

VIEWS OF INDUSTRY ON MILITARY PROCUREMENT

Mr. Frank Pace, Jr.

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Reviewed by: Colonel T. C. Keach, USAF

Date: 8 February 1960

INDUSTRIAL COLLEGE OF THE ARMED FORCES  
WASHINGTON, D. C.

1959-1960

*For Mr. Bennett  
from Mr. Pace T.P.*

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16 December 1959

CONTENTS

	<u>Page</u>
INTRODUCTION--Lieut. General George W. Mundy, USAF, Commandant, Industrial College of the Armed Forces..	1
SPEAKER--Mr. Frank Pace, Jr., Chairman of the Board, General Dynamics Corporation.....	1
GENERAL DISCUSSION.....	13

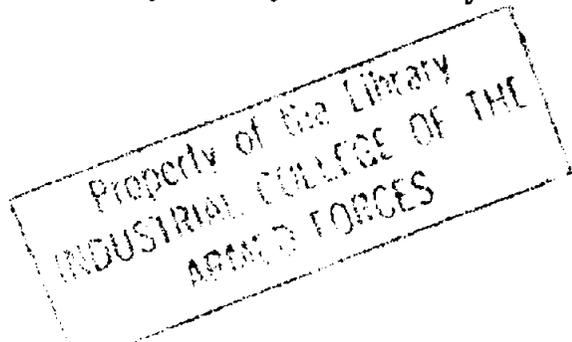
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Reporter: Ralph W. Bennett

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Publication No. L60-93

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GENERAL MUNDY: The motto of the Industrial College, as you all know, is "Industry and Defense are Inseparable." This motto is in Latin, but I give it to you in English, since I can't pronounce the Latin too well. It implies--and certainly there is a great need for it--that defense and industry will get together and have a common understanding in the prudent management of our resources in national security.

Our speaker today has had a distinguished background both in industry and in Government, and particularly in the military side of Government. During World War II he served as an Air Force officer. Subsequently he has been Director of the Budget and he's been Secretary of the Army. These positions, coupled with his position in industry, have brought him face to face with some of the most serious national and international problems that we face. We couldn't be more fortunate, therefore, than to have Mr. Pace share his views on military procurement with us at this time.

It is with the greatest pleasure that I present the Chairman of the Board of General Dynamics, Mr. Frank Pace.

MR. PACE: Thank you very much, General.

I doubt that I will have an opportunity to address an audience that I personally consider more important in terms of the long-range

capacity of our country to survive than this group here. This is my second time here. I have addressed the War Colleges of each of the three services and the National War College. I must say to you that I put a priority on talking to military people (1) because I generated a deep affection for them when I was Secretary of the Army and (2) because I think they have a great role to play in trying to insure the ultimate survival of not only this nation but also free civilization.

I thought that today I would talk to you about my own thinking in terms of the broader concepts of procurement policy. As I was thinking this over coming down on the plane, I felt that probably the most important thing that needs to be done in terms of improving our procurement process is a broader-scale education of business, the Armed Forces, and the Congress in what it is we are trying to achieve.

The capacity to look at the whole program does not lie in any particular place that I have seen yet in Government, industry, or the Congress. In fact, the tendency is quite in the opposite direction. I remember when I was Director of the Budget, I was responsible in the first year of the Hoover Commission Report for the acceptance in the Congress and passage in the law of over 50 percent of them. And I remember as we came up with the new form of budget, old John Tabor looking down at me and saying: "Young man, you're the man who eliminated those green sheets." To him this was a horrendous proposition.

Now, this is born of the fact that over the years the procurement

problems have grown so infinitely complicated that the ordinary Congressman, trying to do a proper job, feels himself completely lost. If he tries to assess the whole ramifications of a Polaris system, or a B-58 system, or the new missile developments in the Nike-Zeus area, there is nothing really that his mind can grasp; and therefore there is a tendency to go for the miniscules. There is an urge to reach for the oyster forks, the 6 by 8 cards and what they cost, and how many new automobiles were bought last year.

I am not saying this in either a facetious or a cute or a critical sense. It is a fact of life. I should say to you that the original function of the Congress of the United States was that of watchdog of the public funds; and the tribute to the job that they have done is that in the richest and most lush civilization that history has ever known, corruption of, is virtually unheard of, and that the control of public funds is a matter of sound satisfaction in terms of our capacity to avoid corruption, to the vast majority of the citizens of this country.

I think that our problem comes not from a failure on the part of the Congress to seek to do its duty, but, rather, from the fact that the whole set of conditions have changed, to the point where it is no longer necessary or important to make sure that the procurement officer down the line is not making away with a thousand dollars; but, rather, that the problem now is to have a sensitivity to the whole broad sweep and scope of national procurement, not just as an instrument of national military strategy, but, frankly, as the creator today of national

military strategy. It's no longer the strategist who determines the weapons. It's the weapons that determine the strategy. And therefore it is increasingly difficult, as the problems become more complicated, more impossible to grasp, to keep those who have the ultimate review from reaching for the small instead of the large.

I say this to you because I say it not in a spirit of destructive criticism, but in a spirit of constructive criticism, because there are few men in America who have more warm personal friends in the Congress, both the Senate and the House, on both sides of the aisle, than do I, and very few people who hold them individually in higher regard than I do. There are a few, and unfortunately they are the generally publicized few, who are, in my estimation, quite irresponsible. But this is the exception rather than the rule.

I think, secondarily, there is a further requirement for education in business. I think those of us who are in the business field have a responsibility to recognize that we must practice greater self-restraint in our total attitude toward the functions of national defense. It's terribly hard, you know, to equate the requirement of making money and the responsibility to the stockholders to the broader responsibility to insure that we generate the right products for the United States Government in time. The latter must and should always come first and foremost; but we ought also under the free enterprise system have the responsibility for making money and for making a return to the stockholders. I think that a good deal more thought on our part is essen-

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tial in this broader field in order to create the kind of relationship that must exist between ourselves and the Armed Forces if we are to be the kind of team that we like to talk about so happily.

For your own part I think that a reassessment of your broad objectives in procurement is essential. I am sure this sort of reassessment goes on with great regularity. I'll be perfectly frank. I don't believe I ever generated an idea as Secretary of the Army that someone was not able to pull out a file where it had been previously considered. I also advised them that while that was interesting, it was not a question of whether somebody had thought about it once before. What I wanted to know was, What had they done about it? And I think that from your own point of view it is not only essential that a reassessment be made of broad procurement purposes, not in the narrow technical sense but in the broader sense; and that the broad benchmarks of what is expected to be achieved should be set out, and then some determination of a follow-through to be instituted.

In this light it seems to me that at some point, with procurement growing increasingly important in the problem of survival, a group consisting of two of the leaders in the Senate and the House, two distinguished businessmen, and possibly two active officers with experience in procurement and two retired officers with experience in procurement, might sometime be asked to lay a pattern of where you seek to go, not basically to provide the answers, because that, just frankly, can't be done; but to know what it is that we seek to achieve

in this area, and to know where it is that we want to go.

Now, as I see it and look admittedly not right in the field of conflict, but from rather a distance at the whole procurement process-- I have looked at it as Deputy Director of the Budget, then as Director of the Budget, and as Secretary of the Army, and now more laterally as a member of industry--while I have never been intimately engaged in the give and take, certain clear ideas come out in my mind; and one of the things that, broadly speaking, disturbs me most is the complete absence of ~~flexibility~~ flexibility in the procurement and negotiation process.

The renegotiation proviso sets up the limitation beyond which total earnings cannot be achieved. In doing this, it to a high degree negatives the normal incentive process that has been the basically successful factor in free competitive enterprise. I am not saying that it is wise or unwise. I am merely saying that that is a fact. And if it is a fact, the justification for it is (1) to be sure that no one has undue return from the Government for its work; but also should be that since overall only so much can come from the Government in a given year to a given institution, there should be an opportunity for flexibility of negotiation down below that would permit, in my estimation, broad gage ~~th~~ the Government to get more for its money.

Now, there is a second factor that has stood out in my mind. I have always felt that one of the problems of supporting defense which I believe is essential to the survival of our country has been the old

phrase that it is money poured down the drain. I undertook in a speech before the American Bankers Association called "Reaching for the Ultimate" to point out that a great deal of the money so spent does not in any sense of the word go down the drain. I pointed out that many of the great medical advances of our times had resulted from military expenditures; that there would be none of the vast horizons opened by the peaceful atom, had there been no military expenditures, and that in the whole field of electronics, the growth and development and sweep and scope of it had been established by military expenditures.

There is another side to the coin and that is that I have always felt that some greater effort should be made to ~~commingle~~ <sup>commingle</sup> those things that are used in our civilian society, in our commercial enterprise, and those things that are used by the military. I realize the extreme difficulty that is involved, to take an ordinary commercial truck and try to subject it to the rigors and requirements of what a war would demand is on the face of it not sensible. And yet somewhere, if we are to sustain this burden over the years, there has got to be thinking between the commercial developers and the military developers in this country as to how these things can come to some degree out of one pot, how off-the-shelf buying can become possible.

Now, the military is not without fault in this regard, because the requirements that have been set have been, in my judgment, in some instances, quite arbitrarily exact. The degree of perfection that is sought sometimes serves to defeat itself. And I think as you look

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back at the problem of, How do you persuade a democracy over the years to pay for what is to me insurance, but what might be to another man money down the drain? How do you in the period of the smiling and pleasant and unbelievably crafty Khrushchev continue to keep a democracy on the qui vive in terms of supporting the things that are important, but never demonstrably important? To do that I think some of the old requirements have got to be yielded. I think some very thoughtful approach to what it is that must be done, as opposed to what it is that can be done, is very much in order.

Another area that has always struck my mind in terms of the broader-gage problems that I know is the difficulty of establishing continuity of program. Today, with research and development playing so tremendous a part in the programming and planning of each of the three services, there is the vast difficulty of the research and development program that gets three-quarters of the way down the road and then is discarded.

But even more important are the situations in which research and development matures into procurement, but procurement is itself terminated about a quarter of the way down the road, either because the device itself is found to be inadequate to meet the changing requirements of the time, or because something quite new on the drawing board tends to obsolesce it.

And I feel that if there is to be continuity of program, this calls for a much tighter integration of research and development and procure-

ment than has been achieved in the past; that there must be, when a program is undertaken, some understanding of when that program is going to come into fruition and the staging of the next step, so you can get the most from your procurement dollar.

When you look at some of the things that we produce and note the quantity in which they are being procured, you find that they are the equivalent of their procurement in solid gold bullion. And you find this not only because the materiel of war is growing increasingly expensive for a vast number of reasons, but you find it because there is no program that can be generated in which a small amount of procurement is undertaken that does not constitute one of the most expensive programs in the world.

Now, one of the assessments of sound management in the commercial field is the capacity to select reasonably early in the game those programs that you as a businessman are prepared to carry through to a conclusion and your determination that this will be a consistent money maker over the span of its life. We have a much easier job in business than you have in the military forces because we always have the dollar sign to identify the wisdom or lack of wisdom of the course that we pursue. Over a period of time you can build up a fairly effective means of determining whether you will or will not carry a <sup>certain</sup> program through to a conclusion that generates a sufficient return on your capital to justify that expenditure.

Mind you, it's not easy even there. Mind you, in the course

of a decade even the wisest managements make a substantial number of mistakes. But the one thing you know in business is that you cannot pursue all of the attractive programs or even the vast majority of them. And so it seems to me that one of the real problems that you have in your total planning in the procurement field is the determination of the cut-off point in research; the point at which, no matter how attractive it looks, you come to the conclusion that it will not in the time span involved provide you with the most important weapon that you want.

The great danger that you face--and we are approaching that danger at the present time--is that there can be so many attractive research programs that you end up with virtually no procurement program. We may end up in the thoroughly unenviable situation of being required to repulse a Russian attack with blueprints.

Now, I have had experience with the fact that in terms of the things that you are actually building, they can never be as attractive as the things on the drawing board. This is the one moment of perfection--when you have it there properly built out to solve all of the problems. And from that moment on it generally goes steadily down hill. But in the comparison between the unattractive what you have and the marvelous what you could get it's going to take some very careful and some very hard-headed thinking to assure that the unattractive what you can get gets its fair share of the dollars.

That brings me now to the final area that has been impressed

upon my mind over the years, and that is the inability of all of us-- Congress, business, the armed services--to recognize the most salient feature of all military procurement, and that is that time is money. Time is money. Time is preparedness. In this zeal to achieve the perfect program, in the review and re-review and re-review and re-re-review that is gone through to make sure that no mistake is made, we have the terrible tendency to come out with programs, when they reach the procurement stage, that are two to three years later than they might have been had this very elaborate and I think in the past quite necessary program not been undertaken. Result: When you come out with something, you have it, let us say, ten, fifteen, twenty percent better than if the great care that you have exercised had not been done, you would have achieved.

Now, the problem is that the price you pay for it is sometimes as much as 75 or 80 percent. The programs that come out, and by the time they become hardware are obsolescent programs, are completely valueless. And therefore somewhere down the line a careful assessment has to be made of what kind of price are you willing to pay for perfection? How does the factor of timely procurement weigh against the factor of perfection in procurement?

I would be the last man to say that time-honored means of assessing the nature of what is to be procured, and later what form that should take, should be discarded. They have great value. Under the system as we operate it they are sometimes essential, because

you are called to task, not in terms of when you generate, or whether 150 million dollars was lost because it came too late, or, far worse, whether a civilization went down the drain because it was too late, but, rather, on whether you met the technical requirements and regulations that had been set up in the years in which this tremendous bureaucracy ~~was created~~ has been created for the purpose of solving individual problems many of which have long since disappeared but the requirements have lingered on.

Now, I have been quite frank with you in my assessments. I lay no claim to being a seer or to having any great depth of judgment. My association with the procurement area has been less than other areas. In the technical fields there's not a man in the room who is not as well or better grounded than I am. But I have lived now in various areas of our Government, at its top. I have had the privilege of dealing with the Government as a contractor and of carrying out the functions of great private business as well as great business with the Government.

I am a man who deeply believes that America does not have the time for pious platitudes and happy self-congratulations. I think we are in a period of great peril. I have always felt that a snarling Khrushchev did not present too great a danger. A smiling one has always caused me great consternation.

I think that in the long run the capacity of America to discipline itself is going to be the measure of our survival. I think it calls for the same sort of frank talk that we indulged in quite naturally in the

early days of this republic. I think that all of us, as we assess the problem, have got to be motivated by the consideration that we have been the inheritors, with less strain than most, of one of the great civilizations and one of the great living privileges of all time; and that our duty is to pay it back.

Thanks very much.

COL. DAVIS: Mr. Pace is ready for your questions.

MR. PACE: I would like to exercise the privilege, before I am subjected to questions, of telling this group one story, if I might. It's a story of little John, who was sitting by the fire, and his father is there reading a book while John is looking at the newspaper. John looked up and he said: "Say, Pops, is the Empire State Building the tallest building in the world?" The father said: "Look, son, I'm no architect. What are you trying to do? Just ask me a question to embarrass me?" Well, the boy sort of shook his head, and he said: "Say, Pop, what makes grass green?" He says: "Look, son; I'm no biologist. What are you trying to do? Just embarrass me?" The boy went back--he almost had tears in his eyes--and he felt the paper and he said: "Say, Pop, what makes this paper slick?" He said: "Look, son, I'm no chemist. Are you trying to ask me this just to embarrass me?" The boy had tears in his eyes and he said: "Well, Pop, you don't mind my asking you questions, do you?" "Why," he said, "certainly not, son. How do you expect to learn anything unless you ask questions?" Now, with this in mind, I'm at your service.

QUESTION: Mr. Pace, I think all of us agree with you in what you said about the price we pay in both money and time for this 10 or 15 percent improvement we get through unduly refining our programs. Of course I guess in one sense the answer to this is just having the courage to ~~say~~ say "This is enough" and go ahead with the procurement. But I wonder if it's this simple. One thing that has impressed me so far in my military service is the amount of time that we all spend just in defending what we are doing and how little time that leaves us to go ahead with what we want to do. Of course, trying to follow your suggestion is going to make this thing just that much harder, and I wonder if you have any thoughts along those lines.

MR. PACE: Indeed I do. And, of course, your point is extremely well taken. That's the reason that I pointed out that this is really not just a problem of the armed services. It is a problem of Congress, business, and the armed services.

A good 50 percent of the time that is wasted, the detail that is gone into, is involved in the particular man who is doing it contemplating what kind of an answer he would give a congressional committee if he were called up to provide an answer. And therefore it involves the memorandum to X, who sends a memorandum back, and then the memorandum goes back and then the file is built up so that, if you are called up, you are perfectly prepared to show that you did "your duty."

I think that in the current situation, without a real sense of urgency, what I propose is basically not doable. On the other hand,

the fact that it is not doable does not mean that those of us who have a responsibility one way or another should not think about it; so that when the time comes when it might be doable we at least know what we are about.

I agree with you also that there is no simple solution, no 100-percent solution, to the problem. But I am the kind of man who is not willing to let the fact that you can't solve it completely keep me from trying to solve it partially.

I think there's not a man in this room that won't agree with me that timely procurement would in the long run serve this country's posture infinitely better. In the long run the Russians evaluate us by what we have. They evaluate us by what we have in terms of hardware, not degree of perfection between 85 and 100 percent. That's not going to be as important to them as what we have in being. And therefore I say that it is of great importance that those of us who believe, know, and understand what the problem is think about it in its broader sense; take such steps as are available; educate, if possible, to the tremendous loss that comes to the country from our failure to evaluate time as our most critical factor both money-wise and preparedness-wise.

In other words, I have not said that this is an easily doable thing, nor even a presently doable thing. But the one thing I will not accept is the failure to tackle it because it is neither immediately nor completely doable.

QUESTION: Mr. Face, the Congress has placed on most contracting officers certain restrictions. I am thinking specifically of the area of small business, distressed areas, and so forth. Do you think that the Congress will ever--or perhaps I should say--do you think the Congress should ever get away from their predilection in this particular what I call social area?

MR. FACE: I feel, as I am sure you do, that the tendency to try to achieve a satisfactory social result to the downgrading of your national defense posture is no more nor less than an evidence of the general belief that the national defense posture is not compelling. In time of war you would not undertake such a requirement.

It has been impossible to get across to the American people, or it has not been done effectively enough, that this cold war has in it all the ingredients of hot war. This sort of thing, in my judgment, is unwise; and it will only be eliminated when the greater sense of national urgency asserts itself and puts this as a No. 1 priority.

I will never forget that as Secretary of the Army in the Korean War I spent a good one quarter of my time, where contracts had been let to the lowest bidder, who turned out to be quite inadequate to do the job. They were the lowest bidder, and by law we were required to accept them unless it was demonstrable that they were incapable of doing the job. You accepted them with the gravest of misgivings. They fell behind in their program. You were forced to finance them. Eventually they were incapable of doing the program. The program

was turned over to someone who had bid higher and who had the capability, a year and a half late. The people whom you had done this to befriend were broke. And the country had spent millions of dollars and was a year and a half behind in its program. And yet you had met the requirement of giving the bid to the lowest bidder.

It is this sort of thing that can never stem from just a revision of procurement programs. It will only stem when enough people believe that the essential requirement of our time is survival and not a better way of life. All of this stems ultimately from the desires of the people. Congress no more than reflects it. It requires in a democracy great leadership to cause a people to go against their natural tendency, which is the easy way. Survival is the hard way. The better way of life is pleasant politically, personally, and in every other way. Whether that capacity exists in this nation is, in my judgment, the measure of our capacity to remain a world leader.

That's a broad answer to a short question.

QUESTION: There is a school of thought which advocates a single service of supply for the Armed Forces. Would you give us your thoughts in this area, especially with regard to how a large business corporation, such as your own, handles the problem?

MR. PACE: I have been on the fringes of that over a good period of my official and unofficial life. I say "the fringes of it" advisedly, because I don't think I am qualified to give you a really valuable answer unless I dug quite deeply into the problem.

From the point of view of large business, No. 1, compared to the Government, the largest business is miniscule. No. 2, we are not, generally speaking, controlled by other than the laws of free enterprise, which makes a great deal of difference. No. 3, we are not bound by historic considerations, which also makes a great deal of difference. No. 4, we are not, if we contemplate change, required to make a change that is carried out with all of the public problems that are involved in a great national governmental change, where you really have to get out in your under-drawers in public.

I wish I could give you a simple answer. I would say to you that in theory the single procurement program is unquestionably the soundest. In practice, with all the factors that I have mentioned, I would have to know much more than I know now to say "Yes" or "No."

QUESTION: Mr. Pace, the nature of your comments, particularly with regard to the thinking of some people that military expenditures are money down the drain, your comments with regard to the time element, and particularly regarding the attitude of business, that it should have more emphasis on the broader aspects of national security--this, together with the facts that for the first time in the annals of American economic history our commercial imports are exceeding our exports, and the cry of "Wolf" on behalf of some segments of industry that the impact of foreign competition is a little too great, suggest that possibly we may not be accepting the economic challenge. Would you be so kind as to lift your sights one level and address the substance

of your remarks to the role of industry in the cold war?

MR. PACE: This, of course, is a tremendous problem, because you have touched upon the long-range problem that industry is just now beginning to think through for itself. I have just been three weeks in Australia and New Zealand, where I was presently known as "Mr. Pyce."

I must tell you a wonderful story. I went out there for a diversion and for some benefit to international understanding as head of a group called the International Golf Association. It has 32 different nations playing in it. Australia--you'll love it, because it's got the British sense of discipline and the American sense of elan and esprit. My gosh, they're the most independent bunch of guys you ever saw in your life.

Middlekoff and Sneed were coming down the fairway with Thompson and Nagel and I was standing back of the ropes. Two of these Australians looked at me and they said, "Why, it's Mr. Pyce. You're entitled, Mr. Pyce," and they lifted up the rope and I went under. Middlekoff fidgeted around and he picked up the grass and dropped it down and I said, "He's very careful, isn't he?" This voice from the gallery said: "Well, Governor, may be careful to you, but to me he's bloody slow." Another voice in the gallery says: "Ah, Governor, put your head out and got it knocked off, didn't you?"

I traveled in that part of the world. Then I am just back from ten days in Europe. It's no cry of "Wolf"--this business of world

markets. As these people develop further competence, as they are in automation, as you have equality of competence, and greater drive in the labor force, plus the variation in the dollar payments, the capacity of the U. S. to sell around the world becomes, in my estimation, increasingly difficult.

And so I think we have not just to reassess ourselves internally in terms of our role in the cold war. I think the United States of America has got to think a little bit more carefully in to how it holds its position in the world.

You see, we enjoyed a position that was unique in civilization. No civilization in history ever grew up with purely internal problems, as we did after the Civil War. We had two oceans to protect us, a friendly neighbor to the north, a weak neighbor to the south, and vast material resources. We took the free enterprise system and we used it to build a better way of life for our people. To our eternal credit, we built a better way of life not just for the few, but for the many. But what we did, we produced to satisfy ourselves, and the excess, which we produced better than other places in the world, we sold around the world.

To day we are faced with the fact that our internal requirements are not going to be sufficient to sustain the kind of economy to which we have grown accustomed; and the world market continues, and will continue, to shrink.

So from the point of view of thoughtful businessmen, I think

most of us recognize that we are only a portion of a much ~~larger~~<sup>bigger</sup> problem of how do you organize America in such a fashion that it fundamentally can retain its leadership over the years?

Now, a strong America economically is just as important as a strong America militarily. I do not think myself that the two necessarily conflict. I don't think that arbitrary determinations as to what is required in one area are or should be the determining factor as to what you do in another area. What I am really saying is that those of us who are deeply concerned about the future of America, the problem is, as you quite aptly described it, much broader than merely what do we do in this particular field.

QUESTION: You painted a very good picture of why some of our procurement is costing the equivalent of gold bullion in weight. After we have spent many billions of dollars in developing a system or systems, when we get into the procurement stage, the more we buy then, the cheaper the product becomes and the percentage of our standing defense capability can be increased at a much greater rate for less relative amounts of money. We know that some of these programs that have been cut back, like the B-58 or maybe the B-70 program, had come about because of limitations on our defense budget. Now, looking at it from this standpoint now, and having been on both sides of the picture, do you think that we are spending enough money on defense in this country, and would you address this problem a little bit, please?

MR. PACE: My own feeling is that there are areas at the present time in which considerably more money could be justifiably spent. One of the things that I have done, and done with great care, is to always keep preeminently in my mind that my responsibility to my company is infinitely less than my responsibility to my country. And therefore anything I say has nothing to do with my present position, because I spent most of my life in public service and my basic heart lies with the country.

There is a tendency to feel that when a man speaks his mind, he is being solely critical. I said many times to my friends on the outside that my period in Government has eliminated the greatest of all American privileges for me--the privilege of irresponsible criticism.

In answer to your question specifically, I have watched this period coming on, a period of great transition. This is a period when you are transitioning in many areas, from previous conventional weapons to the missile era. You are making vast shifts in your whole naval approach to the defense of the United States. The Army is moving from--I must say that when I spoke to the graduation at West Point in 1950, I did not endear myself to Fort Knox by saying that, in my estimation, the day when the tank was compelling on the battlefield had now disappeared. That was 1950. I feel that the Army is moving from the conventional weapons to what I think more adequately equips the soldier for the kind of war we are going to be fighting in the future. And the Air Force is in that tremendously difficult position of maintain-

ing enough of the proven and at the same time moving on to that area in which you cannot afford to allow the other fellow to get a lead on you in the untried areas of missilery and space, that makes it the most expensive time, in my estimation, in history.

I do not believe that the degree of flexibility that is inherent there in programming a proper defense has been ~~there~~. I believe there has been a greater degree of rigidity of determination on an economic basis. There is no way to say that you are adequately defended by spending as much as you take in. It may happen to be that way, but it would be quite coincidental.

I just happen to think that at this particular juncture in history it is tremendously important, both from the point of view of international policy, and from the point of view of the sound development of our whole defense system over the years, because you're going to pinch in both places, to try to make the present adequate and the future sufficient. You're going to pinch in both places, and you're going to pay a price either for the present or for the future or for both. And therefore, recognizing that I don't see all of the things that those who make the final decisions see, my judgment is that at this juncture in history I would be spending considerably more.

I tried to couch this in a fashion which I think is important, and that is, not in saying someone has done wrong, but, rather, in saying I do not think the basic concept on which the determination was made is sound either for now or for <sup>the</sup> long range; and I never have

thought so.

QUESTION: There are 145 of us in this class and we are with the need learning a great deal, but we are all struck, I think, for spreading this information over a wider basis. It would be wonderful if every American could hear what we are hearing in this school. That's rather impractical, I guess. But there's one body that needs the information just as much as we do, I think, and that's the Congress. From your close contact with Congress, can you think of any practicable way in which this information could be imparted to them? I am thinking of something that perhaps might be called the Congressional Academy, with a series of lectures over a long period of time.

MR. PACE: You know, one of the strengths of the armed services, as I viewed it over the years, has been the educational system. You are the only people who are privileged to be educated as you move along in your careers. In business that opportunity occurs to you if you are a Sloan fellow at MIT, or if you take a year off and go to Harvard Business School. But it is this process of tearing a year out of your life for education.

I am afraid that, as things now stand, the Congress would regard a congressional academy as an affront to its dignity. I am not in any sense of the word laughing at your suggestion, because it's the sort of thing we have to think about, because there is nothing that we are going to do to get this educational process across that is not going to be first subject to being laughed at.

I know no solution. I have certainly thought the thing over from every point of view. I have tried wherever I could to move the Congress and the Government closer together. When I was Secretary I enjoyed the kind of informal relationship that permitted me to talk over problems in a fashion that obviated a lot of the time waste that goes on with the long and laborious hearings, the result of which is foreordained before they start.

To me the problem really centers there as much as anywhere else. How it is to be solved I frankly do not know. I am tempted really to quote to you a column of Will Rogers in the First World War. The Germans were giving us unshirted hell with the submarines and one day Rogers' column appeared and he said: "German Submarine Menace Solved." He said: "It has been discovered beyond a peradventure of a doubt that the submarine cannot survive in boiling water. Now," he said, "if you will raise the temperature of the ocean to the boiling point, all of the German submarines will be eliminated." He said: "There will be those of little mind who will inquire how this is to be done. To them I say, 'I have pointed the path. You find the solution.'"

COL. DAVIS: Mr. Pace, I think I could easily go back to your original story--and it's borne out by the last question--that this is the way we learn. On behalf of the Commandant and the entire college, thank you very much.

MR. PACE: It's been a great privilege to be with you here

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today. I really mean that.

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