



Property of the Library
INDUSTRIAL COLLEGE OF THE
ARMED FORCES

DEPARTMENT OF DEFENSE MANPOWER PLANNING

Honorable Charles C. Finucane

NOTICE

This lecture has not been edited by the speaker. It has been reproduced directly from the reporter's notes for the students and faculty for reference and study purposes.

No direct quotations are to be made either in written reports or in oral presentations based on this unedited copy.

Reviewed by: Colonel J. H. M. Smith, USAF

Date: 10 January 1961

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

1960-1961

DEPARTMENT OF DEFENSE MANPOWER PLANNING

17 November 1960

CONTENTS

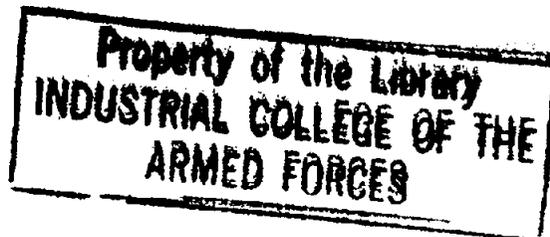
	<u>Page</u>
INTRODUCTION--Lieut. General George W. Mundy, USAF, Commandant, Industrial College of the Armed Forces... 1	1
SPEAKER--Honorable Charles C. Finucane, Assistant Secretary of Defense for Manpower, Personnel, and Reserve..... 1	1
GENERAL DISCUSSION.....	19

This lecture has not been edited by the speaker
it has been reproduced directly from the reporter's
notes for the students and faculty for reference and
study purpose.

No direct quotations are to be made either in
written report or in oral presentations based on
this unedited copy.

Reviewed By: Col J M Smith, USAF Date 10 Jan 1961

Reporter: Ralph W. Bennett



Publication No. L61-80

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

DEPARTMENT OF DEFENSE MANPOWER PLANNING

17 November 1960

GEN. MUNDY: One of the most important resources for national defense is that of military manpower. The problems that are involved in planning for the supply and utilization of this manpower are complicated, among other things, by changes in the international political atmosphere, as well as the changes brought on by the requirements of modern military forces dictated by technology.

To better understand these problems of manpower planning at the Department of Defense level, we have as our speaker this morning the Honorable Charles C. Finucane, the Assistant Secretary of Defense for Manpower, Personnel, and Reserve.

As you have seen from his biographical sketch, he has had a distinguished career both in business and in Government. This is Mr. Finucane's third appearance before the Industrial College, and it's a great honor for us to welcome him back as our guest speaker this morning.

Mr. Secretary, I am pleased to have the honor of welcoming you.

Gentlemen, Secretary Finucane.

MR. FINUCANE: Thank you very much, General.

Members of the Faculty, Officers, Gentlemen: I am indeed happy to come back here again to the Industrial College. As I leave my duties here in the next few months, I will look back to the occasions I have come here and had this very spirited exchange of ideas that we have had in the past, and I'm sure that this class will be no different than the classes

in the past. It is indeed a stimulating and a thrilling thing to ever experience--to come here and make an address to a class here, or, indeed, at any of the other of our senior colleges which you and your associates attend.

I want to thank you again, General, for your nice welcome here today.

I hope what I have to say will be of some current interest and will afford a perspective on how the overall manpower program functions in the Department. I also intend to cite a particular type of problem which is causing major concern to the Department of Defense, and in which the President has only yesterday, as you all read and heard in the papers and on television, taken a very firm and a very clarifying position.

You might wish to review some of the items of this nature during the course of your attendance here at the excellent staff college. They have already been studied on many levels, but there is always room for more imaginative ideas and for new approaches to the long-term solution.

Turning now to the overall subject of the manpower program: I believe we all know the complexity to be found in the management and the judicious employment of the human talents in the mass aggregate. America's problems with reference to maintaining and training and equipping and controlling an enormous security establishment provide the ultimate in such complexity. In the first place, we are dealing with three or four million people directly; and they are affected by the policies which are

promulgated through the various channels of command. And we are also dealing with several other humans indirectly affected by the policies we put into effect. Furthermore, we all know that we are in a very swiftly moving new age of development and that the policies which worked yesterday will not often work today or do the job tomorrow.

In this context, obviously, we realize that the time has long passed when we could maintain tiny defense forces on active duty, secure in the thought that we would always have plenty of time to organize and to train a powerful military machine after the appearance of a major crisis, as we have done twice in this century. In the current era of continuous crisis, scientific improvement, and revolution, our manpower planning has no alternative except to provide for a structure which is always ready in size and quality and capable of meeting any threat which may confront it.

For the first time in our history as a nation we have been forced to stand armed and ready for war at all times. In fact, at a time when we are very short of war; and Tom Gates yesterday said we were in a new type of war. Many of the problems, therefore, and many of the special situations which we encounter have never before been met in our experience and are totally unique and without precedent to us. The result in the simplest terms has been the realization for the past several years of the need to plan for a coherent, a unified, and a national basis in order to achieve maximum potential of the resources at our command.

I won't go into it at this time, but I suggest that an appropriate

reference at this point would be to the National Security Act of 1947, with its major amendments of 1949, 1953, and last year, 1958. The general trend of these statutory enactments has been to clarify to the greatest possible extent the powers of the Secretary of Defense over the entire Defense Establishment, and to give him a greater flexibility in the management of the Department as a whole. Some have been inclined to the view that this approach has fallen short of success, and that radically different approaches should be attempted. Viewed in the clear perspective of years, however, I think it is incontestible that the existing system represents tremendous progress and is working very well at the present time.

Now, whether the new Administration coming into office in January will want to explore new avenues and attempt new decisions is not for me to say. Suffice it to say that in the Department we have developed in the last few months a most remarkable study on the history of the Department, and the statutory brakes upon the Secretary, and, indeed, the administrative steps that he can take. And there is room, Mr. Gates has decided, for a really good study of the smaller steps that we could take in this area.

It is my guess, however, that any judicious assessments of today's defense management system will need see a great deal of sober thought expended before anyone rushes into any great new program at this time. We have hardly shaken down, as you can well imagine, the rather drastic changes made last year.

Also I might say that, knowing the various forces at work in the Department, which I am well acquainted with after these some six or seven years, I personally doubt that any radical changes will be made.

In considering our problem, the Office of the Secretary of Defense obviously does not function in a vacuum, or without external and internal direction, study, and guidance. Externally, of course, the Department receives this guidance directly from the President, from the National Security Council, and, indeed, through the ~~statutes~~ from the Congress itself. Internally, the Office of the Secretary receives information and recommendations from each of the military services, from the Joint Chiefs of Staff, and from his civilian advisers. The facts and the opinions and the recommendations obtained from these sources must be constantly weighed and balanced to produce the most effective program possible.

The determination of the strength of the active forces, for example, requires a careful analysis of a large number of interrelated factors. The objectives, the roles and missions, the strategy, the available weapon systems are some of the many basic considerations. And possibly the most important factor is the constant competition for the limited funds between the adherents in the services of people, of weapons, of research and development, and the other compromises which the Chiefs of Staff constantly have to settle each year.

In addition, sound managerial principle requires the evaluation of a number of other factors before an intelligent determination can be made. Some of these are projected improvements in retention, improvements

in personnel quality, possible reduction in the number of transients and others in nonproductive status, and, of course, appraisal of the gains and the losses resulting from the prior input of people.

In general, we endeavor to develop programs which will represent the minimum personnel requirements consistent with our security and to be able to do the tasks which are assigned to us. Of course, this is a very flexible program. Due to requirements for increased readiness as a result of the recent actions by our potential enemies, signified by the using of the shoe on the desk in New York, we, of course, have increased our readiness; and, for the first time since Korea, we are increasing our personnel slightly to take care of the deployments we are making in the two oceans, in Korea, and in the United States itself.

We view our force, of course, as consisting of the active forces, the civilian employees, the indigenous personnel overseas, the reserve forces, plus a portion of the civilian industry performing contract work for the Defense Department. Changing one element of this vast force, of course, affects another. The balance between elements, therefore, must at all time be maintained. The determination of the relative size of each of these elements is made after considering the military requirements, the job requirements, and the economic factors.

Now, let's sum up up to this point. We place emphasis on the maintenance and the modernization of the combat forces required for initial phases of our hostilities. This is in accord with our force in being concept, and is in recognition of the need to keep our active forces combat-

ready at all times. We attempt to maintain the highest proportion of operating forces to the total forces. At the present time we have achieved about 63 percent of all our military personnel now in operating forces. This is an increase of some 6 percent over the past five years. Of course our requirements for administrative and support-type personnel are carefully reviewed to achieve reductions wherever and whenever possible. And, indeed, almost yearly we get a mandatory reduction whether we can stand it or not.

Now, where does the draft enter into the picture? Roughly speaking, we require an annual intake of nearly half a million new men in the four services to replace those whose enlistments or periods of induction have expired or who wish to return voluntarily to civilian life.

In all likelihood this number will be reduced somewhat as our retention increases. Last year it was necessary to ask the draft board, the Selective Service, to provide about 90,000 out of the 500,000 that we need. This is the smallest number we have taken since Korea. This fiscal year our draft calls are running slightly lower than in comparable periods last year.

With these considerations in mind, however, the fact remains that the Department of Defense considers the draft essential to the maintenance of the type and the size and quality of the Army Forces we require. Because of this, as you well know, we requested, and we received from the Congress in 1959, a four-year extension of this draft authority.

Now, despite an improving personnel picture, we had no other

choice. The fact simply is that the day of the completely volunteer force has not yet arrived. From your studies I believe you will agree that we cannot get the people we presently require without the aid of the draft. And let us not overlook the great stimulus for enlistment in all the other services, and indeed in the ROTC, which the quotas provided by the law put into your various services.

What a lot of this discussion comes down to is the question of stability. We think there are really three kinds of stability. First, there is that of the total force. In the overall we foresee for the future generally level numbers of people. These numbers, of course, are always subject to revision to take advantage of improvements in weapons or equipment or to conform to any changes in our national picture and the international picture, and in our national policy.

The second kind of stability involves the individuals who constitute our Armed Forces. We must at all costs resist excessive turn-over, bearing in mind, however, that the need for constant revitalization of the force is very important in order to provide for promotion and for useful stimulus--a point I will return to a little later in these remarks.

The third kind of stability is in terms of the individuals at locations and at units. We do our very best to reduce the PCF moves and to hold personnel rotation at the very minimum. Sometimes we think we are making progress in this. Sometimes we're sure we are not.

Let's take a look now at some of our specific problem areas. Problem one really continues to the retention and the development of a quality

force. Proficiency pay, which has been in use about two years now, ^{really} has, as far as we can see, made no appreciable impact on retention in the highly skilled areas. We are hopeful that by paying the P-2 payments this year we can make a dent in this knotty problem. So far we must confess that we cannot see any real improvement.

We have come quite a long way to close our gap. We are still far from our desired retention rate in all these highly skilled occupational fields, despite the fact that every means of improvement is being exploited. Like everything else, however, in the defense picture, the problem here requires a lot of patience and intelligence and ability to see beyond today's immediate problems.

In the past three years we have submitted four major personnel proposals to the Congress--a new pay raise (the Cordiner Bill, as you know); the authority of the President to raise minimum standards for induction, to get rid of the category 4, our major headache; provision for added authority in career management in the Regular Officer Corps, namely, your "white charger" and the Navy "hump" bills; and, finally, added monetary incentives to young Reserve officers to stay on active duty beyond their period of obligated service. All of these are in law today except the last one.

With respect to the pay act, there is little to be said except to note the very encouraging results in retention in fiscal '58 and '59--sensational, really--and the fact that last year, while we didn't make any more improvement, we held about even.

In general, the initial enlistment trend has been upward always, as evidenced by the fact that the Department of Defense as a whole last year totaled some 324, 000; and this was greater than in either of the previous two years.

This total also includes a significant increase in the number of the higher mental categories, contributing directly to the improvement of the quality in the force. The re-enlistment rates in all services still reflect substantial progress; and it is our hope, of course, that this trend will continue in the months ahead.

I know that you are all well aware that a great many factors can affect this picture, but the fact remains that since the passage of the Cordiner Bill we are making definite progress in attracting and retaining a high grade of personnel. In the meantime the measure to authorize increased per diem on an actual expense basis, and to bring the pay of our retired people back on a par which has been historic in our services, will be reintroduced in Congress this time; and we have every hope and anticipation that they will be passed.

On the equalization of retired pay bill last year, you will remember, we got through with the exception of one Senator, who has asked that we study the pension program as a whole. It has gone to the University of Michigan to bring them facts and figures. And I might say that the latter move simply funnels the same information from my office through to Michigan, where they pick up a tip on the way back to Congress. So if there's any information that they haven't had, I don't know where they're

going to get it if they don't get it from us.

Now, the long-neglected dual-compensation and employment position of the retired regular officer, we hope, will be solved this year. It is a part of our 1961 legislative program.

At this moment the Department ^{of} Defense, the Bureau of the Budget, and the Civil Service Commission are not entirely in agreement on the specifics of what these bills should contain. As usual, I might say, we are encountering a very rigid position by some of our people in the military. It is my opinion and my hope that some give will develop, so that we can get most of what we need in this very serious area.

Turning to the new law on minimum standards for induction, you will recall that all services previously were compelled to accept many thousand individuals lacking in aptitude for training, and, indeed, many untrainable, in our specialized military skills. Indeed, all the services had far too many of the so-called Category 4 personnel.

Under the new law the Army now accepts Group 4 registrants through the draft only--none by enlistment--and they must meet minimum standards based on a series of preinduction aptitude tests. So in fact we get only the ones we want and the ones that are trainable--the very highest number of the very highest echelon in the Category 4 group.

To further raise the mental quality of the enlisted force, the services took administrative action to discharge peremptorily large numbers of these Category 4 people. As an example, we discharged 115,000 in fiscal year 1958. The immediate result of this has been a gratifying rise

in the overall mental level of our enlisted people.

Another result was a sharp decrease in the number and rate of disciplinary cases. This is not too surprising when we note that 50 percent of the entire population of our detention barracks and our briggs and our prisons were made up of Category 4 people. We can illustrate the improvement by stating that the Army alone has closed three out of its four military prisons since June, 1957; and the number of prisoners has dropped by 75 percent.

Turning to the third item which was passed--the career officer management act of 1960. I am sure you will recognize it. It's the counterpart of the Navy and Marine Corps hump legislation, enacted by a separate law the previous year. This act provides the Army and the Air Force with similar authority to that provided to the Navy--slightly different, but very close.

The purpose of this legislation, as you know, is to insure the existence of a regular officer corps of the highest efficiency and quality and all the rest. Specifically, it does the following: It accords increased recognition and incentive for outstanding military ability and competence. It establishes approved standards of retention for officers after twenty years service who are serving in the permanent grades of colonel, lieutenant Colonel, commander, and captain.

The objective is to relate retention more directly to the requirements of the service, taking into particular account also the degree of contribution or productivity of each individual officer. Here again the

clear consideration for promotion and necessary incentives enter the picture, as well as the need for a vigorous manpower structure.

Now, lastly, with respect to the Reserve officers on active duty: The Department of Defense submitted this legislation two years ago-- the Reserve Officer Retention Plan, it is called. This provided for a new system of active duty agreements or contracts with young Reserve officers, and for bonus payments for those who were relieved before 14 years of duty.

No action was taken on this proposal by the 85th Congress; and, frankly, it was because we in the Department were too late in clearing our decks around the city here and finally coming up with a bill that had the approval of the various elements of Government. And we only got the bill introduced in the very last weeks of the session.

Last year, however, we sent it in early, in the 86th Congress; and the House promptly passed it. In the closing days of the Congress, as you will remember, the Senate, after finally holding hearings, passed a completely different bill. This was far less liberal than the House version and far less liberal than the Department's position. A compromise between the House and the Senate was not reached. As a result, the bill died.

Thus we are faced again with the necessity of developing a new proposal which will be acceptable to both the House, with an extremely liberal bill, which indeed was the President's position and ours, and the Senate, whose bill was extremely restrictive. Such proposal is presently

under study in our office.

In essence, it provides the same readjustment pay for Reserve officers as the Regular officers now receive as severance pay, under exactly the same conditions.

In spite of the compromise, we believe that this proposal represents the best approach to the matter, by meeting the needs of the Armed Forces and by providing equity for the Reserve officers.

Incidentally, I'm going to put in a different bill to cover the reserve term contract problem. I think we made a mistake last year in tying these two elements together, because the enemies of one and the enemies of the other joined together to defeat our program. And, indeed, they are not very much related. It's sort of like teaming a mule and a horse.

The manpower program, as I have indicated, continues to be very impressive in size. We entered ^{, 1960,} fiscal year/with a total strength of 2,476,000 on active duty. Today the active forces of the United States remain at about this level. To this, of course, we add our one million in Ready Reserve and drill pay status. The total planned active forces by the end of fiscal '61 is about 2 1/2 million, with about the same one million in drill pay status. There are estimated levels which will, of course, receive careful consideration--these are only estimates--and they are going to have the usual go-around with the other elements of the services to see whether or not our manpower program remains intact. Of course, we sincerely hope it does, in view of the prevailing world situation which we see today.

Obviously, the future size of Armed Forces cannot be predicted on any kind of inflexible, rigid, or uncompromising schedule. Our basic objective continues to be to provide and to maintain an adequate posture of defense for the United States and for the free world, mindful of the sizeable strength and the capability of our allies with us.

Our basic requirements are being met today by a balanced combination of highly trained manpower, superior system of advanced weaponry, and by continued progress in essential areas of research and development. To be completely effective, however, our defense programs must possess the capacity for rejecting the obsolete and the old---very promptly, I might add--and bring^{ing} on the new as rapidly as possible.

It also means taking full advantage of such assets as enormously increased unit and individual firepower, our streamlined divisional and unified command organization, the mobility of our air and our sea and our ground forces, and of the steady increase in the percentage of highly skilled personnel who are required to operate today's advanced weaponry.

In this context, I believe one of President Eisenhower's statements in the budgetary message of January of this year is very appropriate, and I quote it: "Our aid at this time is a level of military strength which, together with that of our allies, is sufficient to deter wars, large or small, while we strive to find a way to reduce the threat of war."

Now, you will recall I referred to some problems of immediate date. These have to do with the announcement made by the President at his press conference yesterday. The actions taken^{have} been based upon

a number of fundamental considerations and will, of course, have a wide implication on our country and on other nations as well. I wish to address myself specifically, however, to their implications for the Department of Defense and to give a little of the background of the situation as we recognize it and as it exists at the present time.

There are today some 485,000 authorized dependents of military and civilian employees of the Department of Defense in 99 foreign countries. In other words, about one half of the American citizens who are being supported overseas in connection with the defense effort are soldiers, sailors, Marine Corps men, and airmen. The remainder are women and children.

Some time ago we removed 50,000 military people, Army men, from duty in Japan. The result of this action was that within two years we had the same number of American citizens in Japan. During this time our dependents in Japan, with 50,000 less troops, gained 50,000 people.

While I take this as an example involving one specific area, the general situation has been similar in most other highly industrialized areas. Our dependents in Europe are increasing yearly 10 percent. This has resulted primarily from the fact that the Government of the United States has always recognized that the morale advantages to be had in the non-separation of families is imperative; and we have been well aware of the importance to the individual of these facts.

Notwithstanding these basic considerations, however, there are other considerations of tremendous implication for our national security

which now have to be recognized and have to be faced realistically.

Frankly, the basic need is for everybody to recognize, as clearly as the President does, the need for corrective action. There is no denying the fact that those aspects of the President's announcement affecting overseas civilians and dependents will not be very popular. But it is the belief of the Department of Defense that it will not substantially in affect any way our military capability in the areas affected.

We have been concerned for years, many of us, and been seriously concerned, with the problem of hundreds of thousands of American citizens in what could become very rapidly an area of great danger or, indeed, a battlefield itself. I do not believe I need to go into detail with respect to these factors weighing heavily on the minds of senior commanders, since they must be perfectly self-evident in connection with a realistic view of the enemy's capability and potentiality.

Then there is the immediate problem that brought it on, and that is the outflow of gold. This has now worked to greatly accelerate the decision which had to be made and proceed with a sharply revised program concerning overseas dependents which is far more radical than we in the Department had hoped it might have to be.

I might say, out of text here, that in the Department we have been asked to not discuss the flow of gold problem. The reason is, we are not equipped to discuss it from its background point of view. Part of these actions are put out for psychological reasons, and it's very important that we civilians who are not intimately connected with the problem do

not get the psychology in reverse and do more harm than good. So we have been counseled to not discuss the gold problem in detail, but to refer inquiries to the Treasury Department.

Now, of course, all services have to proceed promptly with the implementation of the President's order. Indeed, we are glad to report that everybody else in the Government has to take the same kind of medicine. This includes State, Agriculture, and the like. Actions taken will be reported to the President, giving specific numbers in each instance; and every ambassador abroad has to make a personal report to him on actions taken by December the 15th.

The salient implementation of the policy, so far as we are concerned, is, No. 1, the total of overseas dependents will be reduced to no more than 200,000 at any given time after completion of the program.

2. Beginning January 1st, 1961, the reduction will proceed at a rate of not less than 15,000 per month net gain.

3. The total reduction will be achieved not later than July 31, 1962.

4. The required reductions will be made to the maximum extent feasible in the highly industrialized countries, and will be effected impartially throughout grade and rank. I can quote the President on that one. He stated that he would be absolutely positive in his orders that percentages be taken exactly along the line, from the highest-ranking officer to the E-4.

There are, of course, other aspects of this new policy which will affect manpower programs to some extent. But I would prefer at this

time to leave the discussion of these to any questions you might want to ask. Other parts of the order, as you know, which we will promulgate tomorrow, will be that the PX's and commissaries overseas will not be able to purchase any European or Asiatic goods for sale; and the only exceptions will be fresh milk, butter, and vegetables and meat until we can crank up our system to take American goods overseas.

The third issue, which does not affect me, is that there will be a prohibition on buying any more weapons, POL, and other items overseas.

I will now conclude my remarks by saying again how much I appreciate being here. It's a great pleasure. I stated to General Mundy and his associates that their sense of timing is remarkable--to have had me here the day after the President's announcement. If I had been here on Tuesday, when I was supposed to have been here, you would have laughed at me and said I didn't know about what was going on. So thank you very much.

MR. POLUHOFF: Mr. Finucane is ready for your questions.

QUESTION: Can you give us any estimate, or have you run any estimate, of the increased cost of this program of returning these 284,000 dependents over that which would normally be realized from the normal rotation policy, that is, change of station orders, transportation costs, etc.?

MR. FINUCANE: Our biggest problem this morning is to get this program set in our service people's minds as to what we're trying to do. Unfortunately, partly from the President's statement, which was flashed out on the wires and sent to Europe, the impression got around that we're

bringing back 285,000 people starting January 1st. We're not doing any such thing. What we're going to do, as far as possible--and we've been able to get flexibility into a program that originally had absolutely none so we think we've made a great forward step in the last three days--is that people will come home when their tour is up. So that, obviously, if they were going to come home anyhow with their family when their tour is up, there will be no additional expense to bring them home.

There must be a substantial reduction in the dependents going overseas; so that the man who would have been taking his dependents will probably be going alone. And therefore, fiscally, I suppose it could be said that we would save some money. However, American dollars in America are not being considered in this action at all. It doesn't make any difference how much it costs in America, with American dollars. This has to be done to stop the flow of gold.

I had better tell our plan as nearly as I know it now. By tomorrow morning we will have a directive to the services, two directives, in which we in essence outline the policy as laid out by the President, and ask them to tell us what they are going to do. We are not going to attempt, or I am not going to attempt to tell either one of the four services how to do this.

The flexibility that we got into the program, which was not there at once, is, No. 1, 200,000 where before there were none. No. 2 is, we can send dependents over there as long as we bring more back. So that, as the question was asked me by the Navy this morning: "Here's

a man comes in from sea, and his ^{next} duty is overseas. He'll never see his wife again." Well, of course, obviously, that man can take his people overseas. So it isn't quite as awful as it sounds.

If we have to make the 15,000 a month, it will be immediately apparent to you gentlemen that most of our moving happens in June, July, and August. So that in normal January we only bring back 6,000; but in the normal July we bring back 36,000.

The President's order doesn't say anything about averaging; but it does say that the Secretary of Defense can make exceptions. We have to know more about it than we know today before we can tell you what we might be doing.

Certainly, one of the things we would do, if we don't get enough dependents back to meet the minimum requirement, I presume that it would be possible--and I'm only kicking this out for what it's worth. The services haven't commented. They haven't had a chance yet--to shorten tours by three months. We've done it with students. We've done it with others, and I don't know why we couldn't do it with many of our people, our dependents, overseas, providing we have replacements.

I personally said yesterday--and we're getting out a world-wide dispatch to settle people a little bit, and keep them from this hysteria that is bound to come from those newspaper headlines, that 250,000 people are going to be put on the ship on January 2--we said yesterday that we would not bring dependents back without their sponsors; and I would hope that would be true. I think the services might come in and

request that they bring back some of their people without sponsors. But if they did, I'm sure it would be only a matter of sixty days. So that there's no concept in anybody's mind that we're going to bring back a family and leave the sponsor over there for two or three years.

Another thing that I hope we will be able to do, of course, is to shorten tours for the unaccompanied.

QUESTION: You made a comment with reference to draft. Several days ago we had a gentleman from the same platform make reference that this is one of the biggest scandals he had seen in the way it is implemented. He didn't go into any great explanation on this, but it occurred to me that the selectivity with which it is being used is such that is really isn't a draft. Would you care to comment on that?

MR. FINUCANE: Well, if you want to put it that way, I suppose that is correct. My duties are to get the best fighting force I can get. My duties are not to see that 80,000,000 American boys serve exactly the same number of hours in a certain number of places. So, therefore, from my point of view, fairness or unfairness, I want the best I can get. I don't want to take a bunch of morons just so that we can have equal opportunity. I'd rather leave them where they are, because they don't help our forces.

Certainly I don't want to take people out of medical schools and make them serve when there are plenty of others that will serve better and that are not required. We don't want to take our geophysicists. So, of course, we have selection. And from that point of view, from a point

maybe
of view of equity, that everybody serve alike, it is scandalous. But
my job is not that. My job is to get the brightest, best men that we can
in the right spots; and, by George, I think we've done some pretty good
work in that in the last six years, as the records show. So I don't know
who this person was, but that's my job anyway.

QUESTION: Have you make any projections as to the effect that
this may have on retaining young officers or retaining enlisted men who
are married?

MR. FINUCANE: We can only speculate on that. We would hope,
of course, that it would be a minimum of hardship to our people. We
have lots of things in mind. Certainly, if the services can possibly do
it, we certainly want to shorten tours very substantially.

Another thing is that we might conceivably have holidays at home.
I don't know why not. You can get over there in four hours in an airplane.
I'm just casting these things out as ideas.

The President stated, rather forcefully--I wasn't there, but it was
relayed almost verbatim--that the military person takes on these respon-
sibilities when he takes on the obligation of service. They realize,
or it has been recognized historically, that there are overseas tours of
duty. They are required. He felt that with strong leadership and reasonable
consideration by constituted authority/it would probably be accepted by most
of our people, if they realized the requirement and the necessity for it.
And, of course, we always go back to the Marine Corps, that are doing it.

So that we just hope that it will have a minimum impact. We do not

like it. This isn't a judgment of any of ours. We did everything we could to lighten the impact on our people. But it does seem that even both sides of the political picture--Galbraith, I noticed, yesterday said that it was the most serious thing facing the nation, and that we in the executive departments of the Government were not doing enough. So that I do believe that unless this tendency of outflow of our gold is diminished substantially, we're in for some trouble.

QUESTION: We find that this is quite expensive--maintaining two homes--which is what we have to do. Is there any thinking of scratching up any pay increases? Formerly we had an overseas pay in connection with overseas duty. This was cut out some years ago.

MR. FINUCANE: We have some legislative proposals to give some financial consideration to the man that does have to maintain two homes. We haven't approached it seriously in the past^{as} we probably will in the future, because the situation hasn't presented itself quite as well. In other words, most of our people did have their families with them.

So the handful of cases--I think we do have some relief in Greenland and some hardship posts like that, which are very expensive on the economy and we don't have proper BO-2's. But I suppose we'll have to take a good look at that. This all happened in twenty-four hours and there are thousands of unresolved problems.

QUESTION: We've heard a lot of scuttlebutt about the Boldy Committee and some of the things that they might be coming up with. Would

you care to look into your crystal ball and state what some of these personnel matters might be that they might come up with?

MR . FINUCANE: I'm awfully glad that you asked me about the Boldy Committee, because, until this excitement of yesterday, that was probably the most important thing we're doing.

We decided, largely due to a feeling of unfairness between the systems--the Navy and the Marine Corps on one side and the Air Force and the Army on the other--we got constant requests from the chiefs of the services and constant suggestions, and, indeed, some from the White House; so it seemed about time for us to take a look at the 1947 act. And, of course, as you well know, this Officer Grades Limitation Act is most irritating to the people in the Pentagon. So we got this committee together.

We debated a lot about what its formation should be, but we finally decided we would take two retired officers, very senior officers, from each of the four services, and Charlie Boldy as the chairman.

They have about 40 position papers to date, and they have a remarkable degree of acceptance of the services--surprising. I don't know what these papers are. I felt that if I went down there and started to tell them what to do, or even inject my personality or opinions in it, it would not be fair to them. So they have been working very diligently, and they will come up with some suggestions by January first.

These suggestions will have to be so-called coordinated in the building. They will have to have some degree of acceptance from the

four services, and unworkable opinions between them being ironed out. It will then take some six months to put it in legislation, as I understand it; so that we can expect no really positive results until about a year or a year and a half, not until January 1, 1962.

Many of the things they will do will be nit ticks. For example, the composition of the committee itself. The Navy could come back on active duty. The Air Force and the Army are on a per diem. Why, I don't know.

Of course, the age-old struggle on the admirals, between lower-grade admirals and upper-grade admirals. And the fact that the Navy is now presently caught up in time between the temporary promotion and the regular promotion, and the Army is still three or four years separated. The fact that now that we have unified commands, we have a senior Navy man today, and tomorrow he finds himself junior to his assistant. Those kinds of things. I wouldn't expect anything enormously radical. And we are certainly not going to do anything that doesn't help the services, because it isn't our job to destroy or work hardships, but it's to improve.

So that with the exception of a paper that Mr. Gates sent General Boldy on the subject of this knotty business of the number of Navy admirals and so forth, the OGLA, and all these other things, we have left them pretty much alone; and I think you'll agree that's the proper way for us to do it.

QUESTION: Generally speaking, the enlisted man that we need to retain the most, the man who is best qualified, is the one that is most

likely to leave the service and the services may be able to retain only the less competent. They seem also to have dangling in front of them very fine offers from the outside. Do you have any estimate of what that proportion might be, and what you may be able to do to correct that?

MR. FINUCANE: In that area, you are correct. There is no question that we are ^a training school for industry in that area. There's no doubt about that. Whether that's bad or good could be debated for a long time. The fact is that we have a shortage in that area. We have an overage in nearly all the other areas, believe it or not. Our position is very good. But in this particular area we have a slight shortage on the graph.

The extra payment doesn't seem to make any difference. Really, we have tried this proficiency pay; but if they're going to leave us, whatever we can pay them isn't going to make the difference. Some moving on is a good thing. It's a good thing for industry; and, indeed, it keeps our forces younger and in a training concept.

I don't think it's going to be any worse than it is. I think it's far better than it was. I think the mere fact that electronics and this type of exotic work was virtually unheard of five years ago and now ^{it} is highly paid, and it is becoming better know to more people--I'm assuming that we're going to have more youths that will go to school and learn in this field, and that the terrible shortage of that kind of brain will not exist forever. I think that happens in nearly every avenue of human endeavor. So I'm an optimist by nature and I think that we're going to get along all right. It'll be a continuing problem with us; and as we

get more and more electronic gear, we are going to need more and more of that kind of people.

Speaking of reenlistment and retention, just very briefly, the results of the steps we have taken, while we are still short in those areas, the Air Force was so exceptional in their reenlistment results that it became a worrisome thing. There were getting too high a reenlistment rate and there wasn't room for promotion, and there wasn't room for youths, and the general age average of the service was threatened to get too old.

So that there is a percentage--and it's different for each service--which is the maximum, or, let's say, the optimum rate. If you go higher than that, it's just as bad as having it lower. But that, of course, is controllable, because we don't have to reenlist people we don't want.

QUESTION: Sir, in reference to the ROTC program, would you care to address yourself as to the impact that this might be having on the flow of young officers to the military services through the voluntary systems in our colleges and universities, and what the future holds for the ROTC program?

MR. FINUCANE: Well, I would be delighted to. It's a very large subject, but I think you ought to know about it.

There are several things happening in America. Probably the most important one is that progressively and rapidly people do not go to a college for four years. In the State of California very few people go to a college for four years. They go to a junior college, or they go to one of the

colleges for two years, and then they advance to the university. The same thing is true in Virginia.

It seems that more and more, as the student bodies get bigger and we get more and more of these junior colleges, and more and more requirements for graduate work, that the so-called four-year concept will go. That means, I think, No. 1, we have to devise some system-- and the Army is working very hard on this--to not artificially exclude a man from becoming an officer in the services simply because he can't spend four years at one college.

The second thing is, the Air Force requirement for ROTC--and their best judgment is quite different from the Army's, for obvious reasons-- the Navy we won't talk about. They've got their program. They're satisfied with it, and it's not in this debate at all--the Air Force present concept is, they would like to have a well-rounded graduate from college or university probably having taken ROTC work for the last two years of college only, which would solve this junior college thing. And then they hopefully would like to have him go for one, two, or whatever number of years is required, to a graduate school to intensify his study of his prospective profession, which I think makes very good sense. And they are working hard on that one.

As far as the compulsory versus voluntary ROTC for the first two years, which Mr. [?]Buck has made quite a fuss around the country here recently, rather, I might say, contrary to the decision of the Armed Forces Policy Council--we have now about 130,000 students, for which we need to

get 14,000 out at the other end. We believe our requirements for 14,000-- and we've never questioned the Army's requirements. We have just taken them for what they asked for, and that's what they asked for-- if they remain constant--and we have no reason to believe they won't remain constant--in five or six years there will be 300,000 students for the same 14,000 end product.

We have never told any university what to do at all, but three of the largest universities went voluntary this year; and our entering class of ROTC has gone up 25,000 over last year. So that any kind of statement that this is going to dry up or kill the ROTC program is just not factual. It's emotional, but not factual.

So we think our national policy in this area is probably a pretty good one. There's much work to be done. One of the Air Force programs, which I think I agree with, is that they would like to have some kind of a scholarship program, maybe a thousand dollars a year. We, of course, as you know, have fought for two years to get the universities paid per head for graduates, to help them in this area. We have not had any real turn-down from the President's office, but we have beat it to death, and can't quite jar it out, you know. At the last minute something has to be changed or paragraph 4 is wrong, or something. But it ^{will} come on. It's not dead yet by any manner of means. So we go along doing the best we can.

I think the major thing that we have to do is to solve this junior college problem and to instill in the minds of the youth the very desirable

thing it is to be an officer in the United States Service rather than to be drafted, just on a pure practical, common horse-sense basis. I can't imagine any youth that would turn down an opportunity or not fight like a Trojan to get a commission. We have to reverse the type of thinking. And, believe me, you don't get enthusiastic support of anything by forcing somebody to do it.

QUESTION: Do you see any change in legislation regarding the retirement for, say, officer personnel in the next decade?

MR. FINUCANE: We certainly are not going to advocate any. And whether Charlie Baldy's committee will come up with any minor refinements or suggestions I don't know.

The bill for military pensions in about fifteen to twenty years is going to be over four billion dollars a year. That really is causing a great deal of concern to people in authority on the Hill. That's the real basis of the Senator Dennis discussion and study. He's not an obstructionist at all. He's just worried.

Maybe some suggestions at some time down the line, some contributory program that is self-financing, will be developed. As I say, now, outside of actuarial studies which we are carrying on in my office, I, Mr. Gates, nobody in this Department is recommending any change whatsoever, except, of course, to reverse this Cordiner operation of the retirement pay of those that were divorced June 1st, 1958.

QUESTION: Mr. Secretary, do you foresee any way that we can especially those retiring fairly soon, use these people who are going to retire, in a more efficient way? For

instance, by permitting dual compensation or something like that?

MR. FINUCANE: We have always had on the Hill for, I expect, years a bill to repeal the dual compensation and dual employment acts, which were passed, I understand, in 1867. There are certain reasons and powers that oppose the repeal of those. And you can understand why. Number one is the potential threat to people who are already on the job in civilian clothes. Likewise it could conceivably lead to officerstaking off their military clothes and going back to the same desk in civilian clothes. And so forth and so on.. We have always maintained that position in the Department. We just want it repealed--period.

We recognize, or some of us recognize, that we just are not going to get that. Even if, and no matter what the argument is, experience shows us that we're not going to get it. We've been trying to get it for years, and we've gotten nowhere. We can't get a public hearing on the subject.

So this year, with the aid of Roger Jones, who is a great statesman, in my opinion, and the Bureau of the Budget and ourselves, we have developed something along this line: that the officer can work for the Government in any capacity he wants to, which will do away with the double employment proposition; and that some sort of a formula on the pension will be worked out. That is, if he's drawing another/pension as a civil servant, he will get 25 percent of his pension only; or something of that type. They are working hard on it. And we need some service concurrence; but I don't know whether we're going to get service concurrence,

because the service positions are pretty firm in this matter. They are historically firm. So whether we'll be able to convince some of our people that they'd better have three-quarters or seven-eighths of a loaf rather than no loaf at all, I don't know. It's just in the debating stage, and we haven't really submitted any firm proposition to the services. So that's the status.

QUESTION: Sir, this ^{is} pretty drastic action that we have taken recently--drastic from the standpoint of the military. Now, this outflow of gold didn't start yesterday or last month or a year ago. This started quite some time ago. It occurs to me that we have been sitting on our hands to date, and all of a sudden we have been awakened by the gold speculators, and something has to be done. My question is: Since it is apparent that this should have been done quite some time ago, why haven't we done something before?

MR. FINUCANE: That's a pretty good question. Unfortunately, I have done something before, but I'm not in that area.

To make a sort of defense for action now and not before--and, again, this isn't in my field. I'm simply giving it as my best guess--it's become radically worse this year. I think it's 4 billion 8. I think I heard they lost 90 million dollars in one day last week. I don't know whether Mr. Kennedy's election has caused it or not. I think not. But certainly it's increasing, and it's increasing in an arithmetical progression manner.

Whether we should have taken steps earlier--I thought we should

have; yes--and did a lot in the building about it. But I ^{am} just working in a personnel area. I'm not the Secretary of the Treasury.

I think we also probably have a tendency in a Government like this to put off, hoping that this trend will reverse itself. And I'm sure if the trend reverses itself, we'll reverse a lot of these most distasteful decisions that are being made. And maybe the trend will reverse itself.

This thing--I promised not to talk about this, because I don't know too much about it--but this thing isn't all mixed up with us. This is mixed up with foreign aid. It's mixed up with the private investment overseas. It's certainly mixed up with this tourist business, which is fantastic. It's mixed up with all kinds of phony exchanges, such as we have, as many of you know, with the Philippines, Korea, and Turkey--unrealistic subsidies which we have been putting up. This is a very, very involved thing. We're only part of it. Now, we're not a very small part of it, but we're certainly not a major part of it either.

QUESTION: My question is related to the preceding one. I have the impression from your remarks and from the way the thing was reported in the press that this was forced on you suddenly by the executive department. Is that right?

MR. FINUCANE: We did not have any idea four days ago that we were going to get any such order as this one. This is completely out of the blue. We got the order and then we started to try to get the order amended so we could live with it. And I think Tom Gates did some pretty good amending.

Fortunately, our research--I have great admiration for our staff in the Pentagon. In about a moment's notice they can come up with any kind of answer that you want on almost any subject. They have a study that has been taking place somewhere if you can find the thing. So we got our studies out, and we were fortunate, in my opinion very fortunate, to be able to have the initial order substantially lightened in our favor. I know it isn't going to please anybody in this room, but it's much better than we might have had.

QUESTION: Mr. Secretary, do you think this action might give the Communist Bloc a propaganda advantage, such as evacuating, preparing for war? Or do you think it could have any effect on the attitude of our allies or the people in Berlin?

MR. FINUCANE: Well, I can't say what the Communists are going to make propaganda out of, because they are the most extraordinary people. They make great propaganda out of their worst failures.

Certainly the international people know that we are in trouble. They probably knew we were in trouble before we did. That's why the gold is starting to leave.

Likewise, of course, if there hadn't been a run on us, it wouldn't have been so severe. This is partially psychological. I mean, this country isn't--I'm getting into the Treasury Department now. This country isn't broke at all. It's very, very wealthy. This is psychological. We've got to stop this thing, because it will either increase in volume to the

point of real trouble, or else it will stop relatively quickly.

There are some psychological aspects which might be used. Obviously, one is Berlin. We talked about that. You have all heard many times about it--how one of our greatest challenges or gauntlet-throwing operations to the Germans is to march our dependents up and down in front of the gate every day. And, indeed, the Germans take great comfort from that. So that's a show for us, an indication of our determination.

I don't believe that this world-wide operation, of this size, can possibly be construed by anybody as preparing us for an overt action. I don't believe anybody can twist that. After all, here we take out 15,000 a month. If we were preparing for overt action, we would take out 150,000 a month. And, of course, obviously, we would take it out from the place where we thought we were going to have the action. So I don't believe that anybody is going to construe this as anything except a requirement to stop the flow of gold from the United States.

QUESTION: Mr. Secretary, do you know whether Mr. Kennedy is in agreement with this administrative action?

MR. FINUCANE: Mr. Kennedy hasn't told me about his opinions. He told me publicly about a lot of them for the last two or three months--sometimes repetitiously, I think.

I think Mr. Kennedy knew about this. I think he knows about it now. I think it's interesting to note in the paper yesterday that this Professor Galbraith, who might be dictating most of your policies from

now on after I leave, is entirely in accord with the program and thinks we haven't acted nearly radically enough.

So I believe that President Eisenhower has shown a great deal of courage in this. He's making it much easier for ^{this} oncoming administration. The easy thing to do would have been to sit back and let Mr. Kennedy take care of this rather distasteful program and problem. So I have great admiration for the General, the President. I think he acted very courageously in this area.

QUESTION: Mr. Secretary, do you believe that this responsibility pay level bill for officers should be implemented? If so, how do you think it should be done?

MR. FINUCANE: Well, I wouldn't beat around the bush. I think it's a bad bill. When we first had it, everybody thought it was a bad bill, even the Air Force. Then SAC thought they would like it. And then finally the Navy took another look. And now I believe the Army is taking another look, but I haven't looked at what the Army has looked at yet.

On my personal philosophy, I don't know what more responsibility one of you have than another. I don't personally believe in elite corps in services. I think it's a difficult thing to administer completely without any kind of favoritism at all. And I also believe that it was originally put in for the lawyers by the lawyers; and they never heard of an aviator.

So those are the reasons that I don't think much of the bill. If a

pay raise is in the making, if the pay of the services and the officers is not adequate, I would like to see the pay raised for all officers. That's my only comment on that.

QUESTION: Mr. Secretary, I believe that presently we have not retained a satisfactory percentage of the professions, such as lawyers and doctors, in the services. Is that right?

MR. FINUCANE: For the first time in several years it looks like we're going to run short of doctors. Dr. Berry has written a letter to every internist pointing out the fact that it would be very nice if they were to enlist as officers and come on duty as officers, I should say, for their two-year period, which is what has been happening right along, rather than be drafted.

Now, this is the first time we have faced this in a long, long time. I don't know whether Dr. Berry's letter will be productive or not. These doctors are losing interest in their service because our draft calls are getting lower, and maybe we haven't paid enough attention to those that didn't come in as officers.

I don't know that we have a great shortage of lawyers in the service. The requirement for a professional officer and a lawyer is a very important one in our services. I don't want to belittle it at all. It's imperative. And we do hope that we will be able to attract and offer the proper promotion opportunities to officers to go on through the JAG and up to the top of the list.

Of course, the Navy uses more civilian lawyers, I think, than

do the other two services. There is in some ways almost a kind of a conflict between the civilian lawyers and the military--not a serious one, but certainly a jurisdictional one. I'd better stop talking about that. I don't think we have a great shortage of lawyers. Maybe we do. I haven't heard about it anyway. I hear about the shortage of junior naval officers, if you want us to talk about that.

QUESTION: Mr. Secretary, I wonder if you'd comment briefly about the strengths and weaknesses of our defense mobilization planning in the event of nuclear attack.

MR. FINUCANE: I think I'd better beg off on that one. I don't know anything about it.

QUESTION: Particularly with reference to manpower.

MR. FINUCANE: I don't think we have given too much thought to that. The Air Force and the Navy, of course, with their reserve programs, are pretty well ready to go. In the Army we have a very substantial number of Reserves in constant drill pay status--700,000.

One of the reasons that we must keep the draft, of course, is to keep the machinery slowly turning over. We will have in the Army, if we bring up all our people as soon as possible, we will be able to ship them anywhere in the world, where we couldn't before, because every single one of them now has had at least six months basic training. So we've got no restrictions there of those who are now with us. And we could, of course, go up to 3 million in our standby Reserves.

I suppose we would just do what we have always done before--take

them as fast as we could. We're constantly worried about the effect of nuclear explosions in the United States, which we have never had to face before. We have constant soul-searching discussions about what is going to be the role of the military in this holocaust if it comes. And, of course, there are programs for civilian guards and militia--about as many programs as you can think about.

I suppose one of the really worrisome things about this whole program is that nobody seems to be interested in it except OCDM and ourselves. The public couldn't be more apathetic about the whole operation. / We can't get shelters. We can't get any real interest in the thing.

We have changed our military policy slightly in the last six months to advocate the building of air raid shelters, to try to provide some sort of a starting position for us to do it ourselves. We are constantly cramped by lack of money, as you know. And we have ^{upped} in relative importance aid to the civilian authority than we had before. It's still a secondary mission. We must in the military never get away from the fact that our first mission is to attack and defeat the enemy. But we have, I would say, upgraded our civil defense secondary mission in the last six months.

MR. POLUHOFF: Mr. Finucane, your excellent discussion and very your effective presentation have left our audience somewhat happier now than it was earlier / this morning. On behalf of the Commandant of the Industrial College, thank you very much.