well, for example, when he said, "We'll make the Marines a police force."

HESS: I think the statement was that the Marines were the Navy's police force, something like that.

MCNEIL: I believe it was stronger -- a little stronger than that.

HESS: He got in a little hot water on that didn't he?

MCNEIL: Listen, when you say that to a Marine, you've got a fight on your hands. I was just reading -- finishing a book, *Once a Marine*, by Vandegrift.

HESS: We mentioned earlier in the day some of the White House staff members such as Clark Clifford and Charles Murphy who replaced Clark Clifford as Special Counsel. Major General Harry Vaughan was over there. Did you ever have occasion to

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work with or request the assistance of any of the White House staff people?

MCNEIL: No, really not. I had transactions with them, but usually it involved some public figure that they wanted to get background on. If Murphy or some of the others wanted something, why we'd get it for them.

HESS: How efficient did you find them, or how helpful if they ever helped you?

MCNEIL: Well, they could have been helpful on the legislative program at the time of Leva. The Bureau of the Budget was no help to us on appropriations. I felt I should testify because I was responsible for putting it together. So after the Secretary of Defense and the Chairman of Chiefs testified, I thought I was next. Not because I wanted to, but I was very proud of it. I thought the same thing for the Army, Navy, and Air financial vice presidents. After their

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Secretaries and Chiefs testified, they were next in outlining what the budget was and then they scheduled the witnesses. I thought the Bureau of the Budget ought to do some more of that, and with the Bureau itself. They shy away from any public contact. They just won't face the music -- never have -- under any administration.

HESS: As you remained in the position of Comptroller until 1959, what are your views on the effectiveness of the transition from the Truman administration into the Eisenhower administration in the Department of Defense?

MCNEIL: I thought it was pretty good. This is true of the attitude of Lovett, who was Secretary of Defense at that time. He'd moved up from Deputy Secretary. The three service Secretaries -- they were willing to help, too. In fact, the Eisenhower people were offered anything they wanted. I thought the incoming people on the whole were

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properly reluctant to go too far. Some people might say that they didn't want to get tarred with the same brush. I don't think that had anything to do with it at all. But there is a feeling when your successor looks over your shoulder -- breathes down your neck the last month or two you are in office. It's not a very pleasant feeling, I would think.

HESS: Did Mr. Eisenhower have the people that he was going to appoint in the Department of Defense come in to learn the ropes -- come in to find out what was going on?

MCNEIL: Only to a limited degree. He would have been happy to have them do as much as they chose. Wilson came down to see Lovett and of course, there was no problem. No problem at all.

HESS: How about the second, third, and fourth level? Did those people come in?

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MCNEIL: Yes. [Robert B.] Anderson came down to the Navy a couple of times, but he didn't stay in the Navy Department. I think he was briefed on several things. [Roger] Kyes and Wilson both went with the President out to Korea to see what was going on there. That is where Kyes' appointment was announced. To look into things in detail, no. They were welcome, but I can understand their reluctance to come in and breathe down your neck.

HESS: Did the fact that you are a Republican have any bearing at all on your staying?

MCNEIL: No.

HESS: You were there during the Democratic administration.

MCNEIL: And I stayed because Wilson asked me to.

HESS: How would you compare the handling of the Department by Mr. Wilson, as to the manner in

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which matters had been handled during the Truman administration? Just how did he stack up as a Secretary of Defense?

MCNEIL: Well, he was the most competent, knowledgeable, experienced administrator of them all. He was a pretty good judge of people, how to handle people. And you rather have to be if you are going to work yourself up through all the ranks in an outfit like General Motors. General Motors may have a lot of faults but they've got one thing going for them, and that is extreme depth in management. If any General Motors chairman of president died today you've got any one of a dozen who can take over. That's one of their specialties, to have seventy or eighty top management people ready to just take over. So he thought in those terms, and he thought that people are the thing that keep things going. But he also had a pretty good knowledge of manufacture, machinery, and equipment. When you talked about building airplanes

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he was no stranger to it. His company had built them during the war. So that's why I say he was probably more experienced in administration and the procurement of physical items of equipment than any of his predecessors.

Because of this experience in manufacturing and administration of a large organization where you had centralized control but decentralized operation, Wilson fit into the thing well. He understood and believed in decentralized operation. He believed in the practice of subsidiary corporations making decisions and keeping the home office in the know. His experience in manufacturing served in good stead because we were still winding up the Korean war and still operating on a theory that we were going to have a thirty-five, forty billion dollar budget as a plateau, and we are going to get all we could out of it. So instead of trying to get a big budget we were trying to get as much equipment as we could for thirty-five billion

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dollars. I think the good Lord takes care of the United States in many ways. I think Ike fit into the picture at the right time in our history. I think Wilson came along about the right time. I think Forrestal was pretty good for his day and age. Marshall certainly for the year and a half he was

Secretary did several things that were pretty good in spite of what I thought was administrative shortcomings and so forth. Whether each of these automatically played ball over their heads I don't know. Wilson was probably the most experienced administrator and manufacturer that's been on the job.

HESS: Shortly after President Eisenhower came in, the Korean war was settled. Could Mr. Truman have settled the Korean war on the same terms somewhat earlier?

MCNEIL: I doubt it.

HESS: As you know, Mr. Truman had a number of Republicans

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in high positions in his administration. He had Robert Lovett and Paul Hoffman to name just two, but

MCNEIL: Frank Knox.

HESS: Yes. What are your views on Mr. Truman's understanding of the political importance of having members of the opposition party represented in high Government office?

MCNEIL: Well, particularly in a job like Defense or even in State, I would say it was good for the country and smart politics. And I think it's one way to get the whole country behind something. There's bound to be some division of thought, but I think this minimizes it. I think it's being done today. Mr. [John B.] Connally is Secretary of the Treasury. Maybe that will have some political aftereffects. I don't know whether he was named for that reason or not, but he's a pretty powerful guy.

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HESS: In your opinion what were Mr. Truman's major accomplishments and what were his major failings?

MCNEIL: I don't know whether I can answer your question. I am almost too close to the trees to see the forest.

HESS: Do you think he had more success on the foreign field than he had in the domestic field for instance? Would the Truman Doctrine with aid to Greece and Turkey, the Marshall plan, Point Four, would that stand out more in your mind than perhaps some of the domestic issues?

MCNEIL: Yes. I think he made a pretty good President, and particularly during a difficult period. Postwar is a difficult period. You can do a lot of wrong things at the time. I think you can make more progress sometimes in a postwar period by not doing things than you can by a big program of action. Here was a case of where a lot of people were certain there was going to be a big

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depression postwar. I don't think the actions he took helped that thought along. Actually, the public had been starved of automobiles and washing machines for about four years. And the only problem was how quick you could convert and get back to business.

I think in supporting the legislation which permitted rapid settlement of contracts was just one detail, but that had to be done with Truman's approval. But John Hancock, Jesse Jones, and Lewis Strauss were responsible for that. It made it possible to write the General Accounting Office and some of the detail out of the business, and settle contracts and get money in people's hands so they could convert and get back to business. I'm not sure that wasn't one of the real accomplishments, immediately postwar. I don't know that the President took the leadership, but he certainly supported it.

HESS: What's your estimation of President Truman's

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place in history?

MCNEIL: I think the courage he showed on certain occasions is going to make him one of the outstanding people.

HESS: On a very personal note I have been told by more than one person that I have spoken with that you were the best comptroller the Department of Defense has ever had. What would you think about that?

MCNEIL: I don't want to be like what someone said of MacArthur, that he was the most underrated egotist in the world -- something like that. No, I had six good bosses who gave me support. I don't know that we did that good a job. But I had a staff, everyone of whom played ball way over his head. And it was very simple to get them to play ball over their heads, if you want to know it.

HESS: How did you do that?

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MCNEIL: When they had an idea, rather than sign my name to it, I took them in to see the boss and let them tell the boss. After we washed it, after we wrestled around to see that there were no loopholes in it, we let him present it to the boss as his idea. So he came back the next day with another idea.

HESS: That's good psychology.

MCNEIL: So if you bought enough of his ideas, it would make him keep on. You didn't buy everything. I said it a little facetiously, but it is not facetious. Always take the guy responsible for the idea in to see the big boss and he'll just work that much harder. In fact, he wouldn't let you down.

HESS: Do you have any other ideas -- any other topics written down that we have yet to cover?

MCNEIL: I want to add this one thing. The main

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thing is what I've harped on in depth before, and that is a good budget is nothing but a dollar tag on a good operational plan. But you've got to think in terms of money -- how money relates to physical things. That's a trait that just is awfully hard to find, and when you find it you better conserve it. I got to commission the Chief Examiner in the Navy. I needed somebody. I got him a commission about '42. Andy Lee, one of the nicest guys I've ever known. He was Chief Examiner at the Federal Reserve Bank. When he came over to my shop he did a passable job, but where he ran into trouble was in the matter of some loans such as one to the Pratt-Whitney Corporation. We had about three billion dollars loaned out to companies by the Navy during the war, We collected on them. We did a pretty good job of collecting, and charged them interest. Well, Pratt-Whitney called and said they wanted to pay off their twenty million-dollar

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advance. I'd just yell over to Andy and ask, "How much do they owe us?" They wanted to bring us the check tomorrow. Well, Andy running a slip stick, wouldn't know whether they owed us nineteen thousand and two dollars for interest, nineteen hundred and two, or a dollar ninety. In other words, just being able to grasp the magnitude of some problems is a skill that's rare.

My dad had a country bank in Iowa. When I was ten or twelve years old, I would stand at the front window and look down at the grain elevator and see a kid coming in with a wagon load of grain. He'd look at the weigh ticket and drive on. That kid knew instantly if the bushels ticketed matched up with the inches of wagon box, and he would catch it if it were wrong. He didn't know within ten pounds, but he sure knew within a bushel what he had on board. How many people know the inches to a bushel in a wagon lot? So, if you can get that kind of

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relationship translated to airplanes and maintenance, painting buildings, heating, or what not in rough rules of thumb you can do an awful lot and do it pretty easy.

HESS: Have you anything else to add on Mr. Truman or your role in the Truman administration?

MCNEIL: Not unless you think of something that I can contribute.

As I told you earlier I didn't get into the political side of the operation very much because usually it took about eighteen hours a day just trying to stay solvent.

HESS: All right. Well, if we do think of any other questions -- whether you think of some questions or I think of some, when we get the draft we can add those on and answer them at that time.

Thank you very much.

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