

● PSF

Navy Department

April 1940

PSF  
Navy

**NAVY DEPARTMENT**  
Office of the Chief of Naval Operations  
**OFFICE OF NAVAL INTELLIGENCE**  
WASHINGTON

In reply refer to No.  
Op-16-F-2

~~CONFIDENTIAL~~

5 April 1940.

Memorandum for the Chief of Naval Operations

SUBJECT: Franco-Japanese Relations affecting the Far East.

1. Highly reliable information has been received that about 16 March the French Government apparently presented a note to the Japanese Ambassador in Paris to the following effect:

(a) France asks for special guarantees that Japan will not intrude herself or meddle in affairs concerning the Gulf of Tonkin, Hainan Island, or the Chinese Provinces bordering on French Indo-China.

(b) France requests a clarification of the Japanese attitude regarding the Paracel and Spratley Islands.

(c) France asks for renewal of Japanese pledges to respect the territorial integrity of China.

(d) France asks for a clear definition of Japan's position regarding the European war.

(e) France asserts an interest in the relations between Soviet Russia and Japan.

(f) France and Great Britain are allies and France enjoys friendly relations with the United States; therefore any political rapprochement between Japan and France cannot be achieved without the understanding of Great Britain and the United States.

(g) France will make no arrangement with Japan that might affect British or American interests without the prior understanding and consent of the British and American governments.

*W.S. Anderson*  
W.S. Anderson.

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DDG DIX. 5200.9 (9/27/59)

Date- 4-7-70

Signature- *[Signature]*

~~CONFIDENTIAL~~

THE WHITE HOUSE  
WASHINGTON

~~CONFIDENTIAL~~

January 6, 1940.

*file* →  
MEMORANDUM FOR

THE PRESIDENT

The attached memorandum, which has been handed to me by Admiral Anderson, is of great interest as indicating the trend of the situation in Southern China.

Respectfully,

*W. J. Callaghan*  
W. J. CALLAGHAN.

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B90 DIR. 5200.9 (9/27/89)

Date- 4-7-70

Signature- *JR*

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**NAVY DEPARTMENT**  
Office of the Chief of Naval Operations  
**OFFICE OF NAVAL INTELLIGENCE**  
WASHINGTON

In reply refer to No.  
Op-16-F-2

~~CONFIDENTIAL~~

5 January 1940.

Memorandum for the Chief of Naval Operations

SUBJECT: Japanese Diplomatic Pressure on France.

1. Highly reliable information indicates that at the end of November, 1939, the Japanese Foreign Minister invited the French Ambassador to call at the Foreign Office in Tokyo for the purpose of continuing their discussion of Franco-Japanese relations.
2. In the course of this conversation the Japanese Foreign Minister advised the French Ambassador that Japan was in accord with the previously expressed French desire for an adjustment of Franco-Japanese relations. In order, however, to bring about this mutually desired improvement of relations, the Japanese Foreign Minister pointed out that it would be necessary for France to take the following steps:
  - (a) Suppress all anti-Japanese activity in French Indo-China and in the islands of New Caledonia.
  - (b) Stop the passage through French Indo-China of all supplies for the Chiang Kai-shek government of China. In this connection the Japanese Foreign Minister pointed out that, in spite of repeated Japanese protests, the French had failed to put a stop to the transport of supplies to Chiang Kai-shek. Therefore, the Japanese had been compelled to take military action in Kwangsi Province (along the French Indo-China border) in order to put a stop to this traffic.

The Foreign Minister remarked that the Japanese Consul at Hanoi had tried to give the French authorities in French Indo-China a clear concept of Japan's aims in this area. The French authorities, however, still appeared to have some misgivings concerning the intentions of the Japanese. The Foreign Minister suggested, therefore, that it would be desirable to send to Hanoi an officer of the Japanese Foreign Office, accompanied by a Japanese military officer, in order to clearly set forth to the local French authorities the political and military import of Japan's actions. In this connection, if the French so desired, the Foreign Minister would be pleased to have the French Military Attache at Tokyo accompany the Japanese Mission to French Indo-China.

Copies to:  
Aide to the President  
MID.  
State Department.  
File.

*W.S. Anderson*  
W.S. ANDERSON.

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**DDO DIR. 5200.9 (9/27/58)**

Date- 4-20-70

Signature- *J.P.*

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WASHINGTON

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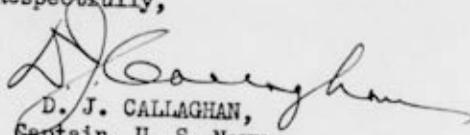
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April 8, 1940

MEMORANDUM FOR  
THE PRESIDENT

Attached are two confidential memoranda from  
ONI which may be of interest to the President.

Respectfully,



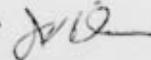
D. J. CALLAGHAN,  
Captain, U. S. Navy,  
Naval Aide to the President.

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**EO 12958 DIR. 5200.9 (9/27/58)**

Date- 4-7-78

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In reply refer to No.  
Op-16-F-2

NAVY DEPARTMENT  
Office of the Chief of Naval Operations  
OFFICE OF NAVAL INTELLIGENCE  
WASHINGTON

~~CONFIDENTIAL~~

5 April 1940.

Memorandum for the Chief of Naval Operations

SUBJECT: Japanese Pressure on Portugal for Oil Development Rights  
in Portuguese Timor.

1. In a memorandum from this office, dated 23 February 1940, it was pointed out that the Japanese Minister at Lisbon had recommended to his home government that diplomatic pressure, backed by force, be applied to Portugal in order to compel Portugal to grant to Japan, or Japanese interests, rights for the development of oil in Portuguese Timor.

2. Further highly reliable information has been received to the following effect:

(a) A Japanese Foreign Office official named Yanagisawa discussed this subject at length with the Portuguese governor at Macao and persuaded the latter to urge the Portuguese government to accede to Japanese desires.

(b) The Japanese Foreign Office advised their Minister at Lisbon of the results of the discussion at Macao, which took place during the latter part of February.

(c) The Japanese Minister at Lisbon then held a series of separate discussions on the subject of Japanese oil rights in Timor with the following Portuguese officials:

1. Prime Minister
2. Minister of Colonies
3. Newly appointed Governor General of Timor

(d) On 6 March the Japanese Minister at Lisbon reported to his government that the results of his final conference with the newly appointed Governor General to Timor had been unproductive of results, and that his whole series of conferences had been fruitless, except that the oil development rights had not as yet been granted to anyone. He called attention to his previous recommendation, in which he had suggested a demonstration of force.

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~~CONFIDENTIAL~~

-2-

(e) On 11 March, the Japanese Foreign Minister advised the Japanese Minister at Lisbon that Japanese military operations had been started in the vicinity of Macao, but that too pointed a threat would be avoided. The Japanese Minister at Lisbon was instructed to include a discussion of the Macao situation in his negotiations regarding Timor, but to try to bring about a settlement of the issue without making any definite threat.

*John James*  
for

W.S. Anderson.

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DOO WH. 5200.9 (9/27/58)

Date- 4-7-70

Signature- *JD*

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THE WHITE HOUSE  
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March 5, 1940.

*file* →  
MEMORANDUM FOR  
THE PRESIDENT

The attached memoranda from ONI may be  
of interest to the President.

Respectfully,

*D. J. Callaghan*  
D. J. CALLAGHAN

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OOO DIR. 5200.9 (9/27/58)

Date- 4-7-70

Signature- *JW*

NAVY DEPARTMENT  
Office of the Chief of Naval Operations  
OFFICE OF NAVAL INTELLIGENCE

In reply refer to No.  
Op-16-F-2

WASHINGTON

~~CONFIDENTIAL~~

23 February 1940.

Memorandum for the Chief of Naval Operations

SUBJECT: Japanese diplomatic pressure for oil rights in Portuguese Timor.

1. Highly reliable information has been received that the Japanese have been engaged during the last year in diplomatic negotiations with Portugal to obtain for SAPT, a company in Timor, the rights to drill for and produce oil on the island of Timor. The Japanese have some connection with SAPT, probably through the Japanese "South Seas Development Co." which has a branch in Timor.
2. Indications are that Portugal, under pressure from Great Britain, has granted or is about to grant monopoly rights for oil exploration in that part of the island lying east of 125° E. longitude to the Timor Petroleum Company (believed to be Australian). Previous tests by Belgian interests proved the presence of oil in this area.
3. In December the Japanese Foreign Office informed its Lisbon representative that it was important that they contest the granting of monopoly rights to the Timor Petroleum Company and get some compromise offer from Portugal.
4. The Japanese Minister at Lisbon, in January, advised the Japanese Foreign Office, "It is not only worthwhile but necessary for us, from the standpoint of national policy, to force ourselves into the scene in order to acquire rights even at the expense of straining Japanese-Portuguese relations. For this purpose, I think there is no way of solving the difficulty except by application of pressure backed by force."

*W.S. Anderson*  
W.S. Anderson.

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Date- 4-7-70

Signature- JR

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NAVY DEPARTMENT  
Office of the Chief of Naval Operations  
OFFICE OF NAVAL INTELLIGENCE  
WASHINGTON

In reply refer to No.  
Op-16-F-2

~~CONFIDENTIAL~~

23 February 1940.

Memorandum for the Chief of Naval Operations

SUBJECT: Japanese Army Advisors to Bolivia.

1. Highly reliable information indicates that confidential conversations are in progress between Bolivia and Japan, having for their object the sending of a Japanese Military Mission to Bolivia to serve as instructors for the Bolivian Army. It is also proposed that a number of Bolivian Army officers be sent to Japan to study in Japanese Army schools. The Japanese Army is strongly in favor of concluding an agreement with Bolivia along the above lines.

*W.S. Anderson*

W.S. Anderson.

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**DDO DIR.** 5200.9 (9/27/58)

Date- 4-7-70

Signature- *JAL*

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In reply refer to No.  
Op-16-F-2

NAVY DEPARTMENT  
Office of the Chief of Naval Operations  
OFFICE OF NAVAL INTELLIGENCE

WASHINGTON

~~CONFIDENTIAL~~

2 March 1940.

Memorandum for the Chief of Naval Operations

SUBJECT: Japanese plan to establish legation in Uruguay.

1. Highly reliable information has been received that Japanese Ambassador at Large Tatsuo Kawai has advised the Japanese Minister to Argentina that the Japanese government expects to establish a Legation in Uruguay in the near future.

*W.S. Anderson*

W.S. Anderson.

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Date- 4-7-70

Signature- *JWR*

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THE WHITE HOUSE  
WASHINGTON

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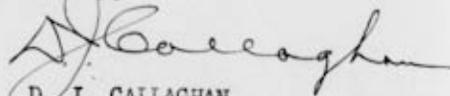
April 8, 1940.

MEMORANDUM FOR

THE PRESIDENT

Attached is answer to query the President made  
of Acting Secretary of the Navy Compton at cabinet  
meeting on 5 April.

Respectfully,



D. J. CALLAGHAN,  
Captain, U. S. Navy,  
Naval Aide to the President.

In reply address not the signer of  
this letter, but Bureau of Navigation,  
Navy Department, Washington, D. C.  
Refer to No.

Nav-2-EBC

NAVY DEPARTMENT  
BUREAU OF NAVIGATION  
WASHINGTON, D. C.

April 6, 1940.

MEMORANDUM FOR CAPTAIN CALLAGHAN, U.S. NAVY  
NAVAL AIDE TO THE PRESIDENT

Miss Isabel Hoey, daughter of Honorable Clyde R. Hoey, Governor of North Carolina, was designated by the then Acting Secretary of the Navy, Honorable Charles Edison, on December 18, 1939, as sponsor for the U.S.S. NORTH CAROLINA (BB55) which is under construction at the Navy Yard, New York.

*Randall Jacob*

M. G. P. C.

PSF  
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THE WHITE HOUSE  
WASHINGTON

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April 8, 1940.

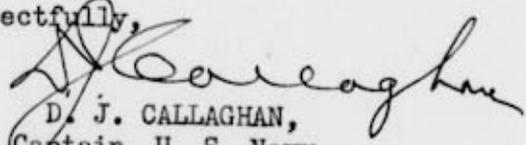
MEMORANDUM FOR  
THE PRESIDENT

Subject: Accommodations on Coast Guard vessel for members of the Presidential Party.

1. I have ascertained from the Coast Guard Headquarters, confidentially, that should the President desire, the U.S.C.G. TANEY, (a vessel of the CAMPBELL class - larger sized cutter), can be made available to accompany the President if and when he makes a cruise during the summer to Alaska. Accommodations will be available for Mrs. Roosevelt, three other ladies and a total of four men guests.

2. U.S.C.G. TANEY is now at Honolulu and some advance notice should be given if and when the President desires to utilize the services of this vessel.

Respectfully,



D. J. CALLAGHAN,  
Captain, U. S. Navy,  
Naval Aide to the President.

PSF  
7/10/71

THE WHITE HOUSE  
WASHINGTON

~~CONFIDENTIAL~~

file →  
April 9, 1940.

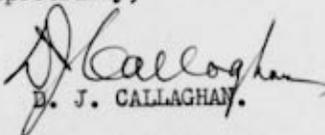
MEMORANDUM FOR

THE PRESIDENT

Here is an interesting report which I am forwarding to the President, from the Naval Attache at London.

The present situation in Norway may change the British point of view on several of the points outlined in the attached report.

Respectfully,

  
D. J. CALLAGHAN.

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**DDO DIR. 5200.9 (9/27/58)**

Date- 4-7-70

Signature- *gvd*

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ISSUED BY THE INTELLIGENCE DIVISION, OFFICE OF CHIEF OF NAVAL OPERATIONS, NAVY DEPARTMENT

ATTACHE'S REPORT

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From X Date 11 March 1910 Serial No. 262 File No. 907
Source of information Authentic
Subject GREAT BRITAIN EUROPEAN WAR WAR OPERATIONS - GENERAL DISCUSSION OF

Reference Franklin D. Roosevelt Library
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WAR OPERATIONS - GENERAL DISCUSSION OF.
Date 4-7-70
CONFIDENTIAL

1. On Friday afternoon, 8 March, 1910, a general discussion of the Naval situation was had, in private, with the Deputy Chief of the Naval Staff at the Admiralty. The following are the various topics discussed.

2. CONTROL OF THE SEA. This was acknowledged to be very extensive. The possible escape of single powerful German Naval units was admitted, but it was believed that dispositions in general effect would ultimately accomplish the same successful result as achieved over the GRAF SPEE. The advent of longer daylight will, they think, make it less likely for raiding forces to escape from the North Sea.

3. NORTH SEA SITUATION. In this area it was agreed that their control fell considerably short of 100%. On the other hand, it was pointed out that they are maintaining the traffic in spite of the enemy's opposition. The losses are not considered serious and the traffic will continue to move. In reply to a suggestion that increased air activity might further jeopardize movements in the North Sea, it was stated their anti-aircraft cruisers and destroyers plus the arming of the Merchantmen themselves, especially with machine guns, was expected to be satisfactory. The action of the German Air Force in attacking lightships, unarmed trawlers, fishing vessels, etc. was condemned in the strongest terms.

4. CONVOYS. In connection with the above it was stated that neutral losses in this area, as well as in other areas, could undoubtedly be very materially reduced when the Neutrals accepted British convoy. It was pointed out that in the last war whereas in the beginning the Norwegian convoys consisted of 6 or 9 British ships and practically no neutrals, yet in 1917-18 these convoys often had groups with as many as 20 to 30 ships and still only 8 or 9 of these were British. Attention was particularly drawn to the fact that most of the recent losses of neutral ships had been the result of sailing singly. In the case of the s.s. "DONALD" it was frankly stated that the ship was lax in her lookout and never should have been bombed.

5. AIR DEFENSE. The point here stressed was the fact that in order to make hits the German planes had been obliged to come down so close to the ship that it almost amounted to "throwing a brick down the funnel". Such tactics on the part of aircraft were only possible, it was maintained, when the Merchantman was unarmed or unescorted. The view that high altitude bombing would change this picture very markedly was not concurred in. It was stated that their experience to date showed the German aircraft to be incapable of making hits with their bombs unless they came very close down. Salvos of bombs from high altitude were mentioned but the reaction was the same. They count a great deal on the efficacy of their anti-aircraft cruisers, and during this conversation was heard the first mention of

Apr 11

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Tech. Div. C, in C, U. S., Com. Rel. Fee, Com. Sec. Fee, C, in C, Asia, Com. S. S. S., Com. Air

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From X Date 11 March, 1910 Serial No. 262 File No. 907  
 (Commence new series each January first) (Select proper number from O. N. I. index)

Source of information Authentic

Subject GREAT BRITAIN EUROPEAN WAR WAR OPERATIONS - GENERAL DISCUSSION OF  
 (Nation reported on) (Index title as per index sheet) (Subtitle)

Reference \_\_\_\_\_

INDEX.—(The review, indexing, and distribution of reports by O. N. I. will be greatly expedited if the number of the contents is indicated by the writer. Mention leading geographical, personal, or political names, and the gist of the report.)

WAR OPERATIONS - GENERAL DISCUSSION OF  
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 4-7-70 gvd

"anti-aircraft destroyers" (No particulars given).

6. EAST COAST BASES. To the comment that heavy German air attacks on East Coast bases might be anticipated and might render such bases untenable, the reply was that they now believe any given base could be made safe from air attack. It was obvious that all bases could not be so treated because of the expense and effort but selected ones, they believe, can be made secure. The measures to be taken to accomplish this result include very heavy anti-aircraft batteries and strong supporting squadrons of Fighters.

7. MAGNETIC MINES. The counter measures against this mine are considered effective. It is not laid in large fields but in small numbers by submarines or planes. The practice of laying huge mine fields was declared to have been found inefficient, just as in the last war. The point was made that when a large field was located it was easy to sweep a channel through it, and thereby render useless the remaining mines in the field. Laid in "penny packets" was the best way. To the suggestion that planes might drop mines behind the nets and booms of Fleet bases it was stated that this, of course, was a possibility. It was hoped, however, their detector apparatus would disclose the presence of the aircraft and that their sweeping devices would destroy such mines. It was stated also that, of course, a single plane could only lay one or two of these mines on a flight.

8. AIR OPERATIONS - WEST COAST. It was conceded that air operations against west coast ports and convoy approaches from the westward might be feasible. The efficiency and accuracy of the German aerial navigation was commented upon. On the other hand, it was considered the local defenses, plus the Royal Air Force support, would be sufficient to protect west coast ports and harbors. The distances to be flown over Allied territory were considered a great handicap to the Germans. For convoy protection it was indicated that gun defense would be their chief reliance until close enough to land for Fighter Patrols to assist.

9. ANTI-SUBMARINE CAMPAIGN. This, they looked upon with satisfaction. The ASDIC device, they thought, was most successful. The figure of sunken submarines they believed to be between 10 and 50 from all sources (including French). They were convinced that, at some time in the future - how near, it was not possible to estimate - the toll they were taking of the submarines would break down the morale of the German submarine service. The rate of building in Germany was only discussed in vague terms and the impression received was that they didn't know much about it.

10. BLOCKADE. While admitting freely that the blockade was not as far-reaching as in the last war, it was pointed out that when the German military operations were at the peak of their success Germany had all

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Yech. Div.	C. in C.	Com. Sec. Per.	Com. Sec. Per.	C. in C. Asia	Com. S. S. S.	Com. Air	Attached at	Operations										Com. Dir.	W. P.	Com. Fl. Tr.	State	Com- munes	Return to Room No. _____					

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From X Date 11 March, 1940 Serial No. 262 File No. 907  
(Commence new series each January first) (Select proper number from O. N. I. Index)

Source of information Authentic

Subject GREAT BRITAIN EUROPEAN WAR WAR OPERATIONS  
(Nation reported on) (Index title as per index sheet) (General Discussion of) (Subtitle)

Reference \_\_\_\_\_

INDEX.—(The review, indexing, and distribution of reports by O. N. I. will be greatly expedited if a brief summary of the contents is entered in this space. Mention leading geographical, personal, or political names, and the gist of the report.)

WAR OPERATIONS - GENERAL DISCUSSION OF

~~CONFIDENTIAL~~

the resources of the Austrian-Hungarian Empire, all of old Poland, as well as parts of Russia, Roumania, and Bulgaria. This point was advanced to counter the suggestion that the present blockade left the whole of Germany's backdoor open. The definite impression was gained that the blockade is still considered a most formidable weapon, although its effects are considered to require more time in this war than in the last.

11. EXTENDING THE WAR. Practically no reaction was obtained from "feelers" on this subject except that it was freely stated they would not abandon Malta in certain eventualities as they did in 1936. It was considered that the experience so far gained in repelling air attacks justified holding Malta and, it is inferred, appropriate preparations to do so have already been taken.

12. GERMAN MORALE. It was stated and emphasized as a purely personal opinion that it was thought that possibilities existed in the pamphlet raids on Germany. The attitude was that there must be a large block of German citizenry who could not view the war with other than distaste. If the population of Germany could be persuaded that the Allies intended no second Versailles then the hope was for an overthrow of the Nazi regime. This was freely admitted to be a hope, and the weight to be given these remarks was again stressed as purely a personal opinion.

13. GERMAN NAVAL MORALE. Confirmation was again obtained of the general Admiralty attitude that the German Naval personnel have not the same fighting spirit as in 1914-18. Not only is the conduct of the recent action by the GRAF SPEE cited as the major proof, but also the condition found in the DEUTSCHLAND when she visited Gibraltar after being bombed in the Balearic Islands during the Spanish War. From captured submarine crews more of the same evidence has been accumulating. Whatever may be the morale of the German Air Force and the German Army it is apparent that the British Navy consider they have a definite edge on the German Navy in this respect.

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Signature- JWR

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Director	B-1, B-2, B-3, B-4, B-10, B-11, B-12, B-13, B-14, B-15, B-16																	
Yach. Dev.	C. in C. U. S.	Com. Bat. For.	Com. Sea. For.	C. in C. Asia	Com. S. S. S.	Com. Air	Attached at	Operations										Return to Room No.
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7/10/71

THE WHITE HOUSE  
WASHINGTON

CONFIDENTIAL

April 10, 1940.

*file*

MEMORANDUM FOR

THE PRESIDENT

Here are some despatches received by the  
Navy Department in which I think the President  
will be interested.

Respectfully,

*J. Callaghan*  
D. J. CALLAGHAN

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NAVAL MESSAGE  
(NAVY DEPARTMENT)

FROM: ALUSNA LONDON 091230CR352

DATE 9 APRIL 40

TO: OPNAV

PRECEDENCE: ROUTINE

INFO:

TOR CODE ROOM: 1230

RELEASE

ACCORDING TO A REPORT RECEIVED AT THE ADMIRALTY FROM THE  
SOP AT SCAPA FLOW LAST NIGHTS AIR RAID LASTED ABOUT 75  
MINUTES DURING WHICH THE NAZIS CAME OVER IN WAVES AND  
DROPPED INCENDIARY AND HIGH EXPLOSIVE BOMBS X I HAVE REC-  
EIVED NO REPORT AS TO THE EFFECTIVENESS OF THE FLEETS AA  
FIRE BUT A GERMAN WAS SHOT DOWN BY PURSUIT PLANES X  
WHAT DAMAGE WAS DONE ASHORE IS NOT KNOWN BUT THERE WERE NO  
CASUALTIES OR DAMAGE SUFFERED BY THE SHIPS PRESENT

DISTRIBUTION

16....ACTION

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Signature-

CH 27 KL G1Z 5 Z G1Z 092330 BLOT GR 47 BT

FROM: COMRONFORT  
ACTION: HYDRO

FOLLOWING RECEIVED FROM RADIO GIBRALTAR (GYW) QUOTE FROM  
BRITISH NAVAL COMMANDER IN CHIEF X ALL DANISH AND NORWEGIAN  
SHIPPING HAS BEEN TAKEN UNDER BRITISH PROTECTION ALL DANISH AND  
NORWEGIAN SHIPS IN MEDITERRANEAN SHOULD THEREFORE PROCEED TO  
NEXT ONWARD PORT OF GIBRALTAR MALTA ALEXANDRIA PORTSAID  
AND AWAIT FURTHER INSTRUCTIONS

HYDRO - ACTION

01 10 11 12 13 16 20

NAVAIDE OPNAVDO 05

NAVAL MESSAGE  
(NAVY DEPARTMENT)

FROM: ALUSNA LONDON 091700CR362

9 APRIL 1940

TO: OPNAV

DATE CABLE

INFO: X-Y CWM

PRECEDENCE: 1815

TOR CODE ROOM:

RELEASE

SOME HOLD THE OPINION THA THE NEXT EVENT IS AN INVASION OF THE LOW COUNTRIES TO HOLD THE ALLIED FORCES ON THE

WESTERN FRONT HOWEVER I DON'T BELIEVE IT WILL HAPPEN REAL SOON X IN MY OPINION IT IS IMMINENT THAT THE ALLIES INTEND

TO EFFECT COMBINED OPERATIONS TO REMOVE GERMANY FROM SOUTHWESTERN NORWAY X I BELIEVE THAT THE ALLIES HAD

ANTICIPATED THE GERMAN ATTACK ON NORWAY AND WERE FORMING PLANS TO COUNTERACT SAME ( WHICH PLANS MAY HAVE BEEN

COMPLETED ) THEY WERE HOWEVER SURPRISED BY THE NAZI SPEED OF ATTACK X PARTICULAR ATTENTION IS CALLED TO THE SIZE OF

MERCHANT MARINE FACILITIES LOST TO THE ALLIED CARRYING TRADE X THE OPERATIONS OF THE GERMANS IN THE SCANDANAVIAN ATTACK

IS A FINE EXAMPLE OF THE IMPORTANCE ATTACHED TO SPEED OF

OPERATIONS WHICH IS THE PRESENT NAZI TECHNIQUE X HAVE INFO FROM HIGH BRITISH MILITARY SOURCE THA-T THE ALLIES FEEL

THAT THE AERIAL ATTACKS ON NORWEGIAN TOWNS WERE THE SAME AS ATTACKS ON BRITISH TOWNS HENCE BELIEVE THERE IS A

POSSIBILITY OF SOME INCREASED INTENSIFICATION IN AERIAL WARFARE IN THE NEAR FUTURE  
DISTRIBUTION:

16.....ACTION, 10/11.....12.....13.....01.....00A.....

NAVAID...38...FILE

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DATE 03/27/88

Date-

Signature-

NAVAL MESSAGE  
(NAVY DEPARTMENT)

FROM: ALUSNA PEIPING 100705CR395  
TO: OPNAV  
INFO: CINCAF  
RELEASE X-Y-MCM

DATE 10 APR 1940  
PRECEDENCE: DEFERRED  
TOR CODE ROOM: 0955

THE LOCAL SOVIET CONSUL GENERAL TELLS ME THAT THE TIENTSIN  
RUSSIAN CONSULATE WILL BE CLOSED 19 APRIL AND THAT IS IS  
ANTICIPATED THAT THE PEKING CONSULATE WILL CLOSE SHORTLY  
THEREAFTER X HE BELIEVES HIS ORDERS MEAN THAT RUSSIA INTENDS  
WITHDRAWING ALL REPRESENTATIVES FROM THE NEW GOVERNMENT AREA  
X MEASURES UNDERWAY TO GET ALL SOVIET CITIZENS OUT X ALSO  
GAINED IDEA THAT RELATIONS ARE BECOMING MORE TENSE

DISTRIBUTION:

13.....ACTION

00A...01...10 11...12...16...38...NAVAID...FILE...

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NAVAL MESSAGE  
(NAVY DEPARTMENT)

ALUSNA MEXICO CITY 082400GR047

8 APRIL 47

FROM: OPNAV

DATE ROUTINE

TO:

PRECEDENCE: 1130/9

INFO: X-JCH Y-LEH

TOR CODE ROOM:

RELEASE

TOLEDANO HAS SEIZED THE CONTENTS OF OUR NOTE TO THE GOVERNMENT OF MEXICO IN RE ARBITRATION OF THE OIL DISPUTE AS THE OPPORTUNE TIME TO STRENGTHEN HIS WEAKENED POSITION. WITH THE TACIT SUPPORT OF THE ARMY AND IN COOPERATION WITH PRM AND ALL LABOR SYNDICATES HE IS AROUSING THE PEOPLE TO THE DEFENSE OF THE NATION'S INTEGRITY AND TO FIGHT AGAINST IMPERIALISM.

ON 11 APRIL, BECAUSE OF HIS INFLUENCE, A DEMONSTRATION HAS BEEN ORDERED TO TAKE PLACE THROUGHOUT THE COUNTRY. EXCEPT FOR PUBLIC UTILITIES ALL BUSINESS IS TO BE SUSPENDED.

THE POSSIBILITY EXISTS THAT THE LEADERS MAY LOSE CONTROL AND THAT GRAVE DISORDERS AGAINST AMERICANS MAY ARISE BECAUSE UNDER CONDITIONS DESCRIBED ABOVE THE RADICAL LEADERS ARE AROUSING THE PEOPLE IN THE NAME OF PATRIOTISM. THE SITUATION MAY GET COMPLETELY OUT OF HAND IN VIEW OF THE FACT THAT THERE IS CONSIDERABLE UGLY TALK FROM IRRESPONSIBLE INDIVIDUALS.

IN HIS CAPACITY AS PRESIDENT OF THE UNITED LATIN AMERICAN LABOR ORGANIZATIONS TOLEDANO HAS, IN ADDITION, TELEGRAPHED ALL SUCH ORGANIZATIONS TO ASSIST MEXICO AND TO HOLD DEMONSTRATIONS ON 11 APRIL AGAINST IMPERIALISM.

IN THE PAST DEMONSTRATIONS IN MEXICO HAVE PASSED OFF QUIETLY, BUT FOR VARIOUS REASONS THIS TIME THE SITUATION IS

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Date-

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NAVAL MESSAGE  
(NAVY DEPARTMENT)

FROM:

DATE

TO:

PRECEDENCE: \_\_\_\_\_

INFO:

TOR CODE ROOM:

RELEASE

SOMEWHAT DIFFERENT. IT IS BELIEVED THAT OUR GOVERNMENT SHOULD  
BE ON THE ALERT, AS A MATTER OF FOREHANDED PRECAUTION, TO  
INITIATE MEASURES FOR PROTECTION IN THE EVENT THAT TROUBLE  
DOES DEVELOP THROUGH DEMONSTRATIONS OF NATIONWIDE SCOPE.

INFO

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16.....ACTION

14/11..13...NAVAID...FILE....

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PAGE 2.

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DATE 01-20-2001 BY SP-6 (9/27/58)

Date-

Signature-

CONFIDENTIAL

This refers to item in April  
9, 1940--Daily News Report  
prepared by Navy Dept for the  
Secretary.

See: Group of April Reports--  
~~XXXXXXXXXX~~. (small sheets)

PS F Navy  
1

THE WHITE HOUSE  
WASHINGTON

April 12, 1940.

MEMORANDUM FOR

CAPTAIN CALLAGHAN

I note in the famous daily paper issued by the Navy Department on April 9, 1940 the following item, which I take it comes under the column headed "Events of interest in our town".

"FRED TALBOTT sent out to contact the Japanese steamer "Asima Maru" to render assistance George F. Hovey, Jr., reported to have suffered a head injury, found that he had chicken pox". Good for you Fred!

F. D. R.

THE ASSISTANT SECRETARY OF THE NAVY  
WASHINGTON

15 April 1940

PSF  
Navy  
4  
File  
Personal  
Navy

MEMORANDUM TO THE PRESIDENT.

With further reference to the discussion of S.2464, which occurred at the Cabinet Meeting, 12 April, may I submit, herewith, the following chronological history of this measure.

May 22, 1939: Walsh Bill 2464, revising Vinson-Trammell Act of 27 March 1934, as amended, limiting profits under contracts and sub-contracts in excess of \$10,000.00 for complete Naval vessels or portions thereof. The bill proposed to authorize a carry over not only of net losses but also of deficiency in profit as a credit against any excess profit earned within the next succeeding four income taxable years, as provided for aircraft under the Act of 3 April 1939. Allowable percentage of profit remained at 10% instead of 12% already authorized for aircraft.

May 23, 1939: Bill referred to Navy Department by Chairman Senate Committee on Naval Affairs, with request for views and recommendations.

July 13, 1939: Navy Department requested Director of the Bureau of the Budget whether proposed action of Navy Department in favorably recommending enactment was in accord with program of the President.

July 14, 1939: United States Maritime Commission advised Director of the Bureau of the Budget that it favored the Act, expressing opinion that enactment would simplify and facilitate administration of the Vinson-Trammell Act, as amended, and would work no injustice to the United States.

July 19, 1939: Treasury Department, upon request of the Director of the Bureau of the Budget, commented on the bill.

July 24, 1939: Director of the Bureau of the Budget stated there would be no objection to submission by the Navy Department of favorable report on bill.

July 26, 1939: Hearings held by Senate Committee on Naval Affairs.

Aug. 1, 1939: Bill passed by Senate.

Aug. 7, 1939: Chairman, House Naval Affairs Committee requested views and recommendations of Navy Department.

Sept. 20, 1939: The Secretary of the Navy recommended adoption of the principles contained in S.2464 as being equitable and as permitting to ship construction contractors a fair expectation of reasonable profit without danger of disadvantage to the United States.

April 3, 1940: Admiral Robinson testified before House Naval Affairs Committee in support of the measure.

April 9, 1940: Representative of Treasury Department appeared before Committee in opposition to the bill.

During the past week, the Treasury Department reported that the Chairman of the House Naval Affairs Committee had requested that Department to prepare a re-draft of this bill, which re-draft is now in process of preparation in joint conference with the War and Navy Departments.

Navy Department records indicate that ship construction contractors, since 1933, have, as a general rule, lost money on their contracts or have made very small profits. The Act of 3 April 1939 permits contractors for aircraft and portions thereof to carry over both losses and deficiencies in profit for a four-year period. Shipbuilders reasonably contend that the carry over of deficiencies and losses for a four-year period is more justifiable in their case than in the case of aircraft manufacturers, since the construction period of naval vessels requires in some instances a four or five year building period.

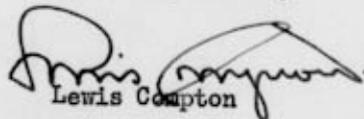
It is the opinion of the Navy Department that the adoption of the same method of treatment for both ship and aircraft contractors should tend to increase competition and result in lower prices. No change in the present 10% profit on ships is contemplated.

Larger shipyards are better able to absorb losses and deficiencies in profit than small yards, with the result that smaller yards may be eliminated and additional shipyards discouraged from competing for future work.

It is my opinion that a spread of losses over a four year period is justifiable.

After you have had an opportunity to consider the above reasons for the enactment of this legislation, I would appreciate an expression of opinion from you for my guidance.

Very respectfully

  
Lewis Compton

THE WHITE HOUSE  
WASHINGTON

April 16, 1940.

MEMORANDUM FOR  
CAPTAIN CALLAGHAN

Will you speak to  
me about this?

F. D. R.

Memorandum from Captain Callaghan,  
dated April 13, 1940, forwarding  
for the President's information  
(a) A report from the General Board  
on the subject of a proposed 3400  
ton cruiser-destroyer.  
(b) Study by the General Board on  
the general subject of cruisers,  
with particular reference to super-  
cruisers.

PSE  
Stamp  
1

THE WHITE HOUSE  
WASHINGTON

PSF Navy  
file  
confidential

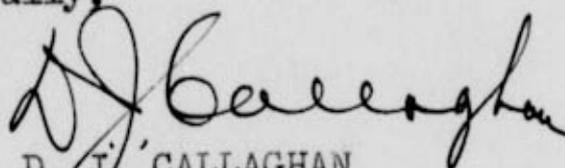
April 16, 1940.

MEMORANDUM FOR

THE PRESIDENT

For the information of the President there is forwarded herewith the latest Joint Report showing progress on vessels under construction for the Navy, as of 1 April 1940.

Respectfully,

  
D. J. CALLAGHAN

NAVY DEPARTMENT  
 BUREAU OF CONSTRUCTION AND REPAIR - BUREAU OF ENGINEERING  
 WASHINGTON, D.C.

Ss

APRIL 10, 1940

RESTRICTED  
 VESSELS UNDER CONSTRUCTION, UNITED STATES NAVY - JOINT REPORT of PROGRESS AS OF APRIL 1, 1940

Type, Number and Name	Contractor	Percentage of Completion:				Keel Laid	Launched	Date of Completion			
		HULL		MACHINERY				Date of Contract	Mos. to Order	or Bld. order	As reported by building yard
		Apr. 1: 1940	Gain for Month	Apr. 1: 1940	Gain for Month						
<u>BATTLESHIPS</u>											
BB55: NORTH CAROLINA	New York	71.0	2.2	53.5	4.7	10/27/37	-	8/ 1/37	49	9/ 1/41	10/15/41
BB56: WASHINGTON	Philadelphia	64.1	3.1	38.1	2.4	6/14/38	-	8/ 1/37	52	12/ 1/41	1/15/42
BB57: SOUTH DAKOTA	N.Y.S.B.Corp.	18.9	2.2	4.2	1.2	7/ 5/39	-	12/15/38	52	4/15/43	4/15/43
BB58: INDIANA	MNSB&DD Co.	11.7	2.0	9.7	0.5	11/20/39	-	12/15/38	52	4/15/43	4/15/43
BB59: MASSACHUSETTS	B.S.Co.(Quincy)	18.5	2.3	1.4	1.4	7/20/39	-	12/15/38	55	7/15/43	-
BB60: ALABAMA	Norfolk	6.8	1.1	8.3	0.7	2/ 1/40	-	4/ 1/39	52	8/ 1/43	8/ 1/43
BB61: IOWA	New York	-	-	-	-	-	-	7/ 1/39	49	8/ 1/43	1/ 1/44(a)
BB62: NEW JERSEY	Philadelphia	-	-	-	-	-	-	7/ 1/39	52	11/ 1/43	6/ 1/44(a)
<u>AIRCRAFT CARRIERS</u>											
CV7: WASP	B.S.Co.(Quincy)	99.2	1.2	99.1	0.2	4/ 1/36	4/ 4/39	9/19/35	40*	1/25/39	4/25/40
CV8: HORNET	MNSB&DD Co.	22.5	3.0	25.6	4.3	9/25/39	-	4/10/39	34	2/10/42	2/10/42
<u>LIGHT CRUISERS</u>											
CI51: ATLANTA	Fed.SB&DD Co.	5.4	1.3	7.1	1.6	-	-	4/25/39	36	4/25/42	4/25/42
CI52: JUNEAU	Fed.SB&DD Co.	5.1	1.1	6.1	1.3	-	-	4/25/39	38	6/25/42	6/25/42
CI53: SAN DIEGO	B.S.Co.(Quincy)	5.3	2.2	4.4	1.1	3/27/40	-	4/25/39	39	7/25/42	-
CI54: SAN JUAN	B.S.Co.(Quincy)	5.3	2.2	4.4	1.1	-	-	4/25/39	41	9/25/42	-
CI55: CLEVELAND	N.Y.S.B.Corp.	-	-	-	-	-	-	3/23/40	36	3/23/43	-
CI56: COLUMBIA	N.Y.S.B.Corp.	-	-	-	-	-	-	3/23/40	39	6/23/43	-

(a) An extension in the building period of at least 6 months will be required on each vessel, the exact amount not now determinable.

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**DOD DIR. 5200.9 (9/27/58)**

Date- 2/13/59

Signature- *Carl J. Spicer*

Type, Number and Name	Contractor	:Percentage of Completion:				:Date of Completion:				
		: HULL :		: MACHINERY :		: As per :		: reported :		
		: Gain :	: Gain :	: Date of :	: Mos.:	: contract:	: by :	: building :	: yard :	
		:Apr.1:for	:Apr.1:for	: Keel :	: contract:	: to :	: or :	: building :	: yard :	
		:1940 :Month:	:1940 :Month:	: Laid :	: Launched:	: or order:	: Bld.:	: order :	: yard :	
		:TOTAL:	:TOTAL:	:TOTAL:	:TOTAL:					
<u>:SUBMARINES</u>										
SS198:TAMBOR	:Elec. Boat Co.	:97.8 :	2.2 :	94.9 :	3.9 :	1/16/39:	12/20/39:	8/ 2/38:	29 :	1/ 2/41: 6/17/40 :
SS199:TAUTOG	:Elec. Boat Co.	:94.6 :	3.1 :	87.5 :	4.4 :	3/ 1/39:	1/27/40:	8/ 2/38:	31 :	3/ 2/41: 8/19/40 :
SS200:THRESHER	:Elec. Boat Co.	:88.8 :	7.6 :	80.9 :	7.4 :	4/27/39:	3/27/40:	8/2/38 :	33 :	5/ 2/41:10/14/40 :
SS201:TRITON	:Portsmouth	:61.0 :	7.3 :	51.7 :	20.8 :	7/ 5/39:	3/25/40:	9/ 1/38:	30 :	3/ 1/41:12/ 1/40 :
SS202:TROUT	:Portsmouth	:52.2 :	5.3 :	28.8 :	8.3 :	8/28/39:	- :	9/ 1/38:	32 :	5/ 1/41: 2/ 1/41 :
SS203:TUNA	:Mare Island	:44.9 :	3.6 :	50.6 :	3.4 :	7/19/39:	- :	11/ 1/38:	30 :	5/ 1/41: 3/ 1/41 :
SS204:MACKEREL	:Elec. Boat Co.	:44.6 :	5.5 :	38.3 :	4.4 :	10/ 6/39:	- :	6/15/39:	23 :	5/15/41: 5/15/41 :
SS205:MARLIN	:Portsmouth	: 4.2 :	1.8 :	- :	- :	- :	- :	7/ 1/39:	27 :	10/ 1/41:10/ 1/41 :
SS206:GAR	:Elec. Boat Co.	:32.8 :	4.8 :	15.9 :	5.0 :	12/27/39:	- :	6/15/39:	25 :	7/15/41: 7/15/41 :
SS207:GRAMPUS	:Elec. Boat Co.	:28.9 :	2.9 :	15.9 :	5.0 :	2/14/40:	- :	6/15/39:	27 :	9/15/41: 9/15/41 :
SS208:GRAYBACK	:Elec. Boat Co.	:27.4 :	3.2 :	15.9 :	5.0 :	4/3 /40:	- :	6/15/39:	29 :	11/15/41:11/15/41 :
SS209:GRAYLING	:Portsmouth	:19.5 :	1.3 :	2.3 :	0.9 :	12/15/39:	- :	7/ 1/39:	25 :	8/ 1/41: 8/ 1/41 :
SS210:GRENADIER	:Portsmouth	:12.5 :	1.3 :	- :	- :	4/ 2/40:	- :	7/ 1/39:	29 :	12/ 1/41:12/ 1/41 :
SS211:GUDGEON	:Mare Island	:31.1 :	3.9 :	11.3 :	8.5 :	11/22/39:	- :	7/ 1/39:	27 :	10/ 1/41:10/ 1/41 :

Type, Number and Name	Contractor	Percentage of Completion:				Date of Completion:					
		HULL	MACHINERY	Gain	Gain	As	per	reported	by		
		Apr. 1: 1940	for Month: 1940	Apr. 1: 1940	for Month: 1940	Keel Laid	Date of contract: or Bld. order	Mos. to building	contract: or yard		
		TOTAL	TOTAL	TOTAL	TOTAL	Laid	Launched	or order	Bld. order		
<u>DESTROYERS</u>											
DD415: O'BRIEN **	Boston	99.5	3.0	99.0	4.0	5/31/38	10/20/39	1/12/37	33	10/12/39	4/15/40
DD416: WALKER	Boston	98.0	3.0	97.0	3.0	5/31/38	10/20/39	1/12/37	35	12/12/39	6/ 1/40
DD417: MORRIS ***	Norfolk	98.4	0.8	98.1	1.4	6/ 7/38	6/ 1/39	1/12/37	33	10/12/39	4/30/40
DD418: ROE *	Charleston	Completed 15 March 1940									
DD419: WAINWRIGHT	Norfolk	95.6	1.4	96.2	1.5	6/ 7/38	6/ 1/39	2/12/37	34	12/12/39	5/31/40
DD420: BUCK	Philadelphia	91.4	3.7	90.7	2.3	4/ 6/38	5/22/39	2/12/37	33	11/12/39	7/ 1/40
DD421: BENSON	B.S.Co. (Quincy)	84.8	2.7	79.3	6.5	5/16/38	11/15/39	9/30/37	32	5/30/40	8/ -/40
DD422: MAYO	B.S.Co. (Quincy)	77.9	3.4	73.5	4.8	5/16/38	3/26/40	9/30/37	34	7/30/40	10/ -/40
DD423: GLEAVES	Bath Iron Wks.	89.5	5.0	83.7	5.3	5/16/38	12/ 9/39	9/30/37	34	8/ 2/40	6/11/40
DD424: NIBLACK	Bath Iron Wks.	82.3	5.3	81.0	4.9	8/ 8/38	-	9/30/37	36	10/ 3/40	8/15/40
DD425: MADISON	Boston	73.0	6.5	58.0	3.0	12/19/38	10/20/39	12/30/37	34	10/30/40	9/ 1/40
DD426: LANSDALE	Boston	71.5	6.0	57.0	3.0	12/19/38	10/20/39	12/30/37	36	12/30/40	11/ 1/40
DD427: HILARY P. JONES	Charleston	77.8	12.2	54.0	13.7	11/16/38	12/14/39	12/30/37	34	10/30/40	10/30/40
DD428: CHAS. F. HUGHES	Puget Sound	79.8	6.6	62.0	8.0	1/ 3/39	-	12/30/37	34	10/30/40	10/30/40
:	:	:	:	:	:	:	:	:	:	:	:

\* Commissioned January 5, 1940

\*\* Commissioned March 2, 1940

\*\*\* Commissioned March 4, 1940

April 10, 1940

Sheet 4.

Ss

Type, Number and Name	Contractor	Percentage of Completion:				Keel Laid	Launched	Date of contract	Date of Completion:				
		HULL		MACHINERY					Mos.	contract	Bld. order	As reported	
		Apr. 1: 1940	for Month	Apr. 1: 1940	for Month							to	or
:DESTRUCTORS (continued)													
DD429: LIVERMORE	: Bath Iron Works	: 69.6	: 4.1	: 63.2	: 5.5	: 3/ 6/39	: -	: 8/15/38	: 28	: 12/15/40	: 11/ 1/40		
DD430: EBERLE	: Bath Iron Works	: 64.3	: 4.2	: 60.8	: 5.1	: 4/12/39	: -	: 8/15/38	: 30	: 2/15/41	: 12/30/40		
DD431: FLUNKETT	: Fed. SB&DD Co.	: 83.0	: 6.1	: 81.0	: 8.0	: 3/ 1/39	: 3/ 9/40	: 8/17/38	: 30	: 2/17/41	: 7/12/40		
DD432: KEARNY	: Fed. SB&DD Co.	: 79.3	: 4.9	: 75.3	: 5.9	: 3/ 1/39	: 3/ 9/40	: 8/17/38	: 32	: 4/17/41	: 9/12/40		
DD433: GWIN	: Boston	: 46.0	: 2.5	: 29.0	: 2.0	: 6/ 1/39	: -	: 10/ 1/38	: 29	: 3/ 1/41	: 3/ 1/41		
DD434: MEREDITH	: Boston	: 47.0	: 4.5	: 28.5	: 2.0	: 6/ 1/39	: -	: 10/ 1/38	: 31	: 5/ 1/41	: 5/ 1/41		
DD435: GRAYSON	: Charleston	: 36.6	: 4.7	: 21.9	: 3.7	: 7/17/39	: -	: 10/ 1/38	: 30	: 4/ 1/41	: 4/1/41		
DD436: MONSSEN	: Puget Sound	: 52.7	: 8.6	: 20.9	: 0.9	: 7/12/39	: -	: 10/ 1/38	: 29	: 3/ 1/41	: 3/ 1/41		
DD437: WOOLSEY	: Bath Iron Works	: 26.7	: 5.6	: 38.3	: 7.4	: 10/ 9/39	: -	: 6/15/39	: 24	: 6/15/41	: 6/15/41		
DD438: LUDLOW	: Bath Iron Works	: 25.9	: 5.5	: 31.6	: 6.4	: 12/13/39	: -	: 6/15/39	: 26	: 8/15/41	: 8/15/41		
DD439: EDISON	: Fed. SB&DD Co.	: 15.1	: 2.4	: 33.3	: 6.0	: 3/18/40	: -	: 6/15/39	: 24	: 6/15/41	: 6/15/41		
DD440: ERICSSON	: Fed. SB&DD Co.	: 15.1	: 2.4	: 26.2	: 4.0	: 3/18/40	: -	: 6/15/39	: 26	: 8/15/41	: 8/15/41		
DD441: WILKES	: Boston	: 22.0	: 4.0	: 13.5	: 2.5	: 11/ 1/39	: -	: 7/ 1/39	: 24	: 7/ 1/41	: 7/ 1/41		
DD442: NICHOLSON	: Boston	: 21.5	: 4.0	: 13.5	: 2.5	: 11/ 1/39	: -	: 7/ 1/39	: 26	: 9/ 1/41	: 9/ 1/41		
DD443: SWANSON	: Charleston	: 20.3	: 8.2	: 10.4	: 5.8	: 11/15/39	: -	: 7/ 1/39	: 26	: 9/ 1/41	: 9/ 1/41		
DD444: INGRAHAM	: Charleston	: 16.6	: 6.1	: 8.3	: 4.8	: 11/15/39	: -	: 7/ 1/39	: 28	: 11/ 1/41	: 11/ 1/41		

Type, Number and Name	Contractor	Percentage of Completion:				Date of Completion		
		HULL	MACHINERY	Gain	Gain	As per	reported	As
		Aprl :for :Apr.1:for	Apr.1:for	Keel	Date of	Mos.:	contract:	by
		1940 :Month:1940 :Month	Month	Laid	contract:	to	or	building
		:TOTAL:TOTAL:TOTAL:TOTAL		Launched:	or order:	Bld.:	order	yard
<u>DESTROYER TENDERS:</u>								
AD14 :DIXIE	:N.Y.S.B.Corp.	:97.7 : 1.9 :97.2 : 4.4		: 3/17/38: 5/27/39:12/27/37:	34	:10/27/40:	5/ 1/40	
AD15 :PRAIRIE	:N.Y.S.B.Corp.	:71.8 : 5.2 :70.9 : 3.5		:12/ 7/38:12/ 9/39:10/14/38:	24	:10/14/40:	10/14/40	
<u>MINESWEEPERS</u>								
AM55 :RAVEN	:Norfolk	:42.0 : 5.5 :41.0 : 5.4		: 6/28/39: - : 9/ 1/38:	24	: 9/ 1/40:	12/13/40	
AM56 :OSPREY	:Norfolk	:41.8 : 5.5 :41.0 : 5.4		: 6/28/39: - : 9/ 1/38:	26	:11/ 1/40:	1/15/41	
<u>REPAIR SHIP</u>								
AR5 :VULCAN	:N.Y.S.B.Corp.	:13.9 : 4.0 : 4.1 : 0.9		:12/26/39: - : 8/ 1/39:	32	: 4/ 1/42:	4/ 1/42	
<u>SUBMARINE TENDER</u>								
AS11 :FULTON	:Mare Island	:26.7 : 3.4 :39.0 : 3.4		: 7/19/39: - : 9/ 1/38:	36	: 9/ 1/41:	9/ 1/41(a)	
<u>FLEET TUGS</u>								
AT65 :SEMINOLE	:B.S.Co. (S.I.):	Delivered 7 March 1940, Commissioned 8 March 1940						
AT66 :CHEROKEE	:B.S.Co. (S.I.):	:96.6 : 2.9 :95.7 : 4.2		:12/23/38:11/10/39: 8/15/38:	22	: 6/15/40:	4/25/40	
<u>SEAPLANE TENDERS</u>								
AV4 :CURTISS	:N.Y.S.B.Corp.	:59.8 : 3.5 :60.5 : 3.4		: 4/25/38: - :12/27/37:	38	: 2/27/41:	2/15/41	
AV5 :ALEEMARLE	:N.Y.S.B.Corp.	:43.1 : 2.4 :43.3 : 3.6		: 6/12/39: - :10/14/38:	32	: 6/14/41:	6/14/41	
<u>SEAPLANE TENDERS</u>								
AVP10 :BARNEGAT	:Puget Sound	:12.2 : 3.1 :33.5 : 9.8		:10/27/39: - : 9/ 1/38:	27	:12/ 1/40:	2/ 1/41	
AVP11 :BISCAYNE	:Puget Sound	:12.2 : 3.1 :33.5 : 9.8		:10/27/39: - : 9/ 1/38:	30	: 3/ 1/41:	4/ 1/41	
AVP12 :CASCO	:Puget Sound	: 4.6 : 0.5 : 7.2 : 3.6		: - : - : 7/ 1/39:	24	: 7/ 1/41:	7/ 1/41	
AVP13 :MACKINAC	:Puget Sound	: 4.6 : 0.5 : 7.2 : 3.6		: - : - : 7/ 1/39:	27	:10/ 1/41:	10/ 1/41	
<u>MINELAYER</u>								
CM5 :TERROR	:Philadelphia	: - : - : - : -		: - : - : 9/ 1/39:	36	: 9/ 1/42:	9/ 1/42(a)	

(a) Reports from various sources indicate a delay may be involved. Amount of delay not determined.

Type, Number and Name	Contractor	:Percentage of Completion:				Keel Laid	Launched	or order	Days	:Date of Completion :	
		: HULL :	: MACHINERY :	: Gain :	: Gain :					: As per reported :	: contract:by :
		:Apr.1:for	:Apr.1:for	:Month:	:Month:					:contract:Cal.:or	:building
		:1940	:1940	:Month:	:Month:					:or	:yard
		:TOTAL:	:TOTAL:	:TOTAL:	:TOTAL:					:order	:
<u>:SUBMARINE CHASERS</u>											
PC449:	:Luders Mar.C.Co.	:97.0	: 2.0	:70.0	: 5.0	: 7/10/39:	-	: 7/ 1/39:	300	: 4/26/40:	4/26/40(a):
PC450:	:Am.Car & F.Co.	:99.0	: 2.0	:90.0	:10.0	: 8/ 9/39:	3/14/40:	: 6/10/39:	270	: 3/ 8/40:	4/22/40 :
PC451:	:DeFoe B&M Works	:80.0	: 5.0	:45.0	:20.0	: 9/25/39:	-	: 6/15/39:	360	: 6/10/40:	6/10/40(a):
PC452:	:DeFoe B&M Works	:35.0	: 9.0	: 6.0	: 3.0	: 3/14/40:	-	:10/19/39:	360	:10/13/40:	10/13/40 :
FT01 :	:	:(b)	:	:(b)	:	:	:	:	210-	:(c)	:
to 12:	:E.B.Co.Elco Works:	4.0	: 2.0	: 6.3	: 6.3	-	-	:12/13/39:	300	: 7/10/40:	7/10/40(c):
<u>:MOTOR TORPEDO BOATS</u>											
PT1 :	:Miami S.B.Corp.	:98.0	: 1.0	:68.5	: 1.0	: 7/12/39:	8/16/39:	: 6/ 8/39:	165	:11/20/39:	6/15/40 :
PT2 :	:Miami S.B.Corp.	:98.0	: 1.0	:67.6	: 1.0	: 8/19/39:	9/30/39:	: 6/ 8/39:	165	:11/20/39:	6/15/40 :
PT3 :	:Fisher Boat Works:	99.0	: 2.0	:96.7	: 3.0	: 8/ 1/39:	-	: 6/ 8/39:	195	:12/20/39:	5/15/40 :
PT4 :	:Fisher Boat Works:	99.0	: 2.0	:89.7	:10.0	: 8/ 5/39:	-	: 6/ 8/39:	215	: 1/ 9/40:	5/15/40 :
PT5 :	:Higgins Ind.Inc.	:96.0	: 1.0	:67.0	: 2.0	: 8/ 1/39:	-	: 6/10/39:	175	:12/ 2/39:	7/ 1/40 :
PT6 :	:Higgins Ind.Inc.	-	-	-	-	-	-	: 6/10/39:	-	: 8/26/40:	8/26/40(d):
PT7 :	:Philadelphia	:43.4	: 1.8	: 2.4	-	: 8/29/39:	-	-	-	-	:10/ 1/40 :
PT8 :	:Philadelphia	:47.2	:14.6	:65.4	: 7.7	:12/29/39:	-	-	-	-	: 7/ 1/40 :
FT10 :	:	:	:	:	:	:	:	:	:	:(c)	:
to 20:	:E.B.Co.Elco Works:	-	-	-	-	-	-	:12/13/39:	300-	:10/ 8/40:	-
:	:	:	:	:	:	:	:	:	390	:	:
:	:	:	:	:	:	:	:	:	:	:	:

- (a) These vessels delayed due to late engine deliveries.
- (b) Percentage completion for February erroneously reported.
- (c) First vessel only, balance scheduled for delivery at uniform intervals thereafter.
- (d) Delivery date delayed due to construction of replacement boat.

THE WHITE HOUSE  
WASHINGTON

*file*  
*Confidential*  
P.F.  
Navy

April 17, 1940.

MEMORANDUM FOR  
CAPTAIN CALLAGHAN

Will you let me have  
a report on this?

F. D. R.

*Memo for the President:  
Report from Operations  
is attached.*

*Respy,  
W. J. Callaghan*

FBI  
2007  
1

In reply refer to Initials  
and No.

NAVY DEPARTMENT  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Op-38-SMR

WASHINGTON

20 April 1940

MEMORANDUM

From: Director, Ship Movements Division  
To : Captain Callaghan

SUBJECT: Steamship BERGENSFJORD - Report of mysterious  
vessel encountered.

1. In reply to Opnav's inquiry as contained in  
dispatch 172036 (copy attached) Com. 3 advises as follows:

.....

2. "Interviewed 1115 April 18, 1940, Commanding  
Officer of the SS BERGENSFJORD. Reported article on  
page 8 of the New York Times of April 16, 1940, regarding  
"mysterious gray vessel" maneuvering was largely erroneous.  
Stated he thought the vessel was British or French, that  
he passed while on his course for New York at approximately  
1700 Sunday, April 14, 1940, about 75 miles off Nantucket  
lightship."

3. "Described the ship as follows: approximately  
7,000 tons, painted gray, 4 masts, very high ventilators,  
2 guns mounted aft and what appeared to be sheds or pens  
for cattle on the aft deck. Estimated her speed from 14  
to 15 knots, and that the course she was steering was for  
New York or Philadelphia."

.....

2. Further inquiry made by O.N.I. of both New York  
and Philadelphia does not, up to the present, indicate the  
arrival at either of those ports of a vessel similar or  
answering to the general description of the "mysterious  
vessel"; it would appear to be just another case of "ships  
that pass in the night."



R. M. Brainard  
DIRECTOR, SHIP MOVEMENTS DIVISION

RECEIVED  
NAVY DEPARTMENT  
WASHINGTON, D.C.  
APR 17 1940

PSF Navy

OP-38-G-SMR

590

OPNAV

*Rev. L. GOWENLOCK  
Acting*

COM THREE

PRIORITY

17 APRIL 1940

COMATRON  
COMDESRON 41  
COMDT. COAST GUARD

ROUTINE

RESTRICTED

172036

NEW YORK TIMES SIXTEEN APRIL PAGE EIGHT REQUEST COMMANDING  
OFFICER LINER BERGENSFJORD BE INTERVIEWED IN EFFORT TO  
ESTABLISH IDENTITY AND CHARACTERISTICS MYSTERIOUS VESSEL  
ENCOUNTERED NEAR NANTUCKET THIRTEENTH X FORWARD DETAILS  
BY AIRMAIL

COPY TO:  
OPS-10, 10-A, 11, 13, 16, 30  
NAVAIDE

*Note  
similar item in  
article, col. 1, p. 8,  
N.Y. Times, 16 April*

*WLC*

*B*

PSF: Navy - 4-17-40

18  
DAILY NEWS, TUESDAY, APRIL 16, 1940

# ARMED SHIP TRAILS NORWEGIAN LINER

A dirty, mud-gray mystery ship, armed aft with two small guns and prowling the Atlantic just off Nantucket, gave Capt. Matthew Anzjon and 300 passengers aboard the Norwegian America liner Bergensfjord some anxious moments as they entered American waters, the skipper disclosed yesterday.

The strange vessel, a small freighter, flew no flag as she came suddenly alongside the Bergensfjord on Sunday afternoon off Nantucket.

The ship, said Capt. Anzjon, was "obviously of German construction," but her crew appeared to be British. Her sides seemed built up—to change her appearance, to conceal something on deck or to accommodate extra cargo.

The armed merchantman traveled along with the Bergensfjord on the port side for about a quarter of a mile.

"Suddenly she crossed over our bow," said Capt. Anzjon. "Then, after a while, she crossed back again and dropped astern. She never signaled us nor did we her. I slowed down while she was alongside. I was very nervous."

### Might Be British or German.

Shipping men believed the mystery craft could be either a German commerce raider or a British Q-boat, on the lookout for Nazi submarines. They pointed out that Q-boats have built-up sides, which can be quickly lowered to bring concealed heavy guns into play.

Anzjon's nervousness probably was not lessened by the knowledge that he had \$19,500,000 in gold aboard. The metal was consigned to the Federal Reserve Bank by the Norwegian Government and brings to a total of \$80,000,000 the gold shipped here in recent months by Norway.

The Bergensfjord was two days out of its home port, Bergen, when the German invasion of Norway started. Capt. Anzjon silenced the ship's radio but took no other precautions, he said.

Among the ship's passengers was Ruth Engelsen, 22-year-old attractive blonde of Bergen, to whom the fortunes of war brought love. She was met at the pier by Carl Ellis, former third officer of the American freighter City of Flint.

They met when the Flint was interned by Norway after it put into Bergen, en route from Murmansk, Russia, under a German prize crew. "It was love at first sight," Miss Engelsen explained. "We're going to be married in a few weeks."

Two American children—refugees from the Finnish war—also were aboard. They are Ruth Niemala, 11, and her brother, Paul, 8, who will be reunited with their father in Wisconsin.

(Picture on page 28)

**WE BUY**  
**Diamonds**  
**Old Gold**  
**Jewelry**

We are paying up to 25% more to smart and thrifty New Yorkers for Diamonds, Gold and Silverware because of the war shortage. This is the time to sell. Licensed Treasury Department Form TGL-12 Payable to the Gold Reserve Act of 1934.

**EMPIRE**  
**Buy**

wo.  
space.  
and  
protects purity

**YOU CAN SA**

Here's a  
have  
Ec

BSE Nam

# NORSE LINER HERE; JUST ELUDED NAZIS

## Bergensfjord, With 380, Left Bergen 48 Hours Before the Invasion Began

### NEWS A CRUSHING BLOW

#### War Incident Seen in Armed Mystery Ship That Drew Near Off U. S. Coast

The Norwegian-America liner Bergensfjord, which got out of Norway just in the nick of time, arrived here early yesterday with 380 passengers, 152 of whom were Norwegians and 131 United States citizens.

The ship owed her escape not to any foresight on the part of her owners, but because she was in regular transatlantic operation and was scheduled to sail April 6. The Stavangerfjord, the other passenger ship of the line in home waters, was not so lucky. The swiftness of the German invasion caught her in Oslo, where she was laid up for "safety."

The Bergensfjord left Oslo on April 5. She called at Christiansand, Stavanger and Bergen, finally sailing from the last port at 3:15 A. M. Sunday, April 7, just forty-eight hours before the German invasion began.

Her passengers left in a holiday mood. There was a dance on Monday night. But the next morning, the third morning out, passengers coming to breakfast found a staggering notice on the bulletin board. Norway had been invaded.

#### News Caused Consternation

Some women fainted. Everyone was shocked and incredulous. There was consternation, according to one passenger. No one had the slightest idea such a thing would happen.

"We didn't dream it was our turn," said one young woman. "And, boy, did we get a surprise!"

In the days that followed after the first shock the passengers went through a succession of changing moods. They cheered when news came through of the sinking of German ships and they "felt very bad" at news of Norwegian reverses. The women were worried and silent. The men gathered around maps and fought the war out in their minds. They knew every stone in their home towns that were being invaded.

Americans on board, however, praised the spirit of the Norwegians. They kept up their courage well, according to Shura Cherkassky, American pianist, returning after three and a half years of concert tours in Europe.

"I gave my last concert in Oslo on Friday, April 5," he said. "There wasn't the slightest tension in the city. No one realized the war would break out. The hall was filled, for, if anything, the war had increased the attendance at concerts. People turn to music in times of trouble."

#### In France at Outbreak

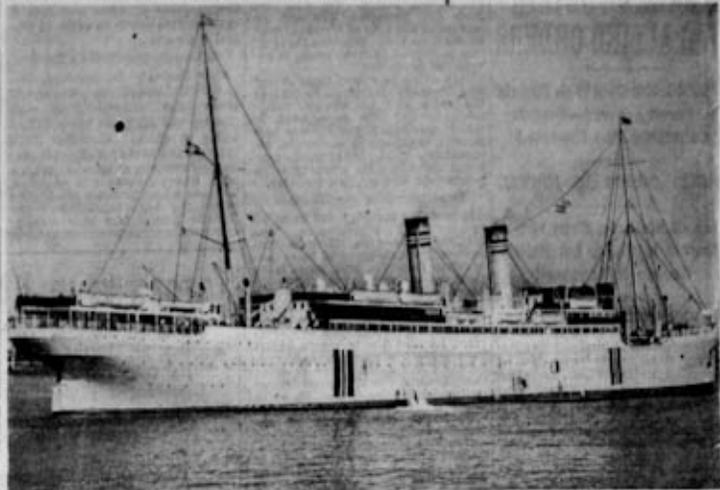
Mr. Cherkassky, a student of Josef Hofmann, was in France when Great Britain and France declared war on Germany. He did not return like most of the other American artists in Europe. He decided instead to fulfill his engagements in Scandinavia. He will not play here until October, when he will give a recital at Carnegie Hall.

Reider Wiegel, the ship's second wireless operator, was the first man on board to hear of the Norwegian invasion. He was on watch during the early hours Tuesday morning when the news first reached him through an RCA press broadcast. Later he heard it confirmed from Oslo.

Captain Matthew Anzoin, master of the ship, was awakened by a sailor who brought him the news. He was then 150 miles at sea. That morning and subsequently he received no instructions from Norway, so he decided to continue his course for New York. He did not signal, and there were no blackouts.

The only wartime incident of the voyage occurred on Sunday. Sev-

## SAILED FROM A PEACEFUL NORWAY—HEARD OF WAR 3 DAYS OUT



The Bergensfjord, first Norwegian liner to arrive here since the outbreak of hostilities in that country. She is shown as she approached her pier in Brooklyn yesterday.



Captain Matthew Anzoin  
Times Wide World

enty-five miles from Nantucket lightship a mysterious gray vessel, showing no name and flying no flag, but with small guns fore and aft, came up to the Norwegian liner, cruised alongside her, cut across her bow and then disappeared without making an effort at communication.

#### Indications of War

There were incidents before leaving Bergen, though that crew members in the light of subsequent events now consider as indications of war. There were three German merchant ships in Oslo, and on the way to Bergen they passed an unusually large number of German "ice going" both north and south. "They seemed to be innocent merchantmen," said one officer. "But I'm sure now they must have been full of German troops."

Ruth and Paul Niemala, two American children who were stranded in Finland throughout the Russian invasion, came on the liner. They were brought home through the intervention of Representative Benjamin J. Gehrman of Wisconsin, a loan from the State Department and the generosity of farmers from their community in Wisconsin.

Another passenger was 25-year-old Ruth Engelsen of Bergen. She came over to be married to Carl C. Ellis of Newjenville, Mass. Mr. Ellis, the third officer of the City of Flint, met his fiancée during the two months the American freighter was interned in Bergen.

Peter Berge, president of the line, was at the pier at Pineapple Street, Brooklyn, to meet the ship. He said the liner would be held here until the situation abroad had been clarified. The Oslofjord, the third and newest passenger ship of the line, has been here since Dec. 18.

The Bergensfjord, a vessel of 11,515 tons, was built in 1913. She operated in safety across the Atlantic throughout the last war.



Ruth Engelsen of Bergen, Norway, as she was met by Carl C. Newjenville, Mass., third officer of the City of Flint, whom she is to marry here. They met in Norway when the American freighter was interned in Bergen by a German prize crew.

*File Bureau  
Confidential*

*RAF  
Navy*

THE WHITE HOUSE  
WASHINGTON

April 17, 1940

MEMORANDUM FOR THE PRESIDENT:

The following despatch received from the Naval Attache,  
London:

"The British Admiralty is receiving numerous reports indicating an Italian move against Yugo Slavian coast. The feeling is that Roumania might aid Yugo Slavia. The U. S. Naval Attache has not been informed concerning contemplated English action in such an event but thinks British hope that their recent successful actions in Norway will discourage any Italian move at this time, especially as there is certain lack of support for Dalmatian campaign in some Italian quarters. The attache feels that if Italy joins on her side, Germany would immediately invade Holland and Belgium which would bring to the fore the question of the general Asiatic situation, Japan, and the Dutch East Indies."

Respectfully,

*D. J. Callaghan*  
D. J. CALLAGHAN

OPERATIONS

April 18<sup>th</sup>

Miss Tully

I think - this will  
clear up the picture  
mystery.

Terry

P3F Navy Nam

April 18, 1940.

My dear Captain Baldrige:

The President has just received a number of photographs bearing explanatory notes on the reverse side, which both the President and I feel sure were sent down to the White House through your courtesy, although no letter of transmittal was received with the pictures. I have seen the photographs and they are of a number of paintings, among which appears the "GENERAL ARMSTRONG," so I feel that the pictures were sent down to acquaint the President with some of the features of the art exhibit at present underway at the Academy.

Captain Knox could give me no information as to who had sent the pictures to the President, although he stated he was expecting to receive some like photographs from you in the near future.

If we are correct in our assumption that it is you to whom we are indebted, will you please accept the President's warm thanks for this most welcome addition to his collection of like matter.

With best personal regards,

Sincerely yours,

D. J. CALLAGHAN,  
Captain, U. S. Navy,  
Naval Aide to the President.

Captain Harry A. Baldrige, USN, (Ret.),  
Curator, Naval Academy Museum,  
Annapolis, Maryland.

(Pictures put over in North Hall at White House)

PSF. Navy  
1

C O P Y

~~CONFIDENTIAL~~

*File*

18th April, 1940

My dear Admiral Anderson:

The following has been received from the Admiralty:-

H.M.S. "SUFFOLK" bombarded Stavanger airdrome, 217 rounds, April 17th. During retirement she was subjected to 33 dive bombing attacks and 82 bombs were dropped on her. Only one hit and several near misses. The damage caused reduced her speed. Casualties were 27 killed and 34 wounded. The Fleet Air Arm supporting brought down one Heinkel, one Dornier, and damaged three Heinkels. H.M.S. "SUFFOLK" has now arrived in the United Kingdom.

The Royal Air Force attacked airdromes at Stavanger, Trondjem and Oslo night of April 17th. No details yet.

H.M.S. "SPEARFISH" now confirms "ADMIRAL SCHEER" was torpedoed at least once April 11th.

Enemy aircraft made 30 raids off the East coast night of April 17th, mainly mine-laying.

With kindest regards, I am,

Yours very sincerely,

L. Curzon-Howe,  
Captain, R. N.  
Naval Attache.

Rear Admiral W. S. Anderson, U.S.N.,  
Director of Naval Intelligence,  
Navy Department,  
Washington, D. C.

*For the President's information.*

*Respy.  
W. J. Ballouhan*

DEPARTMENT OF THE NAVY  
OFFICE OF THE SECRETARY  
WASHINGTON

BSF Navy  
File  
Planned  
Navy

April 18, 1940.

MEMORANDUM

Subject: Speeding up of the Shipbuilding Program as shown by the Progress Report of April 1, 1940.

1. Battleships: Battleships 57 to 58, while no confirmation in writing has been received from the Contractors, it has been stated verbally that these vessels are being built to a 48-month schedule instead of 52, and thus will be completed four months ahead of schedule. Since these two yards control the design work, the balance of the program, BB's 59 and 60, should likewise be completed some four months in advance of authorized completion dates.
2. Submarines: The completion dates for the submarines under construction, both at the Electric Boat Company and at the Navy Yard, Portsmouth, have been speeded up from two to a maximum of six and one-half months over the requirements of the building period.
3. Destroyers: The completion dates for destroyers under construction at private contractors and at Navy Yards have been speeded up from one and one-half to a maximum of seven months over the requirements of the building periods.
4. Auxiliaries: The destroyer tender DIXIE, New York Shipbuilding Company, will be delivered six months in advance of the contract completion date. The seaplane tender CURTISS, New York Shipbuilding Company, will be delivered half a month or more in advance of the end of the contract period.

*John C. ...*

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/

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removed  
Navy

PHILIP PUBLICKER

PHILADELPHIA

April 22, 1940

The President of the United States  
Washington, D.C.

My dear Mr. President:

May I express my sincere gratitude to you for the privilege of the interview granted me on Thursday, April 18th at two o'clock. Following your instructions, the Captain introduced me to Admiral S.M. Robinson. I was shown every courtesy. Samples of the new metal have been placed at the disposal of the Engineering Department of the Navy for testing purposes. There is every reason to hope that the metal will justify all expectations, and that it will then be possible to place the proceeds accruing from the exploitation of this highly useful invention, at the disposal of mankind.

Knowing of your interest in the project as a whole, I will take the liberty of keeping you informed from time to time of the progress being made.

Deeply appreciative of the honor of having been with you, even for a few moments, I am

Respectfully yours,

*Philip Publicker*

PP:S

*file  
personal*

*207*

THE WHITE HOUSE  
WASHINGTON

MEMO FOR THE PRESIDENT:

I imagine that Henry Morgenthau has sent you the same memo he sent me about Mr. Publiker, namely, that he is connected in an executive capacity with companies which have been detected in serious violations of the internal revenue laws regulating distilled spirits.

I am passing this information on to Mr. Pickett who brought him to me.

E.R.



THE SECRETARY OF THE TREASURY  
WASHINGTON

full  
April 20, 1940

My dear Mr. President:

After I had learned that you had received Mr. Philip Publicker and Captain Harry Collins, the name rang a bell in my memory and I had him looked up. I found that he had, on two different occasions, been in serious difficulty with our Alcohol Tax Unit.

I communicated this immediately to your Eleanor and confirmed it in writing and sent details in regard to Mr. Publicker's association with (1) the American Distilling Company and (2) the Mifflin Chemical Corporation. Eleanor said she would pass this information on to the friends. I also have given this information to Captain Collins who, in turn, has passed it along to Admiral Robinson. I am inclosing copies herewith for your information.

I don't think that Mr. Philip Publicker is too pro bono publico.

Yours sincerely,

The President,  
Warm Springs, Georgia.

(COPY)

April 19, 1940

*file*

My dear Eleanor:

I am taking the liberty to call to your attention certain facts disclosed by the records of the Bureau of Internal Revenue regarding Mr. Philip Publicker, of Philadelphia, who has been introduced to you as being interested in the development of a new alloy for manufacturing uses. As you will see from the attached memorandum, Mr. Publicker is connected in an executive capacity with companies which have been detected in serious violations of the internal revenue laws relating to distilled spirits. You may wish to pass this information on to his sponsors.

Affectionately,

(Signed) HENRY

Mrs. Franklin D. Roosevelt,  
The White House.

(COPY)

April 19, 1940

RE: Philip Publicker

American Distilling Company

The American Distilling Company operates a number of plants under the supervision of the Bureau of Internal Revenue, among them being a registered distillery at Pekin, Illinois.

Investigation disclosed that in 1935 and 1936 the company purchased organic acids through irregular channels, secretly stored them on the distillery premises at its Pekin plant, and surreptitiously introduced them into spirits at the time of production, in violation of the internal revenue laws. Upon discovery of the violation, the rectification tax of 30 cents a proof gallon was assessed in the amount of \$837,870.35 on 2,792,901.18 proof gallons of spirits treated in this manner during the period July 7, 1935 to January 25, 1936.

Since a large quantity of the spirits treated during the period covered by the assessment had been disposed of by the company prior to the discovery of the violation, there was doubt that the samples taken were representative of the quantity of spirits produced during the period covered by the assessment. An offer from the company in compromise of the above tax liability, in the amount of \$300,000, was accordingly accepted on March 8, 1938.

Philip Publicker was vice president of the corporation at the time this violation occurred.

Mifflin Chemical Corporation.

The Mifflin Chemical Corporation of Philadelphia, Pennsylvania, formerly held a permit from the Bureau of Internal Revenue authorizing the tax-free withdrawal of 33,150 gallons of specially denatured alcohol monthly for the manufacture of various pharmaceutical preparations, principally rubbing alcohol compound.

Investigation in 1937 disclosed that this company knowingly, unlawfully and wilfully diverted large quantities of

rubbing alcohol compound to other than lawful tax-free purposes. The application for a permit for the year 1937 was accordingly disapproved. This disapproval was sustained by the courts. Subsequently, taxes in the amount of \$254,746.80 were assessed as the result of the unlawful diversion of 127,373.40 proof gallons of rubbing alcohol compound.

The company then filed a petition for reorganization under Section 77-B of the National Bankruptcy Act. The referee, after hearing, disallowed the tax claim, and exceptions to his disallowance are now before the district court.

Philip Publicker was president of the corporation at the time these violations occurred.

THE ASSISTANT SECRETARY OF THE NAVY  
WASHINGTON

22 April 1940

MEMORANDUM FOR THE PRESIDENT.

With further reference to your inquiry concerning the progress being made in the experimental small craft building program, may I submit the following report which is in a little more detail than time permitted me to give you on the occasion of our last conference:-

- (a) The American design sub-chaser deliveries are only slightly delayed because of delay in delivery of the propulsion plants. (From the beginning it was feared that power plants would be the "bottle neck" of this program).
- (b) The American design motor torpedo deliveries are contingent entirely on engine deliveries. All of these boats, however, should be operating by the middle of the summer. Engines are being obtained for the motor torpedo boats from four sources, Packard, Vimalert, Allison, Hall-Scott.
- (c) One 110-foot sub-chaser has had its trials and appears to be a reasonably good boat, rugged and well constructed, although it did not quite make its speed. Engine adjustments may rectify this deficiency. Another 110-footer will be delivered some time in May.
- (d) Construction of British design boats at the Electric Boat Company are progressing very satisfactorily, with no delay in deliveries anticipated. This is the twenty-three-boat contract for which this firm has constructed special plant facilities.
- (e) Some development defects may cause some delay in the steam propelled 170-ft. steel sub-chasers, and a lesser delay due to engine deliveries in the Diesel propelled ships. Otherwise, the 170-ft. steel sub-chasers are progressing satisfactorily.
- (f) The PT-6 which was released to the Finns because a replacement boat could be constructed which would embody important improvements, was given a trial and the boat did not make its required forty knots. Due to calm weather, no opinion could be formed as to her rough weather performance. In general, the design of PT-6 appears to be subject to considerable improvement. In this connection it should be noted that this design was a prize-winner in the Design Competition. By taking a later delivery and releasing this first boat to the Finns, we will without doubt receive a much better boat.
- (g) On completion, the sub-chasers will be operated as ships in commission. The motor torpedo boats will be operated by squadrons and administered as aircraft squadrons are now.
- (h) Personnel requirements are thoroughly understood in the Bureau of Navigation and proper personnel plans are being made.
- (i) Operational training plans are now in the process of preparation and will be centralized in the Office of Naval Operations under the immediate supervision of an officer to be designated shortly.

Very respectfully

*Wm. B. Paulsen*

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PsF Navy  
ADDRESS REPLY TO  
THE SECRETARY OF THE NAVY  
AND REFER TO INITIALS  
AND NO.

P18-1(193)

APR 23 1940

NAVY DEPARTMENT  
WASHINGTON

Memorandum for the President:

The following information is furnished with respect to Flag officers who may be furloughed or placed in a "waiting order" status.

1. Statutory law authorizes the Secretary of the Navy to place on furlough any officer on the active list of the Navy. Officers on furlough receive one-half of their active duty pay and are not entitled to any part of normal allowances.
2. Officers placed in a "waiting order" status are entitled to full active duty pay and allowances.
3. The regulations existing for the British Navy provide that officers unemployed and who are expected to be further employed shall receive the full pay of their rank without allowances. Those whose future employment is uncertain are entitled to full pay without allowances during the first six months of unemployment, approximately sixty-six percent of their active duty pay during the next six months, and thereafter at half-pay rates, without allowances.
4. Since 1916 there have been two instances of Flag officers of the United States Navy who have been unemployed. These are:
  - (a) Rear Admiral C. F. Pond whose manner of performance of duty in connection with Dominican affairs in 1917 was not satisfactory to the Secretary of the Navy. He was placed on indefinite furlough on June 1, 1917, and continued thereon until January 2, 1919, when he was transferred to the retired list.
  - (b) Rear Admiral Thomas P. Magruder incurred the displeasure of the Secretary of the Navy in 1927, and was placed in a "waiting order" status on November 8 of that year and continued in that status until July 31, 1929, when he was again assigned to active duty.
5. The provision of law which provides for one-half of active duty pay in the case of officers on furlough is not included in the Joint Service Pay Act of 1922. It could well be changed to provide for such other percentage of pay as deemed desirable with or without including the other services affected by the 1922 Pay Act.
6. Officers who have served between 20 and 40 years may now retire upon their own request at the discretion of the President with retired pay equal to 2% for each year of service but not to exceed 75%. Officers who have served 40 years or more shall be retired if they so request. All Flag officers have had 30 years' service. It is reasonable to expect that any Flag officer who is placed "on furlough" with half pay will prefer to retire in order to get three quarter's pay.

The President,  
The White House.

Very respectfully,  
*Pris [Signature]*  
Acting

In reply refer to Initials  
and No.

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NAVY DEPARTMENT  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
WASHINGTON

24 April 1940

MEMORANDUM FOR THE PRESIDENT

My first impulse was just to send you that part of Admiral Hart's letter referring to his talk with Quezon; on second thought I am sending it all and believe it worth while your reading.

As regards a base in the Philippines, we have a study under way on that; not that there is anything urgent, but it is something we have to think about and I wanted to get it started.

Admiral Brinser, President of the Board of Inspection and Survey, is just in after the Board's trip of inspection on the WASP and is all smiles as a result. He is pretty honest and seldom gives as clean a bill of health as he has in this instance.

HRS

PSF:Harry

Franklin D. Roosevelt Library

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DDO DIR. 5200.9 (9/27/58)

Date- 8-9-66

Signature- Carl L. Spicer

CLIPPER AIR MAIL

C O P Y

U.S.S. AUGUSTA  
Olongapo, P. I.  
12 April, 1940

My dear Stark:

This will go to you by Clipper and will be my last by that route for some time as I am shoving off, for points north, in ISABEL tomorrow. After this I hope not to be deluging you with so many words. I think I have probably already erred considerably in that respect.

Since my last letter to you I had occasion for good-bye talks with all the high officials in Manila and the talks were interesting and satisfactory to me. One of them was of course with General Grant, with whom I am in best possible relations and whom I regret is leaving this spring. I have never known his successor, General Grunert, but have succeeded in getting into fairly good golf and social acquaintance with him.

My talk with MacArthur was most interesting. I think he laid his mind entirely open to me as regards the status of his office under the Commonwealth. I should not write down much of what he told me. As you no doubt have gathered, his status has changed decidedly for the worse during this winter. The change no doubt was precipitated by the Commonwealth's financial pinch, - which was incident to the pressure that has been put on them as regards direction of expenditure of excise tax money. Whether or not MacArthur's status would have changed anyhow probably cannot be guessed. The sum and substance of the present situation of the Military Adviser I will give in his own words:- "I have lost a battle, but have not yet lost a campaign."

My interview with President Quezon was rather extraordinary. I sent him word that I was leaving town in three days, would like to make an informal good-bye call but that I knew him to be extraordinarily busy. He said to come at a certain hour on a Sunday forenoon, - and I know that he changed his schedule considerably in order to receive me. I have made a brief of the interview, a copy of which I enclose herewith. It is so composed that it can be passed around, but I think it should be restricted to very limited Naval circulation; and of course shown to our President if he should be interested. The part about the enlisted men's club is minor, but in itself is interesting. In addition to what appears in the brief is the fact that the Filipinos of course are interested in having the Fleet's winter liberty money come to Manila! I have been working all winter toward getting an enlisted men's club there because that town is just about as wicked a liberty port as are the large Chinese cities, - in which we find that an enlisted men's club is a rather necessary institution. I think I have succeeded in putting it over as for Manila. (It's an easy thing in China, where our money goes so far). The rest of the interview was about big stuff.

There is the usual Board of Investigation on the AUGUSTA's hitting a rock and I expect its report will tell all about it. AUGUSTA's visit to Coron Bay was my own responsibility, - and I well knew of the possibility of pinnacle rocks all over that area. I decided to take the risk because our greater acquaintance with that bay may be profitable, but

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more particularly to let a Japanese fishing organization which is centered in Coron know that we are watching them. AUGUSTA had just gotten underway to leave the place and was going ahead with full left rudder when she bumped. Her hull was untouched, the starboard forward propeller side-swiped enough to ruin it; then, in some unaccountable way, the starboard after propeller missed the rock altogether, but the rudder, which sticks down farther than anything else, clipped the top of it. The damage to the rudder was confined to its lower two or three feet, but building up its interior castings is a slow job, so that the ship gets held in this dry dock for quite a lot of days. It put me in a hole, not only as regards my own movements, but MARBLEHEAD also is under overhaul. So I am being in the position of having neither of the two cruisers ready for business.

I decided that I had to get north before AUGUSTA goes, hence am leaving tomorrow in ISABEL. I am planning to look in at Swatow and Amoy, where I will contact Commander South China Patrol, but am leaving out Hong Kong. Upon the whole, I think it just as well that I am unable to visit that port. Since I first planned to make that call, (and I intended to be a full week in Hong Kong and Canton), the developments vis a vis the British have been such that perhaps it is just as well that I stay a bit aloof from them for the present. I sent word to Captain Cassidy that I was coming so that he could confidentially inform the Governor and both the Army and Navy Commanders in Chief. Through Cassidy I also said that my idea is that social entertainments, with all these wars on, are best kept to a minimum. Nevertheless all the high officials in Hong Kong immediately planned to entertain extensively. That also I did not like and, all things considered, perhaps AUGUSTA's accident is not altogether a bad thing. I am letting the destroyer squadron visit Hong Kong, following the modifications in that visit which you wished. Captain Kingman will be our head man in that and I have full faith in his ability to carry through a visit to Hong Kong with all discretion and propriety.

I'm sure that I have no information concerning China which you do not already know. Such information as I have disquiets me and I have been uneasy over being in the Philippines ever since Wang Ching Wei's puppetry was set up in Nanking. I have to continue to look on the worst side all the time so I keep trying to guess what will now happen to Americans, and their interests, incident to Wang Ching Wei. There are any number of measures which the Japanese can prompt him to take, and I'll be surprised if he does not take some of them. The general picture, as it appears to me, is that Americans are now in the process of becoming the real foreign devils. All through 1939 the British were sitting in that seat but I'm not so sure that they have not now turned it over to us, - as a result of circumstances and events and also, possibly, because of a little of their own effort in that direction. I don't expect to have a very serene and comfortable spring and summer.

I'm leaving the Sixteenth District in a comfortable frame of mind, in so far as it is concerned. Think that things will go along all right hereabouts. About that digging job that you got us the money for:- I am as sorry as anyone can be that it did not start off with a bang as my letter led you to think would be the case. Well it was not bad faith on the part of the Army:-

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They said they were ready to right ahead. It took me two or three weeks to get the letters in the mail and, after my letters arrived, it was about six weeks before the GO sign came. In the meantime, Army had gotten started on some work of their own which has to be finished by 30 June. I've been talking it over with Smeallie and the Army today and now see that it is best to let the Army finish what they are on. Ultimate date of completion of our own job, including our quarters above ground, (also a recent authorization), won't be made any later thereby. It is not possible for Army to expand its force very much.

As regards tankage, (Diesel and aviation fuel, paragraphs 6, 7 and 8, my letter of 5 February 1940), I gather that there is a chance that one or both of these jobs will be undertaken. Well and good, if the Department sees its way clear to it. I suggest that there is relationship between the two of them because any tank that will hold the one may be used for either kind of fuel. As a guiding principle, I would not spend any more out here for tanks which are not underground and protected. The picture may be clouded by the way the gasoline storage question had been presented prior to my 5 February letter; in it I sought not to muddy the waters on that point. I have noted two characteristics in air men's money requests, at least for shore facilities:-

- a. They don't think enough about getting hit by the enemy.
- b. They are extravagant; with many of them, - to think of anything which will cost money is to at once demand it.

(Am not shooting at Art Davis; he is fine).

Now I think it will be well to put in some underground tankage. Personally I think Corregidor will be the best place to expend as much money as you decide that you can spare for it. Or you can divide, - Sangley Point, Mariveles, or what ever. Since I'm shoving off from my touch with Smeallie I had best, from now on, pass the entire affair to him and have him deal with the Department direct about it. He will know what I have written you herein and of my general state of mind on the subject. And that includes my firm belief that we should hold our irrecoverable expenditures, out here, to the barest essentials. Anno 1946 is not far away.

It has been a profitable winter down here and am thankful that the Chinese situation stayed quiet enough. With best regards,

Most sincerely,

Admiral Harold R. Stark, U.S.N.  
Chief of Naval Operations,  
Navy Department,  
Washington, D. C.

(Signed) Thos. C. Hart.

RADIO RECEIPT REQUESTED

~~Confidential~~

The conversation began with the Enlisted Men's Club question. I was told that the two Manila city blocks under consideration were being made available to the Fleet. (I later gathered that, while there was no real strings attached, the terms of withdrawal of those blocks from the public domain were such that we would be somewhat dependent upon Filipino good will, and might be restricted in any arrangement made with a private capitalist. I think the withdrawal is ostensibly for "national defense purposes.").

I was asked what would be our next step. I replied that my next step would be taken immediately, and that it was to express my thanks for all the assistance already given for helping the All-Fleet Championship baseball game along and for the general attitude of friendliness and helpfulness. I then said that I had been obliged to first get something of a measure of the Fleet's ability to raise its own non-official capital for the purposes of an Enlisted Men's Club; that I had come to the belief that it would take too long a time for the Fleet to raise enough for a permanent building; that I did see our way clear to equipping a building, (furniture, etc. - things which quickly wear out), and to pay an annual rental. In this connection I reiterated that my idea was to look beyond 1946, that, as I had repeatedly stated, I expected the Asiatic Fleet to remain in some form as it has been for 105 years; that of course any action which I took would commit my successors, upon which point I had no particular hesitancy as regards a club; and that my present idea is to plan that arrangement for a ten year period, - four years beyond 1946.

I was told that President Roosevelt had expressed wishes quite in line with what I am trying to do about an Enlisted Men's Club; it was stated that he looked upon it as a matter of considerable importance. I was then told that those views were absolutely accepted, that the Commonwealth would in some way meet our wishes, and that we would not have to seek private capital in the construction of a building; incidentally, a swimming pool was regarded as an entirely necessary appurtenance, and would be included. I was then asked if I could at the moment present anything to go on as to the size and character of the building desired. I regretted that I was unable to do so, but stated that I was now in a position to go into the matter that far and, that before leaving the Philippines, (upon which occasion I would pass the matter to Admiral Smeallie), I would supply sketches showing our ideas. I further stated that we should be entirely frugal in what we were about to ask for, and would also work on the idea that the building might be adaptable for purposes other than as a Club; that of course we would have in mind a possible extension to meet a certain amount of expansion if such became advisable; but I repeatedly stated that we would be frugal and reasonable in what we lined out. The conversation then passed to a higher plain, in which my role was largely that of listening:-

That began with a statement, "I'm going to lay my cards wholly on the table." I was then told that it was foolish for the Filipinos to say that they would be ready to defend their country in 1946; that they might arrive at the point in twenty-five or thirty years, but

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that anyone who said that it could be done from 1946 onward, irrespective of how much expenditure for the purpose the Commonwealth made in the meantime, was entirely wrong. He then said that he had full realization that the United States are not going to defend the Philippines in the future, unless it is entirely to our interest to do so; that there could be no expectation of any altruism on our part and that the Filipinos must not count upon it; that they would have to take their chances of being conquered by others, though there was of course always the hope that things would so eventuate that someone would provide them help in their own defense; again a reiteration that it was out of the question to defend themselves within a full generation, and that they must not consider that they have any strings on us, particularly on our Navy, in the meantime.

It was then said that, whereas the Filipinos resolve to go on their own, they did not wish to lose touch with us in other respects, particularly cultural. It was pointed out that they considered their cultural association with Spaniards to be still something of great though intangible value; that the same idea applied as regards their connection with us, though the association had been forty years instead of three hundred. I was told that what I said about the continuance of the Asiatic Fleet was a most welcome thought, and that what we had just been talking about, (the Club), was one of the agencies which he hoped would help maintain the personal, cultural and other relationships outside of the field of politics, economics, etc. It was all said at considerable length, emphasis and even eloquence, but with a decided air of sincerity; my guess is that the sincerity was real. I saw that our commitment to the Philippines, by a naval base, was in mind and that it was hoped that I would talk. So, as a pause resulted, I did - beginning by saying that whether or not my country ever goes into such an investment is absolutely beyond my field but that I was willing to express some thought on the subject.

I said that this year, next year, and possibly for some time after 1941, was too soon for any decisions about it. (Agreement to that.). I then went on to say that naturally I had had to think about such things, and had been crystallizing my own ideas as regards geography, relationships with the Commonwealth, and the contacts which such a base, if established, would entail. I said that of course strategic location had to be in the picture, that I am a sailorman rather than a strategist and had therefore been giving my own thoughts to factors other than strategic; said that plenty of strategists had worked their brains on the subject. I went on to say that for us to proceed to a solution based entirely on strategic and strictly Naval considerations would be wrong; that, if anywhere near possible, we should not slice out a piece of the Commonwealth wherever those other considerations placed it, without regard to the relations between the two peoples which would be incident to our permanent occupancy of a Naval Base. I said, for instance, we should not slice out a piece of Manila Bay because we would have to have what amounted to full sovereignty over the realty involved and the people in it; that manifestly that arrangement would make for ultimate friction and ultimately be a trouble if it were done in the wrong place. I then said that those considerations really called for an island, so that water boundaries only would be concerned. I

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said that since we would have to be expected to defend our own holdings, again an island or group of them was called for. Those statements were wholly agreed in, and a certain amount of gratitude expressed that I should see those considerations which were other than strategic and Naval. It was then said, "You can have just about any place that you want."

There followed: - "How about Palawan? - There is a grand island, Malampaya Sound is a wonderful place, and there are very few people around it." I replied that the strategy was altogether wrong; that Palawan is on the wrong side of the Philippines. Next there came the suggestion that Polillo might be the thing, to which I replied that that group had been advocated in the fairly recent past, a fact of which I supposed he was cognizant. He didn't say. I was asked if I had been there, and I replied no, that I had not gone there this winter because I was afraid that a visit by me might attract too much attention; that I only knew about it from study of the charts. I then went on to say that the weather was naturally a factor; also that the expense of the establishment of Naval facilities on shore and their defense must be kept in the picture; that we could not spend some hundreds of millions of dollars just to overcome some natural disadvantages which might not confront us in another location. I was then told that there was great interest in those islands on his part; that, for one thing, it was in his own province and it was the scene of his first financial adventure, in which he had lost his first P500! He seemed to have certain sentimental attachment for Polillo. He then said that he had established a full-time weather station on Polillo, and had gone to considerable trouble to establish weather data over a considerable period of time.

Talk then reverted to Palawan, where both of us had recently been. I said that I was only fishing there but that I had been previously in the Moro country where my purpose was observation. That in fact I had steamed around or flown over a lot of that district. He then remarked that Tawi Tawi had been mentioned as a good place. I replied that it seemed promising, as did Tutu Bay, in both of which it was a question of islands, and in those cases that there was also the fact that the inhabitants are somewhat alien to Christiano Filipinos. The reply was that we can have a place in the Sulu chain as large as we wish and a repetition that we can have just about any thing that we wish.

The conversation closed with repetitions of the hope that the Asiatic Fleet would remain associated with the Philippines; there is the very evident hope that we will eventually build a base in the group. I gather that the other party to the interview was pleased with my attitude and my representations, despite the fact that I repeatedly said that I do not expect to make any recommendations toward committing the Navy to the Philippines during my period of office, and that I have no expectation that anyone else will during the period.

~~Confidential~~

*File Personal  
Confidential May 17*

Naval Aide

Forwarded for your information is  
a copy of a letter from Admiral Hart  
to Admiral Stark dated March 25, 1940.

*For the President's information  
Recy.  
S.S.*

Via Clipper Air Mail

COPY

~~RESTRICTED~~

U.S.S. ISABEL  
Enroute Manila, P.I.  
25 March, 1940.

My dear Stark:

Am soon to go north, after four months in the Philippines, and had best write you my impressions now for there is no telling when I will next have any personal touch whatever with the non-naval features of this large and important area. What follows is written for just what it may be worth:-

It contains impressions which are mainly mine alone and my experience is very brief. The impressions were gained largely in Manila only but I have used all possible opportunities for contacts in the Provinces as well - the latter mostly in the south. I have made decided efforts toward social contacts with Filipinos - in fact I could easily be accused of neglecting Americans in my own entertaining. Social relationships with Malays are exceedingly important for Americans who are doing any sort of business with them. I'm quite certain that one of the defects in this, our largest, colonizing venture has lain in too much social aloofness - which has too often gone to the point of drawing a distinct color line. I think that my viewpoint is very much better than it would have been had not I - and my family as well - entered Filipino society, in Manila and elsewhere, to the limited extent that was possible. I should also state that the experience was pleasurable as well as profitable.

I now refer you back to a memo, of 9 April, 1938, written for my predecessor by his Chief of Staff, after a winter visit to the Philippines. That memo was sent to the C.N.O. but I expect received scant "circulation" because of the very frank criticism that it contained without, at the same time, setting forth the good side. For instance, -

There is no doubt that President Quezon has been extravagant - officially and also personally, for he is splendid as a playboy. He strongly tends to the grandiose in theory and he practices it somewhat. But I greatly doubt that he would ever have acquired the political and personal power that is his without his excellent ability as a showman. The extravagance goes, in Mr. Quezon, with the showmanship. The very great power which he now wields is an essential, in some man, at this stage in the Commonwealth's development - if such development is to continue along present lines. The criticism for extravagance is entirely just. But it should also be said that Mr. Quezon is shrewd, with a quick and at times brilliant mentality, coupled with extraordinary political ability and understanding of the psychology of his people. He wields in effect almost dictatorial power in those directions in which he feels himself called upon to act. In my own opinion it is right now necessary that some individual possess such power and that Mr. Quezon, in the main, is doing a very good job for and on his country in the application and use of his tremendous influence and power.

To continue about extravagance:- Evidence of it is rife on all sides in Manila. That old city has a cosmopolitanism which is new and in that feature it apes other large cities far too much. The Filipinos who have made, or are making, the money are spending it and are neither effecting the accumulations of capital which the country needs nor doing much to improve the lot of the working classes. Since I last visited the Philippines, <sup>Outside</sup> 20 years ago, I see vast evidences of spending in Manila but not so much of it. The peasant's state seems about the same.

The office holding classes:- There are being plenty of incidents of various sorts of malfeasance and, without doubt, there is a goodly proportion of "public servants" who primarily serve themselves - or their numerous relatives. And there is a sufficiency of plain demagogery. But there is also a good proportion in the governing category who are public spirited and who also have real ability. Moreover they seem to do a real day's work, in a trying climate. There is not as much indolence, *dolce far niente* and prevalence of the *manana* idea as existed before the Americans came - or as still prevails in many other places in the tropics. All things considered, including the fact that the Commonwealth is so very new, the Filipino office holders and the "politicos" in general, do not compare so badly as measured against those of quite a lot of other countries. Characterising this country as a second rate democracy is, no doubt, quite justifiable; but there are a lot of others. A leadership as strong as the present will be required for a considerable period if progress is all political and economic fields - as well as in general national discipline - is to be continued.

One disquieting factor is the increase of crime, as compared with 20 years ago. Robbery, thieving, incendiarism and murder are of frequent occurrence. The local police is quite ineffective in many localities. The Constabulary, however, still pretty well lives up to its traditions, which were built up by the splendid white officers who started and handled it for its first few years. So the constable, whose base pay is 14 pesos per month, is usually dependable and quite good at getting his man. The Constabulary's nominal strength is 6,000 but over one-fourth of it is still used in building up the Philippine army. The Constabulary is the one dependable law enforcing agency. The amount of law-breaking does not indicate a good state of national discipline.

There is a definite trend toward state capitalism in the efforts to promote various enterprises for which private capital does not come forward. And the subject undoubtedly figures in politics. At the moment, the excise tax money, which comes from our Government, is the principle issue in that it often figures in the state capitalism project. I assume that the Department is entirely informed concerning the excise tax funds. Extravagant ideas have been adopted, and made effective by excise tax money or other Commonwealth funds; and more are being put forward right along. In the end, President Quezon seems to make the final decisions on such questions; the "Malacanan advisers", of whom there is a considerable number, have a good deal of influence with Mr. Quezon and they are not much concerned with politics. Mr. Quezon

undoubtedly has the improvement of the living conditions of the poorer classes sincerely at heart - being also influenced by the spectre of socialistic uprisings - and just now seems disposed to direct future spending into that channel. The current and immediately prospective state of the Commonwealth Treasury is known to the Department, - still healthy despite recent extravagances.

**INDEPENDENCIA:-** I have gathered from direct contacts very little on the subject which I have not also read. In Manila, the Filipinos whom I know are, rather naturally, disinclined to talk about it. Out in the Provinces they are quite willing to talk - unless they are in appointive offices - and much worry, about 1946, is indicated by them on three counts:-

**First,** distrust of the politicos operating a government so strongly centralized in Manila, (amid the influences of the city), as regards both their ability and honesty. This is an over-all factor and the fear is that as American influence is altogether withdrawn and the results of our control fades farther into the background, their government will deteriorate rather than improve.

**Second,** fears of their economic state after the Philippines are wholly on their own. This is the factor which is so much in the foreground in the press, here and in America, and I can add nothing on the subject save this:- A certain proportion of the Americans out here and some Filipinos are inclining to think that their best chance lies in promoting trade relations with Japan. The argument is that the two countries complement each other, - the one being primarily agricultural and the other industrial; also that the cheap Japanese manufactures fit the Filipinos better than do those of any other source! Those advocates pass off any thought of incident danger. My own opinion is that the economic factor, in general, has far too large a place in the Filipinos' mental picture, when he is thinking about his Independencia. It's natural that such would be the case.

**Third,** fears of inundation by the Japanese because of lack of defensive power. My impression is that while all Filipinos tend to minimize this factor those in the Provinces give it the greater thought. They almost universally hope that, in some way, they can remain, at least in part, under our NAVAL protection. More on the subject below.

#### NATIONAL DEFENCE BY THE FILIPINOS.

The most important of the Malacanan advisers is General MacArthur. Much has been said about his salary and emoluments. Not so much gets said about the fact that his offices are most unpretentious and that he has used a relatively small staff - with which he has accomplished a vast amount of work. I think that in General MacArthur, and his Staff, the Filipinos have made about the wisest expenditure that has happened since they took charge of their country.

The thesis of the Philippines' "preparedness", under General MacArthur's advice, is building up a national army which is to have a nucleus of fulltime officers and men plus a large, first-category reserve to be organized by areas. Consequently the effort, - and the financial expenditure, - has centered on training. The training system was all carefully planned, with full regard for economy, and the results have been coming through adequately as regards enlisted men. For the time and money involved there is already a considerable number of young men with brief military training - 5½ months. A valuable bye-product is the spread through all the Islands of these thousands of young men who have become vastly improved for their places in civil life. This part of the program, the enlisted men, was not so difficult - the money was available and there was enough of the Constabulary and of other Filipinos who had been very well trained under our Army to form the cadres.

As regards Officers, our own Army plan and methods have been generally followed. Naturally, that is also considerably true of the entire movement - though General MacArthur is very well-informed about European Armies also. However, it takes years to build up the all-important Corps of Officers and it will be a long time before there will be an adequate number of officers with the required professional education and experience. Their Military Academy, largely patterned on West Point, has just begun to produce.

Arms and Equipment, - are mostly excess U. S. Army stock; principal arms are the war-time Lee-Enfield rifles. The proportion of the regular Commonwealth budget that has been allocated to preparedness has run up to 20%. Those funds have largely gone into building training cantonments and into pay of Officers and men, - of the Constabulary, the cadres and the trainees. There has been relatively little expenditure on equipment - which remains to be a heavy additional drain of the future.

The water end of the Commonwealth's preparedness is, for some time to come, to be confined to motor torpedo boats. The organization is known as The Off Shore Patrol and a start has been made with collecting the equipment. I wholly agree with General MacArthur that the Commonwealth will for the present get most naval defense per dollar from motor torpedo boats.

At the rate of progress which has been followed thus far, 1946 will see a certain sized land force of rather sketchily trained officers and men. A few thousand of the individuals will be fairly efficient for the kind of field warfare contemplated but they will be far too few to raise any of the organizations to a standard required for successfully opposing the best units of the Japanese Army. At the present rate, the Commonwealth Army will not be adequately armed and equipped for a long time.

In recent public statements General MacArthur has tried to reassure the Filipinos. He made much of the difficulties of over-sea transportation of invading troops and represented that, with the current rate of

progress, the Islands will soon be prepared to defend themselves against any troops which the Japanese can land against them. No authoritative opinion, least of all that of our own Army out here, agrees at all with those statements.

During the last few months, there has come to light a tendency on the part of officials in the Commonwealth Government to think that no matter how they strain their present resources they cannot defend themselves against Japan, or come any where near to doing so. That belief seems to obtain in very high circles. There has been manifestation of it in recent budget cuts for national defense. Consequently the number of trainees is being radically reduced, many officers are going to inactive reserve, etc. A continued pursuance of this new idea means either expectance of our continued protection or just plain trust in God.

#### NAVAL BASE POSSIBILITIES.

The following addition to the mass of paper on the subject of a non-Manila Bay base for us is submitted, - also for just what it may be worth. Am prompted to write this only by the slight possibility that, toward 1946, it may be decided to commit our Navy in the Philippines with a base, comprising a Fleet Anchorage with suitable space for a shore installation; the base to be in territory for which we would have full sovereign rights.

The following is largely from the standpoint of practicability alone. The subject has been extensively treated from the strategic aspects, (and sometimes by wholly neglecting that factor). The late Rear Admiral Myers recently completed a long study of the subject and submitted a paper in which he concludes that Polillo Islands are the most favorable location strategically and otherwise. I endorse that opinion on the strategy but I don't know if the site is practicable, - without excessive expenditure. That part of the question could only be answered by close examination and by observance of the weather over one full year. Being a small group of Islands of low intrinsic value, it is likely that the political aspect, vis-a-vis the Commonwealth Government, would present a minimum of difficulties. In fact right now the Filipinos would, I think, say yes without hesitation if we asked them for Polillo, or for various other sites.

This political aspect will, if we go into such a project, become important in that too close a geographical relationship will breed friction and difficulties. I think we need a certain geographic detachment, if other advantages are not thus too greatly sacrificed. One of the sites which naval officers have frequently discussed is Tawi Tawi Bay - and, of late, it is being said that the "Moro Problem" is a political factor of great concern and one which we could well use in establishing ourselves permanently in the Philippines. Through the winter and during most of a two-weeks' southern cruise, including several hours of aerial reconnaissance over the Sulu chain, I have given considerable thought and study to the Moro Problem, other political factors, the geography and the practicability of base sites in the Sulu chain.

Many Naval Officers believe that the Bell Treaty, with Moro sultans and datus, put us in a questionable ethical position when we hand the Moros over to the rule of their traditional enemies, the Christiano Filipinos. That is not true for if we ever did assume any responsibility for the Moros, when General Bell entered into a treaty of sorts with them, such responsibility ceased when said treaty was abrogated, at the instance of General Wood, because of non-observance of its terms by the Moros themselves. We have no legal obligation whatever.

If real warfare breaks out and the armed Christianos kill a lot of, ostensibly, unarmed Moros, efforts to prove our responsibility may get somewhere in public sentiment. I don't think that it will come to pass; it is right now more likely to happen around Lake Lanao, in the heart of Mindanao, than it is in Sulu where we might reduce the Moro Problem by taking the area over, - because it contains the site for a naval base. The Moros of Sulu would be delighted if we did and perhaps the Commonwealth would not be adverse to our taking all of Sulu if we wished to.

As things are now going, it looks as if the Christianos will eventually submerge the Moros by peaceful methods. The Moro does not take to "civilisation" and it looks like a case similar to our own Red Indian Problem. If killing begins the submerging process will carry on that much faster. Generally speaking, I think there is tendency to over-estimate the importance of the Moro Problem. But it's there if we wish to use it toward the retention of a foot-hold in the Philippines. A plebescite over the Sulu province would go 10 to 1 in favor of remaining under our flag.

As regards a Sulu site for a base there is, in addition to much talked of Tawi Tawi Bay, Tutu Bay on the south side of Jolo Island. My casual examination leads me to think that there is not so much choice between them.

Tutu Bay is smaller, but large at that, and tidal currents may be worse. Strategic location is slightly better. The channels are about equally defensible. Defensibility from air attack is better because of more high surrounding land. Jolo Island is rather thickly populated - which can be claimed an over-all advantage or disadvantage. Pata Island (south boundary) has not much population and would be an excellent site for shore establishments if it has enough fresh water.

Tawi Tawi is superior in the points indicated above. Is generally less defensible - very little high land. The main island is malarial and, malaria aside, is bound to be less healthful for white men than is Jolo. Much less thickly populated. There are various suitable sites for shore installations.

If we should ever get to the point of choosing a Sulu site, Tutu Bay should be looked over very carefully before Tawi Tawi is chosen.

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LITTE  
MOLAR  
1001 51

Malampaya Sound is another site which has been strongly advocated by some. I personally think the strategic location very unfavorable; it is on the poorest side of the entire group for our purposes. Although a splendid body of water in itself, the ocean routes to and from it are restricted.

Truly yours,

Thos. C. Hart.

BASIL O'CONNOR  
JOHN C. FARBER  
ARNOLD T. KOCH  
KENNETH L. HOFFMAN  
HENRY A. URION  
WILLIAM F. SNYDER  
MAURICE MOUND  
EARLE R. KOONS  
STEPHEN V. RYAN JR.

*file  
Confidential  
Jim Mooney -*

O'CONNOR & FARBER  
COUNSELORS AT LAW  
120 BROADWAY  
NEW YORK

*PSF  
May  
1*

April 30, 1940.

EUROPEAN SITUATION - MOONEY

The President,  
The White House,  
Washington, D. C.

Dear Mr. President:

Enclosed is a copy of a very interesting memorandum from Mr. Mooney under date of April 15th.

It covers a conversation which Mr. Mooney had with Mr. Osborn who is the head of General Motors in Germany. You will notice that the conversation which Osborn had with Wohlthat was on April 10th, immediately after Germany went into Norway.

This memorandum was handed to me by one of Mr. Mooney's men who came over by plane. Mooney is sailing on May 1st and will arrive here on May 9th.

Faithfully yours,

*DoE*

Enc.

PSF  
Navy

NOTES COVERING C. R. OSBORN'S DISCUSSION WITH DR. H. WOHLTHAT

Berlin, April 10, 1940

Taken from Mr. Osborn's verbal report (from his own notes) to Mr. Mooney - Hotel Ambassadors, Rome, Italy  
April 15, 1940

1. Possibilities of Peace

On the general question of possibilities of peace in the light of the developments in Norway, Dr. Wohlthat stated that discussions of this character would now be possible only if and when Great Britain asked for them; no more peace gestures would be initiated by Germany. However, he did say that Germany would not reject such proposals but would consider them, and added that if he knew the British correctly they will not make any peace overtures at this time.

2. Norwegian Developments

Dr. Wohlthat stated that Germany had documentary evidence that England had planned to invade Norway, and that this invasion would have begun ten hours after Germany took action. He said that as soon as this irrefutable evidence had fallen into Germany's hands a few days before she commenced with most energetic preparations and succeeded in anticipating the British zero hour by about ten hours.

b. Dr. Wohlthat stated that the results of the fighting in Norway were tremendously important not only for the outcome of this war, but also from the standpoint of military, naval and aviation strategy, because it furnished the first conclusive evidence that modern aviation was more than a match for surface battle craft of all types.

Among the concrete results of the fighting in Norway, he mentioned that German airplane bases could now be located less than one-half as far away from all the military objectives in England than before the Norwegian occupation. Germany can now attack Scapa Flow at will, supporting the bombers with fighting planes, and he prophesied that the British would have to move their fleet headquarters away from Scapa Flow to Ireland to escape destruction. He said that if Germany could damage five more of Britain's first line battleships the superiority of Great Britain's sea power would be cancelled.

He stated that in a battle Tuesday afternoon, April 9, off the Norwegian coast one-third of the British fleet was engaged. Wave after wave of German bombers attacked these vessels and after a half hour the German

air forces expected that the Royal air forces would give assistance and protection to the fleet. However, no British aircraft appeared, probably due to the fact that the fleet expected that the German air attack would run its course in a relatively short time. However, the Germans kept up the attack over two hours, during which time they succeeded in seriously damaging two battleships with direct hits, four cruisers and several destroyers and transports. The British fleet then put out a heavy smoke screen and left the scene of battle. Dr. Wohlthat ended with the following words, "This is a victory of major importance and strategic significance."

### 3. American Public Opinion

Dr. Wohlthat inquired as to what was the state of American public opinion regarding the occupation of Denmark and Norway, and also whether the American Public felt that this was justified by the planting of British mines in neutral waters. Mr. Osborn gave as his view that the invasion in Norway by the Germans came too soon after the planting of the mines and through its magnitude so far overshadowed the mine laying, that the fact of the British mine fields was practically erased from the American public view.

Mr. Osborn further mentioned that the American public recognized that the Allies had not laid any mines around Denmark and therefore this justification, advanced by the Germans with respect to Norwegian occupation, did not apply to Denmark. To this Dr. Wohlthat replied that the Danish occupation was made in full agreement with the Danes, who recognized the reality of the situation in that it would be impossible to occupy Norway without first occupying Denmark.

In summarizing this situation, Dr. Wohlthat said that it was not considered likely in Germany that America's position regarding the World War would crystallize during an election year.

### 4. General Points

a. Dr. Wohlthat stated that Germany had evidence that France was asking herself more and more pointedly what they were fighting for in this war, and that still no satisfactory answer was forthcoming.

b. Dr. Wohlthat was interested in knowing what the American reaction was to Germany's Polish white paper, to which Mr. Osborn answered that he had very little first-hand information, but that he did not believe it had created a very important effect in American public opinion. Dr. Wohlthat inquired as to whether Mr. Mooney expected to return to Germany but expressed no interest in any other moves which Mr. Mooney might or might not be contemplating.

c. Mr. Osborn drew the general conclusion from the entire interview that the German leaders feel that the Norwegian campaign has given them a very decided advantage which can and must be capitalized in bringing the war to a satisfactory conclusion before coming winter. This becomes increasingly important in view of the unsatisfactory material situation, particularly with regard to non-ferrous metals, oils, etc. This is reinforced by Dr. Wohlthat's remarks about the election year in America representing a "period of grace" for German activities.

BSF  
11/10/40

THE WHITE HOUSE  
WASHINGTON

~~CONFIDENTIAL~~

April 30, 1940.

file

MEMORANDUM FOR

THE PRESIDENT

The attached papers are forwarded for the  
President's information.

Respectfully,

*P. J. Callaghan*  
P. J. CALLAGHAN

Franklin D. Roosevelt Library

DECLASSIFIED

by D. BIR. 5200.9 (9/27/88)

Date- 4-7-70

Signature- *WR*

NAVY DEPARTMENT  
Office of the Chief of Naval Operations  
OFFICE OF NAVAL INTELLIGENCE  
WASHINGTON

In reply refer to No.  
Op-16-F-2

~~CONFIDENTIAL~~

27 April 1940.

Memorandum for the Chief of Naval Operations

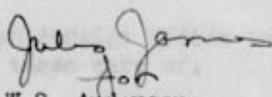
SUBJECT: Danish Government orders to Danish Minister at Washington concerning American Red Cross Relief for Greenland.

1. Highly reliable information has been received that on 23 April 1940, the Danish Foreign Office instructed the Danish Minister at Washington to the following effect:

(a) Regarding reports contained in the press that the American Red Cross is considering furnishing provisions, etc. to Greenland, you are advised that Greenland is believed to be adequately supplied at present; and with the institution of necessary rationing and use of the country's production for home consumption, vital interests will be adequately supplied. Acceptance of aid from the American Red Cross is therefore not justified at present.

(b) In the event that assistance becomes necessary, the government will, of course, accept help with thanks but would like to inquire beforehand as to the extent and the plan of relief.

(c) You (the Danish Minister at Washington) are requested to telegraph us whether you have received any direct communications from the King's representatives in Greenland and, if so, of what kind.

  
W.S. Anderson.

Original to Aide to President  
CC - C.N.O.  
M.I.D.  
State  
File

Franklin D. Roosevelt Library  
**DECLASSIFIED**  
DDO DIR. 5200.9 (9/27/58)

Date- 4-7-76

Signature- JVB

~~CONFIDENTIAL~~

NAVY DEPARTMENT  
Office of the Chief of Naval Operations  
OFFICE OF NAVAL INTELLIGENCE  
WASHINGTON

In reply refer to No.  
Op-16-F-2

~~CONFIDENTIAL~~

29 April 1940.

Memorandum for the Chief of Naval Operations

SUBJECT: Danish Minister at Washington Instructions to Danish Representative, Greenland.

1. Highly reliable information has been received that on 27 April 1940, the Danish Minister at Washington advised the Danish Authorities in Greenland to the following effect:

(a) As has been reported earlier, the President of the United States has announced that the Monroe Doctrine applies to Greenland. This means that a purely Danish government is tolerated, but not a German-controlled government.

(b) The American government considers all orders emanating from Copenhagen as of German origin; therefore it is essential that Danish Representatives rule Greenland without soliciting instructions from Denmark. This consideration applies to the question of accepting the appointment of an American Consul to Greenland.

(c) Extension of the Monroe Doctrine, appointment of an American Consul, the sending of a U.S. Coast Guard cutter and offer of American Red Cross aid in fact amount to the extension of American protection to Greenland. Formal extension of American protection should not be sought, as this would bring the Danish representatives in Greenland under American control and threaten Greenland's Danish future.

(d) I have notified the Danish Foreign Office that Greenland's supply and provisioning have been taken care of.

(e) The Danish Foreign Office has been notified of my attitude, but as yet this has not resulted in any consequences and Copenhagen still considers me Danish Minister at Washington. Please intercept future telegrams.

Original to Aide to President.  
CC - CNO  
MID  
State  
File

*W.S. Anderson*  
W.S. Anderson.

Franklin D. Roosevelt Library  
DECLASSIFIED  
LSD DIR. 5200.9 (9/27/58)

Date- 4-7-70

Signature- *W.S.*

~~CONFIDENTIAL~~

THE WHITE HOUSE  
WASHINGTON

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April 30, 1940.

MEMORANDUM FOR

THE PRESIDENT

In compliance with the President's directions,  
I am forwarding herewith suggested replies to the  
Chairmen of the Senate and House Naval Affairs  
Committees.

Respectfully,

*D. J. Callaghan*  
D. J. CALLAGHAN

*Not sent  
I was there in person  
FAR*

PSF  
Navy

THE WHITE HOUSE  
WASHINGTON

30 April 1940.

My dear Mr. Chairman:

I acknowledge receipt of the joint letter of 25 April 1940, which deals primarily with H.R. 4929, a bill to amend the Personnel Act of 23 June 1938, but which also implies dissatisfaction with officers of the Navy Department because of the manner in which they have administered certain matters within their jurisdiction, and because of their alleged lack of frankness in testifying before Committees of Congress, and their attitude towards suggestions from Members of Congress.

That part of your letter which refers specifically to H.R. 4929 will be answered in my message to the Congress concerning this bill.

Those parts of your letter which question the administrative action of the Navy Department will be referred to that Department for comment and report to me.

Your implication of a lack of frankness of naval officers in testifying before your Committees is so serious that I consider it necessary to have a thorough investigation and to take appropriate disciplinary action against those found guilty. I therefore request that you furnish me at the earliest practicable date with the names of all alleged offenders and a bill of particulars in each case, sufficiently detailed as to dates and circumstances to serve as the basis for further action.

Very sincerely yours,

Hon. David I. Walsh,  
Chairman, Naval Affairs Committee,  
United States Senate,  
Washington, D.C.

THE WHITE HOUSE  
WASHINGTON

30 April 1940.

My dear Mr. Chairman:

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Very sincerely yours,

Hon. Carl Vinson,  
Chairman, Naval Affairs Committee,  
House of Representatives,  
Washington, D.C.

COPY

*Capt Callaghan*

25 April 1940

Honorable Franklin D. Roosevelt  
The White House  
Washington, D.C.

My dear President Roosevelt:

Information has reached us that the Chief of the Bureau of Navigation and the Major General Commandant of the Marine Corps have recommended to the Secretary of the Navy that you be requested to veto H.R. 4929, an Act to amend the Personnel Act of June 23, 1938. The reasons advanced by these officials are:

1. That amendment No. 7 which provides in effect that officers who came into the regular service from sources other than the Naval Academy and who are now assigned to duty involving flying shall be retained on the active list until June 30, 1944 and that commanders placed on the retired list shall receive retired pay computed on a basis of at least 23 years of commissioned service, is mandatory legislation, applies to a small group of officers only, is in conflict with the basic personnel law which establishes a merit system of promotion in the Navy, is class legislation and is not necessary, as the President now has authority to retain all fitted officers if he so desires.
2. That amendment No. 10 which increases from 8 to 9 the number of annual vacancies that must be maintained each year in the grade of Rear Admiral will effect elimination at a higher rate than is considered necessary for the best interests of the naval service, and that many capable and efficient officers will be separated from the naval service with undoubted loss to the Navy.

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-2-

3. That amendment No. 13 which grants to Brigadier General Meade, U. S. Marine Corps Retired, the pay but not the rank of a Major General on the retired list, is discriminatory in character and will adversely affect the morale of both the Navy and the Marine Corps and that other officers will have just cause in resenting such discrimination and will seek similar treatment.

In reply to objection made to amendment No. 7 we submit to you the following:

This amendment affects eight officers in the aviation service immediately, who were found fitted but not retained, but who would under present law retire on June 30, 1940.

We are expanding our Navy at the present time, particularly our aviation forces. It has been necessary to increase greatly the number of aviation cadets undergoing training at the Naval Air Station at Pensacola and to shorten the training period at that institution, with the result that aviation cadets upon completion of their courses are not qualified to fly all types of naval aircraft. At the same time we are forcing out of active service outstanding and capable aviation officers who are fully qualified for all types of aviation duties, and who not only can, but now are, flying all types of naval aircraft. A similar situation regarding other officers also exists in that many comparatively young and active officers who are now in service or who have just completed active service are being placed on the retired list while approximately 500 (the Navy Department requested 1000) retired officers, some of them with physical disabilities are being recalled to active duty in the Emergency. There does not seem to be any justification for this Navy Department policy. If this policy is continued it appears quite probable that the Congress and the country may demand that the Navy and Marine Corps' selection systems be suspended, at least for the duration of the Emergency.

Our reply to the objection to amendment No. 10 is as follows:

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There are too many Admirals, Generals and other high ranking officers in the Naval and Marine Corps service at the present time. Due to lack of ships and the large number of Admirals and Captains on the active list these high ranking officers are not well trained, as they do not have sufficient experience at sea. It seems possible that the computations made by the Navy regarding the number of Admirals that will be forced to retire may not take into consideration the natural attrition that will probably take place or the attrition that should take place by placing those officers on the retired list who are not physically qualified to perform all their duties at sea or who are not mentally alert.

It appears that the Navy Department resents any suggestions or intimation that the Congress or any qualified civilian could make constructive suggestions regarding methods of selecting officers for promotion or retention. It is probable that this same attitude also extends to other naval matters. It also appears that naval officers who have appeared before the Committee may not have always been entirely frank in explaining to the members of the Committee just what the bill under consideration will actually accomplish.

Members of the Committee can not be expected to be cognizant of all the details of naval law and procedure. It is believed that entire frankness on the part of naval officers and a willingness on their part to volunteer all basic facts is essential if satisfactory relations between the Navy Department and the Committees of Congress are to be retained and if the Congress is to legislate intelligently for the naval service.

Our reply to the objection to amendment No. 13 is as follows:

It is the opinion of several prominent members of the Committee who have had wide experience in legal matters that the decision of the Navy Department regarding General Meade's retirement was not in accordance with the intent of the Congress.

The legal construction of the law passed by Congress that retired General Meade was strained, if not actually unsound. The Judge Advocate General's office admitted that the reading of the statute which led to the retirement of Brigadier Generals

# COPY

-4-

in the Marine Corps at the time General Meade was retired was not sound, if the language of the Act and the intent of Congress was closely followed. He based his decision upon a ruling made more than forty years ago on a law which contained somewhat similar language. It was developed privately, and accidentally discovered by the Committee, that had the decision meant, as Congressional committees believed it would, the retirement of three Admirals would have resulted instead of one Brigadier General. The Committee raised no question against the retirement of General Meade if it were legal. Their objection was to the forced construction of the law. The Committee felt that to restore General Meade might be disturbing and affect other officers and therefore suggested that in view of their belief and injustice would be done General Meade, and that he be given retired pay for the next highest rank.

In the final analysis the only resort that officers and men of the armed service have regarding grievances either real or imaginary against decisions of the War and Navy Departments is an appeal to the Congress. As a matter of actual fact members of Congress are besieged constantly with letters from their constituents protesting not only against alleged injustices, especially injustices perpetrated by Navy and Marine Corps Selection Boards, but against a lack of consideration for suggestions which they have made for improving both the personnel and the material of the naval service. It is believed that a more considerate and understanding attitude on the part of the Department is not only desirable but essential if the Navy is to remain efficient and retain the confidence of the Congress and the people.

In conclusion, we would be pleased on Monday next, or another time convenient to you, to discuss this subject in more detail with you.

Sincerely yours,

David I. Walsh  
Chairman, Senate Naval Affairs Committee

Carl Vinson  
Chairman, House Naval Affairs Committee

Raw File  
-copy

April 30, 1940

**MEMORANDUM FOR**

**THE CHIEF OF NAVAL OPERATIONS** *(Stark)*

I have read with interest the report of U. S. S. Helena of March 27, 1940 in regard to the Island of Fernando Noronha.

It occurs to me that there should be immediate conversations with Brazil in order to make definitely certain that this Island will not be used by any European nations in case the European war spreads.

I note that the lee of the Island cannot be used by airplanes on account of the swell but that the landing field is, on the whole, good.

As a matter of policy, therefore, one of two courses are open in the event of an emergency:

- (a) To occupy the Island with sufficient forces to repel an attack from the sea or an attack from the air.
- (b) To be ready to destroy the airfield so that it can not be used by land planes or amphibians.

F. D. R.

DECLASSIFIED  
By Deputy Archivist of the U.S.  
By W. J. Stewart Date MAY 21 1973

For the President's Information  
Risp.  
A.J.S.

COPY

Op-16-F-7

Hl-7/Fernando Noronha  
Island

NAVY DEPARTMENT  
Office of Naval Intelligence  
Washington

March 27, 1940.

MEMORANDUM FOR THE CHIEF OF NAVAL OPERATIONS

Subject: Fernando Noronha Island, Brazil.

Reference: (a) Report U.S.S. HELENA, 14 January, 1940.

1. The following represents a compilation of information on Fernando Noronha Island:

POPULATION

(a) The island is used principally as a penal colony for the State of Pernambuco, Brazil. Recently, the practice of sending political prisoners there from all parts of Brazil was begun. The HELENA reported 1,154 people on the island, of which 627 are political and criminal prisoners and 65 guards. There are 124 women and 232 children; these are families of both officials and prisoners. There seemed to be no agitation among the prisoners and they appeared to be quite contented. The prisoners live in houses with their families and cultivate their own gardens. No cells or prison enclosures were seen by the HELENA. The "Director," a Colonel in the Brazilian Army, states that prisoners were required to be in their houses by sunset but that there were no other restrictions except in the case of a few dangerous prisoners.

(b) Inhabitants informed the HELENA that they had not been visited by naval ships or military planes of any nation for a great many months. No indication was found of any activity that could be called inimical to the neutrality of the Americas. The population is French, Italian, Brazilian, negro and mulatto, with the Brazilian and mulatto predominating.

COMMERCE

(c) On 30 October a fleet of thirteen (13) Norwegian whalers was in the anchorage. They were awaiting the return of their factory ships from Aruba and Curacao with fuel oil before proceeding to the Antarctic whaling grounds. Fernando Noronha is a focal point for both trans-Atlantic shipping and for air lines. One or more vessels are sighted daily.

DECLASSIFIED

E.O. 11652, Sec. 3(E) and 5(D) or (B)

OSD letter, May 8, 1972

By RT, NARS Date MAY 21 1973

10-10-41  
HT-3/8/41  
06-10-41

for

#### ANCHORAGES

(d) The HELENA anchored off the northern tip of the largest island in Longitude  $32^{\circ} 25' 07''$  W. Latitude  $3^{\circ} 49' 30''$  S. A landing party was sent ashore in a 26' motor whaleboat to a beach 1/4 mile south of the northernmost tip of the largest island. The boat anchored about 200 yards off shore. The party was rowed ashore by natives. There was a good beach with a cobblestone ramp on which were several balsa barges used for supplies. Inhabitants stated that this was the only landing place used, as other beaches were too dangerous. The prevailing winds are from the east and north. This beach was in the lee but heavy swells were experienced from the anchorage to the beach. It is not believed, the HELENA report stated, that a single safe anchorage for seaplanes exists in the vicinity of the islands due to the heavy swell. There is ample anchorage on the lee side of the island for a considerable number of large vessels where conditions usually permit vessels to go alongside each other. Landing is sometimes difficult, but may always be affected by balsa, as described in "Sailing Directions."

#### AIR COMMERCE

(e) Commercial aviation is represented on the island by Air France (French) and Ala Littoria (Italian). All facilities, except radio, are used solely for emergency purposes. The HELENA reported that Ala Littoria maintains a landing field at the south central part of the island, through a saddle between the mountains. The field is located between the villages of Pico and Quexaba, lying SSE - NNW. It is 50 meters wide by 940 meters in length, surfaced with concrete, slightly undulating but an excellent field, suitable for the largest aircraft. Flood and boundary lights are fitted. The HELENA reports that the field is cleared for a length of about a mile and a width of about 500 yards, that in the center is a concrete runway 2500 feet by 200 yards, that the field slopes from a height of about 300 feet at its northwest end to about 150 feet at its lower end, that there is a depression in the lower central length of the field and that "Fernando do Noronha" is painted along the principal axis of the runway in letters about ten feet high, with a black circle 30 feet in diameter in the center. There were ninety-three (93) fifty gallon drums along the northeast side of the cleared space, an underground storage tank with a capacity of 5,000 gallons of gasoline. The only buildings were a house occupied by employees of the Italian Line and a shack for the gasoline pump. In October, 1939, there were no buildings, the only gasoline stowage was drums, and the field had not been lettered. At that time two oil companies on the Island were represented respectively by a German and a Dane.

(f) The facilities of Air France include: a section of the northern tip of the island on which are found a radio station, both transmitting and receiving apparatus, antenna towers about 100 ft. high with a horizontal "L" antenna of 100 ft. horizontal length. In the same building with the transmitting apparatus is

a storage space for operating spares for planes operated by Air France. These spares include tires and tubes for Farman, Fokker and de Voitine Land planes. Landing gear struts, radio spares, including tubes, wiring, grease, preservative, lubricating oil, spark plugs, rocker box covers, valves, valve insets and guides, springs, magneto parts, jacks, paint and soap and cleaning compound. The French do not own a landing field but are permitted to use the field owned by Ala Littoria in emergencies. Air France has only four employees on the island. Three of the men have their families with them. Quarters are provided by Air France for their employees. Air France also has a 1-1/2 ton 1937 Dodge truck for use on the island.

The HELENA stated that two of the Air France employees are Frenchmen and that both are members of the French Air Force (observers). They have been on the island for eight years. The Air France has been established on the island for 10 years.

#### COMMUNICATIONS

(g) There are two radio stations on the island of Fernando Noronha. One maintained by Air France and the other by the Italian Line Ala Littoria. The Air France station is on the northern tip of the island. The station consists of a house for the transmitting and receiving equipment and 100 ft. towers with an "L" antenna of 100 ft. horizontal length. It is a 250 watt type A2 transmitter station using a Hertz aerial. The frequencies used are 333, 1736, 3600, 4000, 5450, 8700, 8823-1/2 and 12,110 Kcs. No voice facilities are available. Power is derived from the island power station located about one mile to the southwestward just north of the principal settlement of the island. Also in the radio building is a battery room. It was said that the batteries were kept floating on the power line and are used for correcting fluctuations in the line voltage as well as for a source of auxiliary power. Danger of gassing is reduced by the use of oil floating on top of the electrolyte.

(h) The radio station of Ala Littoria is located across the street from the Cathedral in the principal settlement in a low squat building, heavily barred and securely locked. The towers of the set were close to the building. They were of iron lattice work about 50 ft. high with 50 ft. of horizontal antenna between them. They were in an advanced stage of corrosion though the house was new and freshly painted. The station was not manned during the time of the visit and no data could be obtained on this station.

(i) There is cable communication with Dakar, Natal and Pernambuco. There is a telephone system throughout the island.

(Signed) W. S. Anderson.