

RESTRICTED

464

L48-61

PROCUREMENT IN OVERSEAS THEATERS

5 January 1948

CONTENTS

	<u>Page</u>
SPEAKER—Brigadier General Wayne R. Allen, formerly General Purchasing Agent and Director of Production, European Theater.....	1
GENERAL DISCUSSION.....	11

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RESTRICTED

RESTRICTED

465

PROCUREMENT IN OVERSEAS THEATERS

5 January 1940

GENERAL MCKINLEY: This morning we start off with two new units of the course, Purchase and Contributory Factors. We go right off with a bang by bringing to you a distinguished citizen-soldier this time, an officer who served in two world wars. In between he has been identified very prominently with the National Guard. Brigadier General Wayne Allen, when not on active duty, is the County Manager and Purchasing Agent of Los Angeles County. He is now here on duty doing a special job for the Secretary of the Army. He has had very wide experience in procurement in overseas theaters.

I take great pleasure, indeed, in introducing to you Brigadier General Wayne Allen.

GENERAL ALLEN: General McKinley, gentlemen: It is a pleasure for me to be before you this morning. I am here in the role of an advocate probably, for I have advocated centralized purchasing for many years, not only for our Federal governmental services but for local segments of government as well. That is how I happened to be drafted, you might say, from civil life, where I had been employed with a railway, first to head the Purchasing and Stores Department of Los Angeles County and then to become the first County Manager of that rather large county—large geographically as well as in respect to population.

I was asked by Colonel Jack Horner, through the devious routes and channels of command, to talk to you this morning about my job in the European Theater; that is, the job of being the General Purchasing Agent and the Chairman of the General Purchasing Board, and to title my address "The Necessity for Procurement in Overseas Theaters."

There is a prime necessity for procurement in overseas theaters of war. In our Nation, where most of us consider that we have almost unlimited natural resources and manufacturing know-how, we are prone to overlook the fact that the resources of an occupied or invaded country and the resources of the country or countries used as springboards for attack must be utilized to the maximum.

Probably Genghis Khan was the first man who conquered through the thorough and outstanding job of living off the invaded countries. History tells us how in the year 1206 the great Genghis Khan made his conquering marches, each man with nine horses, some of which were used for the transport of the necessities of life procured all along the route of conquest.

RESTRICTED

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General Sherman made war "hell" in his march through the southern States because of his well-organized plans of local procurement. Here again, as history tells us, Sherman's success was made possible through the efficiency of his local procurement. He could not possibly have been able to achieve his rapid successes if he were dependent on long, supply lines from the North and West.

In World War I our AEF found it not only necessary but also convenient to make local purchases; Brigadier General Charles G. Daves, later Director of the Federal Budget and Vice President of the United States, was named as General Purchasing Agent. The extent of local procurement in World War I was so great and so much shipping tonnage was saved that, at the outset of World War II, two General Purchasing Agents were established by order of the Commander-in-Chief, one for the Pacific area and one for the European area.

Later, with the North African operation under way, Base Section Purchasing Agents were provided for each base section; and the practice in the North African-Mediterranean-European Theater thereafter was to provide for control of local procurement of every kind down to the base-section level. Then a General Purchasing Agent was also established in the remote China-Burma-India Theater.

The office of the General Purchasing Agent in each theater was really an office of administration of the various procurement offices of the technical services, the Navy, the Red Cross, etc. It was not at any time a purchasing office. It proved to be something a little bit more than an administrative office when it achieved General Staff level in both the European and Pacific Theaters. For instance, in the early months of operations in the European Theater (and, of course, my remarks now will be based primarily upon the operations in that theater), the headquarters of the Services of Supply was established at a city called Cheltenham some 120 miles from London. Since London was the most important merchandizing center and the seat of government of the United Kingdom, it was necessary that procurement officers of each of the technical and other services be located there. The General Purchasing Agent became the Commander of the Services of Supply, London echelon, or, as the General Purchasing Agent, the administrative controller over the procurement, legal, and other administrative staffs of the technical services.

Controls other than administrative were accomplished through theater general orders or circulars and later, as some of you gentlemen who were in the European Theater will remember, through Purchasing Standard Operating Procedures published by the Theater Commander but prepared by the General Purchasing Agent. These Standard Operating Procedures not only established controls but set up and established the forms to be used, so that throughout the operations in the European Theater and later in the

# RESTRICTED

RESTRICTED

466

other theaters, the standard forms and procedures prepared by this central purchasing control were used by all of the services as well as all other governmental or quasi-governmental departments or agencies.

To evaluate the importance of overseas procurement in the service organizations is very difficult. In many cases local procurement was utilized because the items required could not be obtained through normal service supply channels at the precise time needed. In other cases local procurement was utilized because it was the only means by which the supplies required could be secured, regardless of the time element. Any evaluation of the local procurement program, therefore, which summarizes its results in aggregates (in dollars or shipping), however impressive the total figures may be, obscures this "on the spot" contribution of many items or services. Such items of themselves might represent little either in value or in tonnage; yet they provided most substantial assistance in that some urgent operational supply requirement was met.

The summary of the supplies obtained from local sources in the European Theater, however, does represent substantial quantities and values as a total, even in terms of the astronomical figures which became so familiar during the late war. Through the utilization of resources found in countries within the European Theater, the United States forces were able to relieve the great pressure on production in the zone of the interior.

Contrary to popular belief, as I outlined a few minutes ago, the General Purchasing Agents themselves did not purchase or buy anything. They were the staff agency of the command and in two theaters rose finally to Theater General Staff Officers as a sixth section of the Theater General Staff. They were staff agencies to develop sources of supply, maintain coordination with foreign governments and other United States departments, and to control, as a staff control agency, the procurement divisions of the technical services, the Air Forces, the Navy, and all the other governmental departments and quasi-governmental organizations. The job, therefore, primarily was to control and attempt to foster local procurement.

The volume and variety of supplies, services, and facilities required merely to maintain large masses of soldiers over a considerable period of time present substantial logistic problems for any army. When plans were developed for the arrival of United States troops in the European Theater in the spring of 1942, the need for establishing an organization by which local resources found in the United Kingdom could be utilized to aid in filling the supply requirements of those troops was evident, so provision for local procurement was incorporated in the early plans for the logistic support of this force. With a large number of troops to be maintained in an area 3,000 miles from home, the

RESTRICTED

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need for local procurement to supplement supplies requisitioned from the United States was clear at the outset.

The importance of local procurement, however, increased as a result of developments in the war. It increased to an extent that certainly was entirely unforeseen in the early planning days here in Washington. The disastrous shipping losses during the spring and summer months of 1942 created a most serious shipping shortage. With heavy losses in the North Atlantic and with the necessary allotment of shipping to slow down and stop Japanese advances in the Southern Pacific area, shipping space became a very dear commodity. To save shipping space by the increased exploitation of local resources, therefore, became a fundamental logistic policy in the European Theater. This hard fact and this policy gave to the development of local procurement the substantial impetus which it needed.

Then the mounting of a portion of the invasion of North Africa from the British Isles in the fall of 1942 led to further emphasis upon local procurement. At that time it was found that supplies for the invasion by certain units were urgently required and that there was obviously no time to obtain them from the United States. The records show that thousands and thousands of tons of emergency items were obtained for the divisions which sailed from North Ireland in 1942.

Then the mounting of the invasion of the Continent gave further proof of the need for emergency, on-the-spot procurement for military operations to help load out and supply those thousands of troops that had been in the springboard area. In the early beachhead days of Normandy, for example, propeller shafts for the "DUKWs" had to be replaced and arrangements made for local manufacture in torn-down Normandy—and from local manufactures "right now".

Speaking generally, experience proved that local procurement was required in order to provide supplies for several reasons. Conservation of shipping space was the primary reason. It was more economical in shipping space to import steel or unassembled parts, for example, for processing into jerricans or field ranges; both of these as assembled items involved substantial waste of shipping.

The urgent need for supplies necessary for operations in the theater when the time element prohibited requisitioning from the United States was another reason. This factor arose in innumerable instances. One of the most dramatic examples, typical of countless others, was the white cotton cloth obtained in millions of yards from Great Britain and Belgium and made into improvised snow capes for camouflaging combat troops during the winter snows of 1944-45.

# RESTRICTED

RESTRICTED

467

Sometimes supplies from the United States did not arrive. The Air Corps, for instance, obtained 1,667,000 hand and machine tools out of production in the United Kingdom during the first two years for this reason.

Often locally manufactured items were superior to their American equivalents, although some will find that hard to visualize. Even a man as hardboiled as General Littlejohn, Chief Quartermaster of the European Theater, finally one day had to admit that laundries made in England were better than those manufactured in the United States. It was a good thing that he decided that the British laundries were better, because at the time he would not have had any laundries at all. That is an example of the need for looking into and fostering local procurement. Other examples of local superiority include British flame-thrower oil, British mobile bakeries, a sniper telescope developed in France, etc.

Finally, where there are joint operations, that is, operations between allies, and the forces of those allies are to be supplied jointly, let us say, then the fostering of local procurement and local procurement arrangements among the various forces becomes an item of really major importance. That was a particularly important factor in the case of the American Air Force which operated from the British Isles for many months in coordination with the Royal Air Force. At that time such items as British-type aircraft and gliders and British-made training devices were procured by the American Air Force.

Now, how is this control and the fostering of purchasing effected? First of all, to really foster effective purchasing, there must be a central control. In the European Theater (and this was true in the Pacific Theater) the control was quite severe. We began with a control limit of \$1,000. Nothing above \$1,000 could be purchased without coming to the General Purchasing Agent. Colonel Jack Hornor was in London at the time and figured out the ways and means of getting around that \$1,000 so we made it \$20. From early 1942 to the end of the war, the amount that could be purchased by a purchasing and contracting officer in the field or depot or any other type of installation or by the man who went with the division or the Armies was limited to \$20. This control, exercised through the Finance Department, was an effectual brake on unplanned, unauthorized purchasing and was a means of forcing centralized procurement through the proper technical or other services.

There was a great need for that. There is a need for that in any overseas theater where, because of the troops that are there, there exists a greater number of people on the spot than existed prior to the coming of the troops.

RESTRICTED

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Let us look at the record and see what we obtained as a result of, first, control and then, the fostering of local procurement. Let us see what that meant to the Nation in economy of space and money.

Billions of dollars and millions of ship tons of supplies were obtained in the European Theater, and substantial quantities in the Southwest Pacific. While purchases were relatively small in North Africa and Italy, the supplies obtained were of great importance.

The record shows that over 12,606,000 ship tons were saved by procurement of supplies in Great Britain, France, Belgium, Luxembourg, the Irish Free State, and other neutral nations in the European area.

In the following table, "savings" means the difference between the raw material which had to be shipped into the nations listed and the finished product as produced and delivered to United States forces.

## Savings to VE-Day in Ship Tons

From Great Britain.....	11,731,000
From France, Belgium, Luxembourg.....	604,000
From Neutral Nations.....	276,000

Estimated Saving of Transatlantic Ships—1,575

In addition, facilities such as hospitals, hangars, etc., were built in Great Britain from British-produced materials. They were valued at 360 million dollars. No estimate of the tonnage saving was made for this type of procurement.

The savings in money are important—from Great Britain, 4.5 billion dollars. And that is measured according to British economy. A jerrican produced in Great Britain cost us \$1.05, whereas one produced in the United States, where people receive higher wages, cost much more than that. From France, Belgium, and Luxembourg, we obtained supplies valued at 1.3 billion dollars.

These supplies were obtained by what we call reverse lend-lease, a principle established in this war which should certainly follow through for all time.

In the early planning days of 1942, no one would have seriously hazarded the guess that the United States forces would obtain this vast tonnage and this vast amount of returned wealth to the Nation through

# RESTRICTED

RESTRICTED

468

local procurement. For the expansion was unpredictable and due to these many factors which I outlined to you before—shortage of shipping and the necessity of obtaining on-the-spot items for operational emergencies and of obtaining those on-the-spot items "right now."

Now, in the early days of 1942, could anyone have foreseen the enormous contribution to be derived from resources in the British Isles? The United Kingdom, at that time, was an economy strained to produce the modern machines of war for its own army to replace those abandoned on the beaches of Dunkirk; an economy dependent on shipping for raw materials for industry and food for its population at a time when ships carrying these supplies were being sunk at an alarming rate; an economy where labor was so short that women were liable for, and being drafted into, work in war plants—the most intensive labor mobilization in Western Europe; an economy of which the vital plants and essential transport facilities were being bombed almost daily by the enemy with the purpose of curtailing war production through the destruction of the key points of the basic economy.

If the early prognosis was negative; if at the outset local procurement was not conceived of generally as an important link in the chain of supply of United States forces, it was a reasonable, if conservative, judgment. That judgment, however, proved an obstacle to the expansion of local procurement insofar as it led to scepticism and, in some cases, to inertia which had to be overcome. This problem of "selling" local procurement possibilities must be included as a significant unfavorable factor in the background of the history of local procurement in the theater.

But there were also favorable background factors, and it was these which led to the expansion in the local procurement program. The worsening of the shipping situation came at a time when the procurement program was getting under way in the British Isles and served to point up and emphasize the need for utilizing local resources. As early as 1942, in fact, the supply services were officially urged to accept such supplies as were locally available as one means of conserving shipping.

The time urgency involved in meeting combat supply needs made it necessary to exploit local resources if United States forces were to obtain the item or get the job done in time.

Let us remember that a modern industrial economy—even the economy in our own Nation—mobilized at war tension is a delicate machine without resiliency to absorb great shock. The introduction of a new customer, wherever that customer might be—Great Britain, let us say, purchasing in the United States—if uncontrolled somehow by its own nationals, would

RESTRICTED

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have a disastrous effect upon the local economy. It is obvious that United States procurement, particularly in the British Isles, by removing goods and services from the market, would have inevitably been inflationary and could have been catastrophic if steps had not been taken by proper planning to prevent the United States forces from draining the local markets. Hence the need for a central staff control agency over all procurement, for all governmental purchasing. Only confusion could be expected from uncoordinated procurement, and this confusion could have led to very serious harm in an economy as tight as that which we found in Europe. It was because of the confusion which began in 1917 that General Pershing had established the first General Purchasing Agency.

We can see, therefore, that the function of the General Purchasing Agent is twofold: one, that of the controller and the other that of the man who acts primarily as a spark plug for local procurement.

There are a number of principles involved in overseas procurement, as I see the problem, as differentiated from procurement on a centralized basis in the zone of the interior for storage and eventual shipment against requisitions. Some of these are:

One, understanding of the principle of the economy of movement. Any item procured locally saves at least one rail and one water movement and often saves more.

Two, one principle provides for procurement in the event of an emergency. When the submarine warfare was at its height, local procurement in Great Britain was absolutely necessary. Probably the most important local purchase which justified all the time and all the troubles of the office of the General Purchasing Agent and particularly the office of the Director of Procurement of the Ordnance Service was that of the millions of pounds of waterproofing grease, rubber hose, and other items required to waterproof the hundreds of thousands of vehicles which landed during the Normandy invasion. You will remember the construction of the floating piers or "Mulberries" which were to provide the means of landing on the Utah and Omaha Beaches. They were all cut out by D plus 3 in the storms which occurred and the other disasters at that particular time. Those of you who were there or saw the remains of that disaster on those beaches know exactly what I mean. We did not have landing piers for our vehicles and for our stores. They were scattered along the beaches. So the vehicles had to go ashore through the sea. That could not be done unless they were waterproofed. And the work of Ordnance, with the help of our office in England,

RESTRICTED

RESTRICTED

463

in achieving the production of the millions of pounds of this particular item which was needed, as I say, justified the entire operation of Ordnance procurement. Ordnance had often procured in Great Britain, well, without much glee because it thought everything that it required should come from the zone of the interior.

A third important point, as I see it, is the development of local procurement technique and the development of the idea of what the "foreigner" (he will always be a "foreigner") can produce. Some of the items he can produce are good. I have already mentioned the mobile laundries of the British Army, which were taken over to the maximum extent that they could be produced in Great Britain for our Quartermaster service. In addition, the record shows that the British field bakeries were not only necessary for us but were very good ones. Then there was the special air clothing, the tires that were manufactured so as to provide for a greater bomb load and a greater gasoline load, and finally the jettison tanks for our aircraft so that they could fly more miles. These jettison tanks not only carried more gasoline but became bombs themselves. Those items were good productions by the "foreigner" and well worth looking into through the technique of having established agencies for local procurement.

Through knowledge of local supply problems and channels, fast procurement of foreign-made specialties and repair parts can be made. This is something that must not be overlooked as one of the reasons for the need of overseas procurement. Millions of items were procured by either the procurement divisions of the technical services or directly by my office at times to maintain, through the purchase of spare parts, the plant necessary for the economy of North Africa, of Italy, and later on of the continent itself. Most of these items, the machinery in the coal mines, the local laundries, the local bakeries, the local wire mills, the hundreds of mills that are found in any land had been made in England. Therefore, if a works broke down, any part had to be procured in England or another foreign country by procurement personnel. The question is "How?" and the "how" is through the establishment of an organization.

I have outlined as one of the principles the fact that local procurement saves the taxpayers' money. Procurement from an ally should be a contribution from the ally. The old idea of handing out money and then paying for something is a thought gone forever. I don't think there is any question about that in the mind of anyone, as procurement from an ally is a contribution from the ally. We call this reverse lend-lease or reciprocal aid. We don't know what to call the agreements that were made in some countries which were not approved by the "Great White Father", in Washington. We still didn't pay for the goods; but in the eventual exchange of diplomacy, we came out on the better end by not having attempted to pay money at the time.

RESTRICTED

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Having read some of the lectures before this College, I know that my thought on this next point is not in line with those of other speakers. I will say this anyway because it may start some thinking on your part—and I may be wrong. Procurement from the enemy should be by requisition. Why pay him for the stuff? I said during the war that to make a contract with a German and to pay money for an item was more an act of fraternization than for a GI to make a "contact" with a frauloin. That was contained in Standard Operating Procedures No. 10-G for Germany and was stated in just that way.

Local procurement requires a study of the foreigner's language, habits, and customs. How are you going to deal with him for the things you may want during an emergency unless you have become familiar with them? Many stories are told about our misunderstandings with the English and Irish people because of the dissimilarity of many of our terms. One of the great savings in shipping space resulted from our purchase of garbage cans. At first the British had told us that they could not produce them. Then, while visiting a cousin of mine in the west of England, I heard him refer to a dust bin. I told him I would like to see a dust bin. It seemed to me there could not be much dust in England, for there was too much rain. There was a lot of rain, but certainly not dust. He showed me a garbage can. And then I knew a garbage can was a dust bin and could have our Quartermaster service requisition from the British the hundreds of thousands of garbage cans that we needed and that are going to be essential in any army, even if it isn't a very romantic item to purchase and distribute. We were able to obtain these items because we knew we had to and did requisition dust bins. Some of you who were over there will probably remember that it was necessary for us to produce a glossary of United States-British terms so that our purchasing people would know how to talk to and deal with their British cousins.

Then local procurement enables the purchasing man, the technical man, to understand the materials indigenous to a country. Many of us will remember the changes in specifications which were effected by our services because of the greater availability of coal tar and coal tar products in the United Kingdom. There is no question but that, by knowing of the supplies in these various countries, the indigenous supplies, and being able to make necessary changes, we obtained goods just as useful as those that maintained the original strict specifications in the United States. This purchasing knowledge, knowledge that can, I think be obtained only by an organized procurement or purchasing staff, enabled us to realize greater production in the overseas countries.

# RESTRICTED

RESTRICTED

470

Let us summarize. You will probably agree with me that local procurement saves time, space, and money.

All officers concerned with supply, whatever their capacity might be, should be conscious of the necessity for the thorough exploitation of local resources in overseas theaters. By that I do not mean purchases off the shelf. I mean the possibility of obtaining goods through full exploitation and probably specific production, such as our establishment in Great Britain of special can and drum plants for the manufacture of gasoline cans and barrels, the purchase of textiles in the Irish Free State, the production of potatoes and farm products through providing seed potatoes and seeds from the zone of the interior.

Then we will probably agree that familiarity with the problems of local procurement and local supply methods and customs enables the technical and other services to procure in and for an emergency quickly, greatly, and efficiently. Supplies of locally procured items, obtained in an emergency, assisted greatly in the launching of the North African operation and the Normandy operation.

Finally, procurement in overseas theaters of war must be completely controlled. The history of purchasing operations in two great wars and the success of staff control through a separate staff agency point to the necessity for establishing an office to promote as well as administer overseas procurement.

If there are any questions with regard to my thinking on this subject or my operations in the European Theater, I would be very glad, General McKinley, to answer those questions.

GENERAL MCKINLEY: What kind of control did you have to apportion the local resources to the various claimant agencies if those resources were not adequate for all? Do you understand what I mean? How would you apportion an item if the Navy and the Air Forces and the Quartermaster and Ordnance—all the services—wanted it and you had a limited quantity of it?

GENERAL ALJEN: In the first place, we assigned to one service the entire procurement responsibility. For instance, all tools were purchased by Ordnance. Ordnance did not want to purchase them, but they had to purchase them. If the Engineers and the Quartermaster wanted tools, they had to get them from Ordnance. Ordnance also had to store them. Otherwise it would have been impossible to integrate into a tight economy the needs of all these services.

RESTRICTED

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GENERAL MCKINLEY: Your major interest, of course, and the principal part of your talk was in respect to the mounting of operations from an allied country, where they made available certain things that could be spared, shall we say, from their economy. I am thinking more in terms of an occupied area, where you are exploiting the local resources after having gone in. For instance, I was concerned with the problem of hemp in Italy. The British Navy wanted hemp and the American Navy wanted hemp. That was one of the principal things we had to distribute, and we had to take up the local supply. It was not a case of buying; it was a case of distribution, that is, getting it to the forces in the right amounts.

GENERAL ALLEN: I don't know of any particular case such as hemp. But we could take tires, for instance. Let us take the total available production of tires. You could produce only so many. We determined the relative priority for that production by reason of operational necessity. We determined that, first of all, out of the production available all the aircraft tires should be produced first. After aircraft tires, we determined that tires for trucks should be produced, and then tires for passenger vehicles if production was still available. In fact, there wasn't enough production for trucks. The priority determination was made by meetings between officers of the British Government for the many services and our own services, spark plugged, you might say, by myself as the General Purchasing Agent and a man called the Director General of Army Requirements for the British Army, if it was an Army affair, or for the Royal Air Force, if it was an Air Force affair. Sometimes it would have to be refereed on cabinet level by a special officer that had been appointed by the Prime Minister to help referee these matters. But in my memory, the only item we had to referee was tires; and that would become, of course, quite bitter.

GENERAL MCKINLEY: In Italy we had the local food supplies in certain areas. Quantities would be produced beyond the capacity of the civilian population to consume. Because of transportation difficulties, we could not distribute fresh stuff; and that became available for troops.

GENERAL ALLEN: We had that same thing in France. But again, during most of that operation we had to deal with the regional officers of the Provisional French Government. What we did in countries like France, Belgium, and Luxembourg was to make deals on tires where we wanted tire production, on car wheels for our locomotives and our freight cars, on air brake hose, and on the thousands of items it took to operate the Transportation Corps alone. We would bring in the raw material or the ingredients necessary to produce these things and say to the French Government or the Belgium Government, "We'll give you 50-50." In fact, at one time I was known as Old Man Cinquante-Cinquante (Fifty-Fifty). That is the only way we could get production. We had to import steel or rubber

# RESTRICTED

RESTRICTED

471

or talk and give them some of it. Then we would make our deal. Sometimes those deals were purely arbitrary. They were after as much as they could get, and so was I.

GENERAL MCKINLEY: Fifty-fifty was a pretty good break.

GENERAL ALLEN: It was if you could get it. Of course, there were times when they didn't want to give us 50-50.

Going back to jerricans, the British Government, of course, needed jerricans too; and what portion of the total plant production would flow to each army had to be settled back in Washington, I think.

GENERAL MCKINLEY: We certainly appreciate your coming down and giving us the benefit of your experience. Your talk has been very enlightening.

(13 January 1948—450)S

RESTRICTED