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AN ANALYSIS OF FINANCE OPERATIONS FROM WORLD WAR II TO THE VIETNAM CONFLICT -- WAS ANY PROGRESS MADE?

A thesis presented to the Faculty of the U.S. Army Command and General Staff College in partial fulfillment of the requirements for the degree

MASTER OF MILITARY ART AND SCIENCE

by

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Among the many conclusions which could be drawn from this analysis are: finance planners were proactive in their search for better ways to provide pay support as shown by the evolution from the manual Military Payroll System of World War II to the automated Joint Uniform Military Pay System (JUMPS) used during the Vietnam Conflict; Class A Agents were used extensively in all three wars and will likely be used to some degree in the future; currency exchange has been and will probably continue to be a tough task for planners; and finance soldiers will find themselves in more danger on the battlefield than in the past as support begins to be made available closer to the forward edge of the battle area.

The study concludes that the finance operations since World War II have consistently progressed. Lessons learned were documented, boards actively studied them, and action was taken to fix problems in the pay system.

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The opinions and conclusions expressed herein are those of the student author and do not necessarily represent the views of the U.S. Army Command and General Staff College or any other governmental agency. <u>(References to this study should include the foregoing statement)</u>.

ABSTRACT

AN ANALYSIS OF FINANCE OPERATIONS FROM WORLD WAR II TO THE VIETNAM CONFLICT -- WAS ANY PROGRESS MADE?
by Major Jeffery R. Eskridge, USA, 92 pages.

This study is a historical analysis of finance operations during World War II, the Korean Conflict, and the Vietnam Conflict. The military pay aspect of each war is examined in detail at the tactical level with the major focus being on four areas: wartime pay support, currency exchange, the environment, and organization for support.

Among the many conclusions which could be drawn from this analysis are: finance planners were proactive in their search for better ways to provide pay support as shown by the evolution from the manual Military Payroll System of World War II to the automated Joint Uniform Military Pay System (JUMPS) used during the Vietnam Conflict; Class A Agents were used extensively in all three wars and will likely be used to some degree in the future; currency exchange has been and will probably continue to be a tough task for planners; and finance soldiers will find themselves in more danger on the battlefield than in the past as support continues to be made available closer to the forward edge of the battle area.

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INTRODUCTION

> The US Army may fight in a variety of places and situations, ranging from developed countries where it may oppose highly mechanized forces to remote parts of the world where it may oppose light, irregular units. Regardless of the situation, the fluid nature of the battlefield requires an equally flexible finance support capability. Finance units must meet the AirLand Battle tenets of initiative, agility, depth and synchronization. Finance unit commanders must anticipate, initiate, and improvise in order to be responsive to the needs of those they support. The Finance Corps mission on the AirLand Battlefield is to sustain Army, joint, and combined operations by providing timely commercial vendor and contractual payments, various pay and disbursing services, and limited accounting on an area basis.[1]

This quotation, taken from Field Manual 14-7, *Finance Operations*, outlines the requirements for finance operations throughout the Army. Finance operations, in particular wartime military pay operations, provide the focus for this thesis. Research will also be conducted to discover lessons learned from finance operations during World War II and the Korean and Vietnam Conflicts.

BACKGROUND

The Finance Corps mission on the battlefield has been, and often still is, perceived as being limited by field commanders. Commanders often view the Finance Corps mission as bankers on the battlefield with their function being to pay the soldiers and maintain their pay records. During World War II, paying soldiers was the central mission for Finance. However, Finance was also responsible for supplying, budgeting, exchanging, and accounting for all military money. As the Army's fiscal agent, Finance controlled all monetary matters and was the focal point for other government agencies and foreign powers.[2]

World War II presented challenges to the Finance Corps regarding currency exchange, payments to soldiers, finance doctrine, budgeting and accounting, and financial administration to name a few areas. One reason for this was the massive buildup of forces in the European Theater of Operations (ETO). According to the Report of the General Board regarding activities in the ETO, forces increased from approximately 70,000 on 6 June 1944 to approximately 3,000,000 on 30 April 1945.[3] Another reason was the nature of the World War II. A unit could very well conduct an offensive in Europe and cross the borders of several countries. Funding had to be coordinated with troop movements across national borders.[4]

Conversely, in Korea and Vietnam, United States participation in the war was essentially limited to one theater. This reduced some of the problems involved with dealing with many different types of currency. Both the Korean and Vietnam Conflicts involved substantial troop buildup which in turn had an impact on finance planning for pay support.

PURPOSE

The purpose of this thesis is threefold. First I will conduct a historical analysis of military pay operations from World War II until the end of the Vietnam Conflict. Then I will determine whether or not historical lessons learned are passed on to be used in the future. By conducting this research I plan to show that there are valuable lessons to be learned from reviewing previous campaigns. I also hope to find cases where a study of previous campaigns proved to be an aid to the finance soldiers of the time. Finally, I want to compare and contrast the finance operations during World War II, the Korean Conflict, and the Vietnam Conflict. An analysis of the facts may reveal some shortfalls with the current finance doctrine concerning wartime support.

SIGNIFICANCE OF THE STUDY

> The United States Army exists to deter war or, if deterrence fails, to reestablish peace through victory in combat wherever US interest are challenged. To accomplish this, the Army's forces must be able to accomplish their assigned strategic roles. Moreover, for deterrence to be effective, potential enemies must perceive that the Army has the capability to mobilize, deploy, fight, and sustain combat operations in unified actions with our sister services and allies.[5]

The finance community has a role in the Army's effort to achieve victory in combat. The finance community as well as the Army as a whole must learn from historical experiences. A goal of this study is to provide facts for the finance doctrine and proponency community to review so that finance doctrine will continue to grow with the ever changing warfighting doctrine. Furthermore, this research will attempt to uncover areas which need to be revisited and provide a base to begin action to make the appropriate doctrinal changes. Finally, it will allow the researcher to gain more insight and be better prepared to serve the Army in the future.

RESEARCH QUESTIONS

This research addresses the following questions:

1. What was the nature of finance operations during World War II and the Korean and Vietnam Conflicts?

2. What were the lessons learned during World War II and the Korean Conflict regarding improving finance operations?

3. Were lessons learned, if any, passed on to Korea and Vietnam respectively?

4. What type of finance support was provided to soldiers?

5. What types of conditions did finance personnel work under to provide satisfactory military pay service?

ASSUMPTIONS

1. The finance proponent did attempt to improve operations based on the successes and failures of previous wartime operations.

2. Army Leadership permitted significant flexibility to the Finance Corps in its efforts to improve financial management activities during the researched period.

3. There were finance after-action reports available after each wartime effort.

4. Doctrinal changes take time to be implemented into the system. It is assumed that these changes can take anywhere from six months to two years to be implemented.

LIMITATIONS

1. Research materials used are those available through the Combined Arms Research Library and the United States Army Finance and Accounting Center Museum.

2. This study will focus on conflicts at the mature stage of the campaigns; however, research will be conducted for the entire period of U.S. involvement.

DELIMITATIONS

1. This study will research military pay operations at the tactical level from the latter part of World War II (WW II) until the end of the Vietnam Conflict.

2. Research during WW II will focus on the European Theater of War.

3. This study will not research budgeting operations.

4. Research for historical data will be limited to the time period 1940-1975.

5. This study will not contain classified data.

METHODOLOGY

This thesis will follow an analytical and a comparative methodology using available literature as the primary source of information. The study begins with a four-part methodology which consists of (i) a discussion of the purpose of military pay support, (ii) a review of the literature, (iii) a discussion of finance operations during World War II, the Korean Conflict, and the Vietnam Conflict, and (iv) a comparison of finance operations used in World War II, the Korean Conflict, and the Vietnam Conflict.

Part one details the role of military pay support and the purpose that it played in previous wars and its implications concerning future operations. The role of military pay support in regards to current (AirLand Battle) and emerging doctrine was discussed.

Part two began with a two-phased review of literature. During phase one, historical materials, reports, and studies provided background information tracing the evolutionary development of finance doctrine from World War II to the end of the Vietnam Conflict. The review of these materials revealed that the finance community was proactive in their attempts to provide the best possible pay support to the Army.

In phase two, books, articles, and reports were reviewed primarily to seek first hand accounts of the situation the soldiers were facing and to determine the type of pay support soldiers were receiving. The focus of this review was wartime after-action reports generated by units involved in the conflicts.

Part three of the methodology consisted of a discussion on the actual finance operations during World War II and the

Korean and Vietnam Conflicts. The discussion will focus on four areas: wartime pay support, currency exchange, the environment, and organization for support.

The fourth and final part of the methodology consisted of a discussion of the similarities and differences of the finance operations during World War II and the Vietnam Conflict. Lessons learned will also be reviewed and discussed in the comparisons.

SUMMARY

Chapter one provided an introduction to the problem being researched. It stated the purpose of the thesis and discussed the significance of the topic with regard to AirLand Battle doctrine. It also presented research questions to be addressed. Furthermore, it established assumptions, limitations, and delimitations applicable to the thesis. Finally, it introduced the methodology used to develop the thesis and a glossary.

CHAPTER ONE

ENDNOTES

1. U.S. Army, FM 14-7, Finance Operations (1989): 1-1.

2. Walter Rundell, Jr., Military Money (Texas: Texas A & M University Press, 1980), 1.

3. Study, European Theater, The Activities of the Finance Department in the European Theater of Operations, (Washington, DC: US Army, April 1946) Appendix 32.

4. Rundell, 208.

5. U.S. Army, FM 25-100, Training the Force (1988): 1-1.

CHAPTER TWO

REVIEW OF LITERATURE

The purpose of Chapter Two is to provide a two-phase, comprehensive review of literature related to the research questions. This review revealed that finance operations while unsophisticated in early development steadily improved and was consistently geared toward providing the best possible pay support to the soldier and the commander.

During phase one, the review focuses on information which can trace the growth of finance doctrine from World War II to the end of the Vietnam Conflict. The review begins with a look over time with many of the World War II sources coming from the book titled Military Money by Walter Rundell, Jr. The book details a fiscal history of the U.S. Army overseas during World War II. The phase one review concludes with a summary of finance operations in Vietnam.

The focus for phase two is first-hand documentation of wartime action. Again, research was conducted for the entire period of the research (1940-1975).

WORLD WAR II PERSPECTIVE

BACKGROUND

There are three primary sources that will be used in the discussion of finance operations during World War II (WW II). They are (i) Military Money, a book on the fiscal history of the U.S. Army during WW II by Walter Rundell, Jr., (ii) a General Board Study of the activities of the Finance Department during WW II, and (iii) after-action reports made by a few of the Army Headquarters.

According to the War Department in a memorandum dated January 1947, the primary mission of the Finance Corps during World War II was paying the soldier. In addition, the Chief of Finance often paid bills for transportation of things, communication services, rents and utilities, land and structures, equipment, refunds and awards, insurance losses, printing and binding, supplies and materials, and grants just to name a few. Military expenditures were tremendous and the fund accounting procedures were laborious.[1]

Conversely, First Army Headquarters stated the primary mission of the Finance Section was to render technical advice to the Army Commander and all of the staff sections of the headquarters on fiscal and finance matters to the extent directed by the Army Commander. Paying the troops was a secondary mission.[2] That information was provided to show that the supported Army often changed the priorities of their

Finance Sections and similar action could be expected in the future.

At the beginning of World War II, lump sum allotments were issued to the overseas task force commanders on a Finance Department General Authority allotment. This was essentially a blank check. Overseas funding requirements were estimated and adjusted based on the actual reports of expenditures.[3]

Conversely, fund control was conducted by the War Department. This procedure could only work when funds were plentiful and fund control was not paramount. After the war, overseas commanders were assigned their own appropriations and sub-appropriations and were required to submit monthly status reports to conform with fiscal procedures practiced within the United States.[4]

MILITARY PAY

According to Rundell in his book titled Military Money, soldiers at the unit level often commented that they did not want money in the foxhole. They only wanted enough pay to buy items from post exchange facilities. The remaining pay due would be sent home in allotments.[5]

Rundell further implied that the soldiers concerns, coupled with the impact of his pay on the local economy, made a good case for limiting funds in the theater. The Army promoted savings programs (primarily war bonds) through the payroll deduction program to reduce cash in the soldiers hands. Another approach to reduce pay in soldiers' hands advocated pay restrictions to curb speculation. This procedure urged the Army to establish full pay credits, but only disburse limited funds.[6]

A statistical summary of a General Board Study conducted in the European Theater of Operations showed that allotments and personal transfer accounts accounted for over 40 percent of a soldiers pay. The promotion of war bonds was probably deemed necessary because they averaged about 4 percent of a soldiers pay.[7]

There was much debate concerning the disposition of a soldiers pay and the constitutionality of directing a specific method of payment. In an article concerning "Activities of Finance Department," it was a contention that the American soldier had earned his pay and deserved the full amount in cash if he wanted it. Oddly enough, disposition of pay was not a major issue with the soldier. He just expected to see his name on the payroll once a month to verify his savings program was in effect and that he was getting his full pay.[8]

The ultimate decisionmaking authority on how much a soldier was paid during wartime was the Congress of the United States. The War Department never requested Congressional limitations on a soldiers' pay. According to Rundell, "the soldier's option to draw full overseas pay was a burden imposed by the War Department's questionable appraisal of American social ideology."[9]

Furthermore, Rundell indicated that finance support was centered around the division level organization. Support was occasionally neglected for non-divisional troops because there was generally no major unit to coordinate their pay support.[10] While that may have been generally true throughout all the theaters involved in WW II, in the European Theater of Operations there was adequate support for units in the Army Air Forces and the Communication Zone (COMMZ). According to the General Board Study of the European Theater of Operations, over 3,100 finance soldiers were providing support to the Army Air Forces and the COMMZ.[11]

Rundell cited that the most frequent complaint made against the Army's pay system overseas was that it was designed for peacetime operations. He inferred that Finance planners had failed to foresee that the then existing method of payment was not fitted for service. Furthermore, he stated that suitable office equipment and transportation needs had been neglected. Finally, Rundell concluded:

> That the Army got paid at all is a tribute to the ingenuity of finance officers who made necessary changes in the field. In many instances these adaptations did not guarantee satisfactory service for all, but they represented Finance's desire to accomplish its mission.[12]

KOREAN CONFLICT

Background

Unlike WW II, the Korean Conflict was essentially limited to one theater. The challenge for finance soldiers had progressed from primarily paying the soldiers to paying the soldiers and also serving as a combat soldier. A discussion of the literature written on the subject follows.

The bulk of the research on finance operations during the Korean Conflict was contained in a book titled Combat Support in Korea by John G. Westover. Westover's book is a collection of interviews with members of Combat Support and Combat Service Support soldiers. The concepts and ideas espoused in those interviews will be summarized in this section.

CASH ON THE BATTLEFIELD

During the Korean Conflict, the question was asked by Warrant Officer John Kinnaman, Jr., "Why Pay the Combat Soldier?" He gathered that unit personnel officers were not screening soldiers to determine if, and how much of their pay they wanted to receive. Based on the 75 percent turnback rate, he concluded that many of the men had no need or desire for their money.[13]

Kinnaman further surmised that procedures had to be developed to decrease cash in the theater. One plan to eliminate as much cash as possible from the theater was to establish a gratuitous payment of about $10 monthly for each soldier. This amount could pay for PX items and laundry. Since soldiers received free beer, candy, cigarettes, and soft drinks in the combat zone, the expense would be in line with Army policy. The balance of their payments would be made when they departed from Korea.[14]

Kinnaman concluded his theory by recommending the nonpayment of soldiers in the theater. He stated:

> Nonpayment of soldiers would prevent military payment certificates from falling into enemy hands. The increased use of allotments would reduce the number of payments--and finance personnel. Limitation of money in the hands of troops would reduce the free spending that has been so damaging to the economy of the Republic of Korea.[15]

PROBLEM AREAS

According to Lieutenant Donald J. Horan (a Finance Officer with the 2d Logistical Command), a problem prevalent in Korea was the illegal trafficking of military payment certificates between members of the United Nations forces and Korean nationals. He conclude that it was primarily because currency conversion was not readily available. A partial solution to the problem was the employment of Korean cashiers (who were more proficient in counting Korean money) from the bank of Korea.[16]

Another problem was the requirement to maintain perimeter security twenty-four hours a day. Finance units were often required to provide personnel to support this mission. Finance soldiers were clerks during the day and a sentries at night. Also, finance officers were concerned with security of cash and pay records. Thermite grenades were attached to field safes so cash and pay records could be destroyed if necessary.[17]

Finally, there was the problem of constant movement because of the tactical situation. Equipment was bulky and transportation was lacking. Units often lost hours planning for movements which never occurred.[18]

FINANCE CORPS BOARD STUDIES

During the nine years after the Korean Conflict, the Finance Corps conducted a series of board studies with their ultimate goal being to fundamentally improve finance systems and support for the soldiers in the future. Three studies will be discussed in this section.

ANALYSIS OF MILITARY PAY VOUCHER SYSTEM

The Finance Corps Board initiated several studies to attempt to improve finance services under combat conditions. One of these studies was the Critical Analysis of the Military Pay Voucher System Under Sustained Combat Conditions. The objective of the study was to examine, evaluate, and isolate the problems relating to the pay system when supporting troops engaged in sustained combat operations.[19]

The commander must have a responsive, flexible, and reliable pay system in support of his tactical and logistical missions. The study was oriented toward the development of a pay system capable of supporting a highly mobile, widely dispersed combat force which could be deployed to any area in the world.[20]

There were many deficiencies inherent in the post-Korean Conflict military pay voucher system. There was a requirement for a large number of people to operate the system; time consuming procedures were required for summarization and certification of pay data; tremendous amounts of paper were needed for the system; administrative requirements of pay processing dictated early monthly cutoff dates for payroll preparation; the Army pay system was not compatible with the Air Force or Navy systems; and there were requirements for many forms.[21]

Finance experts agreed that the efficiency of the military pay voucher system was contingent upon highly trained personnel in both the finance and unit personnel offices. The rapid turnover of personnel posed a problem in that training had to be continuous to approach even a fair degree of accuracy. Audit reports from the Army Audit Agency showed that a significant number of erroneous payments were due to poorly trained unit personnel clerks.[22]

The study concluded by proposing a new military pay system for further development. The new pay system would be more flexible and reliable in support of the tactical and logistical mission; capable of smooth functioning under manual or automated conditions; permit fragmentation of finance units to provide pay services as needed; assure tri-service compatibility; be easy to understand and would reduce training requirements for unit personnel offices; and incorporate the desirable features of both past and present pay systems.[23] The recommendations from this study were most likely the actions which led to the development of the Centralized Automated Military Pay System (CAMPS) in 1964.

FINANCE SUPPORT IN A COMMUNICATION ZONE (COMMZ)

The Finance Corps Board also initiated a study on finance support in a Communications Zone (COMMZ). It assumed a COMMZ would be established outside the limits of the continental United States (CONUS) to support forces in an active theater of operations. Based on the assumption, the finance network, as a part of the theater army support system, must be capable of operating under any conditions.[24]

According to the study, finance functions to be performed in the COMMZ include payment of military personnel, payment for services and supplies purchased, foreign financial operations, and the procurement, custody, and accounting for the receipt, transfer, and disbursement of public funds to name a few. The concept called for a Theater Army Finance Control Officer (TAFCO) to command the Theater Army Finance Unit. Subordinate to that unit would be a General Support Finance Unit (GSFU) which would provide support on an area basis.[25]

The study concluded by recommending that (i) the practical application of finance functions to automatic data processing systems be pursued on a priority basis, (ii) early formation, staffing, and testing of a general support finance unit with a direct support finance team be achieved, and (iii) the theater army staff finance personnel along with a general support finance unit, form a Theater Army Finance Unit. Then, developed it for incorporation into a logistical command Table of Organization and Equipment (TOE).[26]

FIELD ARMY SUPPORT

Once finance support was provided in the COMMZ, the next logical step would be to review finance support to the field army. The Finance Corps Board conducted a study on field army support. The study assumed that the field army would receive administrative and logistical support from either COMMZ support forces or directly from activities in CONUS.[27]

According to the study, finance support elements must be organized and equipped to service personnel of dispersed units under any conditions anywhere. Austere personnel and equipment policies could tend to curtail or eliminate some services for field army personnel. Also finance support for the field army would at times be conducted by roving finance personnel who would move to forward areas and make fixed payments to those individuals requiring money for various purposes.[28]

The major functions to be performed by field army finance were (i) pay of military personnel; (ii) currency management; (iii) payment of commercial bills and local purchases; and (iv) payment of civilian employees.[29]

The study concluded with the key recommendation being to make all available resources be directed toward modification of the Military Pay System to permit computation and maintenance of military pay accounts on high-speed computers. Also, the highest priority should be directed toward the long lead-time required for procuring, programming, and testing the necessary equipment.[30]

EVOLUTION OF CENTRALIZED MILITARY PAY SYSTEMS

Automatic data processing played a major role in the business community in the early 1960s. Army planners were aware of its potential for military pay application and began planning for Phase 1 of the Centralized Automated Military Pay System (CAMPS) in 1964 at Fort Carson, Colorado and Fort Benjamin Harrison, Indiana. The finance offices at those test sites would electronically submit keypunched pay data to the finance center by the 22nd of each month. They would in turn receive vouchers and pay (either check or cash) at the end of the month.[31]

Phase 2, which started in 1965, offered the option for the soldiers to receive their pay at the middle and the end of each month. During Phase 3, the Common Business Oriented Language (COBOL) was adopted for programming to increase computer capability and permit further automation of field offices. Finally phase 4 helped to improve the promptness of automated payments initiated in Phase 2.[32]

There were many options available to soldiers under CAMPS. They could (i) be paid by check or in cash, (ii) receive pay once or twice monthly, and/or (iii) allow pay to accrue at the Finance Center or send it directly to a dependent or a financial institution. CAMPS also printed monthly leave balances and eliminated manual computation of pay accounts on payday. CAMPS shortfalls included (i) lack of Armywide uniformity in the application of procedures and regulatory guidance, (ii) absence of one-on-one relationship with the unit commander, and (iii) systemic errors which occasionally delayed input to accounts up to sixty days.[33] Although CAMPS was not implemented Armywide, one could conclude that the development of CAMPS is the root of Army automated systems.

In 1966, the Department of Defense (DOD) directed each military service to install the Joint Uniform Military Pay System (JUMPS) to centralize and computerize pay accounts maintenance. The three prescribed specifications were (i) use an automated single central site, (ii) incorporate a system of checks and balances with field finance office edits for validity, and (iii) direct entry from source data.[34]

The DOD Directive also stated the following:

> a. Each military service will, at a single operating site for each service, establish a master military pay account for each active duty member.
>
> b. Military pay disbursing capability will be retained at base and installation level for effecting payments made at that level.
>
> c. Individual members of the military services will be paid on regularly scheduled pay-days for two pay periods each month. The pay periods will end as of the 15th and last day of each month.
>
> d. Payday will normally be concurrent with the end of the pay period, except for exigencies under local commanders cognizance.

e. A major system development goal is to reduce manual and clerical effort in operational military units and organizations.[35]

JUMPS was implemented Armywide in 1971. JUMPS implementation established a central master military pay file for all soldiers. Soldiers could then choose:

1. End-of-month or mid-month paydays.
2. Check or cash
3. Direct deposit to bank, savings and loan institutions or credit unions.
4. Any combination of the above.[36]

JUMPS also required all finance offices to use standard pay procedures and a common code to transmit pay data to the central computer. Checks and balances were also built in to the system and internal control over document processing was tightened.[37]

There were a few flaws with JUMPS. Finance offices had to manually transfer pay data from source documents to coding forms. The forms would the be converted to punch cards which were subsequently electronically transmitted to the Finance Center. Required edits at each stage helped to minimize the errors. The Army also did not incorporate the DOD mandate to make direct entry from source data. Further enhancements, which goes beyond the scope of this research, helped to eliminate many of the shortcomings.[38]

VIETNAM CONFLICT

BACKGROUND

Like the Korean Conflict, the Vietnam Conflict was essentially conducted in one country. This eliminated the problem of dealing with currency from many nations which was experienced during WW II. This material in this section is predominately from unit after action reports and the book titled Financial Management of the Vietnam Conflict 1962-1972 by Major General Leonard B. Taylor.

MILITARY ADVISORY COMMAND, VIETNAM, (MACV)

The MACV Activities Division was responsible for formulating and submitting budget estimates and exercised administrative control of U.S. funding available to the Commander, MACV. Furthermore, it recommended command policy for currency controls, banking facilities, and other financial and economic matters of concern to the command. Finally, it was responsible for the preparation of USMACV budget and fiscal reports.[39]

In September 1965, American forces in Vietnam were placed on a Military Payment Certificate (MPC) system. MACV exercised overall authority for the conversion; however, all U.S. Army guidance and procedures were the responsibility of the U.S. Army Vietnam (USARV) Comptroller who had a Finance Services Division on paper only.[40]

During June 1966, the Comptroller, MACV prepared a document called Handbook on the RVNAF Pay & Allowances System. The purpose of the handbook was to provide an overview of the Republic of Vietnam Armed Forces (RVNAF) pay system and to discuss specific entitlements for special categories of personnel. The handbook was designed to aid advisors to the RVNAF.[41]

PLANNING FACTORS

Plans for the deployment of finance sections to support non-divisional units in Vietnam were developed during the rapid buildup of troops from October 1965 through 1966. Based on DA planning factors, the planned pay computation efficiency rates (rates used to identify the expected effectiveness of a unit operating in less than optimal conditions) for finance units was 70 percent. The reason for this low efficiency rate was due to the difficulties in providing finance service in Vietnam. Some of the problems that influenced the projected efficiency were (i) the wide dispersion of troops, (ii) the complexities in computing entitlements peculiar to Vietnam (hostile base pay, demolition pay, parachute pay, flight pay, separation allowance, foreign duty pay, and cost of living allowance); (iii) the sale of treasury checks, conversion of currency, and the new pay option available to the soldier; and (iv) the high rate of turnover resulting from the one-year tour policy.[42]

ORGANIZATIONS

The primary finance support organizations in Vietnam were the Finance Disbursing Sections and the Division/Brigade Finance Sections. These sections provided finance support as far north as Da Nang, as far south as Can Tho, and anywhere support was requested by Commanders (Battalion level or higher).[43] The units were supported by Class A Agent officers who paid most of the payrolls for soldiers in Vietnam.

ENVIRONMENT AND SUPPORT

Finance support often went beyond the routine duties of being a finance soldier in a wartime situation. It often included periodic guard duty for about 18 men per night. The guard duty was not without risk. On the night of 30 January 1968, SP4 Ralph E. White was killed while defending a critical outpost on Ke Sein Mountain pass.[44]

The pay support mission was made difficult due to the adverse environmental conditions and the lack of responsive repair facilities. About half of the office machines were usually out for repair. This lack of equipment generally required day and night shift work.[45]

Living conditions were rough. Units had to build living quarters from the ground up. Units also had to be prepared to perform their mission under hot, humid, and dusty conditions. This was generally done in tents without electrical power. Later, units were required to provide soldiers for nightly perimeter defense and guard duty.[46]

CENTRALIZED OPERATIONS

A centralized financial accounting system in support of U.S. Army Forces in Vietnam began operations in July 1967. Headquarters, U.S. Army, Pacific (USARPAC) assigned the responsibility to the Centralized Financial Management Agency (CFMA) in April 1968. The CFMA had two responsibilities.

First, it had to fund (Operation and Maintenance, Army (OMA) and Military Personnel, Army (MPA)), account for, and report on procurement of supplies and/or services from sources outside of Vietnam in support of U.S. Army Forces in Vietnam. Finally, it had to effect billing for sales of supplies and equipment and/or services furnished by U.S. Army, Vietnam, to non-Army activities and non-USARPAC funded Army agencies in Vietnam.[47]

MACV SUPPORT

In September 1970, MACV reiterated responsibilities of the Comptroller. Top of the list was obtaining, administratively controlling, and budgeting for the appropriated funds needed by MACV. Another principal duty was to supervise the finance and accounting services, to include foreign financial and economic matters and military banking facilities within MACV.[48]

The main support bases for combat operations in Vietnam were located in country. There were some 27 major base camps located throughout Vietnam. This differs from the Korean Conflict where most of the U.S. support activities were located in Japan.[49] Concerning combat service support, General Westmoreland said that it required about ten men behind the lines to keep one at the fighting front.[50]

FISCAL MANAGEMENT

Although this area is not directly relevant to the research question, fiscal management has a direct impact on end strength and the number of soldiers the Army can bring on active duty. According to a congressional report, the poorly forecasted President's budgets during the war years severely hampered military procurement, particularly long lead-time items. The obligation authority for the defense budget for fiscal years 63-67 had to be supplemented each year about 25 percent.[51]

Direct U.S. expenditures in Vietnam was about $165 billion. Add to that aid to South Vietnam of about $24 billion and there was about $190 billion outlayed during the Conflict.[52]

SUMMARY

In conclusion, literature relevant to the research questions was reviewed. The review of literature provided information from which finance operations during World War II, the Korean Conflict, and the Vietnam Conflicts could be studied, evaluated, and improved upon in the future. The review also provided information on the many studies conducted by finance personnel in their attempts to continuously improve finance support.

CHAPTER TWO

ENDNOTES

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CHAPTER THREE

FINANCE OPERATIONS DURING WORLD WAR II

INTRODUCTION

The primary mission for the U.S. Army Finance Department in World War II (WW II) was paying soldiers. Throughout the war, the Finance Department accomplished its mission with very few people. The ratio of finance soldiers to soldiers of other branches in the theater was 1 to 537.[1] This chapter will discuss the (i) finance organizations developed to perform that mission, (ii) type pay support provided, (iii) issues with currency exchange, (iv) environment in which finance soldiers worked, and (v) lessons learned from a unit's perspective as well as finance lessons learned in WW II overall.

BACKGROUND

According to Rundell, prior to WW II the Finance Department (established 15 July 1920) had never operated during a war (it should be noted here that Finance has been paying soldiers since the Revolutionary War--Over the years the name has changed but the mission has remained constant). Furthermore, Rundell believed that both lack of wartime experience and lack of foresight by Finance leadership led to a state of unpreparedness by the Finance Department to perform its mission. Rundell concluded that little wartime fiscal planning had occurred during the early years of the European war to prepare the Finance Department to support American involvement in the war. Rather than gearing up for wartime planning, the Department actually lost manpower.[2]

FINANCE ORGANIZATIONS

ORGANIZATIONAL CHART

The Finance Department in the European Theater of Operations is shown at Figure 3-1.[3]

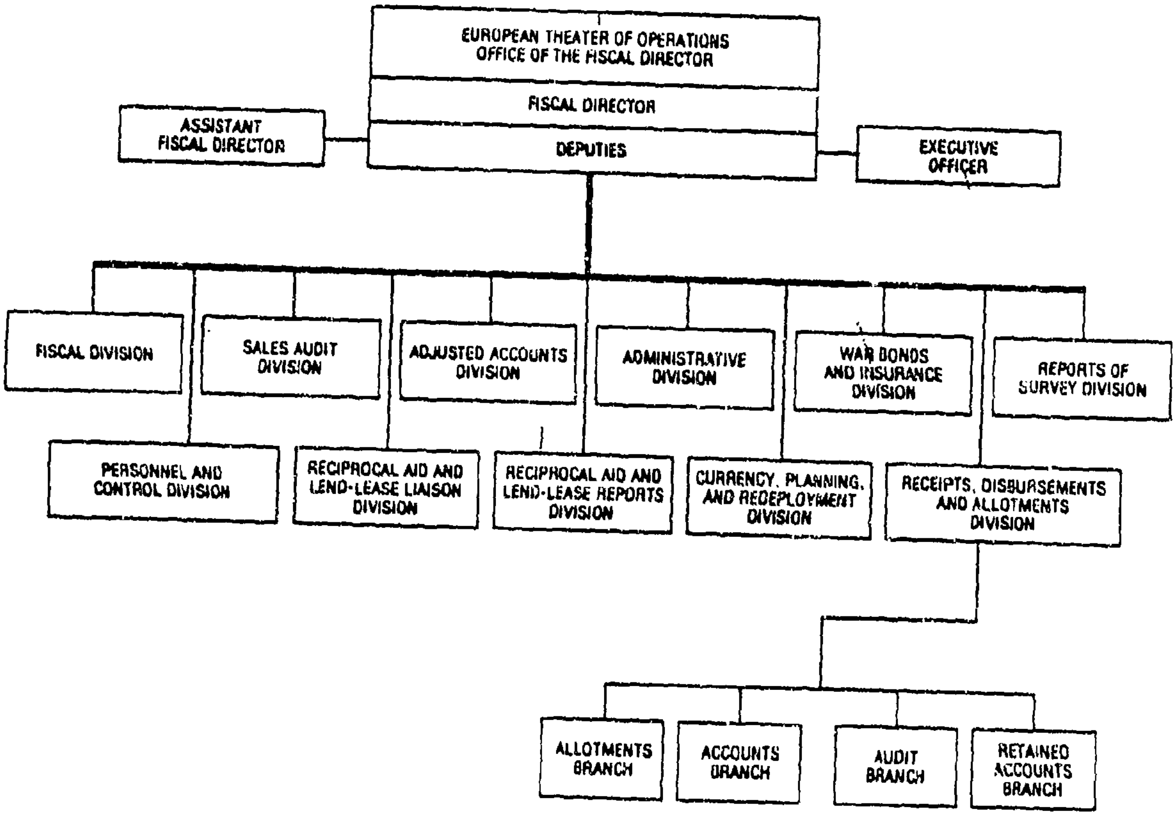

Figure 3-1

The General Board Study of the European Theater of Operation concluded that the expansion of the military establishment in overseas theaters made the establishment of a central agency inevitable. The role of the central agency would be to examine the accounts of disbursing officers and consolidate fiscal information for transmission back to the War Department.[4]

The European theater was activated 8 June 1942. Since the European theater was much larger than the North African and the Mediterranean theaters, its fiscal office had a more complex organization. Unlike the North African and the Mediterranean theater fiscal offices which had five basic branches, the European office had eleven divisions. However, a closer comparison of the responsibilities of the different fiscal offices revealed that they were almost identical. The larger operation in the European theater resulted in more separate functions being handled by divisions established for that singular purpose.[5]

According to the European Board Study, the Receipts, Disbursements, and Allotments (RDA) Division had the preponderance of manpower. There were 417 soldiers (48 officers, 17 warrant officers, and 352 enlisted men) assigned to Headquarters, European Theater of Operations in February 1945. There were 345 soldiers working in the RDA Division. RDA was originally staffed with 21 soldiers (the remaining 324 soldiers came from thirteen Finance Disbursing Units).[6]

The Finance Sections supporting the Field Forces, Army Air Forces, Airborne Forces, and the COMMZ are listed below the deputies. The Sections coordinated with the office of the fiscal director but worked directly for their own chain of command.[7]

DUTIES

According to Rundell, the Finance Department had both tactical and administrative units to handle various tasks. The office of the fiscal director coordinated all aspects of fiscal service in the area.[8] The duties of the European fiscal director were to:

> Develop and supervise special financial services; to supervise the receipt of and accounting for funds due the War Department; to supervise the disbursement of and accounting for all appropriated funds in the theater; to audit disbursements; to secure local adjustments and corrections of errors; to prepare summary accounts of receipts and disbursements monthly to send to Washington; to establish bank credits for all disbursing officers in the theater; to advise on rates of exchange, currency problems, and the impact of military expenditures within the area; to advise on lend-lease and reciprocal aid; and to promote the sale of war bonds.[9]

In the Finance Department structure during WW II, army groups, air forces, armies, corps, and divisions were in the hierarchy below the theater command. The basic table of organization and equipment provided for organic finance service to each level. Numbered finance disbursing sections (FDS) were created by the War Department to service unattached units.[10] The division finance sections and the FDS provided most of the service to the soldiers and are the focus for the remainder of this chapter.

An organization chart for a finance section is shown at Figure 3-2.[11]

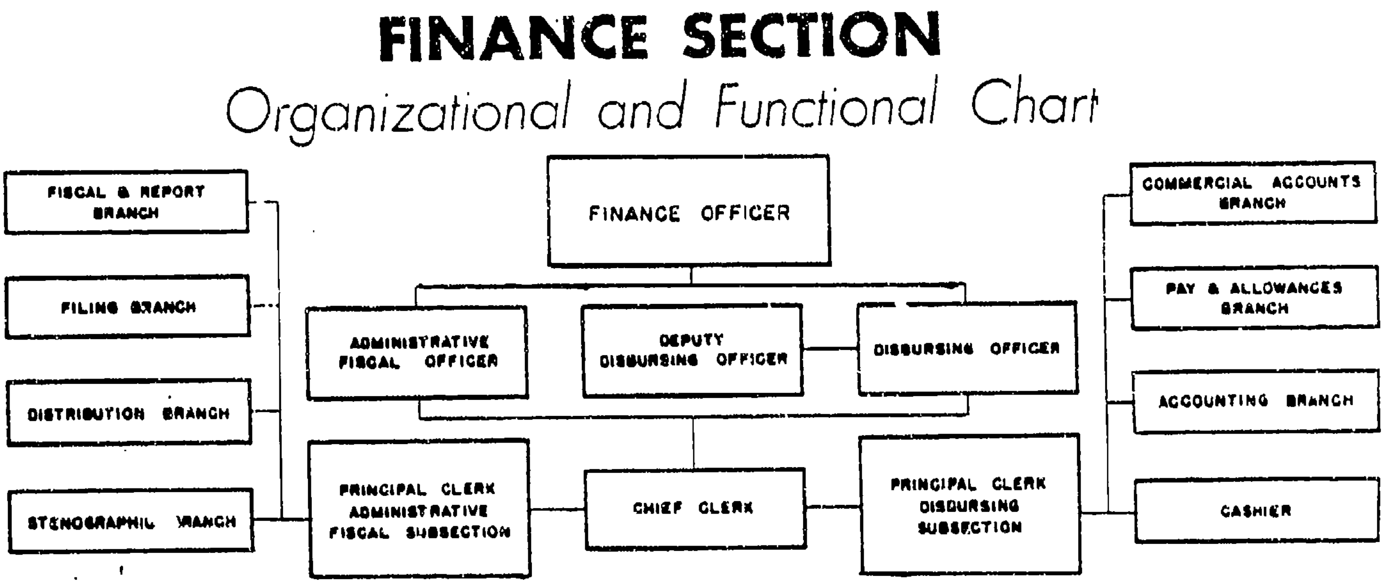

Figure 3-2

While the organization chart would lead one to believe that there were many soldiers in a Finance Section, actually there were only twenty men assigned to the Section. The next section will detail the functions of the finance section.

DIVISION FINANCE SECTION

The division finance sections and the FDS were practically identical. They were the basic disbursing agency of the Finance Department in the field and did the majority of the actual work of paying soldiers and making collections when appropriate.[12]

The division finance section was headed by the division finance officer. The finance staff consisted of two officers, one warrant officer, and seventeen enlisted men working in the following teams: Administration, Accounting or Bookkeeping, Enlisted Pay, Officers Pay, and Cashiers.[13] The enlisted and officers pay teams will be the focus for division finance section discussion.

The enlisted pay team was led by a senior noncommissioned officer and eight junior enlisted soldiers. The primary mission of the enlisted pay team was to figure in dollars and convert to foreign currency all enlisted payrolls and voucher them for payment.[14]

The officer pay team was led by a senior noncommissioned officer and one enlisted soldier. The primary mission of the officers pay team was to figure in dollars and convert to foreign currency the pay and allowances of all the officers of the command. Both teams worked under the supervision of the warrant officer.[15]

FINANCE DISBURSING SECTION

The FDS was the quick fix for the unforeseen task of providing finance services to soldiers who were not an integral part of a division, corps, army, or air force. Before the FDS was organized, the aforementioned soldiers were provided service by the most available disbursing officer. This fact points out a glaring difference between the FDS and the division finance section. The division finance section was structured to serve 15,000 soldiers. Due to the dispersion of non-divisional soldiers, a FDS had problems servicing that many soldiers. Requests were often submitted to the War Department to establish a criteria of one FDS per 10,000 soldiers. However, based on War Department restrictions, each FDS had to service 12,500 soldiers. The personnel structure for the FDS was essentially the same as the division finance section.[16]

WARTIME PAY SUPPORT

According to the European General Board Study, during active combat operations, there was a tendency to believe that pay was not important to soldiers. However, it was discovered that soldiers were just as concerned about their pay regardless of whether they were in combat or not. They wanted to draw their pay and put it in their pocket, send it home, or just verify that they were still getting paid.[17]

There were also those soldiers who could care less about receiving their pay while in combat. A typical comment from men of the Eighth Armored Division was, "What the hell do I want with money in a foxhole?" It seemed that the soldiers only wanted enough money to buy odds and ends from the post exchange. The balance would be sent home in various ways (ie., insurance allotments, money orders, personal transfer accounts, war bonds, etc.).[18] During 1945, only about 15 per cent of a typical soldiers pay was retained in the theater.[19]

One method of sending money home that deserves special mention is the personal transfer account, a system developed by the Finance Department. Under that system, soldiers overseas would request that a certain amount of their pay be withheld and sent to a designated allottee in the United States. The local Finance Officer would withhold the funds and report that fact along with the name and address of the soldier and the name and address of the individual receiving the funds to the Personal Transfer Account Office in New York. The account resulted in over 6,000,000 transfers being made valuing over $1,000,000,000. According to MG Eugene Foster, the system provided a safe, cost free, prompt method of sending excess personal funds home and encouraged savings among military personnel.[20]

According to Rundell, advocates of limited currency in the theater strongly supported savings programs and anything else to limit currency speculation in the combat zone. There was a direct correlation between currency speculation in a theater and the amount of money paid to soldiers in the theater.[21]

CLASS A AGENTS

It is important to discuss the role of Class A Agents when discussing wartime pay support because they were the links between the finance section and the majority of the soldiers. They were the tools used to actually get money to the soldier.

Class A Agents were issued assignment orders by the local commander or a higher authority. The orders specified the type of payments to be made and any limitations on the agent officer. Generally, the agent was required to (i) be briefed on his responsibilities, (ii) pickup and verify (physically count) his payroll, (iii) pay as many of his soldiers as possible, and (iv) return to finance within 24-48 hours with paid vouchers and/or cash. Listed are a few restrictions placed on the agent officer:

<u>Class A Agent Officers</u>

a. May not use entrusted funds for any purpose other than specifically stated in the appointing orders.
b. Will not loan, use, convert to their own use, deposit in any bank, or exchange for other funds any portion of the entrusted funds.
c. Will not, under any circumstances, commingle entrusted funds or attempt to balance their cash by adding or by withdrawing amounts from their entrustment.
d. May not entrust funds, including unindorsed checks for cash, to any other person for any purpose...unless otherwise instructed by that finance officer.[22]

Payment to soldiers was a command responsibility. It was the unit commander's responsibility to ensure that agent officers were knowledgeable in the performance of their duties. The finance officer ensured that agent officers received adequate instruction so that they could do their job. As one could conclude based on the agent officers duties, they played a very significant role in getting the soldier paid.[23]

One key function the Class A Agent performed was the physical act of getting to the soldier. In the European Theater, divisions often broke the headquarters element into a forward and rear echelon. It was standard procedure for the finance section to be located with the rear echelon; however, the location of the rear echelon in relationship to the combat elements was strictly a command decision. The Class A Agents closed that gap and helped to ensure that pay service was as timely as possible. The agents mission was made more difficult due to the various types of currency used in theater.[24]

NATURE OF COMBAT PAYMENTS

Payments during combat varied from the normal pay day to payments made to families for soldiers killed in battle. On a normal pay day, funds were available to the Class A Agent on the last day of the month. If circumstances prohibited pick up that day, funds were held over by the finance officer. During combat, the adjutant could coordinate with the finance officer to arrange for a supplemental pay day if the normal pay day was inconvenient.[25]

In combat there was the risk of a payroll being lost due to enemy action. In instances where payrolls were lost, an investigation was initiated by an appointed board of officers and a recommended decision was forwarded to higher authority.[26]

Of all combat payments, the War Department considered prompt computation and payment of pay accounts of soldiers killed in battle the most important. These payments for both officers and enlisted men were processed and mailed daily by finance sections to the Effects Quartermaster in Kansas City, Missouri. Finance sections also received and accounted for money taken from personal effects of soldiers wounded or killed in battle.[27]

Assisting the finance section and the Class A Agent in doing their jobs were the company commanders. The commander assisted by instituting the following measures:

a. He cooperated with the agent finance officer paying his company, by helping him locate all the men to be paid.

b. In converting money for his men he did it all in one operation.

c. He had a system for handling captured money and turning it in quickly.

d. By instructing his men not to sign the payroll unless they wished to be paid. This saved much extra work and lowered the amount of turn back money from payrolls.

e. He had regular appointed times for the soldiers to turn in extra cash for savings.[28]

CURRENCY EXCHANGE ISSUES

According tc Rundell, currency exchange for finance sections proved to be an enormous and time consuming task. American forces often needed the currency of the nation in which they were operating. The finance table of organization and equipment (TOE) had not provided manpower for this function. The fact that the needed currency was often not available added to the problem. Rundell concluded that the overall planning for the use of currency other than the U.S. dollar was not conducted very well.[29]

Another issue closely related to currency exchange was central funding. According to Rundell, each disbursing officer going to the European continent had to carry a two-month supply of currency. Once in theater, the army fiscal officer had primary responsibility for funding subordinate units. However this often meant that the disbursing officer had to travel extensively to pickup funds so that the mission could be accomplished.[30]

There were other problems associated with currency exchange. One obvious problem was the many different types of currencies used. In the European theater alone the following currencies were used: Italian Lire, Czechoslovakian Koruna, Austrian Schilling, German Rentenmark, Belgian Frank, Luxembourg Frang, French Francs, and the English Pound. These were some of the major currencies used during WW II.[31]

Another problem was determining the exchange rate. The war caused many of the foreign currencies to be unstable thereby causing problems fo both the soldier and the finance sections when trying to determine an exchange rate.[32]

Finance tried to simplify the currency exchange problem by proactively coordinating with unit commanders. After a unit crossed a border, all foreign currency was collected. The company savings officer issued individual receipts to the soldiers. After the names were placed on a roster, the money and the roster were turned into finance. The finance section prepared a change list to pay the soldiers in the appropriate currency. The same procedures applied when a soldier was going on leave or pass to a foreign country.[33]

The task of exchanging foreign currencies caused problems for finance sections throughout the war. The staffing of finance sections did not provide for that service. Finance sections had to improvise and provide the best service possible often with field expedient methods. Some of these methods included (i) requiring units to list their currency needs in advance, (ii) assigning men from other areas to work as cashiers, and (iii) listing currency to be exchanged by denomination. The incorporation of any of the preceding methods often reduced working hours to necessary to accomplish the mission and inadequate currency exchange service.[34]

ENVIRONMENT

The nature of troop life of finance soldiers was very different from that of the combat soldier. A typical finance section only had about twenty-five soldiers (the ratio of finance men to the rest of the army in 1945 was 1:560). Based on its size, a finance section normally lived and worked in self-contained units generally away from action.[35]

The technical nature of finance duties were comparable to civilian office duties. To perform those duties proficiently, soldiers of high quality were needed. Accordingly, over 89 percent of the soldiers assigned to finance were class I and II. Soldiers of average ability were classified as class III. The class III group made up 10.5 percent of finance soldiers. Consequently, finance sections were usually staffed with a very able group of soldiers. Soldiers eagerly sought finance assignments because the skills gained were easily transferrable to civilian jobs. Because of the specialized worked performed by finance soldiers, their reactions to army life were generally different from those of other soldiers.[36]

One group conspicuously missing from the Finance Department was the Negro soldier. This was primarily due to the fact that reception centers sent no Negroes to Finance based on the assumption that they did not have the capacity to handle highly technical tasks. By the end of 1942, only Finance had no Negro units. A few blacks came into Finance on individual assignments from other units. There was no evidence that their performance differed from that of their white counterparts. Later in the war, all-black divisions had their organic finance sections.[37]

ATTITUDE

Most finance men took pride in their work and performed as professionals. Regardless of how difficult the work got from time to time, it was still better than facing the enemy and risking death on the front lines. Soldiers were often innovative in discovering methods to improve performance. There was a great deal of respect between the officers and men in the finance units. The close cooperation between officers and enlisted men in the unit contributed to high quality performance in the unit.[38]

MORALE

The morale of the soldier depended a great deal on the recreational opportunities available. Finance men worked hard and played hard, whether it was a sporting event or a local party. Morale was often raised by receiving a pass, a promotion, good food, a hot bath, mail, or the prospect of returning to the United States. Of the preceding morale boosters, promotions often tended to lower morale because they were few and far between. Since few vacancies existed in finance sections during the war, opportunities for promotion were very slim.[39]

The nature of the finance soldiers mission caused the environment in which they worked and played to be significantly different from that of the combat soldier. The network developed based on the close knit group (from the senior officer to the junior enlisted man) tended to make the situation a little more bearable, particularly when compared to those soldiers who actually faced the enemy on a routine basis.[40]

Lessons Learned

The following is a listing of some of the lessons learned by finance sections assigned to the Third U.S. Army:

> a. No cashiers are provided in the Table of Organization, although in combat all business is in cash and three or four cashiers are required at all times.
>
> b. Finance Disbursing Sections are not self sufficient for mess and transportation; consequently, it was necessary to attach the sections to other units with organic mess and transportation.
>
> c. Table of Equipment provides only one 1/4-ton truck. This was found insufficient to transport large volumes of cash to and from the funding office.
>
> d. In the invasion of Europe four different types of invasion currencies were used: namely, French, German, Austrian, and Italian Allied Military Notes. This required conversion and reconversion of funds in the hands of troops each time that they entered or left an European country. Most of this exchange could have been eliminated if one type of invasion currency had been issued for use in all of the countries.[41]

The 12th Army Group Finance provided the following comments:

> a. One of the greatest problems during the entire operation was accounting for tremendous amounts of cash. ...during operations, troops have little use

for money as was proven by the small percentage of cash retained in the entire theatre.

b. ...the German plan of using Verrechnungsschein should receive consideration. This plan calls for the issuance of currency that might be called "Army Money." It is legal tender only through military sources. Use of a similar currency during one years...would have saved...one million man hours of...exchanging...a dozen odd sized currencies.

c. The Army Finance Officer should also operate an "Army Bank" on which all disbursing officers could draw checks that would be legal tender only through US Army channels.

d. Captured enemy funds and funds found in PW cages caused a great deal of concern. It is strongly recommended that...all such funds be handled by a central office....

e. Any funds found on deceased soldiers...that is bloodsoaked...should be immediately burned.

f. Every country engaged in war should issue a new currency after cessation of hostilities.

g. It is not necessary to issue a blanket order requiring all individuals to accept a partial payment. Only...individuals who need a partial payment should be paid.[42]

CONCLUSION

Overall, finance service in WW II was commendable. Prewar planning could have been better in regards to organizational structure and currency handling procedures, both of which presented obstacles in the path of accomplishing the mission. The organization and currency exchange problems were not warstoppers and remained challenges for the finance officers and force developers of the future.

CHAPTER THREE

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CHAPTER FOUR

FINANCE OPERATIONS DURING THE KOREAN CONFLICT

INTRODUCTION

After World War II, both military and civilian leaders were contending with the job of reorganizing the national security system to deal with a drastically changed world. There was a basic need to establish unified control at the national level and at the major military command levels. The passing of the National Security Act of 1947 served to eliminate those needs by creating the (i) National Security Council, (ii) National Military Establishment, and (iii) U.S. Air Force. The act also established the Secretary of Defense, Secretary of the Services, Joint Chiefs of Staff and unified commands. An amendment to the act in 1949 established the Department of Defense and gave power to the Secretary of Defense over the services. All three services as well as the Secretary of Defense were headed by civilians.[1]

BACKGROUND

The Finance Department was dealing with the problems brought on by rapid demobilization, claims for back pay and allotments, and stacks of payrolls. The Military Payroll System of WW II was in desperate need of revision to meet the demands of more complex military pay regulations and procedures.[2]

The Finance Department became officially designated as the Finance Corps with the passa of the Army Organization Act on 20 June 1950, approximately five days before North Korea invaded South Korea. The Finance Corps became an independent basic branch of the Army.[3]

ORGANIZATION

During the Korean Conflict the Chief of Finance worked under the direct supervision and control of the Comptroller of the Army for all statutory functions of the Comptroller. The Chief of Finance was responsible for formulating, coordinating, and supervising plans and policies for providing finance services for the Army (to include providing accounting service for all disbursements and collections of funds, and recommending policy on the use of foreign currency in the theater of operations).[4]

Division Finance Section

There was no information discovered to indicate that the Division Finance Section was organized any differently than it was during WW II except for manpower. The strength of the Finance Section increased from twenty to forty-four men.[5] There was a study conducted by the Office of the Chief of Finance that discussed the pay system used during the Korean Conflict and it will serve to develop the remainder of this chapter.[6]

THE PAY SYSTEM

The principal element of the pay system was the pay record. The pay record was created by the Finance Office based on military pay orders certified by personnel officers. The order was supplemented by allotment documents and supporting papers signed by the soldier. This action was normally done concurrently with the preparation of the personnel record at the reception center where the soldier entered the Army.[7]

According to Colonel Dana W. Johnston in his study titled A New Army Pay System, there was an incredible amount of work involved in maintaining a pay record. All entries input to the pay record had to be supported by substantiating documents. Examples of these documents were military pay orders, allotment authorizations and discontinuances, notice of charge or credit due, pay adjustment notices, casual payment receipts, notice of exception, and certificate for aviation, parachute, glider, or diving pay. During the Korean Conflict, the Army averaged 39.7 pay changes per month for each 100 pay records maintained.[8]

Payroll Computation

Due to the time required for computing and preparing the monthly payroll, it was standard procedure to temporarily stop posting substantiating documents to pay records around the 20th of the month. This caused a lag of about one-third a month between effective dates of pay status changes and the date they were posted to the pay records. The lag generally caused the pay record to be adjusted in the form of supplemental payments, collections of overpayments, or inquires from soldiers. Since the personnel officer had no way of knowing the current status of the pay account, the inquiry had to be forwarded to finance for resolution (the personnel section was the link between the soldier and the finance section; the substantiating documents were usually routed through the personnel section).[9]

The unit personnel section prepared the military pay voucher (MPV) by using information recorded on the retained copy of the previous month's MPV. A copy of the current month's MPV was then returned to the Financial Data Records Folder to be used as a worksheet in recording pay status changes during the subsequent pay period. Then substantiating documents which had been held in suspense in the payroll file would be united with the MPV they supported. Afterwards, a MPV summary and certification sheet would be prepared for each payroll. Finally, the payroll would be forwarded to the Disbursing Officer.

WARTIME PAY SUPPORT

Class A Agents

Class A Agents continued to play a major role in getting pay to soldiers during the Korean Conflict. However, there was a new wrinkle regarding the tasks for the agents during this conflict. Their jobs were made easier because they did not have to deal with many different types of currency. U.S.

military payment certificates (MPC) were being used for pay in lieu of indigenous currency or U.S. dollars. However, soldiers were still paid in their unit areas by Class A Agents. Agents would pick up payrolls from disbursing officers, travel to unit areas, make payments, and return paid vouchers and any remaining funds to a designated pickup point.[10]

It was a mission of the unit personnel officers to screen their units to determine what allotment of pay their soldiers desired. It became evident that this was not being done because turnbacks often totalled 75 per cent of the total payroll.[11]

Class A Agents often had to travel extreme distances to pickup payrolls and pay their soldiers. It was standard procedure to establish payroll pickup points as close to the Division forward command posts as practical. However, 32 per cent of the payroll pickup points were over 25 miles from the unit getting paid.[12]

Wartime Report

There was not much written regarding specific Finance Sections during the Korean War. However, an early report from the 24th Finance Section, 24th Infantry Division was recorded and a few of their difficulties will be discussed in this section.

The 24th Finance Section was able to perform its mission in an acceptable manner despite all of the adversity it encountered during the early months of the Korean Conflict. Three areas identified in the after-action report, (evacuation issues, communication, and central funding), will be elaborated on in this summary.[13]

According to the Finance Officer, frequent evacuations were a problem because it usually meant lost time. A day would be lost at (i) the evacuation site, (ii) the new site, and (iii) one or more intransit sites. Occasionally, the evacuation order would be rescinded and operations would have to be reestablished at the same location. The frequent moves without prior planning seriously hampered operations.[14]

Another problem experienced, which was related to the evacuation problem, was the poor communications network. Once the unit evacuated an area and established a new headquarters, it was difficult to located the supported units.[15]

Finally, there was the problem of central funding. The Finance Officer or a deputy often had to travel for one to two days to receive money from the central funding office in Pusan. This time away from the office could have been critical during an unscheduled evacuation.[16]

The problems highlighted in the after-action report were not resolved during the war. However, the lessons learned from the 24th Finance Section's experiences were discussed by finance planners and considered in the future board studies.[17]

CURRENCY EXCHANGE ISSUES

To reduce the risk of compromising the U.S. dollar and to curb inflation in the theater, the U.S. decided to use MPC and indigenous currency in Korea. The currency use policy was as follows:

> 1. Foreign currency to be used for transactions on the local economy for official and personal purpose.
>
> 2. Two weeks of reserve currency will be maintained by disbursing officers prior to M-Day. After M-Day, theater commander's policy.
>
> 3. A list of currencies authorized to be purchased and dates of exchange will be maintained and kept current.
>
> 4. Foreign currency requirements will be procured by (a) direct purchase from U.S. government agencies, other official sources, or other foreign countries, (b) advance from allied or U.S. currency agencies, or (c) by advance from the foreign government concerned.
>
> 5. MPC used for paying U.S. personnel and for transactions effected by authorized personnel in all overseas areas except U.S. territories..., unless exempted by Headquarters Department of the Army (HQDA) must be purchased through Army finance channels.
>
> 6. Chief of Finance coordinate with U.S. Treasury for printing the MPC series.
>
> 7. Theater Commander determine U.S. and non-U.S. personnel authorized to use MPC. HQDA authorized conversion of MPC or other U.S. dollar instruments into local currency.[18]

Although the currency use policy was explicit in outlining the limitations and restrictions in dealing with indigenous currency, there were still problems with currency speculation and inflation. According to Westover's book <u>Combat Support</u>

in Korea, there were two recommended solutions to the problems. The first solution recommended that soldiers not be paid until they departed Korea. A gratuitous issue of about ten dollars a month would be provided to cover incidental purchases. It would also increase the use of allotments and decrease spending in the Republic of Korea (which was believed to be the cause of inflation in Korea). The second solution called for the hiring of Korean cashiers to expedite the sale of won to United Nations forces thereby curtailing the purchase of won from Korean nationals.[19]

The first solution was never implemented. The second solution was implemented; however, there was nothing to indicate that it curtailed the purchasing of won from Korean nationals.

THE ENVIRONMENT

The problems experienced by the 24th lends credibility to the comments made by an officer in the 1st Cavalry Division Finance Section. He said that many finance school graduates were serving in front-line units as riflemen. The finance teams often worked in bombed-out buildings illuminated by candle light with little heat. The workday started immediately after breakfast and often extended until midnight. Because of the continuous need to move, soldiers often had to work as stevedores, guards, and finance clerks. As a result of the working conditions, many requests were made to transfer to combat units. Also, the soldier was often required to remain on the alert 24 hours a day because of the limited number of soldiers available for perimeter defense.[20]

LESSONS LEARNED

Personnel: A major accomplishment between World War II and the Korean Conflict was the change in Table of Organization and Equipment (TOE) 7/1. Computing payrolls and converting currency was manpower intensive. The TOE was changed to alleviate the problem. Total manpower was increased 100 per cent (from 22 to 44 soldiers). All the additional soldiers were in the grade of E-5 or below.[21]

Equipment: Equipment was bulky and labor intensive to move around the battlefield. There was a proposal to eliminate the addressing, embossing, and computing machines and to decrease the total number of M-1941 stoves and general purpose medium tents. The same proposal called for a significant reduction in the total office equipment required as well as the total number of 2 1/2 Ton trucks required (from 8 to 3).[22] The reductions did not impact on the Korean Conflict but will be discussed in Chapter 5.

CONCLUSION

Finance support during the Korean Conflict was adequate. Finance planners realized that the military payroll system of World War II, which was used to some degree throughout the Korean Conflict, was in desperate need of revision. The current system was labor intensive, burdensome, and susceptible to errors. With this in mind, several studies were initiated after the Conflict to study the feasibility of automated systems and centralized support. The results of those studies applicable to this research will be discussed in Chapter 5.

CHAPTER FOUR

ENDNOTES

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5. Colonel Dana W. Johnston, Jr., A New Army Pay System, An Individual Study, (U.S. Army War College: February, 1957), 101.

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13. Historical Report (Wartime) - Finance Section, Headquarters 24th Infantry Division, 3 Sep 50, 1-8.

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15. Ibid.

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CHAPTER FIVE

FINANCE OPERATIONS DURING THE VIETNAM CONFLICT

INTRODUCTION

> "Vietnam is different."....To financial managers, it might have been more appropriate to say, "Vietnam was a nightmare." It was much like starting out a game of baseball with the normal rules and during the third inning, finding out that you were playing basketball. Those of us involved in financial management believed that we would handle this war much as we had done the Korean conflict. This meant that there would be no requirement for stringent accounting controls or budgeting and that a sufficient amount of funds would be available. This assumption was responsible to a large degree for the lack of an adequate organization for financial management in the early days of the buildup. Early in the conflict the Secretary of Defense, Robert S. McNamara, counseled the heads of departments and major field commanders concerning Vietnam:"...Under no circumstances is lack of money to stand in the way of aid to that nation." When the rules were clarified, and we found that we were expected to establish virtually a peacetime system for financial control and reporting, it was almost too late.[1]

This quotation reflected the financial management situation as viewed by MG Leonard Taylor, who served as Assistant Director and subsequently Director of the Army Budget from July 1966 to May 1971. His reflections were essentially a view from the top. The remainder of this chapter will focus on tactical level finance operations from the early troop build-up to the latter stages of the conflict.

BACKGROUND

The Finance Corps began the Vietnam Conflict operating under the modified military pay voucher system which had its inception Army-wide on 1 January 1959. Since the system had never been subject to either mobilization or a combat environment, many finance and personnel officers had doubts as to whether or not the system would work. The efficiency of the system was contingent upon highly trained personnel in both the finance and unit personnel office.[2] Throughout the Conflict, the Finance Corps was proactive in its attempts to design a more effective pay system. The Finance Corps ended the Conflict operating under the Joint Uniform Military Pay System (JUMPS) which was implemented armywide in 1971.[3]

ORGANIZATIONS

The organizations which provided the majority of direct pay support to soldiers in Vietnam were the Division Finance Sections (DFS) and the Finance Disbursing Sections (FDS). Characteristics of each will be discussed in this section.[4]

Finance Disbursing Section

The FDS was designed to provide finance service on an area basis to non-divisional elements of a field army, corps, special task force, and communication zone (COMMZ). Some of the services provided included (i) processing allotment documents, (ii) computing and disbursing pay and allowances, (iii) processing and paying travel allowances, (iv) providing foreign currency in exchange for U.S. dollars and/or MPC, and (v) performing area funding operations when directed.[5]

A standard FDS (organized under TOE 14-500E), operating under a manual system, consisted of three teams. Those three teams were the Headquarters Team (AE), Examination/Disbursing Team (FJ), and the Commercial Accounts Team (GB) (there was no reference to the letters designating the different teams). The standard section had the capability to service 15,000 soldiers. The standard mechanized section consisted of an additional team (Mechanized Team (JA)) and had the capability to service 17,000 soldiers.[6]

Division Finance Sections

There were two major differences between the FDS and the Division Finance Section (DFS). First, the DFS was designed to provide direct support to soldiers assigned to the division while the FDS provided support on an area basis. Second, the DFS was authorized about three times as many finance soldiers (DFS averaged about 120 soldiers).[7]

WARTIME PAY SUPPORT

A problem which surfaced early during the troop build up centered around the force structure of Finance Sections. Each Finance Section had to provide pay support for approximately 10,000 soldiers. Sections were operating under TOE 14-500E which only authorized three teams (essentially 30 soldiers). Sections were augmented with 15 enlisted men. Later, a Troop Unit Change Request (TUCR) was submitted and approved which ultimately increased the strength of the Finance Section to 4 officers and 46 enlisted men.[8]

Another problem which surfaced was the incompatibility of the rated pay capability (ability of a finance unit to provide finance services based on the conditions in which it is working) espoused in TOE 14-500E with the finance service required in Vietnam. Based on historical data, a finance section in Vietnam should operate at 55-60 percent of the rated capability. Therefore, a Disbursing/Examination Team designated to pay 23,000 soldiers, could really only pay approximately 13,000. A few factors influencing the rated capability were (i) increased entitlements (hostile fire, demolition, foreign duty, flight, and parachute pay, family separation allowance, rations not available, etc., (ii) U.S. dollar, Piaster, and military payment certificate (MPC) transactions, (iii) personnel turnover (8-10 percent monthly), (iv) interior guard, kitchen police, and other troop duties, and (v) in-country currency limitations ($200 limit initially; eliminated with implementation of MPC use). The argument for more personnel was accepted; however, the rated capability factor used was 70 percent rather than the 55-60 percent.[9]

Finance Sections were basically requisitioned by teams (sometimes a whole unit was activated). Teams were activated in lieu of full sections to (i) give 1st Logistical Command flexible in augmenting those accounts affected by the fast build-up, and (ii) ensure a constant source of supplies and equipment as well as expendables and blank forms.[10] This caused problems because sections were generally composed of three teams. A Finance Section Commander had no idea what teams he would receive because teams were often shifted to meet new requirements. Therefore, the requisitioning and training cycle was almost continuous.

Nha Trang, Qui Nhon, and Saigon were the initial sites for Army Finance operations. These sites were selected due to the location of the logistical support areas (primarily centered around coastal towns) and because soldiers were programmed into an arc around those areas. Finance organizations were programmed to support the mission of providing pay support to soldiers regardless of their location.[11]

Class A Agents

The primary method used in making payments to soldiers was the Class A Agent. The Finance Officer would fund agents (at specified locations) and later return for turn-backs and pay complaints. Agents would pay their soldiers, make piaster conversions, and help soldiers complete pay complaint forms if they had pay problems or wished to make changes to their pay. Agents would often carry extra money and pay vouchers with them to pay a "flying forty" to any soldiers who could not be otherwise be paid. This procedure let the finance office know that there was a problem with the soldiers pay so that corrective action could be taken.[12]

The 91st Finance section was so large that it serviced about 800 Class A Agents. In dealing with that many agents, it was normal to experience problems in losses of funds. However, the major problem was convincing agents to turn-in funds and or vouchers within a reasonable time. A continuous day-to-day check had to be made on DD Forms 1081 (advance to Agent Officers). Follow-up letters were written to the agent telling him to come in and close out the account. Then, five days later the agent's Commander would be notified. If the agent still did not clear his account, the Commander was notified that if the agent did not clear his account in five days, the Provost Marshal would pick up the agent and bring him in.[13]

To provide better support to soldiers in the field, the 91st Finance sent forward service teams into the locations they supported to deliver payrolls and cash to Class A Agents. Seven days later, the forward service teams would return to clear the payrolls.[14]

Another method used to provide pay support to the soldiers was to send out a finance team. In some units, this service could be requested by a battalion commander. Essentially, a small finance team would go to the troops and attempt to resolve pay problems on the spot.[15]

CURRENCY EXCHANGE ISSUES

On 31 August 1965, the decision was made to implement the use of the Military Payment Certificate (MPC) in Vietnam.

Until then, there had been an in-country limit of United States dollar payments in Vietnam.[16] According to the U.S. Army Vietnam Comptroller, the introduction of MPC into Vietnam on payday caused an inordinate amount of confusion. The combination of Class A Agents, piaster sales, and currency conversions were thought to be linked to loss of cash accountability by two finances offices.[17]

There were others issues associated with currency exchange. One issue was the location of funding sites. Finance Sections often had to travel hundreds of miles to pickup funds and then advance those funds to Class A Agents who in turn traveled hundreds of miles to pay soldiers.[18]

In an attempt to alleviate some of the problems associated with a pay system stretched the length of South Vietnam, the Army established the U.S. Army Central Finance and Accounting Office, Vietnam (USACFAOV). A critical mission of the unit was to supply all free world forces and contractors in Vietnam with currency. The currency included (i) MPCs which had to be picked up in Japan, (ii) regular green currency and coin which had to be picked up in Okinawa, and (iii) piaster which were obtained from the National Bank of Vietnam. The free world forces included all U.S. military services, the American Embassy, the U.S. Agency for International Development, and all DOD sponsored contractors.[19]

A procedure implemented to assist in the reduction of U.S. dollars in Vietnam was to convert funds upon arrival to

Vietnam. Soldiers were required to convert U.S. dollars to MPC or piaster when inprocessing into Vietnam. U.S. dollars were only authorized when a soldier was departing the country for rest and relaxation (R&R), temporary duty (TDY), or permanent change of station (PCS).[20]

ENVIRONMENT

The environment in Vietnam will be discussed from two aspects. First climatic conditions will be discussed with the focus being on the impact on pay support. Then, living conditions will be discussed with the focus being on the way conditions affected mission accomplishment.

According to Lieutenant Frink of the 1st Infantry Division, high humidity had a devastating effect on carbonless military pay voucher (MPV) forms in Vietnam. Thousands of forms had to be destroyed, resulting in double and sometimes triple work, because they did not print through even to the second copy. With this in mind, a six month supply of MPVs were carried to Vietnam. The humidity also wreaked havoc with envelopes. Flaps often became stuck while still in the boxes.[21]

Equipment maintenance was also a problem. During the hot and dry season, machines had to be cleaned daily and covered when not in use due to the dusty environment. During the monsoon season, machines and metal objects had to be stored in carrying cases when not in use to prevent the humidity from rusting them. Also, power fluctuations often caused machines to be inoperable at critical times. Many units built separate rooms and found air conditioning units to combat the effect of humidity.[22] The climate made a tough job tougher.

According to Lieutenant Colonel R. D. Teasdale in his article titled "The Biggest and Best" (referring to the 91st Finance Section (Disbursing), soldiers arriving in Vietnam were inprocessed at base camps and then proceeded directly to their respective units. Finance soldiers were required to double as carpenters, electricians, supply personnel, cooks, and perimeter guards. In some units, soldiers had to erect tents, build showers and latrines, and dig drainage ditches, while at the same time perform the finance mission. Occasionally, they even conducted ambush patrols and rice paddy sweeps. Finance Corps personnel did every job willingly, with enthusiasm, and in a commendable manner.[23] His comments were echoed by the 1st Infantry Division Finance Office and espoused in their motto "NO MISSION TOO DIFFICULT.NO SACRIFICE TOO GREAT.DUTY FIRST."[24]

LESSONS LEARNED

The following is a listing of some of the lessons learned during the Vietnam Conflict:

Personnel: The thirty soldiers originally assigned to the TOE 14-500E Finance Disbursing Section were not capable of performing the mission. The unit was reorganized and authorized an additional twenty soldiers.[25]

Conclusion

Finance operations during the Vietnam Conflict were commendable. Many obstacles (ie. weather, living conditions, dispersion of soldiers, personnel turnover, etc.) were surmounted to accomplish the mission. Planners implemented lessons learned from previous conflicts and results from board studies of the pay system to improve operations for both the soldier and the Army.

Supplies/Equipment: Due to the climate in Vietnam, forms and envelopes had to be stored in a manner to keep dry. The humidity had a tendency to cause envelopes to seal and prevent MPVs from copying beyond the top copy. Recommendations ranged from storing forms in a container with an electric light bulb burning to placing them in air conditioned rooms.[26]

Equipment (typewriters, adding machines, briefing machines, generators, etc.) maintenance was a problem. High humidity, dust, dirt, and rain had a damaging effect on equipment. Equipment need to be cleaned daily and stored when not in use.[27]

Currency Conversion: U.S. Army Vietnam began using MPC on 31 August 1965. Finance Officers believed that the introduction of MPC into Vietnam on payday caused an excessive amount of confusion. Incorporating MPC into the system at an off peak time would have eliminated that problem.[28]

TOE: Finance Disbursing Sections, due to TOE limitations, had to be attached to other units for support. Wherever possible, the unit selected should be able to furnish all support to the FDS rather than to provide fragmented support from several units. Likewise, technical publications pertaining to equipment authorized by TOE 14-500E was not available. The publications should be provided to the unit when it is activated.[29]

CHAPTER FIVE

ENDNOTES

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24. "1st Infantry Division," Army Finance Journal (July-August 1968): 4-5.

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26. Ibid., 35-47.

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CHAPTER SIX

CONCLUSION

Chapter one revealed the purpose of the thesis and discussed the significance of the topic as it pertained to AirLand Battle doctrine. It also presented research questions and established limitations and delimitations regarding the thesis. Finally, it discussed the methodology used to develop the thesis.

Chapter two was designed to present a discussion of literature relevant to the research. The review included material on finance operations from WW II to the end of the Vietnam Conflict. Additionally, it included a review of several Finance Corps Board Studies. Lastly, it incorporated an evolution of the centralized military pay systems.

Chapters three, four, and five provided a general account of finance operations during WW II, the Korean Conflict, and the Vietnam Conflict respectively. Four facets of finance operations were reviewed: organizations, wartime pay support, currency exchange, and the environment. The remainder of this chapter will be devoted to a comparative analysis of the three wars with the focus being on the four facets previously mentioned. I will close the thesis with my vision of the Finance Corps role on the battlefield in the future.

The first area to be discussed is organizations. The organizations responsible for providing direct pay support to the soldiers during all three wars were the Finance Disbursing Sections (FDS) and the Division Finance Sections (DFS). During WW II, both the FDS and the DFS were authorized twenty soldiers by the TOE and were structured to support 12,500 and 15,000 soldiers respectively (the DFS supported more soldiers due to the proximity of the supported units).

During the Korean Conflict both the FDS and DFS were authorized forty-four soldiers. The increase was due to a change in the TOE designed to improve pay support to the soldiers. Pay support had not changed much since WW II. The FDS provided support to non-divisional soldiers on an area support basis while the DFS provided support to its assigned division.

During the Vietnam Conflict, the organization of both the FDS and DFS changed again. FDS were authorized soldiers based on their mission. The base FDS (which consisted of three teams) was authorized fifty soldiers. If the FDS was assigned a mission requiring more soldiers, it was supplemented with additional teams (about fifteen soldiers per team). Conversely, the DFS was authorized about 120 soldiers and it was responsible primarily for the pay support of the division.

Although the organizations remained the same in name during all three wars, strength and duties changed based on lessons learned from after-action reports, studies, and previous wars.

Finance discovered that by tailoring the FDS to be a flexible organization, they could be activated, then employed where needed. Planners were indeed proactive and made significant progress regarding finance organizations.

The second area to be examined is wartime pay support. During all three wars, finance support was generally conducted from the rear area. However in Vietnam, finance forward support teams were used to provide finance support in the unit area and occasionally in the foxhole. For the first time, commanders at battalion level or higher were authorized pay support upon request.

The critical link between the DFS/FDS and the soldier was the Class A Agent. Agents were used extensively during all three wars. Their job was made more difficult during WW II because they had to count and disburse many different types of currency. Relief from this laborious task was gained during the Korean and Vietnam Conflicts. Currency was limited to MPC (primarily used to pay soldiers), U.S. dollars, and indigenous currency.

The difficulty of an agent's job was a factor of where his soldiers were located. In units where soldiers were widely dispersed, an agent could take days to pay his soldiers. The role of Class A Agents has not changed much over time and their contribution during all three wars was outstanding.

An examination of wartime pay support would be incomplete without a discussion of the pay systems. The following is a comparison of the three predominate systems (Military Pay Voucher System (MPV) (1959), Centralized Automated Military Pay System (CAMPS) (1964), and Joint Uniform Military Pay System (JUMPS) (1966):

ITEM	JUMPS	CAMPS	MPV
Centralized Accounting	yes	yes	no
Centralized Reporting	yes	yes	no
Centralized Computation	yes	yes	no
Centralized Master File	yes	yes	no
Allotment paid directly from Master File	yes	no	no
Two Pay Days Monthly	yes	yes	no
Accrual Pay Option	yes	yes	no
Check to third party	yes	yes	yes
Leave Record on Voucher	yes	yes	no
Earning Statement to Payee	yes	yes	yes
Pay Lag	no	yes	no
All Pay Accounts with parent service	yes	no	no
Mail Transmission and Autodin	yes	yes	no
Soldier Deposits on Pay Master File	optional	no	no
Laundry Collections	optional	yes	yes[1]

It is evident that finance planners were proactive and made significant progress in wartime pay support.

The third area to be addressed is currency exchange. During WW II, currency exchange was a enormous problem. The War Department's decision to use indigenous currency in the country of occupation placed a tremendous burden on the system (central funding sites, FDS/DFS, and Class A Agents).

During the Korean and Vietnam Conflicts, MPC was the primary currency used to pay soldiers. Indigenous currency was primarily used for currency conversion to make local purchases and pay local contracts. MPC use, which was a lesson learned from WW II, made currency exchange simpler.

The final area to be reviewed is the environment. Environment was primarily researched in terms of troop life, morale, and working conditions. During WW II, duty as a finance clerk was prized. Finance clerks performed highly technical duties away from the front lines. Soldiers eagerly sought finance duty because the jobs were easily transferrable to jobs in civilian life.

During the Korean and Vietnam Conflicts, the battlefield environment changed. Finance units were attacked by the enemy, soldiers had to pull perimeter guard duty, set up tent, work in mess halls, move equipment, conduct equipment and vehicle maintenance, and many other duties not previously associated with being a finance clerk. The men were essentially soldiers first, then finance clerks. However, despite the perceived or real hardships, the mission was accomplished. Finance unit historical reports were unanimous in their comments concerning soldiers attitudes: overall, the soldiers worked hard and displayed very positive attitudes.

In conclusion, the research has proven that finance operations did make significant progress from WW II to the Vietnam Conflict. For the future, I see the role of the Finance Corps on the battlefield similar to the Vietnam experience. Units will be tailored to the mission. Finance Support Teams will have to provide support in the brigade and division support areas. Currency exchange will be a source of concern as evidenced in Grenada. The U.S. will probably continue to use indigenous currency in the area of operation and the Finance Officer will help to coordinate the acquisition of it.

General Vuono's blueprint for the Army of 1990 contained these six imperatives:

1. An uncomprising commitment to a quality force;
2. A powerful war-fighting doctrine that will win both now and in the future;
3. A mix of forces including heavy, light, and special operations forces in our Active and Reserve Components;
4. Tough, realistic training;
5. Continuous modernization;
6. Development of leaders of unmatched ability.[2]

As a part of the Army of 1990, the Finance Corps must focus on being a quality force, provide tough, realistic training for our soldiers, develop our leaders into professional soldiers, and continuously modernize for the future. We must constantly be prepared to support and serve.

CHAPTER SIX

ENDNOTES

1. "CAMPS-JUMPS", 27.

2. General Carl E. Vuono, "Professionalism and the Army of the 1990s", Military Review (April 1990): 2.

GLOSSARY

Allied Military Scrip: An instrument denominated in allied or an invaded nation's monetary units that is used as the official medium of exchange. Allied military scrip may be used by allied forces for any purpose for which any foreign currency is used (FM 14-7).

Appointment Documents: Commanders may use a memorandum to appoint individuals to act as agents officers or imprest cashiers for finance commanders. The contracting officer will appoint ordering officers using an appointment letter (FM 14-7).

C-DAY: The unnamed day on which movement from ORIGIN begins or is to begin. Deployment may be movement of troops, cargo, or a combination of these elements using any or all types of transportation. (JCS Pub 5-02.1)

Campaign Plan: A plan for a series of related military operations aimed to accomplish a common objective. (JCS Pub 1)

Class A Agent Officers: Commissioned or warrant officers, enlisted soldiers in grades E7 and above, and civilians in grades GS-9 and above appointed to make specific payments as authorized in appointment orders. Agents are directly accountable to the finance commander for whom they are acting. (FM 14-7)

<u>Communication Zone (COMMZ)</u>: The COMMZ encompasses the area to the rear of the combat zone. It includes lines of communication, means for supply and evacuation, and area required by the agencies and facilities that provide support to elements in the combat zone. (FM 63-4)

<u>D-DAY</u>: The unnamed day on which a particular operation begins or is to begin. (JCS Pub 1-02)

<u>Disbursing Officer</u>: The individual directly responsible for currency accountable to the finance commander. The disbursing officer dispenses and collects currency in the name of the finance commander. (FM 14-7)

<u>Doctrine</u>: Fundamental principles by which military forces or elements thereof guide their actions in support of national objectives. It is authoritative but requires judgment in application. (JCS Pub 1)

<u>Finance Commander</u>: The finance unit commander and staff officer assigned to maintain a system of accounts and finance procedures for a command. The finance commander is entrusted with the duty to disburse, receive, and account for public monies in his own name. (FM 14-7)

<u>Functional Area</u>: An organization or staff element charged with the accomplishment of a particular function.

<u>M-DAY</u>: The term used to designate the day on which mobilization is to begin. (JCS Pub 1-02)

Military Payment Certificates (MPC): An instrument denominated in US dollars that is used as the official medium of exchange in US military operational areas overseas that are designated as (MPC) areas. (FM 14-7)

Money: The official currency, coins, and negotiable instruments issued by a government. (FM 14-7)

Piaster: The monetary unit of the Republic of South Vietnam.

Proponent: An army organization or staff element which has the primary responsibility for materiel or subject matter in its area of interest. (AR 5-22)

Won: The monetary unit of the Republic of Korea.

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