

THE WHITE HOUSE
WASHINGTON

PSF
Maritime Comm

July 19, 1941

MEMORANDUM FOR THE PRESIDENT

With reference to your memorandum of July 15th, information concerning vessels recently acquired by the Navy, revised by the Navy Department to show exactly what each one was doing on July 1, 1941, is attached hereto.

In addition the Navy Department comments, from a military standpoint, on the possible use of some of these vessels by the Maritime Commission.

Respectfully,

J. R. Beardall
J. R. BEARDALL

DECLASSIFIED

(SC)QS1/LL
[REDACTED]

DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON

My dear Mr. President:

In reply to your memorandum to me of 7 July 1941 and the further instructions contained in your memorandum to Captain Beardall of 15 July 1941, I am resubmitting herewith as enclosures, lists of vessels acquired by the Navy with appropriate notations regarding dates of acquisition, dates of placing in service, and the status or activity in which these vessels were engaged on 1 July 1941.

For your convenience, vessels on the enclosed lists are arranged in exactly the same order as on the enclosures to your memorandum of 7 July 1941.

Admiral Land's memorandum to you of 3 July 1941 states that, "much of the work involved in ships under (b) and (c) above (that is "ships for cargo and transport purposes, i.e. relatively commercial jobs") could be more efficiently and more economically done under the guidance of the Office of Production Management as to priorities and under the directive of the Commission than under the Navy and Army". I am forced to challenge the above quoted remarks for the following reasons: The Office of Production Management has nothing whatever to do with the movements of Army or Navy material or personnel. If the vessels concerned always plied between commercial terminals and never did anything else, it is possible that some of the services performed by a few of these vessels might be done more cheaply by commercial operators. From a military standpoint the Maritime Commission cannot do the following:

- (a) It cannot provide crews whose loyalty is unquestioned.
- (b) It cannot provide crews who are trained to man the guns. If the vessels were to be operated more cheaply it could not afford to carry the additional personnel.
- (c) It cannot, in the case of tankers, provide crews trained in fueling heavy ships and destroyers at sea.

Franklin D. Roosevelt Library

DECLASSIFIED

DOD DIR. 5200.9 (9/27/59)

Date- 3-3-59

Signature- Carl S. Spence

(SC)CS1/LA

CONFIDENTIAL

- (d) It cannot, in the case of transports, provide trained crews for the handling of landing boats and tank lighters for landing operations.
- (e) It cannot, in the case of cargo ships assigned the divisions of transports provide trained crews for the handling of landing boats employed in landing the heavy equipment of the Army and Marines.
- (f) It cannot provide crews for cargo ships who will unload the ships at out of the way places.
- (g) It cannot furnish ships efficiently manned, trained, and disciplined for any operations which you may order.

If the Navy is to have efficient auxiliaries, they must be manned, trained, and operated by the Navy. All must be available for military tasks on short notice without waiting for arming them, making conversions demanded by the service for which intended, or for training their new crews for the service intended.

I wish to invite your attention to the fact that the Navy has already placed one tanker, the GUADALUPE, at the disposal of the Maritime Commission for making two commercial lifts during July. The Maritime Commission allocated this transportation to the Standard Oil Company of New Jersey. The Navy has further informed the Maritime Commission that it will, in the near future, be able to place one or two other tankers at their disposal if not needed at the time for unforeseen Naval operations or for filling Navy Shore storages.

Upon the completion about 1 October of the training exercises of the two amphibious divisions, it is possible then that the Navy might be able to place some cargo vessels and transports at the disposal of the Maritime Commission if not needed for Army or Navy use, or if not required for operations that you may wish carried out. The Navy Department will do this if the vessels are available.

Sincerely yours,

James Foran

The President
The White House

DECLASSIFIED

LIST A

VESSELS ACQUIRED BY NAVY

<u>Vessel and Type</u>	<u>Date of Acquisition</u>	<u>Date of Placing in Service</u>	<u>Status or Activity Engaged in on 1 July 1941</u>
<u>Convoy Escort</u>			
* Hawaiian Shipper	11/1/41	----	-----
* Mormacland	5/6/41	----	Undergoing conversion. No est. yet of comp. date.
Long Island	3/6/41	6/24/41	Norfolk Area. Conducting initial training with aircraft squadrons.
* Rio de Plata	9/15/41	----	-----
* Rio de Janeiro	10/15/41	----	-----
* Rio Hudson	7/15/41	----	-----
* Rio Parana	8/15/41	----	-----
* - For British Account under Lend-Lease.			
<u>Submarine Tender</u>			
Otus	3/1/41	6/30/41	Manila Area. Operating temporarily as submarine supply ship after preliminary conversion. Final conversion to begin 1 Oct. 1941.
* Griffin	12/13/40	----	Undergoing conversion. Est. comp. date 7/25/41. Will be assigned to Submarine Force, Atlantic Fleet when ready for service.
* Pelias	11/15/40	----	Undergoing conversion. Est. comp. date 7/31/41. Will be assigned to Submarine Force, Pacific Fleet when ready for service.
Antaeus	4/24/41	----	Fitting out. Est. comp. date 7/19/41. Will be assigned to Submarine Force, Atlantic Fleet when ready for service.
* - Extensive conversion required for this service.			
<u>Seaplane Tender</u>			
Chandeleur	----	----	Building Est. comp. date July 1942.
* Pocomoke	10/16/40	----	Undergoing conversion. Est. comp. date 7/18/41. Will be assigned to Patrol Wings, Atlantic Fleet when ready for service.
* Tangier	7/8/40	----	Undergoing conversion. Est. comp. date 8/15/41. Will be assigned to Patrol Wings, Pacific Fleet when ready for service.
* - Extensive conversion required for this service.			
<u>Destroyer Tender</u>			
Cascade	----	----	Building. Est. comp. date Oct. 1942.
<u>Ammunition Ship</u>			
Shasta	4/16/41	----	Building. Est. comp. date 11/1/41.
Rainier	4/16/41	----	" " " " 9/1/41.
Lassen	11/15/40	5/1/41	Enroute Mare Island to Puget Sound and Hawaii with ammunition for Pacific Fleet.
Kilauea	11/14/40	6/15/41	Arrived Hampton Roads 28 June, Loaded reserve ammunition for Atlantic Fleet. Due to depart 3 July for sea and intensive training new crew.
<u>Provision Store Ship</u>			
Polaris	1/27/41	5/8/41	Enroute Norfolk to Guantanamo and Canal Zone with full load construction materials for shore projects.

LIST A (Cont'd.)

VESSELS ACQUIRED BY NAVY

<u>Vessel and Type</u>	<u>Date of Acquisition</u>	<u>Date of Placing in Service</u>	<u>Status or Activity Engaged in on 1 July 1941</u>
<u>Provision Store Ship (cont'd.)</u>			
Tarazed	6/4/41	6/27/41	Loading provisions at New York since 27 June. Due to depart 10 July for Newport and provisioning ships of Atlantic Fleet there based.
Mizar	6/2/41	6/27/41	Loading provisions at New York since 27 June. Due to depart for New River Area on 10 July for provisioning units there engaged in ship to shore exercises.
* Aldebaran	12/22/40	1/25/41	Undergoing conversion. Est. comp. date 8/20/41. Will be assigned to Pacific Fleet for transporting provisions from West Coast to Hawaii. Between 1/25/41 and 4/20/41 made two trips: one to Samoa and the other to Hawaii, both with full loads of construction materials.
* - Conversion did not start until 20 April 1941.			
<u>Aircraft Transport</u>			
Seatrain Havana	7/3/41	---	Undergoing conversion. No est. yet of comp. date.
Seatrain New York	6/26/41	---	Undergoing conversion. No est. yet of comp. date.
<u>Miscellaneous Auxiliary</u>			
Kaula	1/3/41	2/4/41	Transporting construction materials Pearl Harbor to Johnston and Palmyra Islands.
Alcor	3/3/41	---	Undergoing conversion. Est. comp. date 9/1/41. When ready for duty will be assigned as flagship Commander Train, Atlantic Fleet.
Bowditch	3/4/40	9/16/40	Surveying Great Exuma Island.
<u>Mine Layers</u>			
Monadnock	6/9/41	---	Undergoing conversion. Est. comp. date 10/6/41.
Miantonomah	5/5/41	---	Undergoing conversion. Est. comp. date 9/5/41.
<u>Hospital Ship</u>			
* Solace	7/22/40	---	Undergoing conversion. Est. comp. date 8/15/41. When ready for duty will be assigned to Pacific Fleet.

* - Extensive conversion required for this service.

LIST B

VESSELS ACQUIRED BY NAVY

<u>Vessel and Type</u>	<u>Date of Acquisition</u>	<u>Date of Placing in Service</u>	<u>Status or Activity Engaged in on 1 July 1941</u>
<u>Cargo Ships</u>			
Formalhaut	5/15/41	---	Building. Est. comp. date 9/15/41. When ready for service will be used to transport construction materials to Pacific Is. Bases.
Castor	10/23/40	4/3/41	At Pearl Harbor since 17 June. Furnishing general stores to vessels of Pac. Fleet. Remains at P.H. until 26 July then returns Mare Island for replenishment.
Pollux	1/16/41	5/26/41	At Norfolk loading since 21 June. Due to depart on 9 July for six weeks voyage to service all task forces of Atlantic Fleet.
Hamil	6/5/41	6/15/41	At Argentia. Enroute Iceland with special task force.
Exporter	7/15/41	---	When acquired will be loaded with construction materials for Pac. Is. Bases.
Almaack	6/3/41	6/15/41	Operating at sea off New York. Intensive training new crew. Awaiting opportunity to load Army equipment at N.Y. Port of Embarkation.
Delta	6/4/41	6/15/41	Loading at Army pier Norfolk since 29 June. Due to depart 8 July for Guantanamo.
Electra	4/16/41	---	Building. Est. comp. date 2/1/42.
Alchiba	6/2/41	6/15/41	Same remarks as for Almaack.
Alcyone	5/31/41	6/15/41	At anchor South Boston for repairs to fresh water tank. On completion due to depart for N. Y. and loading Army equipment at Port of Embarkation.
Arcturus	9/26/40	10/26/40	At Argentia. Enroute Iceland with special task force.
Betelgeuse	5/29/41	6/15/41	Operating off New River Area. Loaded with Army and Marine equipment for ship to shore exercises.
Markab	6/2/41	6/15/41	Same as for Betelgeuse.
Mormactern	6/20/41	6/20/41	At Norfolk loading since 29 June. Due to depart for Guantanamo on 7 July with construction materials.
Algorab	6/6/41	6/15/41	Operating at sea off Boston. Intensive training new crew. Awaiting opportunity to load Army equipment at N.Y. Port of Embarkation.
Bellatrix	4/16/41	---	Building. Est. comp. date 12/1/41.
Alhena	5/31/41	6/15/41	Same as for Betelgeuse.
Santa Catalina	6/19/41	6/19/41	At San Francisco loading since 25 June. Due to depart on 2 July for Hawaii, Guam and Manila.
Procyon	11/14/40	---	Building. Est. comp. date 8/15/41. When ready for service will be used to transport construction materials to Pac. Is. Bases.
<u>High Speed Tankers</u>			
Cimarron	2/6/39	5/1/39	Arrived Baton Rouge 1 July. Loading with fuel. Due to depart 2 July for Norfolk.

LIST B (Cont'd)

VESSELS ACQUIRED BY NAVY

Vessel and Type	Date of Acquisition	Date of Placing in Service	Status or Activity Engaged in on 1 July 1941
<u>High Speed Tankers (Cont'd)</u>			
Sabine	9/25/40	12/5/40	Enroute Pearl Harbor to San Pedro. Transporting fuel for Pacific Fleet.
Chemung	6/5/41	---	Fitting Out. Est. comp. date 7/14/41. When ready for service will be used to maintain fuel stocks in Navy East Coast storages.
Salamonie	11/20/40	5/31/41	At Argentia. Enroute Iceland with special task force.
Chenango	5/31/41	6/30/41	Enroute Boston to Hampton Roads. Due to depart Norfolk for Gulf Area on 9 July to obtain cargo for Norfolk storage.
Guadalupe	6/2/41	7/1/41	Operating at sea off Norfolk. Intensive training new crew. Due to depart Norfolk on 7 July to lift two cargoes for Standard Oil Co. of New Jersey.
Kaskaskia	10/22/40	11/19/40	Enroute San Pedro to Pearl Harbor with fuel for Pac. Fleet.
Sangamon	10/22/40	11/23/40	At Norfolk Navy Yard from 28 June until 19 July for emergency repairs to main engines. Normally engaged in transporting fuel for Atlantic Fleet.
Suwanee	6/26/41	---	Conversion. Est. comp. date 7/23/41. When ready for service will be used to maintain fuel stocks in Navy East Coast storages.
Neosho	8/4/39	10/11/39	Undergoing overhaul and final conversion at Navy Yard Puget Sound. Due to depart about 1 July for Pearl Harbor via San Pedro.
Platte	12/1/39	3/19/40	Enroute Pearl Harbor to Navy Yard Puget Sound for overhaul and final conversion beginning 4 July.
Santee	10/30/40	11/23/40	Enroute Norfolk to Baton Rouge to obtain cargo of fuel for Atlantic Fleet.
<u>Transports</u>			
West Point	6/1/41	---	Undergoing conversion to troop transport at Norfolk Navy Yard. Est. comp. date 7/10/41. Due to depart for N.Y. on 11 July for special voyage to Lisbon and return.
Heywood	10/26-40	3/28/41	At Argentia. Enroute Iceland with special task force.
George F. Elliott	11/4/40	1/29/41	New River Area. Engaged in ship to shore exercises with embarked troops.
Fuller	10/12/40	4/30/41	Same as for Heywood.
Neville	12/14/40	6/1/41	Same as for Geo. F. Elliott.
Wm. P. Biddle	11/13/40	2/23/41	Same as for Heywood.
Delorleans	6/9/41	---	Conversion. Est. comp. date 10/9/41.
Harry Lee	10/30/40	1/11/41	Same as for Geo. F. Elliott.
Wakefield	6/14/41	---	Conversion. Est. comp. date 7/10/41. Upon completion will load and proceed to New River Area for ship to shore training exercises.
#Crizaba	6/4/41	6/18/41	Same as for Heywood.

LIST B (Cont'd)

VESSELS ACQUIRED BY NAVY

<u>Vessel and Type</u>	<u>Date of Acquisition</u>	<u>Date of placing in Service</u>	<u>Status or Activity Engaged in on 1 July 1941</u>
<u>Transports (Cont'd)</u>			
#Hunter Liggett	5/27/41	6/15/41	Same as for Geo. F. Elliott.
President Adams	6/5/41	---	Conversion. Est. comp. date 10/5/41.
*Harris	7/17/40	---	Conversion. Est. comp. 9/15/41.
President Hayes	7/18/41	---	" " " 11/18/41.
* Zeilin	7/17/40	---	" " " 10/15/41.
President Jackson	6/27/41	---	" " " 10/27/41.
# Jos. T. Dickman	5/27/41	6/15/41	Same as for Geo. F. Elliott
McCawley	7/26/40	9/20/40	Just completed overhaul. Loading at Norfolk. Due to depart on 3 July for training exercises at New River Area.
Barnett	8/9/40	10/4/40	At Charleston Navy Yard for emergency repairs from 28 June. Due to depart 3 July for New River training Area.
W. W. Burrows	2/6/40	7/6/40	At Pearl Harbor. Loading since 20 June. Due to depart 3 July for Midway Is. with cargo of base construction materials.
Wharton	11/9/39	1/7/41	At Mare Island since 20 June for loading and repairs. Due to depart 8 July for Honolulu via San Pedro and San Diego and return to San Francisco. Normally engaged in shuttle service between West Coast and Hawaii.
Mt. Vernon	6/16/41	---	Conversion. Est. comp. date 7/10/41. Upon completion will load Army troops and equipment and proceed on 20 July to New River Area.
# Leonard Wood	6/3/41	6/15/41	Same as for Geo. F. Elliott.

- Former army transports.

* - Practically rebuilt because of poor conditions.

PSF
UNITED STATES MARITIME COMMISSION
WASHINGTON

OFFICE OF THE CHAIRMAN

July 29, 1941

Personal Memorandum to the President:

The attached confidential memorandum to you was prepared entirely by Commissioner Macauley. This was done purposely and intentionally as Commissioner Macauley not only has had a most intensive naval experience but is very familiar with merchant marine operations in every way. This is important owing to the fact that personal opinions are involved and actual experience counts most. I am backing Macauley to the limit.

I spent many hours last week discussing this and kindred matters with Stark, Ingersoll and King. Unfortunately, Forrestal left for Hawaii before I had an opportunity to sit down and go over the whole subject with him.

Betty and I have settled the Iceland project with mutual satisfaction.

Jerry
E. S. Land,
Chairman

P. S.

The Navy High Command's (not Betty's) comment to the Sims' quotation was "Oh, that was twenty years ago!" My reply: "The twenty year changes apply to all hands without differentiation".

ESL

UNITED STATES MARITIME COMMISSION
WASHINGTON

Franklin D. Roosevelt Library

DECLASSIFIED

OFFICE OF THE CHAIRMAN
[REDACTED]

MEMORANDUM FOR THE PRESIDENT

Referring to your memorandum of July 21, 1941, and to undated letter from Under Secretary of the Navy Forrestal, papers attached and returned herewith.

Your suggestion that I talk this over with Under Secretary Forrestal will be followed in an attempt to work out with him some method for the actual and active use of the merchant type vessels assigned to the Navy along the lines you indicate. As a corollary to your thought that in consultation with the Navy there could be some understanding enabling the Maritime Commission to use a ship when it is not actually serving with the Navy, it would be necessary to have the vessels in question manned by merchant crews provided by the Commission. It would not be practicable to change from Naval to merchant crews every time a vessel changes from duty with the Navy to service under the Maritime Commission, and then back to Naval duty again. As indicated in my memorandum to you dated July 3, 1941, the Commission is of the opinion that it is entirely practicable and preferable that these vessels should be operated under the Maritime Commission and manned by merchant officers and seamen, with the exception that when operating with the Navy there might be one or more naval officers on board for signalling and communications control, handling gun crews, etc., as necessary.

I exclude from this statement vessels intended for combat use or for constant auxiliary service with the Fleet Forces. The statement in my memorandum of July 3, that the vessels be operated "under the directive of the Commission", was not meant to suggest that they should not, when on duty with the Navy, be under direct Naval authority and control. The purpose of my memorandum was to show they should be manned by merchant crews rather than by Naval crews, in order to obtain the full and efficient use of these vessels. Operation "under the directive of the Commission" would enable us, for example, to utilize space not taken up by Navy cargo, with other defense cargo or additional cargo of vital commercial importance. Full cargo capacities could then be arranged for and used at all times and in all movements, rather than having vessels moving in ballast or only partially loaded. Close consultation with the Navy would assure a proper balance between the Navy's special interests and the broader defense and commercial interests which it is important to serve.

In Under Secretary Forrestal's letter, criticisms were made bearing upon the ability of the Maritime Commission to operate merchant vessels in the service of the Navy. I submit the Commission's comment following the quotation of each criticism in turn:

"From a military standpoint the Maritime Commission cannot do the following:"

"(a) It cannot provide crews whose loyalty is unquestioned."

Comment: The Maritime Commission believes it is just as well able to provide loyal crews as the Navy. The fact that a man wears a Naval uniform and has taken the required oath of allegiance does not assure his loyalty. The technique of certain subversive activities requires just that, and the most effective work accomplished by groups engaged in such activities is done by agents who comply with all the requirements that would connote loyalty.

Our merchant officers are loyal, efficient and hard-working men who will take our merchant vessels wherever directed. The Commission is now training men in sufficient numbers to replace any malcontents or subversive elements among the unlicensed personnel. Such elements, moreover, are known to the loyal seamen and are resented by them. In operating these vessels under the Commission, matters of this kind can and will be controlled with an authority perhaps not practicable under private operators alone.

"(b) It cannot provide crews who are trained to man the guns. If the vessels were to be operated more cheaply, it could not afford to carry the additional personnel."

Comment: The Maritime Commission can provide gun crews just as the British have done for their merchant vessels. Over 100 have been trained at the Maritime Training Station at Hoffman Island to date.

Experience in the last war has shown that merchant seamen, with no previous Naval experience, can learn gunnery readily.

Merchant type ships can be operated under the Commission with about 40% of the crew needed when operated by the Navy. Any increase in cost arising from carrying gun crews would not be excessive. Increased revenues would probably more than balance the cost of additional personnel.

"(c) It cannot, in the case of tankers, provide crews trained in fueling heavy ships and destroyers at sea."

Comment: Our tanker men and crews are probably the best in the world. In their constant operation between ports, with short stays in ports, a merchant tanker performs many more operations in a given time than a similar Navy tanker. Fueling at sea is an operation no more difficult than transferring oil in an unprotected roadstead. This is a common occurrence with American tankers, as, for example, at Point Lobos and other places with pipe lines out from land. British merchant tankers bunker Naval vessels at sea.

"(d) It cannot, in the case of transports, provide trained crews for the handling of landing boats and tank lighters for landing operations."

"(e) It cannot, in the case of cargo ships assigned the divisions of transports, provide trained crews for the handling of landing boats employed in landing the heavy equipment of the Army and Marines."

Comment: These criticisms are similar and are more readily answered together.

The handling of landing boats will be familiar work for merchant seamen. I believe that they are as well trained and adept at handling boats and landing equipment as Naval crews. This is part of their job on many coasts, as for example, on the routes of the American West African Line and on Grace Line routes touching unprotected ports on the West Coast of South America. In the latter trade, particularly, most of the cargo is handled between ship and shore with lighters of all descriptions. The experience of merchant seamen with small boat and lighterage work will enable them to overcome any peculiarity in the handling of tank lighters. The test of ability is in the general handiness and adaptability of the men and the record of our merchant seamen indicates that they could do the job as well as any Naval crew.

As to the handling of landing boats employed in landing the heavy equipment of the Army and Marines, crews can be provided under the Maritime Commission which can accomplish this as efficiently as Naval crews and with less men. Merchant crews are thoroughly familiar with cargo booms and cargo gear, including heavy lifts.

"(f) It cannot provide crews for cargo ships who will unload the ships at out of the way places."

Comment: Merchant seamen are accustomed to meeting many diverse problems in their constant operation of ships under varying conditions of shore and ship equipment. Many of our merchant vessels load and discharge in unprotected anchorages, open roadsteads, and in the stream, particularly in Africa, South America and the Far East, on routes served by many operators including American West African, American South African, United Fruit, Grace, Alcoa and other lines. They are accustomed to loading and discharging in more "out-of-the-way" places than the Navy. Handling of cargo is their job regardless of whether the ship is in usual or unusual ports, and crew members actually work cargo in many vessels, as on Pacific Coast steam schooners, vessels in the Alaskan trade, etc. Here, too, merchant crews can do the job with less men than the Navy. Here again general handiness and experience in cargo handling is the ultimate test.

"(g) It cannot furnish ships efficiently manned, trained, and disciplined for any operations which you may order."

Comment: Merchant vessels can be efficiently manned for all operations except those that only combatant vessels can carry out. Merchant crews can be trained for Naval auxiliary work more quickly than the general run of Naval Reservists. Under the Naval Reserve Act of 1925 the composition, training and pay of the Merchant Marine Naval Reserves were provided for, but this was not carried out.

We believe merchant crews under Maritime Commission operation will be as well disciplined as the merchant crews manning armed converted merchant cruisers of Britain. The discipline of the merchant officers and crew in R.N.R. status aboard the converted merchant cruiser JERVIS BAY, who fought it out with a German pocket battleship, was fully equal to that in Royal Navy vessels. We believe the same would hold true for American merchant officers and crews.

Given merchant officers freed of interference with the enforcement of discipline, the American merchant seamen will produce an intelligent, well disciplined crew ready for any emergency.

I have written at this length in order to point out in detail wherein I feel that Under Secretary Forrestal's letter is in error; not in a spirit of controversy, but because I feel so strongly that the decision finally arrived at should result in the broadest and best possible use of these vessels. Very few of our Naval officers have had an opportunity to gain sufficient acquaintance with the operations of our merchant vessels, because their duties naturally prevent them from having adequate contact with the Merchant Marine. Perhaps the best testimony on this whole subject, however, comes from one of our great Naval leaders of the First World War, who had a special opportunity to see merchant crews in action. Admiral Sims, in speaking of the officers and crews of American ships who transported supplies across the Atlantic to the American Expeditionary Force, said in his lecture before the Lowell Institute on December 11, 1930:

"The skill and seamanship of these sailors was something that amazed naval officers, and they proved themselves to be seamen in a sense that naval officers never had the opportunity to become. The courage, initiative, and a sense of responsibility, skill in handling ships of all types, and noteworthy seamanship characterized the merchantmen. I'd like to see a bunch of thirty naval officers trying to handle thirty heterogeneous ships as the merchantmen did. Without the merchantmen's skill, courage and loyalty the war could not have been won."

Jerry Land

E. S. Land
Chairman

*file
Confidential*

Land Folder

August 1, 1941.

MEMORANDUM FOR

ADMIRAL LAND

I like the memorandum which Eddie Macauley prepared and you signed. I think that the next step is to find out definitely just exactly what every ship that has been turned over to the Navy is actually doing over a simple period of time.

That is the basis for any final decision.

For example, if a ship which you have turned over to the Navy is lying idle for a month, and not preparing for some immediate specific duty, that ship should be returned to the operating jurisdiction of the Maritime Commission -- with, of course, the distinct understanding that as soon as the Navy wants to use her, the Maritime Commission will assign her to Navy use.

The Navy (and the Army) make much of having sufficient ships ready at all times for the carrying of an expedition to the Azores or the Cape Verdes or Brazil. It is my thought that no human being can tell when or if such an expedition will ever be ordered.

It is also my thought that the Army and Navy should go ahead and make plans in case such an expedition were ordered. These plans should, of course, list the merchant ship needs and the Maritime Commission should be in a position to turn these merchant ships over to the expeditionary task just as soon as the troops and cargo are ready to go on board.

This means, in effect, that the ships earmarked for Army or Navy use would be kept by you within a reasonable distance of the main east coast ports and not be sent on long voyages.

I believe also that the Maritime Commission for these specified ships could provide picked crews of guaranteed loyalty and capable of immediate training for gunnery work, etc., under a Naval Officer.

However, I still think the important thing is to find out over a specific period of time just what each ship is doing.

You might try to get this while I am away and talk with me about it when I get back.

F. D. R.

THE WHITE HOUSE
WASHINGTON

*File
personal*

July 31, 1941.

MEMORANDUM FOR THE PRESIDENT:

I gave your message to Commissioner Vickery. He tells me that Combustible has the biggest lot on the first emergency cargo vessels -- they have more than anybody else.

He also tells me that they were not subcontractors but that they took their price and made all the rest come down to meet it. This was done through Gibson & Cox. He said he and the Chairman discussed this matter, this morning, and on the next round it will probably not go through Gibson & Cox.

Combustible has 216 at the present moment.

G.G.T.

THE WHITE HOUSE
WASHINGTON

July 31, 1931.

TELEPHONE MESSAGE TO COMMISSIONER
VICKERY, MARITIME COMMISSION, FROM
THE PRESIDENT:

I have not had a chance to
telephone you myself but here are
two things I wanted to talk with
you about:

1. I hope that in placing
orders for boilers, you will give
a chance to the Combustible Engine
Company to bid directly as a con-
tractor and not as a mere sub-
contractor through Babcock and
Wilcox -- and, of course, the same
rule should apply to all satis-
factory boiler works.

2. Several people have asked
whether the U. S. Navigation Co.
can be allocated one or two additional
ships for operation by it under
charter. The complaint of the Line
is that American Export and Isthmian
are getting the operation of all
ships operating to the Red Sea.

I know nothing whatsoever about
it but am merely passing the in-
formation on to you.

REPLACES COMMISSION'S EARLIER
REFERENCE TO CONFERENCE
LATA JT, 1037
MEMORANDUM
THE MARINE BOARD

PSF Maritime Commission
Folder -
2-41

July 22, 1941.

On July 14, 1941 United States Navigation Company - a 100% American owned company - requested the United States Maritime Commission to allocate to it for operation two ships in addition to those now operated by it under charter. This Company has been operating ships to South Africa since 1922, to and through the Mediterranean since 1938 and to the Red Sea via the long haul around Africa and up the east coast since war conditions necessitated all ship operators operating to the Red Sea to travel the long haul route.

It was advised that the policy of the Maritime Commission was to approve the operation of ships to the Red Sea only by those operators who had been instrumental in building up the American Merchant Marine. It was advised that a telegram had been sent to shippers which stated among other things:

"ANY EVENT VESSELS UNDER MARITIME COMMISSION JURISDICTION WHEN ASSIGNED TRADES WHERE REGULAR AMERICAN FLAG OPERATION MAINTAINED PREWAR WILL BE ASSIGNED SUCH OPERATORS WHO HAVE IN PAST CONTRIBUTED TO DEVELOP THE AMERICAN MERCHANT MARINE"

In accordance with this policy, United States Navigation Company has been advised that not only will the Maritime Commission not approve the chartering of additional ships to it at this time, but that one ship which United States Navigation Company now has under charter, carrying defense cargoes from South Africa to the United States, and whose charter party will not expire for a month or more after its return to this country, will be taken away from United States Navigation Company and turned over to some other operator operating in the Red Sea trade. This can mean only to one or the other of two companies - either American Export Lines or Isthmian Lines. The Maritime Commission has refused permission to the American owners of this vessel, Pacific Atlantic S.S. Co. (States Steamship Company of Portland, Oregon) to renew its charter for a sufficient length of time to complete a round trip voyage to Cape Town or to the Red Sea even though the owner and the charterer are agreeable to cooperating in every way with the Maritime Commission in carrying cargoes desired by the American Government.

The result of this policy is to place in the hands of American Export Lines and Isthmian Lines the operation of all ships operating to the Red Sea. Isthmian Lines is an industrial company carrier owned by the United States Steel Corporation, the services of which are available to others only when the owner's cargo is insufficient to fill the ship.

American Export Lines apparently is catalogued as one of the companies which has assisted in building up the American

Merchant Marine. All of the ships which this Company owns were Maritime Commission ships which the Company has operated at a profit because of the Government subsidy afforded to it and if it has assisted in building up the American Merchant Marine it is only because of the assistance given it through Government funds.

States Steamship Company has bought and paid for all of its boats; it receives neither a construction nor operating subsidy from the Government; and, so long as the ships are in the hands of competent operators who will carry cargoes designated by the Government to the Red Sea, it is difficult to see why the American owner should be required to turn over its vessels to either an industrial company carrier or to a subsidized owner.

What this policy means in practice is that operations to the Red Sea will be confined to two companies, one of which in normal times would perform no services for anyone else except its industrial owner except to the extent that surplus cargo space might be available after supplying the needs of the owner. The practical effect of such policy would be to concentrate in the hands of one operator subsidized by the Government all vessels operating in that trade. Likewise, as a practical matter, if carried to its logical conclusion, it would put out of business completely an operator who over a period of years has created the necessary agencies and instrumentalities both here and at the other end of the line for handling efficiently, expeditiously and profitably, without Government subsidy, the shipment of cargoes abroad and from abroad.

It would seem that the continued existence of competent operators for ships is to be highly desired at this time and that such operators who have a thorough knowledge of operation generally and a very specific and thorough knowledge of the trades in which they are engaged should be of considerable value to the Nation in this emergency. United States Navigation Company is more than willing to place its experience at the disposal of the Commission and to cooperate with it to the fullest extent and asks only in return that it be given fair treatment and the same consideration as subsidized lines and owners of American tonnage are receiving. It particularly desires that American owners be permitted to continue to charter to it vessels with which it may operate its regular services to South Africa and return with defense cargoes and, further, that it may be permitted to put its services and facilities to use in the Red Sea trade.

*file
personal*

PSF

*Maritime Commission
Folder*

UNITED STATES MARITIME COMMISSION
WASHINGTON

OFFICE OF THE CHAIRMAN

THE WHITE HOUSE
AUG 13 8 58 AM '41
RECEIVED

August 12, 1941

MEMORANDUM FOR THE PRESIDENT

Vessels allocated by the Maritime Commission have been assigned to companies who have cooperated in the development of the American Merchant Marine, either through building new American vessels or operating owned American flag vessels. This is the practice in general which has been adopted by the Commission.

The United States Navigation Company have not built nor do they own any American flag ships and as a matter of fact, they had not operated American flag ships until foreign vessels were no longer available subsequent to September 1, 1939. One of the operations of the United States Navigation Company was in the trans-Atlantic service with foreign vessels including Japanese. There has been no prejudicial action taken against the United States Navigation Company by the Maritime Commission in the allocation of vessels.

E. S. Land.

E. S. Land
Chairman

PSF Maritime Comm.
2-41

DEPARTMENT OF JUSTICE

710 Crocker Building
620 Market Street
San Francisco, California

File personal

August 22, 1941

Personal

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

Dear Frank:

In the event of a conflict of candidacies for the place on the Maritime Commission left vacant by Congressman Dempsey's going, do you think you could consider me for the place?

My wide experience as Collector of the Port of New York with the steamship lines, shipping problems and war conditions during the last world war may provide an unusual experience for the work.

I am dreadfully anxious to get into the national effort in an effective and useful way. I would only wish to hold the place for a limited period and would resign any time my doing so would provide you with a post you would like to give to someone for the then special reasons of your own.

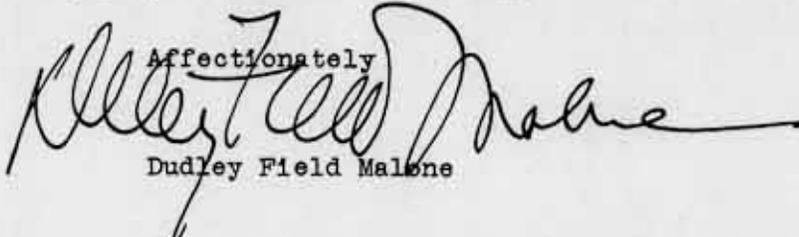
Of course, I have spoken to no one about this and shall ask no one to speak to you about it. Also, please do not bother to answer this note, as I know how busy you are. Your historic meeting with Mr. Churchill at sea has vastly strengthened support for your foreign policy out here.

Incidentally, as a part of the work of the Maritime Commission, my contacts with Great Britain might be valuable. I know the Prime

124
MAY 25 1947
SEN. JACQUES-CO. BELLECHERE
850 BELLEVUE ST. S.W.
OTTAWA, ONTARIO
DEPARTMENT OF JUSTICE

Minister very well and his Solicitor General Sir William Jowitt was best man at my wedding in London eleven years ago. My contacts in England have always been close and varied. Incidentally, Sir Gerald Campbell made a splendid and most successful tour of the west.

My prayers and blessing always.

Affectionately

Dudley Field Malone

P.S. I forgot to mention that my former service in the Navy and my close association with it always might be an added factor of contact and usefulness.

D.F.M.

PSF
U.S. Maritime

Nov 25

HL

THE WHITE HOUSE
WASHINGTON

[Handwritten signature]

November 19, 1941

MEMORANDUM FOR THE PRESIDENT:

Admiral Land came by, and wants to see you Monday, if possible, on:

1. The question of export ships on the Lisbon run, which was discussed with you by Secretary Hull, who suggests Admiral Land see you further, after the State Department has heard from Portugal.

2. Your advice is necessary on whether we send American flagships to Archangel.

3. Your advice is necessary on whether or not we send American flagships to Great Britain.

The question of showing the American flag in the British Isles for morale purposes is involved. Secretary Hull suggests that we go slowly on this. You may consider it desirable to start one or more ships per week under the American flag to the British Isles.

E.M.W.

DYB
I think you
want original
of this

PSF

maritime comm. folder
2-46

January 2, 1942

MEMORANDUM FOR THE PRESIDENT:

SHIPPING CONFERENCE

I. BUILDING PROGRAM

1. Ask Vickery for quick review.
2. Problem of building transports.
 - a. Maritime Commission want to build 20 PER's, carrying about 6000 men. The first ones would be ready in August 1943, fourteen ready before the end of 1943, all would be completed in April 1944.
 - b. They wish to build 15 O4's, carrying 3700 men. these will come off the ways at the rate of one a month beginning in June 1943.

The Navy are opposed to the building of the O4's. The decision should be made immediately. I believe the Maritime Commission should go ahead. The Army wants these transports very badly.

3. Vickery can step up the 1942 program of ship building substantially if he can get 50,000 tons more ship plate a month. What he wants is an average of 250,000 tons a month for 1942.

Journal 5' 70

BZE

I have talked to Harrison and Batt about this and they think it can be done but it will require some pressure from you.

Vickery will tell you how much the program can be increased.

II. SHIPPING FOR MOVEMENT OF TROOPS.

The important thing here is that you get an assurance that the Northern project can be carried out without jeopardizing the emergency project in the South, which must be in an if and when basis.

I believe the Northern project can be done and the shipping arranged to keep the Southern project ready for not to exceed a twelve day delay.

I think you should insist on this. This would complete your Northern project not later than April 15.

HARRY L. HOPKINS

UNITED STATES MARITIME COMMISSION
WASHINGTON

October 7, 1942

THE WHITE HOUSE

OCT 9 9 14 AM '42

RECEIVED

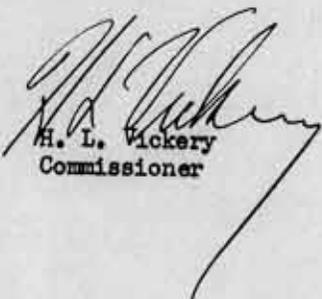
*PSF maritime folder
file
confidential 2-42*

MEMORANDUM TO THE PRESIDENT:

Enclosed herewith, for your information, is a chart indicating tonnage deliveries to the end of September, 1942.

During the month of September, there were delivered into service ninety-three merchant vessels totalling 1,017,300 tons deadweight, representing an increase over August deliveries of twenty-five vessels, or 262,700 tons. A rate of deliveries of three ships a day has now been achieved. Moreover, whereas the average building time — keel-laying-to-delivery — for Liberty ships delivered during August was 83.3 days, the keels of the sixty-seven Liberty ships completed in September were laid, on the average, 70.1 days before delivery.

In view of the present rate of production, if steel is supplied as allocated, I am confident that an average of a million tons a month will be delivered for the remainder of 1942 and that, by January, the rate of deliveries will have been increased to four ships a day.

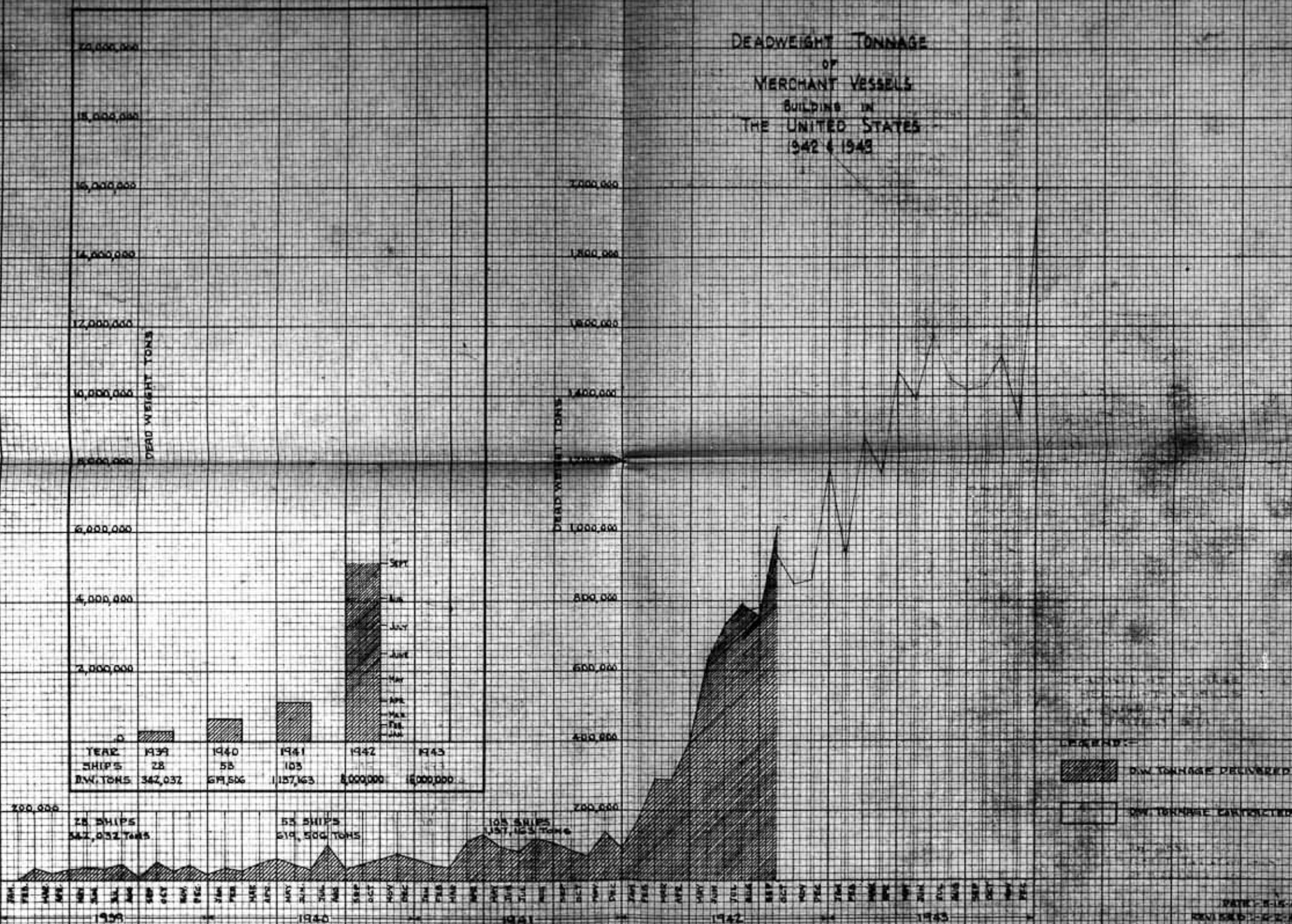

H. L. Vickery
Commissioner

Enclosure



THIS ITEM HAS BEEN MICROFILMED
AT A REDUCTION RATIO OF 16 x 1.

DEADWEIGHT TONNAGE OF MERCHANT VESSELS BUILDING IN THE UNITED STATES 1942 & 1943



THE WHITE HOUSE
WASHINGTON

*file
Chapin*

March 23, 1943.

MEMORANDUM FOR

GENERAL WATSON:

I want to see Admiral
Vickery for ten or fifteen minutes.

F.D.R.

b7c

Maritime Commission
PSF

FDR
his work - is you
can get it!!!

William Francis Gibbs
has been appointed Controller of Shipbuilding
to coordinate the shipbuilding activities of the
War Production Board, the Navy, Army and Maritime
Commission. Charles E. Wilson, Production
Vice-Chairman of the WPB announced on Dec. 18.
Mr. Gibbs will control the general policies of
the WPB Shipbuilding Division. His new duties
will not interfere with his present activities,
but will rather constitute an extension of the
services he is already rendering the Government.

Gibbs & Cox, Inc. of New York,
of which he is vice-pres., designed the British
Emergency cargo vessels constructed in this
country, and also prepared the plans of the Liberty
Ships. Mr. Gibbs had directed the preparation of
working plans of about 70 per cent of the vessels
now being built in American shipyards and Navy
yards.

(Above announcement appeared in January-1943
issue of THE NAUTICAL GAZETTE)

FOR F. D. R. ONLY.

DO NOT PASS ALONG!

March 15, 1943.

Re: WILLIAM FRANCIS GIBBS OF GIBBS AND COX

AND

U. S. NAVY AND MARITIME COMMISSION

The attached memorandum arises from the fact that your friend, William Francis Gibbs of the firm of Gibbs and Cox, and now Controller of Shipbuilding, is making life miserable for Admiral Vickery of the Maritime Commission.

My suggestion is that you send for Admiral Vickery and ask him how things are going, particularly with reference to Mr. Gibbs.

Do read the attached memorandum. It doesn't ask you to do anything.

When it is said that the Maritime Commission did certain things in connection with the first Liberty Ships -- you, of course, caused the Maritime Commission to do that.

According to the newspapers, there was talk in Congress of investigating Messrs. Gibbs and Cox. It would make a great story.

In any event, you ought to be informed by reading the attached memorandum.

FOR F. D. R. ONLY.

March 15, 1943.

DO NOT PASS ALONG!

Re: WILLIAM FRANCIS GIBBS OF GIBBS AND COX

AND

U. S. NAVY AND MARITIME COMMISSION

I. The Navy

William Francis Gibbs of the firm of Gibbs and Cox, Naval Architects of New York City, has for many years designed the majority of naval vessels. He has an organization in New York City with at least one thousand employees. Mr. Gibbs is married to the daughter of the late Paul Cravath, senior partner of the firm of Cravath, deGersdorff, Swaine & Wood.

Gibbs has had very close relations with the General Electric Company and uses their equipment whenever possible in the ships of his design. Shortly after Mr. Wilson, President of General Electric, was appointed Vice Chairman of the War Production Board, Mr. Gibbs was appointed Controller of Shipbuilding. I deduced from this appointment that in the future he would head up the entire shipbuilding of the country -- both Navy and Merchant Marine.

Gibbs and Cox designed the Liberty Ships and placed orders for the equipment for the first ships. This was about two years ago. Mr. Gibbs handled the negotiations personally. He adopted a very arbitrary attitude in his dealings with manufacturers supplying equipment for the ships and in my judgment

wasted a lot of time arguing with the several manufacturers who tried to point out to him that if they were forced to build equipment so it would exactly duplicate the equipment selected by Mr. Gibbs that much delay and expense would result.

Mr. Gibbs has a few manufacturers he favors and usually adopts the attitude that all others know nothing about the business and therefore that all procedure must jib with the product of the favored one.

As you know, the Maritime Commission insisted on our having a major part in the Liberty Ship program and due to their influence we are furnishing almost fifty per cent of the boilers for the Liberty ships. If Gibbs had had his way we would never have had any part in the program and I can say with all modesty that if we had not been in the program it could not have been successful.

At the time the original contracts were placed much time was lost in wrangling with Gibbs' organization about designs and in my judgment at least a month was lost in production on account of his arguments which really amounted to nothing. Suffice it to say that the Maritime Commission backed up our position and the boilers we furnished have been most satisfactory and have gone into service without difficulty of any sort.

Some six months after the first contracts were placed so much trouble developed between Gibbs and Cox and the Maritime Commission that the latter finally took over the handling of the Liberty Ships and have continued to do so ever since with great success.

At the time we entered the Liberty Ship program something like eighty per cent of all marine boilers for the Navy and Maritime Commission were being furnished by the Babcock & Wilcox Company. The majority of these contracts had been placed with them by Gibbs and Cox and the volume placed in the preceding year was in the vicinity of One Hundred Million Dollars. All of these boilers were being manufactured in one plant and the Maritime Commission recognized this as a dangerous situation and this was their reason for insisting on another manufacturer taking a part in their program.

The first major break in the Navy policy of using Gibbs and Cox exclusively was made about a year ago when the Bethlehem-Hingham Shipyards were commissioned to design and purchase equipment for Destroyer Escort Ships to be built in the various yards throughout the country. They called in all three approved Navy boiler manufacturers including ourselves and a composite design was worked out by the three manufacturers and contracts for three hundred and five (305) ships were placed with several yards with boilers of standard design furnished by all three manufacturers. The program has progressed most satisfactorily and the ships are now in production.

About February 1, 1943, Gibbs and Cox were commissioned to take part in the Destroyer Escort program. Due to the fact that it is now possible to obtain a turbine gear engine instead of turbo electric engine that Bethlehem-Hingham had found necessary to use on their program due to the shortage of gear production

capacity turbo gear engines are being used in the Gibbs and Cox ships and this necessitated change in design in the engine room. It did not, however, affect the boiler requirements and in my judgment the logical procedure would have been to use the same boiler design that Bethlehem-Hingham had developed. However, true to form, Gibbs and Cox placed the contract for the boilers for the first ships with the Babcock & Wilcox Company making many changes in the design of the boilers and no other boiler manufacturer was asked to have a part in the program and the boilers for one hundred and ten (110) ships were ordered in this manner; but when it was found necessary to increase this program by seventy-nine (79) ships, the Navy stepped in and instructed Gibbs and Cox to place this business with us. The old wrangle started all over again when Mr. Gibbs insisted that we change the design of our standard escort boiler to the new design that Babcock & Wilcox was furnishing. We seriously objected to any changes that would hamper our production and the Navy officials have backed up the position we have taken and after much arguing and loss of time the matter has been settled -- although at this time we have not had official notice from Gibbs and Cox without which it is impossible for us to order out material and proceed with the work. Six (6) weeks has been lost on boiler production since the date the Navy instructed Gibbs and Cox to go ahead and place the contract with us.

It is generally recognized that production of Destroyer Escort ships is the most important problem that the Government has

at the present time and why anyone should be allowed to delay important parts required for these ships one day -- let alone six weeks is more than I can understand.

II. Maritime Commission

It is recognized by everybody in a position to know that the Maritime Commission has accomplished a wonderful feat in building yards and delivering eight million tons of merchant ships in 1942. Their program for 1943 calls for something like twenty million tons of completed ships. Based on their 1942 performance no one will say they cannot meet the 1943 objective but they cannot do it if they are going to be interfered with in any such manner as related above on the Destroyer Escort program.

There has been criticism in the Press of the Commission for some of the contracts they have placed but I can say as an Executive who has dealt with Admiral Land, Admiral Vickery and many of the officials of the Commission, that no private or government official ever fought harder with Industry to make fair and equitable contracts. If these men were spending their own money they could not have done a better job. If poor contracts have been made in some instances it is because the Industry did not play fair with the Commission. Faced as they have been with the necessity of getting work started quickly without doubt they have been forced to make hurried contracts and there is always an opportunity for errors to occur when this condition exists.

From my own experience I can say that all the Commission's officials and personnel have fought with every weapon at their command to drive the best bargain for the Government that they possibly could. I venture to say that no two men, either in private or public employ, have put in more hours or have given more to their job than Admiral Land and Admiral Vickery. If they are interfered with now the program will be seriously delayed and this will be a major catastrophe.

Will you not present my views to the President as coming from a private citizen who has the interest of the country and the shipbuilding program at heart? These men should be given a chance to complete the work they have so admirably done to date. They have no axes to grind and I know their only wish is that they be let alone to complete the big job they have laid out for themselves.

*Maritime Commission
PSF folder 2-43*

WAR PRODUCTION BOARD
WASHINGTON, D. C.

OFFICE OF
C. E. WILSON
VICE CHAIRMAN

file

THE WHITE HOUSE
August 9, 1943
8 29 AM '43
RECEIVED

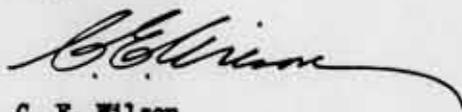
My dear Mr. President:

Gibbs isn't quite out of the hair of Admirals Land and Vickery as yet, but he will be in the very near future.

There were a number of unresolved questions which it seemed desirable to have cleared before Gibbs dropped out. The principal points at issue involved decisions of the Chiefs of Staff and others, so it was deemed advisable to get these programs cleared up.

The issues involved affect ships which will not be built until after a year hence, so the matters which have been controversial will not affect current war production. It is confidently believed such issues as remain to be settled will be cleared up within a week, and Mr. Gibbs will then cease the operations, which incidentally he has performed magnificently, and sever his connections with the War Production Board.

Respectfully,



C. E. Wilson
Executive Vice Chairman

The President
The White House



11/15/43

REGISTRATION OF C
MAY 1 1943

G. C. WILSON

*Maritime Coma
Folder
2-43*

THE WHITE HOUSE
WASHINGTON

July 30, 1943

~~PRIVATE & CONFIDENTIAL~~

MEMORANDUM FOR

HON. CHARLES E. WILSON

Dear Charlie:

What has been done with
Gibbs? Is he out of the hair of
Vickery and Land?

F. D. R.

PST- Maritime Comm. folder
2-4B

file

OFFICE OF WAR MOBILIZATION

Washington, D.C.

August 12, 1943

MEMORANDUM FOR THE PRESIDENT:

FROM JAMES F. BYRNES *J.F.B.*

0

Glad to say that the Jerry Land -- Gibbs controversy has been settled and everybody seems satisfied with the settlement.

T-192

PSF Maritime Comm. folder 2-43

THE WHITE HOUSE
WASHINGTON

November 11, 1943.

MEMORANDUM FOR

HONORABLE J. F. BYRNES:

Will you handle this
while I am away? Please return
correspondence to me.

F.D.R.

Secret Memorandum, 11-9-43, to the Pres.
from Adm. Wm. D. Leahy, re 21,000,000 DWT
Shipbuilding Program of the Maritime Comm.
with attached table.

PSF Maritime Comm. folder 2-43

THE WHITE HOUSE
WASHINGTON

7

NOV 12 1943

MEMORANDUM FOR THE CHAIRMAN, UNITED STATES
MARITIME COMMISSION

The present construction program of the United States Maritime Commission for the calendar year 1944 is 21,700,000 dead-weight tons. It appears desirable to budget through fiscal year 1945 at the rate of 22,000,000 dead-weight tons of merchant type ships.

During calendar year 1944 it must be realized that you will be called upon to build certain vessels for use as naval auxiliaries. I am advised that the plans of the Navy for immediate construction of auxiliaries will reduce your final output for the merchant fleet to about 16,000,000 dead-weight tons in the calendar year 1944; but I think you should budget and schedule on the capacity basis of 22,000,000 dead-weight tons so as to include the naval auxiliary program therein.

Major changes and cut-backs should not be made without my approval; although I want to review the situation with you about June 30, 1944.

FRANKLIN D. ROOSEVELT

Orig ret'd to Dir Smith's Office
11-13-43

HDS

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D. C.

NOV 8 1943

MEMORANDUM FOR THE PRESIDENT

In connection with the attached memorandum from Admiral Land recommending that you sign a proposed directive to him, it seems desirable to review the events during the last 22 months in order to present a clear picture of the issues involved and the chaotic conditions which have confused the shipbuilding program.

The capacity of this country to produce ships is limited by the availability of manpower, steel, and facilities. No further increase in capacity is possible and insofar as the production of merchant type ships is concerned, the maximum annual production is about 22,000,000 dead-weight tons, in yards now under the control of the Maritime Commission. The yards under the control of the Navy Department are engaged in the construction of combatant type vessels, landing craft, escort vessels, district craft, etc., and any construction of merchant type ships at such yards reduces the output of the military type vessels. The auxiliary tonnage needed by the Navy as distinguished from combatant tonnage mentioned above must be obtained from the Maritime Commission, as it is basically of merchant design, its production by naval yards would result in increased cost to build over the present cost of such vessels obtained through the Maritime Commission, and naval yards can produce such tonnage only at the expense of naval type vessels urgently needed.

The Maritime Commission is at present confronted with the necessity of constructing vessels for operation and assignment by the War Shipping Administration and other vessels for operation by the Navy as auxiliaries. The demands of the War Shipping Administration for vessels based upon the requirements of Lend-Lease, British quotas, Russian protocol, etc., plus the demands of the Navy for auxiliary tonnage have been in excess of the tonnage which could be produced. The Maritime Commission has constructed merchant type vessels only to have them taken over by the Navy and converted at heavy cost in money and in time to naval auxiliaries. There seems to be no good reason why the Maritime Commission should not be allowed to plan for naval auxiliary tonnage as a part of its program and to complete such vessels for such use from the time the vessel is started instead of the present wasteful practice of building a vessel for merchant use only to have a considerable part of the work torn off and changes made to adapt it to naval use.

It should be clear from the foregoing that any naval program for auxiliary tonnage must inevitably be in conflict with other demands for construction by the Maritime Commission. There follows a listing of the matters which have come up since January 1, 1942, involving naval tonnage.

- May 26, 1942. You approved the giving of advice to the Navy Department that the construction of a proposed 500,000 tons of auxiliary vessels, to be chiefly of the landing boat type, in navy yards and private yards assigned to Navy construction, would be in accord with your program. The Navy was so advised; and in estimates of appropriations subsequently submitted to Congress, contract authorization was included for said 500,000 tons, subject to authorization by other law.
- June 13, 1942. In response to memorandum from me regarding pending proposed authorizing bills for 1,900,000 tons of combatant vessels and 1,200,000 tons of auxiliary vessels for the Navy, you requested detailed lists, by types, of all Navy (excluding Coast Guard) and Maritime Commission ships, built, building, authorized, and proposed, as well as schedules of completions and acquisitions.
- June 23, 1942. You approved Public Law 626, making certain naval appropriations and including contract authority for 1,000,000 tons of auxiliary vessels, subject to authorization thereof by other law. (Congress raised the previously cleared 500,000 tons to 1,000,000 tons.)
- July 6, 1942. Budget presented to you lists requested on June 13, 1942, with a lengthy analytical memorandum on all shipbuilding.
- July 9, 1942. You returned the Budget memorandum of July 6, 1942, and instructed Acting Director Coy to attend and report upon a conference of the Navy, Maritime Commission, and War Production Board, which you had instructed the Secretary of the Navy to hold.
- July 9, 1942. Acting Director Coy reported to you the results of the conference held by the Secretary of the Navy and presented the unanimous recommendation of the conference that you approve the then pending enrolled bills authorizing 1,900,000 tons of combatant vessels and 1,200,000 tons of auxiliary vessels.

- July 9, 1942. You approved the two Navy authorizing bills (Public Laws 665 and 666).
- August 3, 1942. Budget returned to you its memorandum on all shipbuilding dated July 6, 1942, and in view of Navy's request for immediate inclusion in appropriation measures of contract authority for all construction previously authorized, requested your instructions as to what portions of the authorized tonnage should be covered at that time by contract authorization.
- September 4, 1942. In Budget memorandum you were again requested to give instructions as to what contract authority should be included at that time for previously authorized naval tonnage.
- September 14, 1942. You returned the Budget memorandum of September 4, 1942, with the following note "Please get everybody together on this whole matter. I get so many conflicting recommendations that my head goes round. F. D. R." However, a day or so previously you had orally authorized Acting Director Coy to include contract authority in appropriation estimates for the additional naval tonnage previously authorized; but did not approve contract authority at the time for "replacements" of combatant vessels lost or becoming overage.
- September 26, 1942. You advised Acting Director Coy, by memorandum, that you did not think contract authority for 200,000 additional auxiliary tonnage should be asked for at the time. (This 200,000 tons was the difference between the 1,200,000 tons authorized and the 1,000,000 tons for which contract authority had already been provided in appropriations, subject to authorization by other law.) However, based upon oral approval given about September 13, contract authority for this 200,000 tons had already been included in estimates presented to Congress.
- January 1, 1943. Navy presented to Budget for clearance a proposed bill authorizing 1,000,000 tons of auxiliary vessels.
- January 12, 1943. Navy advised that all ships envisioned under the proposed 1,000,000-ton authorization were building or would be built by the Maritime Commission or procured from the War Shipping Administration.

January 23, 1943. Budget recommended to you, by memorandum, that instructions be given to advise the Secretary of the Navy that the proposed 1,000,000-ton authorization was not, and that a suggested policy outlined in the memorandum was, in accord with your program. This suggested policy was that provision for new construction be made, as necessary, in Maritime Commission appropriations; that permanent assignments of merchant ships to the Navy be made by the War Shipping Administrator as justified by requirements but that no more merchant ships be sold to the Navy for the duration of the war; and that the 50 air transports (and certain escort vessels) then building under Maritime Commission supervision be financed by the Maritime Commission, assigned to the Navy immediately upon completion and later transferred to the Navy by legislation. The memorandum advised that Admiral Land concurred but that the Navy objected, based upon a desire of the Navy for complete freedom of action with respect to the use of these vessels and for their inclusion as a part of the post-war Navy. No reply to this memorandum has been received.

January 28, 1943. Mr. Magnuson introduced H. R. 1563 designed to authorize the proposed 1,000,000 tons of auxiliary vessels for the Navy. The proposed bill as submitted by the Navy to the Budget on January 1 had not been and was not cleared by the Budget because no reply to the memorandum of January 23, 1943, had been received.

March 1, 1943. The House Naval Affairs Committee reported H. R. 1563 with amendments providing that the Navy would approve all matters of design and construction or conversion of ships procured by it from the Maritime Commission, the War Shipping Administration, or any other agency of the government; and the policy proposed by the Budget to you in the memorandum of January 23, 1943, was the subject of considerable Congressional objection and criticism.

April 21, 1943. Mr. Vinson, on the floor of the House, severely criticized the Budget and its proposal regarding financing of naval auxiliaries during the war, stating "It was submitted by the Budget in January to a higher authority and has not yet been approved by the higher authority."

June 17, 1943. You approved H. R. 1563 (Public Law 76), section 2 of which provided in substance that Navy continue to obtain authorizing legislation for all tonnage used by the Navy and have sole right of possession of vessels transferred after construction or procurement by another agency.

June 26, 1943. You approved the 1944 Naval Appropriation Act (Public Law 92). Although not contained in estimates presented by you, there were included contract authority for the 1,000,000 tons of auxiliaries authorized in Public Law 76 and for 1,000,000 tons of landing craft and district craft, subject to authorization by other law, also contract authority for "replacements" of combatant vessels lost or becoming overage.

October 18, 1943. You gave to Admiral Land a directive, apparently intended to justify his budgetary program of approximately 21,000,000 dead-weight tons of merchant shipping in 1945.

October 18, 1943. Budget received 1945 estimates of the Maritime Commission, envisioning merchant ship construction at the annual rate of approximately 22,000,000 dead-weight tons through calendar 1944 and fiscal 1945.

November 5, 1943. Budget received from Navy, with request for immediate clearance, a proposed authorizing bill for 2,500,000 tons of auxiliary vessels and 1,000,000 tons of landing and district craft.

November 6, 1943. Budget received your request for recommendation by November 8, on a proposed directive from you to the Chairman, United States Maritime Commission.

At present I have three proposals before me, each of which is in conflict with one or both of the others, as follows:

- (a) Proposal by the Maritime Commission for a continuation of its merchant type shipbuilding program until June 30, 1945, at the annual rate of approximately 22,000,000 dead-weight tons, based upon the above-mentioned directive to Admiral Land, dated October 18, 1943.

- (b) Proposal by the Navy Department for the authorization of an additional 2,500,000 tons of auxiliary vessels and 1,000,000 tons of landing and district craft, said to be based upon a directive of the Joint Chiefs of Staff.
- (c) Proposal by Admiral Land that you sign a directive continuing the present merchant shipbuilding program until March 31, 1944, scheduling it through June 30, 1944, and tentatively programming it through December 31, 1944.

Proposal (a) cannot be carried out if proposal (b) is undertaken, since the construction of that portion of the additional 2,500,000 tons which is immediately necessary will reduce the merchant shipbuilding program from an annual rate of 22,000,000 dead-weight tons to 16,000,000 dead-weight tons. The dollar and man-hour cost of proposal (a) modified to include the accomplishment of proposal (b) will be approximately the same as the cost of proposal (a) as originally submitted; however, some savings in the use of steel will result.

Proposal (b) cannot be carried out if proposal (a) is approved, for reasons stated in the preceding paragraph. Neither can it be carried out if proposal (c) is approved, since decision must be made by December 10 as to types of steel to be rolled in February 1944 in order to permit actual construction of the vessels in proposal (b) to begin during April 1944.

It is understood that the Maritime Commission is willing to undertake the construction of that portion of proposal (b) which is immediately necessary provided the contractual authority and appropriations for such construction are made directly to it, so that new contracts will not be required and the work can be covered by changes in existing contracts. The Navy agrees that authority and funds for this construction should be granted to the Maritime Commission but states that its proposed bill authorizing additional tonnage is also necessary to comply with the wishes of the House Naval Affairs Committee and to clear up some doubt on the part of the Navy as to the legality of using its appropriations for installations of naval equipment on such vessels. The Navy therefore recommends that the Budget for the Maritime Commission for the fiscal year 1945 based on proposal (a) be approved, with the understanding that certain changes in the numbers and types of vessels to be constructed will be made so as to permit the construction of the auxiliary tonnage immediately desired by the Navy and approximately 16,000,000 dead-weight tons of merchant ships in fiscal year 1945.

I concur in the recommendations of the Navy and the Maritime Commission, that the Maritime Commission budget for 1945 be approved. Since this budget contains funds covering the construction of the naval tonnage involved, I recommend that the authorizing legislation proposed by the Navy be amended so that no reimbursement of Maritime Commission appropriations will be required, thus avoiding the necessity for also allowing funds for the same vessels in the naval budget. Also, since the vessels under this procedure are to be transferred without reimbursement, the naval legislation should provide for their return to the Maritime Commission after the war. The Navy joins in these legislative proposals and has agreed to defend them at the hearings on the proposed legislation before the Congressional committees. I therefore further recommend that I be authorized to advise the Secretary of the Navy that the proposed authorizing legislation, if amended as herein outlined, would be in accord with the program of the President.

I also recommend that, in lieu of the proposal under (c) above, you sign a modified directive to Admiral Land as contained in draft submitted herewith. This modified directive is agreeable to Admiral Land and such a directive is necessary in order that he may obtain the required allocations of steel from the War Production Board. I find that both Admiral Land and Admiral Vickery have been particularly perturbed by frequent conflicting estimates of requirements presented by the Joint Chiefs of Staff. Both of them are fully desirous of scheduling their program, and amending it from time to time as conditions necessitate, but feel it is necessary to look to you, rather than to various bodies, for major changes.

While your approval of the recommendations in the preceding two paragraphs will clear up the shipbuilding situation for the time being, I cannot refrain from pointing out that it has been necessary for my staff to hold conferences at length with representatives of the Navy and the Maritime Commission in order to reconcile differences and obtain agreement on a coordinated program. The above-mentioned conference held by the Secretary of the Navy on July 9, 1942, agreed on a definite program of shipbuilding by the Navy and the Maritime Commission, in conformity with the schedules contained in the Budget memorandum presented to you on July 6, 1942; but, although periodically requested by my staff, the Navy has not yet made information available as to the extent to which its portion of this program has been executed or modified. It seems pertinent to point out in this

The connection that in a number of cases the Navy has secured such authority as it desired in the shipbuilding field without the prior approval of the Bureau of the Budget, and, so far as I have been advised, without prior approval by you. Perhaps my staff should thus undertake the task of coordinating the shipbuilding program, but on the other hand, perhaps you desire that the actual coordination of proposed programs such as this be performed by some other agency, leaving to this office only the job of seeing that proposed programs have been coordinated. At any rate, I think you should realize that proposed programs, submitted by operating agencies directly to you for approval, may not in all cases fit into other programs already approved, or equally important, and that some over-all review is essential if maximum efficiency in the war effort is to be achieved.

referred to [unclear]
Director

Attachments

I think that I should point out that this memo assumes the necessity of a large building program. At some stage soon this assumption should be re-examined.

HDS

FORM 3106

Nov. 43

UNITED STATES MARITIME COMMISSION

TO: *The President*

FROM: *Laud*

*If you do not desire
to approve Enclosure A
I should like to have a
conference with you
on this subject.*

Jerry

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR THE CHAIRMAN, UNITED STATES MARITIME
COMMISSION:

The present 1944 construction program of the U. S. Maritime Commission is about 21,000,000 d.w.t. Our sights should be set accordingly.

It is important to continue the merchant ship-building program at the present rate for some months, say through the first quarter of 1944; it should be scheduled through June 30 and tentatively programed through the calendar year 1944.

The fluidity of the military situation makes it unwise to make definite plans for the entire year. You should therefore review the program with me in January 1944 and again in May.

Major changes in the program should not be made without my approval.

UNITED STATES MARITIME COMMISSION
WASHINGTON 25, D.C.

November 3, 1943

OFFICE OF THE CHAIRMAN

MEMORANDUM FOR THE PRESIDENT:

Having given most careful consideration to your letter of October 18th, it is necessary to advise you that the U.S.M.C. and W.S.A. are having serious difficulties in the interpretation of this letter, as follows:

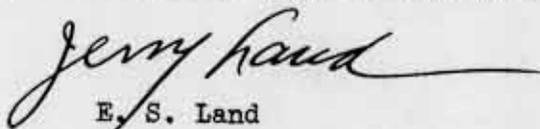
- (a) We had difficulty in our Bureau of the Budget hearings with regard to the meaning and intent of the letter, particularly with reference to time and contract authorization.
- (b) A proper shipbuilding program must be set-up longer in advance than January 1944 (3 to 4 months ahead; 6 to 9 months are essential); otherwise, we have contractual difficulties; also allocation difficulties, primarily steel, with the War Production Board.
- (c) We are not in a position to advise properly with the Joint Chiefs of Staff on the one hand or the War Shipping Administration on the other.

NOTE: The Joint Chiefs of Staff sometimes overlook the War Shipping Administration's requirements, such as Lend-Lease, British quota (Roosevelt-Churchill agreements), Russian Protocol, etc., etc.

Our success in 1942 and 1943 came primarily from your directives; such a directive is essential for the 1944 program.

The Commission recognizes that the 1944 program must be fluid and elastic. Nevertheless, to accomplish the results you desire it is essential to have a program approved by you with major changes therein subject to your approval.

It is therefore recommended that you approve enclosure A so that the Commission may proceed with its contract requirements to the end that the production desired may be accomplished. We will carry out our part of the program that changes approved by you can be incorporated as necessary in accordance with the all-out war requirements.


E. S. Land

Enclosures (4) - A for approval; copy of pertinent correspondence.

S E C R E T

THE WHITE HOUSE
Washington

C O P Y

October 18, 1945

Dear Admiral Land:

I have before me your proposal to build 21 million tons of merchant shipping in 1944. There is also a copy of a memorandum from the Joint Chiefs of Staff indicating that they would like further time to examine the necessity for this amount of tonnage.

I believe it is important to continue the merchant ship building program at the present rate for some months, say through the month of January, and, indeed, I think for budgetary purposes we should assume that we will require 21 million tons.

On the other hand, the fluidity of the military situation would seem now to make it unwise to go ahead with the plans over the entire year and, therefore, I should like to review with you the tonnage which should be turned out in 1944. Should we then, in January, decide to decrease the tonnage, there would be ample time to make the cuts during the last several months of the year. This would apply also to types of ships.

In the meantime we will have the recommendations of the Joint Chiefs of Staff. At the same time there will be no slowing up of the program during the immediate months ahead.

Very sincerely yours,

(Sgd) Franklin D. Roosevelt

Rear Admiral E. S. Land
War Shipping Administrator
Room 4842 Commerce Building
Washington, D. C.

25, D.C.

September 24, 1943

MEMORANDUM FOR THE PRESIDENT:

In 1942 and 1943 you set definite tonnage goals for the Maritime Commission to produce merchant ships. This action on your part has been the prime mover which has enabled us to meet the 1942 goal and put us in a proper position to meet the 1943 goal.

In one of your recent radio broadcasts, you set the Maritime Commission's shipbuilding program for 1944 at 21,000,000 deadweight tons. It is my belief that this should not be changed without your approval.

The Joint Chiefs of Staff in their letter to Mr. C. E. Wilson, Executive Vice Chairman, War Production Board, dated August 9, 1943, concluded, as follows:

"Contingent to the understanding that slight changes may be requested, particularly in the field of smaller ships, the Joint Chiefs of Staff endorse the No. 20 Maritime Commission program."

This program calls for 21,178,000 deadweight tons, excluding minor types and military types. If these latter types are included, the total is 22,391,000 deadweight tons.

There is enclosed herewith a proposed memorandum for your approval.


E. S. Land
Chairman

Encl.

cc--Hon. Harry L. Hopkins

ESL:hps

gebcompel 37 1042

52' P.C.

MEMORANDUM FOR THE MARITIME COMMISSION:

The 1944 construction program of the Maritime Commission is construction of 21,000,000 deadweight tons of shipping and our sights should be set at this goal.

It is fully realized by me that changes in detail will probably be necessary to satisfy strategic military requirements. However, major changes in this program should not be made without my approval.

(2069)
lms

*Maritime Commission
folded
2-43*

THE WHITE HOUSE
WASHINGTON

November 6, 1943.

MEMORANDUM FOR
THE DIRECTOR OF THE BUDGET:

I would like to have a
recommendation on this by Monday.

F.D.R.

Memorandum for the President from Rear Admiral Emory S. Land, Chairman, U.S. Maritime Commission, 11/3/43, enclosing draft of a memorandum for the Chairman, U.S. Maritime Commission, for the President's signature, in re continuation of merchant shipbuilding program at the present rate for some months.

COPY

PSF

Maritime Comm folder 2-44

THE WHITE HOUSE
WASHINGTON

January 21, 1944.

MEMORANDUM FOR THE PRESIDENT

I think that this file should be sent to Jimmy Byrnes to turn over eventually to the men in charge of policy in the disposal of Maritime Commission craft.

S.I.R.

"J.F.B.
from
FDR"

The original of the memorandum from Judge Rosenman, as above, together with memo for the President from Chester C. Wood, 1-18 with attached papers in re feasibility of converting landing craft to commercial use at the end of the war, sent to Hon. James F. Byrnes, as per the President's notation, 1-24-44.

(Copies filed - S. J. Rosenman folder, 2-44 and Navy Dept folder, 2-44)

RECEIVED BY THE PRESIDENT
1-19-44

RECEIVED BY THE PRESIDENT
1-19-44

THE WHITE HOUSE
WASHINGTON

C
O
P
Y

January 19, 1944.

MEMORANDUM FOR

S.I.R.

Will you look this over in
connection with the sale of other
things?

F.D.R.

Memo for the Pres. from Chester C. Wood,
1-18-44, marked "Confidential", stating
that in accordance with the President's
direction, Admiral Brown inquired of the
Maritime Commission and Navy Dept. as to
the feasibility of converting landing
craft to commercial use at the end of the
war. Memoranda received on the subject
are attached. Both the Maritime Commission
and Navy Dept. feel that most practicable
way of solving over-all problem is to have
all craft available for sale turned over to
the Maritime Commission as the agency best
fitted to place maximum number of these
craft in the various available world service.

Maritime Comm. Fedn

PSP 2-44

THE WHITE HOUSE
WASHINGTON

December 7, 1944

MEMORANDUM FOR
ADMIRAL LAND:

I have your letter of November
28th and I am in complete accord.

F.D.R.

Personal and confidential memo for the
President from Admiral Emory S. Land; re
shipbuilding program.

UNITED STATES MARITIME COMMISSION
WASHINGTON 25, D.C.

OFFICE OF THE CHAIRMAN

November 24, 1944

PERSONAL & [REDACTED]

MEMORANDUM FOR THE PRESIDENT:

- Ref. (a): Mr. Henry J. Kaiser's letter of November 15, 1944.
- (b): Mr. Henry J. Kaiser's letter of November 16, 1944.
- (c): Your letter to me of November 17, 1944.

The instructions contained in reference (c) are being carried out; i.e., East Coast shipbuilders are being contacted.

In connection with references (a) and (b), Admiral Vickery and I are in agreement with the proposal to build modern passenger ships for the American Merchant Marine. We are also in agreement that at least two designs are required, one for the Pacific and one for the Atlantic. Investigations have been under way for sometime with regard to these designs. The number of these ships probably required is from 6 to 10; you indicated at our luncheon on October 25th that you believed we should start with 10.

With regard to Mr. Kaiser's proposal to construct 4 ships at cost, plus a fee of \$1.00, you are advised that while we appreciate that this sounds attractive and is a fine theory, it does not work out either satisfactorily or economically in practice. The Maritime Commission has expended upwards to one-half billion dollars in shipyard facilities during the past 4 years on a cost-with-no-profit basis. Our experience has not been satisfactory. There has been little or no incentive on the part of the contracting yards to keep costs down, but on the contrary expansive ideas are bound to appear in the picture and frequently prevail, especially under emergency conditions, the generic answer being, "The Government is paying the cost and we are obtaining no profit".

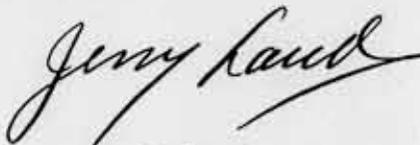
It is worthy of note that none of the so-called Kaiser yards have building ways of sufficient size to construct the length of ship as proposed by Mr. Kaiser. This in itself means large additional expenditures for facilities.

The incentive scheme proposed by Mr. Kaiser is not fully understood by the Maritime Commission and in my opinion, after discussions with Mr. Kaiser, is not thoroughly understood by him. If the idea is to build ships on a co-operative basis, the proposal is thoroughly unsound in its application to shipbuilding where 81 trades are involved throughout the life of the construction of the ship with many variations in the trades necessary at various times during the construction period. If the incentive proposal is to apply where it is a practicable proposition in shipbuilding such as welding, riveting, painting, etc., it should be evident to all of us that such incentives are standard procedure in many shipyards at the present time. They are however not standard in many West Coast yards, and, due to collective bargaining agreements, (particularly where A.F.L. yards are involved), incentive work is not permitted. Mr. Kaiser is acquainted with these facts as practically all of his yards have A.F.L. agreements.

At our luncheon with you on October 25th, Mr. Kaiser and I jointly proposed and you approved a Press Release which contains the following sentence - "Contracts will be awarded only on the basis of competitive bids". The Comptroller General and the Congress are very definitely on record that the Maritime Commission should carry out any further ship construction on a competitive bid basis.

It has always been your policy to carry out shipbuilding programs on a nation-wide basis. The Maritime Commission has followed that policy with the result that shipyards have been distributed geographically on as equitable a basis as was practicable and that policy was in being preceding the war. It is my understanding that you wish this policy continued and from an unemployment point of view any further contracts should be let, insofar as practicable, with the idea of such distribution giving full consideration to the facilities available, the efficiency of the shipyards concerned, and the available manpower.

The shipbuilding program is a particularly complicated one and in my judgment the Maritime Commission program and the Navy program should have as much coordination as practicable, particularly to avoid great unemployment in the shipbuilding industry. The matter is further complicated by the fact that some yards are completely privately owned, some yards are partially privately owned and partially Government owned, and many yards are completely Government owned. This seriously complicates the question of letting contracts by competitive bids or otherwise. Nevertheless, these problems can and will be solved.

A handwritten signature in cursive script, reading "E. S. Land". The signature is written in dark ink and is positioned above the printed name.

E. S. Land

99

7/2/13/44

November 17, 1944

Dear Jerry:

I am sending you a copy of a letter which I have received today from Henry J. Kaiser, which is self-explanatory.

I understand that you and Admiral Vickery are in accord with the proposal and if so, I think that speed is essential.

I do not know whether you can find anyone on the East Coast who would be willing to construct a like number of vessels for operation in the Atlantic on the same terms as Kaiser, but I suggest that you look into the matter as soon as possible. x5101

Very sincerely yours,

"F. D. R."

Vice Admiral Emory S. Land
United States Maritime Commission
Washington, D. C. x1705

SIR:G

November 18, 1944

My dear Mr. Kaiser:

By direction of the President,
I am enclosing, for your information, copy
of a letter which he has just sent to the
Chairman of the United States Maritime Com-
mission.

Very sincerely yours,

M. C. LATTA
Executive Clerk

Honorable Henry J. Kaiser,
The Waldorf-Astoria,
New York, N. Y.

Enclosure

hms

HENRY J. KAISER COMPANY

New York City

CONTRACTORS
TWInoaks 4600

November 16, 1944

1522 LATHAM SQUARE BUILDING
OAKLAND, CALIFORNIA

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

Dear Mr. President:-

Supplementing our discussion of yesterday and my confirming letter of November 15, copy of which is attached for your convenience, I have today reviewed the discussion and the letter with Admiral Land and in accordance with your request am reporting herewith. I also discussed the matter with Admiral Vickery.

Both Admiral Land and Admiral Vickery are in agreement with the proposal. Admiral Land further believes that it is imperative that a similar program be adopted simultaneously for a like number of vessels for Atlantic operation to be built on the East Coast by other firms. Admiral Land recalls our joint conference at luncheon several weeks ago when you discussed building eight or ten of the proposed vessels.

In September Admiral Land prepared a memorandum to you regarding passenger vessel construction. You advised that such a program should have the approval of the State Department. The Admiral advises that he now has State Department approval.

If there is to be a continuity of employment as we discussed, this program must be undertaken at the earliest possible date. In fact it is already late.

In order to proceed now this matter needs your approval as to the number and type of vessels and your instructions to Admiral Land to proceed to contract for construction.

In my letter of the 15th I proposed to undertake the construction of four of these vessels on the West Coast at cost plus one dollar and further that an incentive bonus on equitable basis be paid to all workers exclusive of stockholders or corporate officers if the cost is equal to or less than the Maritime Commission's approved estimated cost. I should like to add also that Henry J. Kaiser will draw no salary. My sole reason for offering to undertake this work at no fee is because I sincerely believe that this is a step forward in the transition program from war to peace with respect to both the American Merchant Marine and the providing of jobs on a sound economic basis.

Following your instructions to Admiral Land, I will conclude the details with the Maritime Commission next week and proceed at once. You could then announce this program which announcement will give courage and enthusiasm to the American people and the fulfillment of one phase of your program.

Sincerely,



Henry J. Kaiser/er

C.
O
P
Y

1210 18TH STREET, N. W.
WASHINGTON, D. C.

November 15, 1944

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

Dear Mr. President:

Reference is made to our several conferences concerning the American Merchant Marine, one important requirement of which is express passenger vessels suitable for trans-Pacific operation. It is of the utmost importance that such vessels be in operation at the earliest possible date. In order to accomplish this it is necessary that the preparation of detailed designs and purchase commitments proceed immediately. Plans and materials would then be ready concurrently with the completion of our present building programs, and resultant release of available manpower.

I wish to confirm my verbal proposal to you today, as follows:

We will construct for the Maritime Commission, four (4) passenger express vessels of the following general specifications:

Length over-all	750 feet
Horsepower	60,000
Speed	25 knots

They will be constructed on the West Coast, at the Richmond California shipyards and the Portland Oregon shipyards under our direction.

Detailed design and purchase commitments to start at once.

Actual construction to commence about July 1945.

Completion and delivery about July 1947.

We agree to construct these four ships in the yards above referred to at cost plus a fee of \$1.00. We propose that an estimate of cost be prepared and approved by the Maritime Commission, and that incentive payments on an equitable basis be made to all workers, exclusive of stockholders or corporate officers, provided the work is performed at the estimated cost or less.

If this proposal is satisfactory it is respectfully requested that you refer it to Admiral Land for appropriate action.

Sincerely,

HENRY J. KAISER COMPANY

CONTRACTORS
Twin Oaks 4600

1522 LATHAM SQUARE BUILDING
OAKLAND, CALIFORNIA

New York City
November 16, 1944

Mrs. John Boettiger *1177
The White House
Washington, D. C.

Dear Anna:

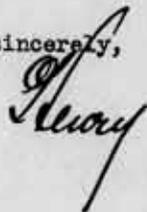
I have asked Edgar to have this delivered to you by messenger. Edgar will be in Washington Friday only if there are any questions you would like to ask him about the enclosures. He may be reached at Republic 0077.

Admiral Land and Admiral Vickery are both fully in accord with this proposal and I know that will make you happy as it does me. Frankly, I was surprised at their enthusiasm. They believe that this is essential to the American Merchant Marine and they also recognize the fact that their shipyards are going to start dropping in employment in February and that this reduction in employment will continue to increase at an alarming rate.

I know that you understand the significance of starting this construction program at once because it is concrete evidence to the nation of continued economic independence and thus will stimulate the people.

In order that this may be delivered without delay and since you are thoroughly familiar with the situation, I would appreciate your transmitting the enclosed to your father.

Very sincerely,



Henry J. Kaiser/er

HENRY J. KAISER
1022 LATHAM SQUARE BUILDING
OAKLAND, CALIFORNIA

November 21, 1944

file
12-13-44

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

My dear Mr. President:

Reference our proposal to build passenger vessels and your letter of November 17, 1944 to Admiral Emory S. Land concerning this proposal.

I have discussed this with Admiral Land today. He advises that on September 8, 1944 he addressed a communication to you requesting instructions as to which of two methods to follow in carrying out a program of passenger vessel design and construction. It is my understanding that he proposed either that he be instructed to substitute these passenger vessels for certain types of vessels already authorized, or that he be instructed to proceed with passenger vessel construction and obtain his appropriations through the usual budget and Congressional channels.

He advised me today that he was prepared to proceed with our proposal as soon as he receives definite instructions from you as to which of these alternate methods he should use.

I understand that if the passenger vessel construction is to be substituted for other construction it will require no Congressional approval, but will require the approval of the Joint Chiefs of Staff. If, however, the construction of the passenger vessels is to be an additional program it will require additional budgetary appropriation through the regular channels by Congress.

Very sincerely yours,

Henry J. Kaiser
Henry J. Kaiser

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, 25, D. C.

NOV 25 1944

File

MEMORANDUM FOR THE PRESIDENT

Subject: Admiral Land's proposal for substituting eight "Americas" class ships for ten to twenty C-4's

Admiral Land has sent me his comments on my memorandum to you of September 30, 1944, in which I pointed out the lack of justification in his proposal to substitute eight "Americas" class ships for ten to twenty C-4's.

I believe that Admiral Land still has not provided the justification which his proposal should have. Moreover, the policy issues raised ought to be faced squarely on a Government-wide basis. Let me illustrate:

- (1) Admiral Land asserts that his plan will provide necessary employment in the shipbuilding industry for late 1945 and 1946. I know of no place in the Government where plans are being made based on the assumption of general unemployment in 1946. Major shifts will, naturally, take place in national employment, but I doubt that the Government should come in with specific employment programs like this until after these shifts have taken place, and then only in terms of a long-term and comprehensive unemployment policy. Admiral Land gives no indication of what our over-all post-war shipbuilding program will be; nor does he show that the "Americas" could or would be built in yards first hit by unemployment.

If the maintenance of shipyard employment is a major concern of the Government, then we should encourage foreign governments like Brazil and the Netherlands to place orders in our yards. They are both presently disarming with our Government's opportunities for the building of C-4's in this country. Each wants twenty ships of this type.

- (2) While Admiral Land has been told that the State Department raises no objection to his program, I know that the proposal has not been submitted to the Executive Committee on Economic Foreign Policy established by you last April to examine policy questions of exactly this kind. There are involved in this proposal policy considerations of great importance to our domestic and international economic programs. We should be cautious in deliberately directing United States energies into places where other countries have to make a living, thus taking buying power away from them. Viewed only in economic terms, this proposal is the Harley-Swoot tariff thinking of the Hoover administration, applied to one business.

- (3) The selection of this particular type of passenger ship should be checked against our total passenger ship plans for post-war years, including the number of ships probably available to us and to our chief competitors. Will the America type ships be the most desirable for competing with Britain's Queens? Are they the type most suited to the South American trade where, of course, we ought to have high-grade passenger vessels? Will they have the necessary appeal on the long runs to Asia and Australia, given present developments in air transport?
- (4) There is no indication of the annual and total operating subsidy cost to the Government for these eight ships.

The employment argument supporting this proposal is completely unsound. There is, therefore, no need for haste in reaching a decision. On the other hand, there is every reason for us now to work out a well considered national shipping policy. The Executive Committee on Economic Foreign Policy should be asked to prepare such a policy statement, and I urge that you ask the Secretary of State, after consultation with Mr. Berle, to assign the job to that Committee. Only in this way can we be assured of a shipping policy conceived in terms of our total economic policy.

Thomas P. Smith

UNITED STATES MARITIME COMMISSION
WASHINGTON
25, D.C.

OFFICE OF THE CHAIRMAN

November 23, 1944

PERSONAL & [REDACTED]

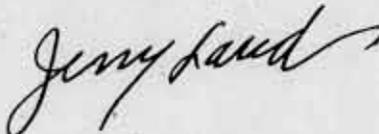
MEMORANDUM FOR THE PRESIDENT:

Ref. (a): My memorandum to you of September 8, 1944,
copy attached.

As directed by you on October 16, 1944, I took reference (a) up with the State Department and was authorized by that Department to advise you that the State Department thoroughly approved my memorandum to you of September 8th (reference (a)).

If you do not desire to drop the construction of any C-4s, it is recommended that you approve the construction of eight (8) passenger ships around two (2) designs, one suitable for the Pacific and one suitable for the Atlantic.

As time is vital in this matter, it is definitely recommended that you approve my memorandum of September 8th (reference (a)) or the modification outlined above.



Encl.

E. S. Land

(a) MEMORANDUM OF SEPTEMBER 8, 1944, APPROVED:

(b) MODIFICATION OF MEMORANDUM OF SEPTEMBER 8,
1944, AS OUTLINED ABOVE, APPROVED:

DECLASSIFIED
E.O. 11652, Sec. 3(K) and 5(D) or (E)
Commerces Dept. Letter, 11-15-72
By RHP, Date MAR 29 1973

UNITED STATES MARITIME COMMISSION
WASHINGTON

25, D.C.

OFFICE OF THE CHAIRMAN

September 8, 1944

PERSONAL & [REDACTED]

MEMORANDUM FOR THE PRESIDENT:

It is becoming more apparent as the War progresses that the U. S. Merchant Marine, despite its huge building program, will not be in a satisfactory competitive position with regard to passenger ships at the end of the War.

In the approved Maritime Commission program, there are a number of C-4 vessels contracted for as troopships whose keels have not been laid and whose scheduled deliveries range from June, 1945, to November, 1945.

Our proposal is not to build a minimum of 10 or a maximum of 20 of these C-4s but in lieu thereof to build about 8 improved AMERICAS for the passenger service of the post-war American Merchant Marine; these 8 ships to be tentatively allocated as follows:

- 2 or 3 - New York to Europe;
- 2 - New York to South America;
- 2 or 3 - San Francisco to Asia,
or around-the-world;
- 2 - West Coast to Australia.

This proposal is of vital importance in connection with prospective unemployment in shipyards, particularly with the older shipyards and possibly one or two of the best new yards, the idea being to distribute the contracts where the greatest advantage to unemployment could be obtained.

It is requested (a) that the Maritime Commission be directed to proceed with plans in accordance with the foregoing, and (b) that you approve the project in principle with the understanding that the actual number of C-4s to be dropped and the actual number of the improved AMERICAS to be built be submitted to you for final approval at the earliest practicable date.

The estimated cost of 15 C-4s is \$120,000,000, and of 8 improved AMERICAS \$160,000,000.

Jerry Land
E. S. Land

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 4(D) or (E)
Commerce Dept. Letter, 11-15-72
By RHP, Date MAR 29 1973

25, D.C.

November 2, 1944

PERSONAL & CONFIDENTIAL

MEMORANDUM FOR THE DIRECTOR, BUREAU OF THE BUDGET:

- Ref. (a): My personal and confidential memorandum to the President, September 8, 1944.
- Ref. (b): Memorandum of the Director, Bureau of the Budget, to the President, September 30, 1944.
- Ref. (c): President's memorandum to me, October 16, 1944, copy attached.

Referring to the Bureau of the Budget's memorandum (reference (b)), the following comments are submitted:

Par. 1 - The first cost is 160 million minus 120 million, or 40 million. We are already obligated for the construction of the C-4's and reference (a) recommends the substitution of 8 improved AMERICAS in lieu of 15 C-4's.

The needs are as indicated; that is, an American Merchant Marine passenger service on the routes named. It appears very probable that we will have no vessels of a suitable sort save the AMERICA at the close of the War for a proper passenger service.

The competitive situation will be about the same as pre-war, and it appears probable that if this does not obtain immediately, it will become so progressively.

Operation subsidies are covered by statute (the Merchant Marine Act of 1936, as amended). As the contracts covering these subsidies run over a period of 10 years, no accurate estimate can be given as to cost. It is pertinent to note, however, that the cost of our operating subsidies over a 5-year period for the entire American Merchant Marine which is subsidized will probably be much less than 20 million dollars for the period.

Par. 2 - The American Merchant Marine policy and post-war policy have been outlined to me by the President on four occasions - January, 1944; July, 1944; Sumner Conference (September, 1944); and October, 1944. In brief, this policy stated by the President is to place the United Nations having merchant marines on the same basis as to

tonnage as they were in 1939; after that, 50 - 50 with the British so far as the United States and the United Kingdom are concerned.

Par. 3 - The proposed ships would be built in lieu of the C-4's, tapering off the employment situation and delaying the great impact of shipbuilding unemployment. If decision is reached promptly, work would be well under way in the latter part of 1945, carrying over undoubtedly into 1946, thereby definitely alleviating the tremendous unemployment problem in shipbuilding where the best yards would be able to keep a nucleus of their force.

Referring to the comment on The Netherlands and Brazilian Governments, the information in reference (b) is incorrect, both qualitatively and quantitatively. So far as the Maritime Commission is concerned, representatives of both Governments were encouraged, not discouraged, and definite negotiations are still proceeding with The Netherlands. It was the Brazilian Government, not The Netherlands, who placed orders with Vickers in Canada. The number of ships is 3 small coasters. This was checked by me when I was in Quebec.

The Maritime Commission agrees heartily with the comments relative to obtaining business for American shipbuilders with foreign governments at the earliest possible date. This is a problem which has to be negotiated between foreign shipping representatives and American shipbuilders. The whole question is under constant exploration.

Par. 4 - The reference to the British "Queens" is very pertinent and probably entirely correct which is all the more reason why we should be in a proper competitive position unless we are going to give up any passenger service under the American flag. The "Queens" were built and intended for North Atlantic service. Is it the policy of the United States to have no passenger competition in the North Atlantic?

As previously indicated there will be no satisfactory passenger ships for the South American run at the end of the war. This is also true of other passenger routes where the United States flag should be in a position to compete with other Nations of the world.

The Maritime Commission agrees thoroughly with subparagraph 3 of paragraph (4) of reference (b).

Par. 1 - This is neither fair nor a correct statement. Even if it were entirely true, there has already been announced in the British Parliament that steps are being taken to take care of the future of the British Merchant Marine, both cargo and passenger ships. This statement was further confirmed by Lord Leathers, the Minister of War Transport.

In my conference with the President and Mr. Henry Kaiser at luncheon on October 25th, the President brought up this question of passenger ships for the American Merchant Marine and with no reference whatsoever to my memorandum (reference (a)), he stated that we should have at least 10 modern fast passenger ships and indicated in general the routes on which they should be run. On the basis of this discussion, I reminded him of my memorandum (reference (a)) and he directed me to take the matter up with him as soon after election as practicable.

As suggested by you and directed by the President, I took the matter up with the State Department and was authorized by that Department to advise you that the State Department thoroughly approved my memorandum, reference (a).

I shall be very glad to go over this matter with you at any time that suits your convenience.

E. S. Land
E. S. Land
Chairman

Encl.

ESL:hps

Maritime Comm. folder
2-44

UNITED STATES MARITIME COMMISSION
WASHINGTON
25, D.C.

OFFICE OF THE CHAIRMAN

November 14, 1944

MEMORANDUM FOR GENERAL WATSON

Dear "Pa":

In a memorandum to me from the President, dated October 16, 1944, the President directed me to take up with the State Department the question of substituting certain C-4 ships for passenger ships, then to take the matter up with him. I have taken the matter up with the State Department and am authorized to tell the President that my memorandum to the President of September 8, 1944, meets with their thorough approval.

When the President had Mr. Henry Kaiser and me for luncheon on October 25th, he brought the subject up again and directed me to confer with him on the matter about ten days after election.

In view of the foregoing, will you please be good enough to make an appointment for me with the President some time during the week beginning November 20th in order that I may carry out his instructions.

Thanks very much for your courtesy in the matter.

Cordially yours,

Jerry

E. S. Land

6. Admiral Land writes that the President, in October, directed him take up with State Department question substituting certain C-4 ships for *later* passenger ships, and then to take the matter up *on* with him. He said the President again brought up the subject when he and Kaiser lunched with the President on October 25th, at which time the President told him, Land, he wished to see him about it ten days or so after election.

11-17-44

THE WHITE HOUSE
WASHINGTON

file

GENERAL WATSON TO TAKE UP WITH THE PRESIDENT
TUESDAY MORNING, NOVEMBER 21, 1944.

1. Jerry Land called up to see if he could see the President. I told him I saw no possibility of his seeing you today and that we would let him know when it was possible.

Sunday

*Saw at White House 6 P.M.
Sunday Nov. 26 1944*

3590

land

*Maritime Comm. folder
2-44*

THE WHITE HOUSE
WASHINGTON

October 16, 1944.

MEMORANDUM FOR

ADMIRAL LAND

I suggest you take this matter
up with the State Department and
then talk with me about it.

F. D. R.

Transmitting copy of Ad. Land's memorandum of
9/8/44, original of which has been retained for
our files, and carbon of memorandum which the
President received from the Director of the
Bureau of the Budget, 9/30/44, the original of
which has been retained for our files.

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D. C.

SEP 30 1944

MEMORANDUM FOR THE PRESIDENT:

The request of the Maritime Commission for authorization to begin construction of passenger ships raises a number of questions including the following:

(1) Lack of background and supporting information. The program involves a first cost of \$160,000,000, yet the submission does not show what vessels of suitable sort we are likely to have at the end of the war, what the needs will be, what the competitive situations will be, what operating subsidies would be required.

(2) Relation of proposal to international policy. The proposal very importantly affects our international political and economic policies. For the Government now to begin the building of a fleet of competitive ocean liners would constitute both an open challenge of subsidized competition to other countries and a decision to reduce their foreign buying power at a time when exceedingly tough policies, including Lend-Lease, are still unsettled and in process of negotiation.

While the prestige value of such a passenger-carrying traffic would be substantial on the South American run, at least, its implications, as indicated above, clearly call for the most careful consideration of our entire post-war shipping policy. It lacks the justification in terms of defense that must have a bearing on primarily cargo-ship subsidies.

(3) Timing of the proposed building program. One of the primary arguments of the Maritime Commission for this particular program is that it would be undertaken at a time when unemployment will otherwise set in at shipbuilding yards no longer engaged in wartime construction programs.

It isn't clear just when the proposed Americas would be built. The inference is that they would be completed by November, 1945. It is doubtful that we shall have any considerable national unemployment of any but frictional and temporary kinds until some time after that. In any case, unless it is intended to perpetuate indefinitely the present ship-building employment load through Government orders, the fact must be accepted that there will be a shift of shipbuilders to other work.

It should be noted, too, that the Netherlands and Brazilian governments have come to this country recently with orders for shipbuilding, totaling between them about the amount of the cost of the proposed "America" building program. The Netherlands were discouraged by the United States

DECLASSIFIED MAR 29 1973

E.O. 11652, Sec. 3(E) and 5(D) or (E)
DMS | etta, 11-27-72

Government from placing orders in this country and subsequently made their contracts with Vickers in Canada. The Brazilian plans are still pending but they seem to be receiving no encouragement. Only under war conditions will other countries wish to come here for their ships. If we want the business we shall have to take it soon. Failure to take it and at the same time to build Americas may reflect a very questionable and extreme nationalism. This whole question should be explored.

(4) Soundness of plan for specific number of ships. The Commission's proposal, though small in the number of ships to be assigned to specific routes, should be examined in terms of the probable number of ships of all flags likely to be available on each of these routes. For example, it is believed that the use of the Queen Mary and Queen Elizabeth for troop movements has been so profitable and the care given both ships so excellent that immediately after hostilities both vessels can be returned to civilian service at very low passenger rates.

The Good Neighbor Fleet on the South American run should be replaced, but whether that will require new construction has not been shown.

All of the plans need to be considered in terms of probable business, particularly in view of probable air travel.

(5) Relation of this proposal to continuation of United Nations Shipping Pool. Under pressure from the United States, the United Nations have agreed to continue the shipping pool through the second phase of the war. The Maritime Commission proposal would, at the very least, suggest that we intend to use the pooling period to prepare for a preferred post-war shipping position. This must result in bad relations with our Allies.

I have not discussed this matter with Admiral Land. I have no doubt he would have some legitimate points to make in support of his proposal. I have attempted to call attention to some things that help to round out your consideration of the proposal. I recommend that it be explored further and, in particular, that it be referred to Mr. Berle and the Executive Committee on Economic Foreign Policy for review and comments.

Walter Dill Scott
Director

Office Memorandum .

TO : The President

FROM : Jerry Land

SUBJECT: Limer-Trooper

Justice Byrne has a copy of this in connection with this survey.

In my opinion it is a matter of vital importance I should like to discuss with you if opportunity to do so is possible

Jerry.

Ms. Latta,

Miss Tully with you
determine whether, after this is
sent out the file should go in the
general files or to Miss
Turner.

WJH.

1-7
[REDACTED]
THE WHITE HOUSE
WASHINGTON

September 19, 1944.

MEMORANDUM FOR

THE DIRECTOR OF THE BUDGET:

FOR PREPARATION OF REPLY FOR MY
SIGNATURE. I AM VERY MUCH INCLINED TO
GO ALONG WITH THIS.

F.D.R.

DECLASSIFIED
E.O. 11652, Sec. 11
MAR 29 1973
NARS Date

T-372

Maritime Comm folder
2-44

THE WHITE HOUSE
WASHINGTON

September 19, 1944.

MEMORANDUM FOR

THE DIRECTOR OF THE BUDGET:

FOR PREPARATION OF REPLY FOR MY
SIGNATURE. I AM VERY MUCH INCLINED TO
GO ALONG WITH THIS.

F.D.R.

Confidential memorandum for the President,
9-8-44 from Adm. F.S. Land, re proposal to
build about 8 improved AMERICAS for the
passenger service of the post-war American
Merchant Marine.

3930

THE WHITE HOUSE
WASHINGTON

December 28, 1944.

MEMORANDUM FOR
ADMIRAL LAND

I do not think we should sell any ships at the moment, especially in view of the fact of the current shortage and the additional building program.

F. D. R.

RECORDED
INDEXED
WASHINGTON
THE WHITE HOUSE

PSF; Maritime Comm. folder
PSF 2-44

UNITED STATES MARITIME COMMISSION
WASHINGTON

25, D.C.

OFFICE OF THE CHAIRMAN

PERSONAL & [REDACTED]

December 22, 1944

MEMORANDUM FOR THE PRESIDENT:

Mr. Kenneth Harker, Indian shipping representative, accompanied by Mr. Max Truitt (his legal representative here in Washington) spent some time with me in connection with the prospective purchase of a reasonably large number of Liberty ships to be operated in India.

Mr. Harker indicated that certain finances were in hand and additional could readily be put in hand (up to \$20,000,000 or \$30,000,000) for the purchase of 30 Liberty ships; if satisfactory negotiations were developed they would be interested in the purchase of up to 60 Liberty ships.

Mr. Harker understands that any such purchases would not and could not be made if they in any way interfered with the war effort. Mr. Harker is also aware of the operation of the shipping pools controlled in Washington and London. It is our understanding that Mr. Harker agrees that the control of these vessels remains in these pools. It appears to be Mr. Harker's idea to earmark these ships so that they might be advertised shortly for competitive bidding. They are willing to take their chances on bidding competitively for the ships for an upset price, terms cash, satisfactory to the United States.

Many questions were asked with regard to the attitude of the United Kingdom Government relative to this matter and my purpose in bringing this to your attention at this time is to make you aware of Mr. Harker's desires in case the subject should be discussed with you by Lord Leathers, Minister of War Transport, or the Prime Minister.

Mr. Harker gave me assurances that he had the complete support of the Indian Government in connection with these proposed purchases.

As Mr. Harker's proposals are very interesting, it seems to me that we should give them full consideration and explore the matter further as there will undoubtedly be a very large surplus of Liberty-ship tonnage after the cessation of hostilities.

U.S. MARITIME COMMISSION
WASHINGTON
DIVISION OF VESSEL MANAGEMENT

RECEIVED
MAR 10 1945
U.S. MARITIME COMMISSION

-2-

As you are aware, the Congress has before it proposed legislation which will permit the sale of surplus American tonnage to foreigners, particularly the United Nations, this being in line with your policy as outlined to me on various occasions during the past 18 months.

The U. S. Maritime Commission has statutory authority to dispose of vessels on a competitive basis but does not desire to take action under present emergency conditions without your approval, even though the vessels would be continued in the war effort.

Unless you have objections the Maritime Commission has under consideration the proposal to advertise for sale a relatively small number of Liberty ships to test the market, reserving the right to reject all bids.

Your instructions are requested.

E. S. Land

E. S. Land