

MATERIEL PROBLEMS OF THE AIR FORCE

11 December 1950

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Lieutenant General Kenneth B. Wolfe, Deputy Chief of Staff, Materiel, Headquarters, USAF, Washington, D. C., was born 12 August 1896 and began his military career as a private in 1917. He received initial flight training with the Aviation Section of the Signal Corps and then became a flight instructor. Between World Wars I and II he served at numerous bases throughout the United States, flying all types of aircraft and schooling himself in the technical phases of aircraft performance and production methods. During this period he was graduated from the Air Engineering School in 1931, the Air Force Tactical School in 1936, and the Command and General Staff School in 1937. From March 1939 until May 1943 General Wolfe served at Air Materiel Command as assistant chief and chief of the Production Division. He was responsible for the initiation and operation of the United States Air Force World War II Aircraft Production Program. In May 1943 the late General H. H. Arnold placed General Wolfe in charge of one of the Air Force's most difficult engineering jobs, namely, the B-29 "super fortress." From that time until the first group of bombers was ready for delivery, General Wolfe remained the driving force in seeing that this outstanding airplane became a reality. Subsequently, he became the commanding general of the 20th Bomber Command in the China-Burma-India theatre and directed the strategic operation of Superfort armadas against the enemy. After a period of battle-testing these planes, he returned to the United States to command the AAF Materiel Command. In August 1945 he was assigned to the 5th Air Force as chief of staff and soon thereafter as commanding general during the occupation of Japan and Korea. He remained in that assignment until January 1948; then he returned to the United States and was assigned as director of Procurement and Industrial Planning of the Air Force Air Materiel Command. He remained in that position until 2 October 1949 when he was assigned to the Headquarters, United States Air Force, Washington, D. C., as the Deputy Chief of Staff, Materiel. It was at this time he was promoted to his present rank of Lieutenant General. General Wolfe is a command pilot with more than 7,000 flying hours' experience. Among his numerous decorations are the Distinguished Service Medal with oak leaf cluster and the Most Excellent Order of the British Empire, with degree of honorary commander by his Majesty the King, awarded in 1945.

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GENERAL VANAMAN: Good morning, gentlemen.

When Secretary Alexander gave the kickoff lecture for this Procurement Course, he pointed out some of the qualifications for those in high places charged with procurement. You will remember that he mentioned integrity and intelligence, and he pointed out the necessity for keeping adequate records. Remember that he said, "You may do the best thing in the world, but if you cannot easily prove it six months or a year later it won't do you any good."

I agree, generally, with Secretary Alexander, but I would like to add one other qualification which is, to me, very important; and that is just plain intestinal fortitude, the courage to take the calculated risk necessary in an emergency.

I was closely associated with our speaker of this morning in the past emergency, and I know that for over two years, day by day, he went from one enormous procurement task to another, without adequate time to reduce the proof of his actions to writing. He had the choice of making procurement or keeping adequate records. He chose procurement. He procured, produced, and had delivered, material, at the proper place, at the proper time, and in sufficient quantity. His record is a record of victory, and we in the Air Force are very proud of that record which General Wolfe made. He possesses, and possessed at that time, intelligence and integrity and that all-important qualification--intestinal fortitude.

It is with a great deal of pleasure that I present to the Industrial College of the Armed Forces Lieutenant General Kenneth B. Wolfe, better known to a lot of us, and fondly known to a lot of us, as "KB." He is Deputy Chief of Staff (Materiel) of the United States Air Force. He will discuss with us the materiel aspects of Air Force procurement. General Wolfe.

GENERAL WOLFE: Thank you, General Vanaman.

Gentlemen, I came over here this morning adequately prepared to give you a talk on materiel problems. I sat down on Sunday with a red pencil and tried to convert this paper to the immediate situation. When I got through, it looked as though it were all red, so I decided this morning to discard the paper and talk from the cuff.

I know that you gentlemen have had adequate information concerning the various problems of logistics, procurement, production, and industrial mobilization. I hope I will not repeat too much of what you have had in

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your various courses and other lectures. Above all, I hope that I will not be too boring.

Not only is it a pleasure for me to come here and talk to you, but I feel it is a golden opportunity to read you into the problems that are existent with respect to the current situation.

A very popular term these days, in the military in particular, is "the fluid situation." I can assure you that in our type of work it is most fluid.

Another popular expression used today is "lead time." I will start out by making a general statement concerning lead time, based on my experience and observation.

In my opinion, there are few problems of today that could not be corrected if we had been given the proper lead time on experienced people, on plans, and on money. If we could have had the lead time necessary to supply experienced people, in the numbers required, at the right time, it would have had a very direct bearing on the plans under which we are working today; and if we could have had the plans laid down with a proper lead time, we probably would have been much better off, from the standpoint of funds, that we are today.

Let us discuss first the personnel situation. During the last war we went into the procurement and mobilization job with a handful of experienced Regular personnel. We called upon industry for Reserve officers and, in some cases, dollar-a-year men and other civilian specialists, and the three services were able to do a good job.

In that respect I might tell a little story which, to my mind, explains what kind of business we really are in. Our recent Under Secretary of Air, Mr. Barrows, a very successful businessman, had been the president of Sears-Roebuck. He was in the habit of running his business on a profit-and-loss statement. One day, as a result of quite a hectic argument at the Air Materiel Command, I made the flat statement that we also ran our business on the profit-and-loss sheet, but, unfortunately, we didn't get this profit-and-loss sheet each month. Up to the moment we had just two statements of profit and loss--World War I and World War II--both on the profit side. We are now in the business of trying to get on the profit side in preparing for any future emergency.

The personnel situation directly affects everything we do. We came out at the end of World War II with a great deal of experience and a lot of people. We integrated into the Regular services in the three military departments outstanding, specially selected Reserve officers. Since the end of VJ-day, we have carried on a number of

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outstanding Reserve officers who were willing to stay with us in a Reserve status. But funds prevented us from carrying the number of people we needed in specialized areas, and there immediately developed a deficiency in personnel.

Through the school system, we have been in the business of accelerating the training of people for our line of work. We have been very successful. We have developed some very outstanding people. However, we are faced with a deficiency of personnel in all areas of our type of work.

We have been most gratified by the caliber of people that this school has turned out. I only wish that the classes could have been larger.

This deficiency of personnel directly affects the planning. The planning, as you probably know and have followed, began really in 1948. As you all know, there were several committees involved in the business of planning the size of the Air Force. The most outstanding was the Finletter Committee. In 1948 we went forward with a plan that is commonly referred to in the Air Force as the "Finster" plan. ("Finster" is a coined word combining "Finletter" and "Brewster.") That was a plan that supported us on a 70-group air force. We went to Congress and justified the money for the 70 groups. However, as you know from the record, we were cut back from 70 groups to 48. So the line of departure, really, for what we are doing today, is the 48-group line of departure.

Fortunately for the Air Force, the lead time affecting industrial mobilization was somewhat assisted by a maneuver, you might say, of the Air Force with Congress. When we were cut back to 48 groups from the planned 70, we went to Congress and explained our desire for a mobilization base and requested authorization at that time to continue the planned tooling for 70 groups, although we would procure the aircraft only to support a modernized 48 groups. We were able to do that. Congress approved it, and we did it in some areas, primarily airframes and some of the more important components. We were not able to do it straight across the board.

Then, as you know from courses here and other sources of information, we have been in the planning business through various sizes of groups. We planned a 70, we tested it for feasibility, and we cut it back to 48. Then we went to a 48-wing structure, we manned and costed that program, and we built a mobilization program to fit in. Then we went to the 69-wing program and to the 84, we planned a 95, and we have planned a large wing structure which fits in what you know to be MA-5.

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In following the hearings that the Chief of Staff and the Secretary of the Air Force conducted before Congress, you will remember that we said we could support a 58-wing structure and build up on long lead-time items for the 69-wing structure by layering those requirements on the present economy, without seriously affecting the commercial industry and without asking for controls. This was pre-Korea. That testimony still stands as of today. As a matter of fact, we have just finished, as of Saturday, hearings before Congress in support of what is commonly known as the Fiscal 1951 Regular Appropriation, plus Supplemental 1. What we had been appearing on before Congress was Supplemental 2. At the same time we have had to support the Korean operation.

Over the week end we have cost up the account again and have now determined that, in order to build up on the present approved promobilization program of the Air Force, which is in reality the 69-wing structure, and to take care of deficiencies incident to the demands of Korea, it is necessary for us to ask for additional authority, and, in effect, we are going to ask that some of the war powers acts be made available to us. That action in turn will call for some type of control.

As you know, over the week end the radio and press have said a lot about the possibility of the President declaring an emergency. I am not too familiar with the situation in the other services, but I would estimate that their situation is very similar to ours, that their plans have been overtaken by events of today, and, therefore, that their requirements will exceed what we expected to layer on top of the existing economy. It would be my own personal estimate that probably the emergency will be declared and that we will go on from there with an accelerated program of rearmament.

This, then, explains the necessity for adequate lead time in planning. We were trying, in the Air Force, to build a modernized air force in being under peacetime conditions. There had been no plans for operations similar to Korea. When the Korean situation came upon us, we had departed upon a procurement program for the modernized air force.

The air force had been composed, to a great extent, of second-line aircraft, World War II types, and we were in the business of converting certain wings to modernized aircraft. Then it was necessary to deploy increased forces to the Far East and to commit the forces there to combat, and, it is obvious, the requirements immediately increased by a cube. It was necessary for us then to dip into current production in many areas to support the operational air force in Korea.

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For example, with the money available to us out of 1950 procurement funds and prior funds, we had laid down a fighter aircraft program. This program required the most modern flight instruments that could be obtained. We obtained those in the normal ratio required for procurement and support. When it was obvious that the campaign would go on through the winter, it became necessary to modernize the fighter aircraft then in the theater, both the second-line and the modernized first-line aircraft. Immediately we had to withdraw the modern instruments from production, and that caused a deficiency in the production line and resulted in a delay in the delivery of these aircraft. That is an example in which lack of information, or lack of planning, did not permit us to foresee these difficulties and be prepared for them.

We have planned with respect to the withdrawal of stored aircraft. As you know, we have a large inventory of stored aircraft. The war plan called for the withdrawal of certain aircraft upon D-day. We had attempted, in 1950 and also in 1951 Regular, to obtain a limited amount of funds to be prepared to withdraw these aircraft from storage. In the interests of economy, our withdrawal plan was to inspect the aircraft and procure now the spare parts required to put them in commission, but we would not ask for funds for the labor and actually put them in commission at this time, feeling that from D-day, in the build-up of our aircraft industry, the industry could take these aircraft, install the spare parts and replacement and modernization parts, and that would be of assistance to them in building up the manpower for the production of the new aircraft. Unfortunately, we were not able to get the money. Unfortunately, the plan for withdrawal did not wait for D-day. D-day in our situation was the war in Korea.

Let me give you an example of the flexibility that must be available to people in our line of business. As you know, this thing happened to us in June. Those of you who have worked in the financial side of the services and in procurement know and realize that at the end of each fiscal year there are always funds that accrue from various sources. We went to Congress in the last days of June and asked that we be permitted to divert a certain amount of money for the purpose of supporting Korea, and part of that money was used then to withdraw the aircraft and initiate the procurement of the spare parts and the actual overhaul and installation of these parts.

This, I must remind you, was still under the peacetime operation of limited funds. As you know, prior to Korea, we were operating on very limited funds in all three departments. They were the days of austerity, and we were having a terrific time running the gauntlet before the various congressional committees, the Bureau of the Budget, and the special committees within both our own services and the other executive departments.

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So much for what I call the necessity for lead time on plans.

Both manpower and plans very directly affect the availability of appropriations. I have been here in Washington now a little over a year. In the past I had heard people discuss ways and means of defending appropriations, the difficulty of obtaining money, and so forth. I thought that was a little department off here on the side in which we had a few smart fellows who went to cocktail parties with Congressmen and then walked over to Congress, asked for the money, and got it. I have found, much to my sorrow, that it is much more than that. If there is one field more than any other in which the departments need very skilful, intelligent, experienced people, it is in this business of defending the requests for appropriations.

It is not all one-sided. When you sit there with the subcommittees and realize what they are up against in reporting back to the main committee, and reporting to the people, that they have done a good job, you cannot criticize them for flyspecking your requests.

Nor are we always in the right ourselves. Late Friday night we sat with the subcommittee. They were trying to spot-check our requests for the Second Supplemental. They, to an outside observer, appeared to be supercritical, delaying the operation. I will have to admit I was a bit irked myself. We had been there all day and the day before; we were very anxious to get this thing going. After about a half hour of supercriticism by one of the gentlemen on the committee, he then expressed to us why he was worried. He had been reading in the papers that the air force had sold so many computers for 15 cents and bought them back for a number of thousands of dollars. He wanted to be sure that we were not buying, from production, items that we had on hand. He wanted to be sure that we knew what our inventory was. Unfortunately, he had another good example from one of the other departments where he had spot-checked, through one of the "watchdog" committees, and found a matter of a 15-year supply of certain items on hand.

I give you these few examples to show how important it is that we have working in these various areas people (1) who know what they are doing and (2) who can express to the committees--the appropriations committees and the "watchdog" committees--what the real problem is. And the most difficult thing to do--at least it was for me--is to be able to stand there and say, "Yes, we were wrong. We did make a mistake. But we are trying with all the means available to us to prevent a repeat of this."

When asked the direct question as to whether we thought we could do an excellent procurement job and not have waste and duplication, we testified flatly this time, "No, we cannot make that statement. With the time available to us to make up this budget, check it, and police it,

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we would be very happy to come out with 10 percent of errors. We would try to hold the errors to 10 percent." When you get to playing with money in the amounts we are handling, and when you have deficiencies in personnel and do not have the lead time to do this job, you will make mistakes.

I will digress here just a moment. In our business we are handling money and dealing with contractors on a competitive basis. We are fortunate if only 50 percent of the people are against us. If we have two men bidding on a contract, one is successful and the other is unsuccessful, so we have half of them against us and we are going to be criticized.

What we have tried to do within our service is convince the top people--directors, division chiefs, branch chiefs, and so forth--that people are going to make mistakes; that when they make mistakes as a matter of judgment, they are not to be too seriously criticized; and that, above all, they are not to be really penalized--they are not to be removed from their jobs because they made mistakes.

This, to me, is most important, because we must generate initiative in the people who are in our type of business. And I am talking about the whole area of contractual relations--procurement, production, industrial mobilization, finance, and so on. We cannot handle money and buy in the quantities we buy, with a deficiency in numbers of people and a great deficiency in experience, without making errors. When these people make errors, you should not beat their ears down so that you destroy their initiative. I feel pretty safe in saying that, in this business, if you get by with less than 20 percent of mistakes you are very fortunate. Many of these mistakes can be recovered, but you will make them. The worst thing that can happen to personnel is for a man to be beaten down because he made a mistake. If he makes an honest mistake of judgment, you have to expect it.

On the other hand, if a man does a good job for you, you ought to look him in the eyes and tell him that he did an outstanding job and you are proud of him. If there are any unsung heroes in the military establishment, I think they are the people in our type of work. They are entitled to encouragement and you should give it to them whenever you get a chance.

I have tried to explain this business of lead time on people, on plans, and on money.

I don't have any quick and easy way to learn the business of defending appropriations. I can say, from my experience, that when your basic data are good, when you justify your projects and tell the story straightforwardly, and when you admit that you do not know something, or you did not have time to prepare the data in the detail wanted, the

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committee members will appreciate your straightforwardness and give you credit for it.

One of the tricks of the trade, of course--and it has been used by people who have appeared before congressional committees--is to answer their questions as fully as you can, but don't volunteer any other information. They will get to that; they will get to it in another area.

I would like to go back now and talk about deficiencies. I want to talk about some functions and about people involved in these functions who, to me, in our type of business, have been given less credit and have more headaches than anybody else.

To digress for a moment, when I was a young fellow, I was the base engineering officer at Langley Field. We had delivered to us about five new aircraft; they caused a lot of excitement, comment, and interest. In the meantime, the bomb group commander called me up and kind of worked me over because his projects were not on time. Of course, in those days, we did not have this alphabetical business of AOCP, but that is what he was talking about; the airplanes just were not ready to fly. The top fellow who did my work for me and for most of the other people was a chap by the name of Michael J. Donohue, Master Sergeant, an old-timer. I called him in and kind of worked him over. He looked me in the eyes and said, "Lieutenant, the trouble with this business that you are working me over about is that these airplanes ain't got no sex appeal. The competition is too great, with those new jobs out there. The mechanics won't work on the old airplanes."

I want to talk about a great area which is, to me, the foundation of the operating air force, and that is the maintenance, supply, and transportation business. I know many of you gentlemen have been in it, and I know also that a lot of you who have not been in it will be in it. I recommend that if you have not had it you get to the boys who make the assignments and get into it. If you are going to stay in this business we are in, you had better have a background of that because that is where most of the headaches come from.

I am reminded of an old friend of General Vanaman and mine, Bob Ignico. He has been on the pan now for about three months. We call him the old "rags, bottles, and bones" man. He also got tripped up for selling a lot of surplus items that the "watchdog" committee criticized him for. He said he had been through that before. Fortunately he is an experienced man and very stable and he does not get too excited about it--when he is wrong he says so.

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It is that kind of thing that you can expect in this business almost daily. If you don't get at least one telephone call a week from Whitehead or LeMay at one of your depots, they must be angry with you.

Let me show you what kind of position they are in. We came out of the war with a depot structure and good physical real estate, but we came out with a deficiency in personnel. Then in the fight for money and the desire on the part of the staff to use the maximum amount of this money for the procurement of new equipment, we cheated, you might say, on the M&S account. We said, "We have a lot of stuff left over from the war. You ought to be able to live on your fat. We are not going to give you the money." So, beginning in 1946, we created deficiencies. These deficiencies existed until the last part of 1950, when, as I explained, we were able to divert some money. These deficiencies showed up in the lack of supplies, the lack of procurement of spare parts, the lack of money to hire mechanics, and the competition for experienced personnel--the military personnel they got was what was left over. Many of us realized that, but we did not realize the price we would pay when the Korean episode broke.

Here we were again without a plan. We looked at the depot structure and immediately saw this great amount of deficiencies. Nevertheless, we had made a commitment to MacArthur that we would have aircraft over there and would support them. So we got in the business of looking into the crystal ball and pulling a miracle every morning.

We, therefore, get back to this lead time business again. As an example, our plans had called for the operation of so many B-29 wings. We were to phase them out and replace them with modern equipment. Therefore, we did not keep the support stocks up above the bare minimum. We had not planned, as I said before, on the use of this equipment in combat. The Korean War was on us. Immediately stocks on hand were consumed. The time necessary to place orders for those articles that were in production was excessive; for those that were not in production, it was prohibitive.

So then we got in the business of putting out aircraft nonstandard. You know what effect that has on the combat operator! So the boys in the maintenance, supply, and transportation business were in trouble right off the bat. Of course, their troubles were our troubles too. But by using every trick in the bag--cannibalizing aircraft in storage, reworking reparable, and so forth--we have managed to keep the force going in Korea.

As to the field of transportation, I know that many people who have been in it have sworn they will never go into it again if they can keep from it. But the transportation field, to me, offers a great field for ingenuity, initiative, and new approaches to the problem.

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All three services have been under continual pressure from the Department of Defense since 1948 to come up with our inventories. Speaking for the Air Force, I can say we have not been able to come up with it. We have an inventory, but it is not accurate. The inventory is too large. We have too much money invested in inventory. If we could find some way to cut down this inventory, we would have available in the Air Force--and I am sure the other services would benefit in the same way--a greater amount of money each procurement year for the procurement of new aircraft.

Maybe I can best explain what I mean by telling a little story I use when I go around to depots and see these stocks on hand--about Tony, the fellow who ran the little green grocery on the corner. A supersalesman came by one Friday and said, "Tony, we have a special deal on bananas. For this week-end special we are going to sell you five bunches of bananas for \$10. It is a great deal, Tony, and you ought to buy it." Tony said, "Mister, it's a good deal, but I want only one bunch of bananas. I'm going to sell only one bunch of bananas on Saturday. I've been selling only one bunch on Saturday for months. Why should I put my money into five bunches when I'm going to sell only one? I'll take the rest of the money and buy a bottle of wine for the week end. Next week I'll buy another bunch." That, to me, explains how, if we could get ourselves in the position where our inventories are just adequate to keep us going, we could reduce the amount of investment we have in materiel.

This is directly affected by what is commonly known as pipeline, which, in reality, is transportation. We have resorted, particularly since Korea, to every available means of fast transportation. We have used airlift across the ZI, we have used airlift across the Pacific, we have used fast freight and fast express, and we have used what is termed the "Marinax" shipment in fast water transportation. We have been able to get the materiel to the war, but we have not been able to get it out of the war.

This is best explained, I believe, by a situation that came up in respect to the 1950 appropriations. We were cheating, as I said before, as much as we dared, on the maintenance, supply, and transportation operation and had reduced the amount of spare engines and other spare parts procured. In defense of the 1950 appropriation request, our supply people came in and presented a very convincing recitation to the effect that they needed 150 million dollars more for spare engines; and the reason they needed it was that, because of the anticipated time between engine overhauls, according to their calculations, they could not support the operating force for the number of flying hours per aircraft to be generated during that period. They went on to explain this pipeline business--how long it took to get engines back from the Far East, how long it took to get them back from

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Europe, and how long it took to move them around in the ZI. We put a couple of smart people on the business of checking this, and we found that we could effect dollar savings in this particular problem and, with those dollar savings, buy and pay for the operation of 10 large transports to haul the engines back from the Far East, and we still would be ahead money. Obviously, that was not practical, because the real problem was to get this stuff gathered together and brought back from the combat zone and overseas.

This problem, which I have tried to work out myself in the field, really depends on the philosophy in the operating units, and that philosophy must be generated, in my opinion, by the A-4 and those people in the operating units who are in our type of business.

We have only to look back to the last war to determine from all the plans of all the services that we had no mechanism, much less a plan, to return material from the war zone to the zone of interior for overhaul. To my recollection, the only time that was done by the Air Force was in the early days when we had considerable difficulty with the C-54 hydraulic system. The consumption was so high and the requirements for the transports were such that the only solution was to put out a "red ball" message to all the theaters and all the operators to gather up all the parts of the C-54 hydraulic systems and return them. We set up a production line, overhauled these units, and shipped them back or used them on the production line.

A great deal of material and precious manpower could have been saved during the last war if we would have had some real plan, and method of implementing a plan, to return what we now call reparables into the system. But I am frank to admit I don't see much hope until we get more adequate means to do it. Those means primarily go back to manpower--experienced manpower, officers and men who appreciate the problem and who will look for ways and means of doing something about it.

I don't know of a handbook or a regulation that tells you how to do it. You just have to walk around yourself and ask why certain property has not been returned into the system. If we can keep the pipeline full going both ways, I think we will find ways and means, through these unsung heroes in maintenance, supply, and transportation I am talking about, to get this job done. We are not getting enough for the dollar that we are spending.

So much for maintenance, supply, and transportation. Now let us go back again to lead time on plans.

The people who have been working in the industrial mobilization part of the business have done an outstanding job since VJ-day. We have mobilization plans. They are tied to the war plans. They are

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workable. But, unfortunately again, the plan changes just about the time you get ready to implement it. You are familiar, I am sure, with the various war plans and the various industrial mobilization plans.

To give you an example of what happens to the chap who is responsible for the mobilization plans in the Air Force, I go back and say we had departed on a peacetime build-up from 48 to 69 groups. We were going to layer that on the present economy, and it was not going to take any controls or anything extraordinary--we were just going to walk away with it. Over here in another part of the operation several boys were working their hearts out making a mobilization plan. They ran the gauntlet of all these plans, as I said--70 groups, 48 groups, 58 groups, 69 groups, 84 groups, 95 groups, and so on--and these were all worked out in detail and were costed. We had figured out the material that was to be used and the manpower that was to be required, by coordination with the war plan, and then we knew what the demands for aircraft would be by the month.

The fellows working up the mobilization plan, under the cognizance policy of who gets what factory, decided that when a particular factory reached its peak in such-and-such time, we would have to have another factory. So we spent some money out of mobilization planning, even pre-Korea when we didn't have too much. We had the plan, the licensee-licensor agreement, and everything else. It was fine. We got the authority to go ahead with the money out of Supplemental 2, before the Congress even passed it, and we called them on the phone and said, "Go ahead; call these people up and tell them to open this factory, give us a list of machines, and we will get going."

It was fine. They were overjoyed. There was a plan that worked perfectly. Two days later I called them up and said, "Hold everything. It isn't going to work that way." They said, "What's the matter? Have you changed the requirements?" I said, "No, the requirements weren't changed. We just got a big factory full of people. It has management, production personnel, machine tools, and everything else."

What had happened was this--you probably saw it in the papers: Mr. Kaiser had come down here to get an RFC loan. He was told, "Mr. Kaiser, we will give you a loan on one condition--that you cut your automobile production back 50 percent and go out and get yourself a war contract." That was a shock to him. He came running over to see us. He said, "After all, the Willow Run plant has been assigned to the Air Force. I was told to do this and I come to you now. What do I do?" The only thing we could do was take this plan that had been worked up, reverse it, and try it on the Willow Run plant. That is the kind of business we are in. We have an aircraft manufacturer sitting down with the Kaiser Company, and we figure on phasing out automobile production at Willow Run and phasing in airplane production.

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That is what happens to plans all the way along. It is very discouraging to the boys working on them, but we have to be in a position to shift.

What brought that about? I go back to this other thing: We were talking about a peacetime air force and, under peacetime conditions, layering it on the economy of the country, when all of a sudden we get a cutback on commercial production. And what caused that? Well, half of my office this morning is in the business of explaining why the obligations of money are not greater. The three services have to pick up the slack in the civilian economy, and the way to do that is to release the money on full obligations.

Somebody forgot about the lead time. We cannot pick it up as fast as they turn it off. So there we are. The three services now are going to have to change their plans. And that, to me, means that we people in this business are actually going to have to support what we can financially--have a mobilization without a mobilization program. We had expected that we could open up some of these stand-by plants and that we could get the people and the equipment without interfering with the civilian economy. We did not expect that the civilian economy would fall off this fast.

So in the Air Force alone we have to go back now and rework the program of bringing in additional facilities over and above those of the parent aircraft industry. The mobilization people have their troubles too.

Also, there is a large amount of work to be done by the Air Force and the Army and Navy with respect to the Mutual Defense Assistance Program requirements, the details of which I will not go into at this time.

No doubt some of you gentlemen in this room will be in the middle of this business. It is a great field for initiative, imagination, and hard work. I hope some of you get in it and get in it quickly.

Gentlemen, I have rambled all around the subject. You probably would have been better off if I had read my paper. I tried to give you some of the highlights and some of the troubles, I have tried to explain to you how the situation is changing daily, and I have given you my own personal feeling about the importance of this type of work.

With that, I would like to close the talk.

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QUESTION: General, do you anticipate any adverse effect on the accelerated procurement program as a result of placing the responsibility for financial aid to contractors, approval of loans, advanced payments, and so on, in the comptroller department rather than in the procurement authority? Do you anticipate that this would slow down the program?

GENERAL WOLFE: That is a good question. We have had quite a go-around on that. I don't know whether you are going to publish the paper I have, but I have quite a little squib in it on the financial side of this subject.

Briefly, the man who is really in a bad spot at the moment is the small manufacturer.

We have the mechanism now set up for guaranteed loans. Maybe you are familiar with it. We attempted to decentralize even large procurements down to the procurement districts both in the Navy and in the Air Force. Because of some quirk in the law we were not permitted to do that immediately. So that control is now held in the Air Force by a special assistant to one of the Secretaries. We have brought in an outstanding financial man who was a Reserve officer on duty with the comptroller department in the last go-around. He is our go-between with RFC and the other government agencies. Now we have a paper up which the Secretaries of the Navy and the Air Force are trying to get reworked so that the departments can act more directly in approving financial aid to contractors.

The little fellow with the subcontract is having difficulty. As you know, the financial problem with respect to the big man is taken care of by accelerated amortization, and so forth. He is not having any trouble. It is the little fellow who is having trouble.

All the Mumbo Jumbo of justification puts a big load on the Comptroller. It puts a big load on the Air Force, on the Air Materiel Command, and, in particular, on the Procurement Division. We are trying to streamline that. The executive departments are very unhappy with the job the military people are doing, but they have written the law for us and given us the regulations; we are putting it back on them.

QUESTION: General Wolfe, we have had a good deal of talk about planning bases for estimating requirements. I was very much interested in hearing you talk about the groups of various sizes and the requirements for those various group programs, and I would like to ask, to what extent can you compute requirements for these programs without regard for the details of strategical plans to which they are tied?

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GENERAL WOLFE: Do you want me to talk primarily about bases and base construction, or public works?

QUESTIONER: No, sir. I refer to your over-all requirements. To what extent are they dependent on the detailed strategical plans? Or are most of your requirements dependent mainly on the size of the Air Force effort that is going to be exerted?

GENERAL WOLFE: I am sorry I did not go into that a little more in detail. The thing that bothers us in the Air Force on these various plans is the deployment part. We have to sit down and plan now that we are going to deploy so many wings to certain areas outside the ZI, and then we have to get the necessary treaty agreements with the other countries. Under the existing conditions, it has been almost impossible for us to get the Engineer Corps into some of these areas to make detailed engineering surveys. So, in effect, what we have had to do, in the Air Installation Department of the Air Force, with the Engineers, as to those bases that we had information on, plus one or two where we were getting survey parties in, was to make up an over-all estimate on the criteria that we said were the minimally operational criteria. Tying that, then, to the number of wings to be deployed, we set this up as a high priority.

Then, as you people in the Engineer Corps know, before we can get the money released from the Bureau of the Budget we have to come in with a plan. The first thing we had to do was to get enough money in the Air Force to release the Engineer Corps to do the planning. And you know that up until the 1951 supplement the three services divided 300 million dollars for public works.

The Air Force being a new service, we came out of the war with very few permanent bases. We did not have sufficient money available to us to extend the runways, put in high-speed refueling, and so on. So tremendous deficiencies were created.

On Thursday and Friday of last week we defended--in Supplemental 2--800 million dollars for public works, primarily on operation facilities. There was no family housing in our plan. What we had done in justification of this amount of money was to take the few permanent bases we had and expand them to the utmost. We worked out a program of putting two wings on a number of bases. We went back to the World War II base structure and, by a detailed survey of these bases, came up with what you might call "cobbled up" facilities, to get those bases operational as soon as possible.

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The limiting factor in the Air Force on the build-up of more groups than were indicated in these plans has been operational facilities. As you know, the new modern aircraft require additional facilities--longer runways and different refueling systems and maintenance facilities as compared to those of the World War II type of air force.

It has been a very difficult problem to balance this program out. The appropriations committees realize the problem. We are not too much concerned at this time. But we do have the problem of accelerating that program. Until we get some of the authorities of the war powers acts, we still have to run the gauntlet of all these other agencies before we get the money kicked loose to us.

QUESTION: General, has our mobilization plan anticipated that we will attempt to overhaul components and accessories in the theater, or will we try to do it all from home?

GENERAL WOLFE: That has been a very controversial subject within the Air Force. It comes up in the MDAP problem and it affects the pipeline question we were talking about. We have had a team of our best maintenance people, supported by outstanding civilians, make a survey of the facilities in Japan, the facilities in UK, and the facilities in France. We would like, if possible, to do the joint job of repair and maintenance of MDAP equipment on the Continent, as well as the support of our own forces over there. I believe that the Army and the Navy are making a similar approach to it. That is one of the tricks, we believe, that could be used to decrease the inventory and the amount of equipment in the pipeline.

We had some good experiences in the last war; we had some poor experiences in it. It is not an easy job to do.

Of course, the thing that worries us on the Continent is that, if we put one or more large depots there completely equipped for overhaul and repair, and if we lose them, then we will have to duplicate those facilities somewhere else. The question we are juggling around now is, which is better--to pay the cost of the pipeline and have the facilities back in the ZI, or take a chance and put them over there?

And, of course, in all these problems, the manpower situation is very serious. Right now there is no excess manpower in the UK. We have an operation over there, as many of you know, called Burton Wood Depot, which is an American-operated depot. When that plan was implemented, we expected that we could put a lot of the work out on contract. I was over there not long ago. We have had no success whatsoever with putting our work out on contract. The manpower in England

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is absorbed in doing Britain's job. We have tried to get motor vehicles and engines overhauled, but we have not been successful.

COLONEL WILLIAMS: General Wolfe, we know we are fortunate to have you find time from Congress and your office to get here today. And on behalf of the Commandant, staff, and student body, I thank you very much, sir.

GENERAL WOLFE: Thank you.

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