The Green Eyeshades of War

by Colonel Larry Spencer

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—Walter Rundell, Jr.

Hermocrates of Syracuse, in a speech to the Syracusans in 415 BC said, "They [the Athenians] have abundance of gold and silver, and these make war, like other things, go smoothly." From an historical point of view, Hermocrates was right on the money (excuse the pun) when you consider the huge sums of money the US has spent to fight its wars. However, strangely enough we don't hear or read much about how effective those huge investments were managed during war. In other words, how successful were our *financial forefathers* at guarding the purse strings when called upon to do so in war? This article takes a journey through the history of money and war to examine lessons learned and to assess how successful we, as a community, have performed in our most important of all duties, financial management during war.

The Big War

Walter Rundell, Jr., one of the few authors of military fiscal performance during WWII, surmised in his book, *Military Money*, that "Finance officers were forced to cope with wartime financing as best they could, by improvising and muddling through." Certainly not very flattering accounts of our forefathers, but the facts certainly seem to support his conclusion. For example, a finance officer deployed during WWII sadly recounted "had no office equipment—just one typewriter and one portable adding machine, which was lost somewhere in shipment, no idea what happened to it." Since little thought had been devoted to managing money during war, even the regulations and pay tables were left behind. In fact, the first two months payrolls had to be computed from memory.

The impact of not financially planning for the war manifested itself in a host of problems that detracted from overall wartime operations, including paying troops in the field. For example, units assigned to the Aleutian Islands and the Hawaii Department, at one point, actually were not paid for six and four months respectively. The non-payment problem reached such proportions throughout the theater that General George C. Marshall was compelled to notify all theater commanders about the extent of the problems. General Marshall further encouraged all theater commanders to give special attention to correcting pay problems.

Aside from deficiencies in troop payments, an often-overlooked task of financial managers, local vendor and contractual support was also problematic. During the war, US forces contracted with local ven-

dors for such critical wartime support as aircraft maintenance and logistical support. The problem was, payments for these services in an overseas wartime environment bared little resemblance to peacetime operations. For example, areas like Northern Australia that continued to embrace the bartering concept demanded payment in beads, mirrors, colorful cloth, and cosmetics instead of currency. Illiterate Bedouins in Morocco used thumbprints to verify identification vice the signatory process used in the US. It's no wonder foreign currency caused such a stir when you consider that the office of the Fiscal Director in Washington did not distribute a foreign exchange guide to the field until September 1943—nearly 2 years after the war began.

After the war a Congressional committee reviewing the Army's performance reported "unconscionable wastes of money," caused primarily through two shortcomings. The first shortcoming was the War Department's failure to adopt modern financial business practices. The second shortcoming was no battlefield "system" available to accurately record expenditures. A separate report directed by the Secretary of War concluded that no one, from the Secretary of War on down, knew the real costs of operations for which they were responsible.

Financial performance during WWII established an undeniable lesson in war—fiscal management during war is difficult yet critical to success. Commanders in the field depended heavily on contractual services and efficient troop payments. Congress depended on the military to provide valid cost estimates and to efficiently manage the funds provided to execute the war. Unfortunately, the Finance Department did not earn a stellar grade on either account. What remains to be seen is if the financial community would heed those lessons and have a better showing in future wars?

Rumble in the Jungle

The biggest surprise between WWII and Vietnam, that had a profound effect on the overall financial management of the war, was the tightening of the funding process. Without the perceived "open checkbook" of WWII, DoD could no longer hide under the umbrella of unlimited funding. For the Vietnam War, DoD had to fully justify the large expenditures required. As such, it became inevitable that DoD would need a mechanism to account for and monitor expenditures. Anything short of accurate cost accounting could jeopardize the approval of supplemental requests for funding. Unfortunately, DoD had no such capability.

Inadequate prewar training once again proved to be the rule instead of the exception. For example, Air Force Lt Jan W. Brassem, acting comptroller at Plieku AB, South Vietnam in 1967, found that payments for local contractor support were nothing like what the stateside training prepared him for. Since local vendors could not come on base, he had to travel to the vendor's residence for payment. "There was no rush to collect payment. No rush to do more business. There are none of the normal business practices, but rather a few cups of tea, some light conversation (due to the language barrier), and finally the cash payment."

Similarly, regulatory and physical infrastructure support, albeit in a war zone, were far less than required for sound financial operations. For example, when Lt Brassem first arrived in November 1966, the finance office was a building with cardboard walls and minimal security. "Anyone could put his foot through the cashier's cage and have access to all the safes." This caused an armed guard to be posted 24 hours a day. Also, current manuals and regulations were "rare" and often "scrounged" from stateside bases.

Many of the financial lessons of Vietnam bare an eerie resemblance to those of WWII. Although Vietnam marked the emergence of the Congress as a primary player in funds oversight during war, DoD was not prepared to provide the accountability necessary to satisfy Congressional concerns. The Vietnam experience highlighted the issue that plagued financial managers during WW II; that prewar planning was virtually non-existent. Although there is significant evidence that prewar training efforts were made at senior DoD levels to develop financial contingency plans, they were largely ignored. Moreover, there is little evidence that any efforts were devoted to the readiness of those financial managers that would actually perform in a war zone.

The Green Eyeshades of War (Continued…)

A Line in the Sand

The deployment of over 500,000 military members to Southwest Asia in response to Iraq's invasion of Kuwait was unprecedented. Operation Desert Shield/Storm involved more US forces and materials in the first three weeks than in the first three months of the Korean war, and as many soldiers, airmen, and marines in 44 days as in 249 days during the peak of the Vietnam war. Having lived through Desert Shield/Storm as the Wing Comptroller at Seymour Johnson AFB NC, I can attest that the financial challenges associated with this modern-day, high technology war were equally unprecedented. From determining the costs of war operations to transitioning reservists to the active pay system, to working local vendor payments, to managing military pay via long-distance, this modern-day war ushered in a new era of modern financial support.

The great success of the US to secure allied funding support for the war has been well documented. Allies contributed over $54 billion toward a total bill of $61 billion. However, not so clearly documented were the pervasive problems of DoD to account for and project the costs of the war. At one point, under intense Congressional pressure the US Comptroller General admitted that the Pentagon could not provide accurate war cost data because of "weak" accounting methods. Therefore, in desperation, the Executive Branch adopted a policy of non-disclosure on war cost estimates. The reason for the non-disclosure policy was simple—DoD had no other choice. Despite the lessons of WWII and Vietnam, little improvement had been made to develop wartime accounting procedures and equipment.

In defense of DoD, it must be recognized that, poor accounting methods aside, Desert Storm clearly highlighted that modern-day warfare is first, very expensive, and second, difficult to project costs for. Early estimates of the first day of the air war ranged from $500 million to $1 billion per day. During the first 24 hours literally thousands of 2,000-ton hard target bombs were dropped at a cost of $11,000 each; also, about 100 sophisticated Tomahawk cruise missiles were deployed at $1 million each. Fortunately, a substantial Desert Storm cost, jet fuel, was borne by Saudi Arabia. Nevertheless, the fact remains that this lesson of Vietnam still plagued wartime financial managers some 20 years later.

For the Air Force, more routine tasks such as tracking assistance-in-kind support and gifts from foreign governments exposed a particularly troublesome problem. Donations such as leased buildings, facilities, food, and fuel were crucial to the war effort and politically sensitive to the Congress. However, tracking the cost of these items was a tall order for many of our agents, most of who were unfamiliar with assistance-in-kind procedures. The other financial lessons of Desert Storm are far too numerous to list here; however, suffice it to say that prewar financial management training lacked the depth and specificity needed to fully prepare our forces for war. Ironically, many of those same lessons were repeated from WWII and Vietnam.

The Beat Goes On

Lest you think the unheeded lessons of financial management during war were restricted to WWII, Vietnam, and Desert Storm, there's more. For example, during Operation Urgent Fury in Grenada local East Caribbean (EC) currency was needed to contract for services and supplies. However, during pre-invasion planning, no one informed the mission commanders of an embargo on EC currency in the US. As a result, US forces landed in Grenada on 25 October 1983—the money to conduct operations arrived two days later. Still not convinced, then consider the following statement submitted in a joint lessons learned report after Operation Just Cause in Panama.

"Financial resources planning was nonexistent in the preplanning of Operation Just Cause. Consequently, the financial management community was left to muck its way through hundreds of unique issues that arose throughout execution and in the aftermath of the operation. Resource managers operated in a peacetime mode in a rapidly changing environment with numerous funding questions arising on an hourly basis…." To bring things closer, consider the financial lessons learned from our most recent war, Operation Noble Anvil.

Despite very clear Air Force guidance to the contrary, a number of paying agents arrived in theater without laptop computers, adequate funding, or prior coordination with the supported command or the on-site deployed agent. Air Force members consistently arrived in the USAFE AOR without personal checks, government travel cards, current leave and earnings statements, and travel accrual payments established. Many deployed agents arrived from stateside locations without a safe because they assumed funds security would be available. Also, there were several instances where stateside agents volunteered to deploy, but did not have a current passport. Starting to get the picture?

Bringing It All Together

In reviewing the history of financial performance during war, I was struck by two things. First, despite volumes of lessons learned, Congressional pressures, and even Top Dollar, we continue to relearn essentially the same lessons from one war to the next. Second, I was awed by the fact that despite these apparent shortcomings in financial preparation for war, the sheer grit and professionalism of our financial managers has overcome these obstacles. The questions remaining are will we continue to repeat the financial lessons of war, or will we finally turn the corner and really get prepared for wartime operations?

Obviously the answer remains to be seen. However, after carefully reviewing the history I concluded that the answer is dependent on a simple recognition—we need to make wartime training an integral part of our day-to-day operations. During the May 2000 financial management executive session, the feeling was unanimous that the emphasis on Top Dollar needed to shift away from competition to training. Having recently concluded the ACC command Top Dollar exercise, I can attest that placing the focus on training (as it should be) was a welcomed change for the participants. Even so, Top Dollar training is formally conducted every other year—hardly enough to rely on as a single source for wartime preparation. Therefore, I offer the following thoughts as a starting point to ensure the lessons of the next war don't read identical to those of wars past.

First, we must make readiness, with emphasis on comprehensive prewar preparation, priority number one! That means we should set aside time for readiness training on a frequent and recurring basis. I don't think it's unreasonable to expect that we would consciously and consistently set aside time to focus on our most important mission. Second, we should develop and insert realistic financial management scenarios into the base exercise program. For example, during phase I, exercise deployment kits should routinely be inspected to ensure they are tailored to the exercise location.

The same is true for passports, AF Form 616s, and other deployment items. We should ensure our people have current immunizations, weapons training, self-aid and buddy care, and chemical ensemble training. During mobility out-processing, our folks should highlight members that don't have a current LES, personal checkbook, or government travel card. We should also insist that our folks research the availability of banking facilities, security, currency, check cashing/hold policies, embassies, etc., at the deployed location.

The same should apply to phase II exercises. Deployed agents should be given scenarios they are likely to encounter at the deployed location with emphasis on the most recent Kosovo lessons learned. Third, deployed agents tend to be focused primarily on military pay and travel issues. Prior lessons are clear that deployed agents need to be knowledgeable of all comptroller disciplines. During war, the deployed agent is in essence the "comptroller" to the deployed commander. Home station expertise is always an option; however, as we saw during Kosovo, there are times when commanders need a fast answer and there isn't time to call the home station. Finally, we need to remember that preparing forces for war is a command responsibility. As such, commanders should not rely on Top Dollar training every other year to fulfill that responsibility. There is nothing that prohibits a unit from having local Top Dollar-style training at any time.

As a parting comment, I'll venture to say that anyone that has experienced financial management during war as I have came away with a clear conviction that prewar training is an absolute must. Despite the

day-to-day issues of budget and finance, we must never lose focus on our most important of all issues, being prepared for war. I realize there are many other ideas, in addition to those suggested, that can help us achieve that objective. However, it is my hope that this brief look at our history will convince you, as it has me, that we need to redouble our efforts or risk facing the same outcome as our predecessors. On a final note, I want to reemphasize how impressed we should be with our comptroller team, that despite the difficulties and lack of adequate prewar training, supported our troops and commanders in every war, and did us all proud.

1. Thucydides, History of the Peloponnesion War
2. Walter Rundell, Jr., Military Money
3. Louis C. Seelig, Resources Management in Peace and War

About the Author

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