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POLICY OF UNITED STATES NAVAL INTELLIGENCE

(First Draft)

To trace the history of the Division of Naval Intelligence as it developed in World War II one needs to review from its beginnings the policy behind this branch of the Department. Unfortunately, there are few orders, directives or other documents which treat specifically or in much detail of the mission or purpose of Naval Intelligence. Neither do there exist materials concerning the formative ideas underlying its policies. What sources of information we do possess lie in the General Order of 1882 establishing the Division (then called "Office"), the Navy's statements of "Information Policy" set down in directives of the General Board from 1922 to 1940, the Basic War Plans, formulated in 1924 and amended to 1941, and the annual "Estimate of the Situation and Base Development Program," prepared by the Director of the War Plans Division and submitted to the Chief of Naval Operations from 1922 to 1939. Additional scraps of factual statement reflecting policy are to be found in miscellaneous directives, letters, and memoranda in the files of the Planning Office of the Division of Naval Intelligence and in its file room.

There are at least two factors which account for the dearth of positive statement on the purpose of the Division of Naval Intelligence. First, the very nature of intelligence or "evaluated information" being what it is -- for the most part, classified material -- it is placed in a position often removed from definition and discussion. Second, the flexible nature of the organization itself, especially in peacetime,

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tends to a lack of positive controls and rigid statements of policy. That this idea has been admitted by reliable authority is indicated in a letter from the Vice Chief of Naval Operations, directed to commandants of all naval districts, dated 5 September 1942, which says in regard to the Naval Intelligence Service as a whole, "Decentralization has been carried out in the past. A minimum of positive directives and control has been exerted by the Office of Naval Intelligence. However, actual experience under war conditions has demonstrated that these policies have not fulfilled the purpose of the Office of the Chief of Naval Operations."¹

When the Office of Naval Intelligence was established on 23 March 1882, the General Order creating it explained that its purpose was "collecting and recording such naval information as may be useful to the Department in time of war as well as peace."²

It was at this time that the principal navies were changing from wooden ships to those of modern construction and technical information was needed from abroad. Similarly, a series of circumstances brought about a move for reform in the organization of the Navy of the United States. It was realized that when our foreign policy was requiring greater support on account of international complexities, the Navy became increasingly important in maintaining our prestige and safeguarding the future. In connection with the reconstruction of the Navy it became expedient to create a number of new agencies within the

1. VCNO Conf. Serial 01815916 of 5 Sept. 1942.

2. General Order No. 292 of Navy Dept. of 23 Mar. 1882, quoted in Niblack, Rear Admiral A.P. "The Office of Naval Intelligence: Its History and Aims," Washington, 1920.

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Department to assist in its proper function and development. One of these was the Office of Naval Intelligence.³

The creation of the system of Naval Attaches accredited to European capitals took place a few months after the opening of the new office and the sending of the first U.S. Naval Attache to London to represent our interests in Great Britain was an event of the first importance in the history of our Naval Intelligence Service. In speaking of the need for this new branch of the Navy, the Office of Naval Intelligence, an officer associated with its early activities, writes: "The necessity was apparent as it (the Navy Department) had no system for information nor any idea of how to preserve it, even if there had been any scattered about in the independent and jealous bureaus."⁴ From that time approximately to the period of the Spanish-American War, emphasis was placed on endeavors in the field of positive intelligence as apart from counter-intelligence activities. Also, more attention was devoted to the acquisition of technical information on such subjects as ship construction, ordnance and the like rather than on facts concerning the movements, disposition and probable intentions of the enemy. However, the published "War Notes" and "War Information" series kept the Service informed on important incidents of foreign naval strategy. During the Spanish-American War the Office carried on secret service activities and furnished intelligence on the Spanish Navy, enemy defenses and on the moves of enemy agents.

3. Beers, Henry P. "The Development of the Office of the Chief of Naval Operations," 1942.

4. Berry, A.G. "The Beginning of the Office of Naval Intelligence." Naval Institute Proceedings, Jan. 1937, p. 102.

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The only important developments in connection with the Office of Naval Intelligence in the time intervening between 1898 and the outbreak of the First World War was in the matter of the jurisdiction under which the Office functioned within the organization of the Navy Department. In 1882 when the Office started it was placed under the supervision of the Bureau of Navigation and continued in that status until 1890. In the latter year on 3 October it was transferred to the Secretary of the Navy and on 17 October to the Assistant Secretary. At the time of the outbreak of the Spanish-American War the responsibility for the direction of the Office was again shifted, this time to the Bureau of Navigation where it had been originally organized. Under the reorganization of the internal structure of the Navy Department, effected by Executive Order of Secretary Meyer in 1909, the Office of Naval Intelligence came under the cognizance of the Aide for Operations, one of the four Aides established. The present disposition of the Office was made in March 1915 with the creation of the post of Chief of Naval Operations. The Office of Naval Intelligence became one of the nine sub-divisions under the Chief of Naval Operations. This arrangement is today authorized by Navy Regulations.⁵

As previously mentioned, the Information Policy of the Navy as set down in the directives on general naval policy, is one of the principal expressions of authoritative doctrine on the mission and purpose of the Division of Naval Intelligence. These directives are

5. Navy Regulations, 1920 (Revised 1941). Chapter 7, Section I, Article 433.

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issued from time to time by the General Board and are approved by the Secretary of the Navy. Five such statements of information or intelligence policy have been promulgated in 23 years. The first of these statements, dated 29 March 1922, contains 15 objectives but not all of the latter concern intelligence. Those sentences which bear directly on intelligence are:

"To acquire accurate information pertaining to the political, military, naval, economic and industrial policies of our own and foreign countries.

"To select, analyze, arrange, classify, summarize and make available all information acquired for the purpose of reference and dissemination.

"To disseminate appropriate information systematically throughout the naval service.

"To preserve for ready reference and for historical purposes information collected and arranged systematically.

"To issue analytical studies of important historical incidents with a view to indoctrination.

"To cooperate closely with other departments of the government in the collection, preservation and dissemination of information.

"To link up information so closely with communication and operations that in time of war intelligent, continuous, coordinated and efficient effort will result.

"To provide for protection against foreign espionage and propaganda.

"To acquire and disseminate appropriate information of the enemy in time of war."⁶

In the second statement of Naval Policy, issued on 6 October 1928 by the General Board the Information Policy remains essentially the same except that extraneous matter not referring to naval intelligence had been deleted. But the policy as quoted above remains intact. However, in the third statement promulgated on 7 May 1931, a few changes appear. Especially to be noted as an addition is the reference to

6. U.S. Naval Policy, issued by the General Board G.B. No. 420-2, Serial No. 1108, dated 29 March 1922.

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"cooperation with other departments of the government."⁷

When the fourth revision of Naval Policy appeared in 1933, with the exception of minor changes in the uses of words, there were few alterations in the Information Policy. The sentence concerning espionage and sabotage is changed to read: "To provide protection against subversive activities inimical to the national defense in cooperation with other departments and agencies." There has been added as a further objective: "To keep the public informed of the activities of the Navy in so far as compatible with military security."⁸

Finally, when the last change in Naval Policy was promulgated in 1940, the entire Information Policy was compressed into the following statement:

"To acquire information concerning the political, military, naval, economic and industrial policies and activities of all countries.

"To analyze and preserve information for ready reference and for historical purposes.

"To disseminate useful information systematically through the naval service and to other government departments and agencies.

"To provide protection against espionage and sabotage in cooperation with other departments and agencies.

"To keep the public informed of the activities of the Navy as compatible with military security."⁹

It will be noted that Naval Policy as given in detail above, does not make the distinction between peace and wartime policy for the

7. U.S. Naval Policy, issued by the General Board G.B. No. 420-2, Serial No. 1509, dated 7 May 1931.

8. U.S. Naval Policy, issued by the General Board G.B. No. 420-2, Serial No. 1569, dated 27 April 1932. Approved by the Secretary of the Navy 10 May 1933.

9. U.S. Naval Policy, issued by the General Board G.B. No. 420-2, Serial No. 1997, dated 8 July 1940. Approved by the Secretary of the Navy 23 July 1940.

Division of Naval Intelligence. However, the demarcation has been defined in two other documents. In one of these it is explained that Naval Intelligence is used to determine the "war-making" abilities and activities of foreign nations, the chances of war being declared and the supposed intentions of the potential enemy or enemies.¹⁰ This interpretation of the mission of Naval Intelligence is conveyed more clearly in the "Training Manual on General Intelligence for Reserve Officers" and is stated as follows:

"In time of peace the broad purpose of ONI is to collect and provide to proper officials of the Navy and other United States Government departments, all information concerning domestic and foreign situations and circumstances of interest and importance to the function of the U.S. Navy; in time of war, to collect and provide all available information from domestic and foreign sources."¹¹

Another approach to a study of the policy governing the Division of Naval Intelligence as it performed its functions during World War II is to present a brief history of events and accomplishments leading up to the outbreak of that war as reflecting the objectives sought. This approach will be developed in two parts. First, the organization and functions of the Office of Naval Intelligence in the First World War will be sketched and a summary of the lessons learned from its activities during that time presented. Second, the story of the peacetime developments of Naval Intelligence in the period between the two wars will be narrated in the light of the general viewpoint of the

10. Naval Intelligence Manual ONI-19 Article 105.

11. "Training Manual on General Intelligence for Reserve Officers" ONI-T-16. Original edition, 1941.

Navy toward changing world conditions. During that period, 1919 - 1939, Naval Intelligence policy was chiefly determined by these global political events, development of foreign military and naval strengths and ambitions and the trends of our own general naval policy as affected by them. The establishment of Basic War Plans in 1924 was highly significant in setting up a goal for war preparation, which, with revisions, was consistently followed through the years. Special attention will be given a summary of Naval Intelligence plans as revealed in the "Estimates of the Situation" from 1924 to 1939. Finally, the actual conditions of the intelligence organization, its staff, functions and state of readiness from 1931 to 1939 will be traced as indicating the general scene on the eve of the declaration of a state of limited emergency on 8 September 1939.

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OFFICE OF NAVAL INTELLIGENCE DURING WORLD WAR I

To judge from the organization and function of the Office of Naval Intelligence in 1914 at the beginning of the First World War, its policy was to gather technical information with emphasis on improvements for the Fleet rather than the gathering of intelligence of an operational nature. The office organization comprised an arrangement of desks with an officer in charge of each to cover such subjects as Ships, Ordnance, Personnel and Engineering. Altogether there were eight officers and 10 civilians employed in the office. Seventy-five per cent of the time of this staff was devoted to the reading of daily newspapers and the clipping and filing of pertinent newspaper articles. This work largely duplicated that performed by the various Navy Department bureaus, some of which already possessed their own means of gathering this intelligence.

It was realized by those responsible for the policies of the office that its services were inadequate for an effective war program. Accordingly, in October 1915 a War Information Service was established and a General Plan prepared. This plan took into consideration the gathering of full information on the state of preparation of possible enemy navies, securing facts on the movements of enemy forces and the selection of reliable secret agents, preparing a complete system of secret service and establishing cipher codes, listing merchant vessels, office by every officer attached thereto.

12. Ltr. from Col. J.H. Russell, USMC to DNI, 7 Aug. 1919 on Historical Data Relating to the Office of Naval Intelligence, in Naval Records Division of National Archives.

13. Russell Loc. Cit.

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ascertaining orders and shipments of munitions for the enemy and finally, making such other plans and arrangements as would reduce paper work and investigation to a minimum on the eve of war. When war occurred it was planned to keep the Department informed of all movements of enemy vessels and munitions of war.¹³

Meanwhile, a plan of internal reorganization of the Office of Naval Intelligence was prepared by John H. Russell (now Major general retired) of the Marine Corps and Dudley W. Knox (now Captain, USN, retired) and submitted by the Director of Naval Intelligence to the Secretary of the Navy. This plan which was finally approved by the Secretary and put into effect on 1 October 1916 divided Naval Intelligence into four sections. These branches were designated: (A) Organization and Control of Agencies for the Collection of Information, (B) Coding and Re-coding, (C) Collating all Information for Statistical Study and, finally, (D) the Disseminating and Archives Section. At the same time, a bill for appropriations, approved 26 August 1916, made the reorganization effective. According to a statement of one of the authors of the plan, "This reorganization placed the Office of Naval Intelligence in a position to do work that would be of particular benefit to the service, establishing as it did a confidential communication and intelligence service, eliminating duplication of work and enormous waste labor occasioned by the reading of all papers and periodicals received in the office by every officer attached thereto."¹⁴

13. Cocke, H.C. "Brief History of the Office of Naval Intelligence," 1930. Typescript in ONI Library.

14. Russell Loc. Cit.

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In the new organization great emphasis was placed on domestic intelligence and there was established under Division A, (the Organization and Control of Agencies section) a counter-espionage and secret service activity in the United States. This counter-espionage became the greatest activity of the Office of Naval Intelligence. It was carried out by two forms of representation in the field. First, there were the "Aides for Information" who acted as direct representatives of the commandants of each naval district and second, there were the branch offices, operating immediately under the Director of Naval Intelligence and set up in each of the large manufacturing centers and seaports. These branch offices, the first of which was organized in the fall of 1916 and served as a model for others later established, supervised many of the secret agents. It was the branches which carried the brunt of the large volume of domestic intelligence; including surveillance of plants with Navy contracts, sabotage, shipping, radio, and censorship activities and investigations of civilian and naval personnel.¹⁵

Complementing the picture at home were the situations in Allied and neutral countries. There the offices of the naval attaches since before the war served as the eyes and ears of the Navy. In London our Naval Attache, Rear Admiral William S. Sims, not only covered intelligence with a large staff but was Commander-in-Chief of naval forces in European waters.

¹⁵. "Training Manual for Persons Assigned to Investigations Section of Naval Intelligence Service" (ONI-T-8-10 RESTRICTED), Washington, 1941, Section I, Historical. USN, "U.S. Naval Intelligence Before and During the War," 1920. Typescript in Naval Records and Library, National Archives.

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Other important centers were the attache offices in Paris, Rome, Madrid, the Hague and Stockholm in which the officer was also accredited to the other Scandinavian countries. There were in addition, attaches in Mexico, Havana and in the more important South American capitals. Besides intelligence activities these offices had jurisdiction over the investigation of officers, crews and passengers of ships bound for and coming from America; the senders and receivers of cablegrams, inspections of cargoes and shipments and investigations of firms suspected of trading with the enemy. Under the naval attaches, too, the coasts were closely watched for enemy vessels and persons who might be giving aid or information to them.

A Naval Intelligence officer who wrote as a historian of these activities said:

"No better work was done in the war than that conducted and covered by the offices of some of our naval attaches. Their work, primarily, of course, was to acquire purely naval information; secondarily, military and economic and political news that could be of benefit to America or her associates in the war. Affiliations were established with influential men in the country — men in government positions or in business and their sympathy for the Entente and America encouraged, and, in some cases enlisted."¹⁶

Despite the foregoing laudatory estimate of the part played by our naval attaches, persons qualified to judge were critical of the lack of foresightedness of the Navy Department in failing to procure more adequate intelligence in Europe prior to the war. In his testimony before the Sub-committee of the Committee on Naval Affairs of the U.S.

16. McCauley, Capt. Edward, Jr., USN, "U.S. Naval Intelligence Before and During the War," 1920. Typescript in Naval Records and Library, National Archives.

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Senate in 1920, Admiral William S. Sims stated that on his arrival in England in 1917 the Admiralty explained to him the critical shipping situation due to submarine depredations. "This explanation," said Sims, "showed that the Navy Department did not understand the seriousness of the submarine situation, that its information was very incomplete and inaccurate. This was due to the inefficient scope of its intelligence service, very few naval officers having been sent to Europe for information before we entered the war."¹⁷

Experience of the First World War taught the Navy Department certain realities about the needs and services of a division of naval intelligence in wartime. Briefly, these are presented in the following summary. In the first place, it was apparent that since the Allies had such an efficient service for collecting "war information," e.g. information on enemy strength, disposition and probable intentions, it was not necessary to create a large organization to do this work. However, the United States naval attaches did employ secret agents both professional and volunteer who were of immense value but emphasis was not placed on this activity. On the other hand, counter-intelligence or efforts to prevent the enemy from obtaining information and hampering our war functions, was the major activity of the Office of Naval Intelligence. In this connection in the field of domestic intelligence an evaluation showed that overlapping in the organization caused some friction and disagreement. This condition resulted from the fact that

17. Sims, Admiral W. S. quoted in Naval Investigation. Hearings Before the Subcommittee of the Committee on Naval Affairs of the U.S. Senate 66th Congress, Washington, 1921 Vol I, p. 2.

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the district aides for intelligence operated under the district commanders while the branch offices were under the direction of the Washington office. Also there were inadequate laws to cover counter-espionage. The Navy Department because of this situation could not always take measures adequate to govern the movements of merchant vessels or to protect them from enemy activities. In respect to our foreign sources of information it was agreed that the most successful foreign intelligence was secured through the personal relations of our attaches. On the other hand, the naval attaches were limited in functioning as secret operatives by their official diplomatic connections but were aided by the professional and civilian contacts they had made.

In regard to the question of operational intelligence it was agreed that the organization should be decentralized as much as possible. The Naval Attache in London, Admiral Sims, recommended that, as the intelligence service as a whole had the twofold purpose of serving the Department and likewise all of the individual forces in all areas, the service be divided into groups based on the disposition of forces. "Each group should be under the immediate command of the senior commanding officer of the forces in the area and should have an intelligence officer with an adequate intelligence staff at its own headquarters, whether afloat or ashore. The Department's control would be exercised through the various force commanders."¹⁸

18. Sims, Rear Admiral William S. quoted in Cocke, Capt. H.C. "Brief History of the Office of Naval Intelligence," 1930.

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Other suggestions of Admiral Sims, some of which were put into effect in connection with the Second World War and are important for us to consider in this light, were the preparation of lists of civilians who could be enrolled at short notice, and a system to be prepared in advance to determine the credibility of information.

POLICY OF OFFICE OF NAVAL INTELLIGENCE AND DEVELOPMENT IN STATUS BETWEEN THE WARS, 1919 - 1939

With the start of the peacetime period in 1919 the activities of the Office of Naval Intelligence naturally diminished but its essential policy did not change. Emphasis was placed on preparation for war during the years of peace. Official statements explained that such a task was all-important because in seeking to determine the war-making capacities of the enemy this branch of the Navy was acting for the service as a whole. In searching the possibilities of the nation's becoming involved in war and in anticipating the moves of the enemy's naval forces and its national psychology, the Office of Naval Intelligence was dealing "primarily with strategic subjects and to a less extent with tactics and logistics."¹⁹ Such strategical intelligence was needed to prepare the annual reports submitted by the Director of War Plans to the Chief of Naval Operations and known as the "Estimate of the Situation and Base Development Plans." These important reports were not only needed for estimating the budget requirements for the Navy but from them the Basic War Plans were derived. They were submitted each year, generally in March or April and provided for naval

19. "Naval Intelligence Manual," ONI 19, Art. 105.

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requirements two years in advance of that date. From the two sections, entitled "Political Situation," which reflected on world conditions and "Information" which summarized the needs of the naval intelligence service, the trends of naval intelligence policy will be traced from 1922 to 1939.

Before exploring the aims of naval intelligence policy in the "Estimates of the Situation" it will be helpful to examine the accepted attitude of naval authorities toward intelligence policy at the beginning of the period now under consideration. A reflection of that attitude is found in a statement written in 1920 by Rear Admiral A.P. Niblack who at that time was Director of Naval Intelligence.

In contrasting the intelligence situation of the Navy with that of the Army in peacetime he explained the policy of the former and wrote:

"...The Navy is always ready for war on a tentative footing with some trained reserves to draw upon. It is a comparatively simple matter to pass from a peace to a war footing....It is the duty of the Navy to hold the enemy in check while the Army mobilizes and deploys....Information is...the groundwork upon which all plans are constructed. Let us outline what information it is important to ascertain. We should know in time of peace the policies of the various governments and the dangers which may arise from the antagonism of our policies with theirs. We should study their forms of government and the national characteristics. We should ascertain their military, naval and financial resources, and the strength, disposition, state of preparation and efficiency of their naval forces....When war breaks we have to know as much as possible of the enemy's plans of operation, the composition, disposition of the naval forces he has available...finally the actual movements of his forces."²⁰

20. Niblack, Ibid.

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Summary of ONI Policy and Development, 1922 - 1939

In 1922 the Navy feared two world conditions then existent. First, were the political and economic chaos apparent in Russia together with the confused aims of the Allied nations arising from their enforcement of the German indemnity. It was believed possible because of these conditions that a European war might soon again develop. Second, the parity of the navies of Great Britain and Japan with that of the United States gave cause for fear of future disputed control of the seas. As some causes for friction did exist among the United States and these two nations it was believed that either of them might commence hostilities. However, there was a more severe conflict of policy with Japan than with Great Britain.

The foregoing circumstances had their effect but it was especially the fear that a combination of two or more treaty powers or a combination of one treaty power and one non-treaty power might upset the terms of the Washington Naval Armament Conference which induced the Office of Naval Intelligence to suggest "that full and complete information should be obtained of naval and political development of all powers."²¹ Furthermore, it requested provision of funds and authorization for pursuing the required program. Also mentioned, was the need for reliable charts of all probable operating areas with particular emphasis on the western Pacific.

The world situation in relation to the United States Navy during 1923 and 1924 continued in much the same course it had followed in 1922.

21. "Budget 1924-"Estimate of the Situation and Base Development, General Plan" from Director of War Plans to CNO, 7 June 1922. Original in CNO papers of Office of Naval Records and Library deposited in the National Archives.

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In the summary of needs for the Naval Intelligence Division, reviewed in the "Estimate of the Situation for 1926" and dated 17 March 1924, it was explained that the Basic War Plans, first issued a few months previously, had indicated the scope of information desired. These Basic War Plans had stated in effect that the general task of the Naval Intelligence Service for a major war was to obtain from all sources and to distribute to the proper recipients, as appropriate, information pertaining to the enemy, to his agents and to sympathizers with the enemy cause so that the organization of the Navy might be safeguarded and the Basic War Plans put into effect. Furthermore, it appeared at the time (1924) information for a Japanese War was the most critical need. In view of this situation the following sentence included in the report further reflects the current intelligence policy: "During the last year the light cruisers have added very materially to our supply of important information by their cruises in the Marshalls and Caroline Islands. There are practically no charts of the Aleutian Islands, published by the U.S. Government, although it is believed that the Japanese have made good surveys of these islands. These deficiencies should be corrected as soon as possible."²²

In 1926 it became apparent that the conflict of policy between the United States and Japan had become more acute and priority in attention was given to the possibility of war with that power, partly because of the legislation which had been enacted stopping immigration

22. "Budget 1926 "Estimate of the Situation and Base Development, General Plans for" from Director of War Plans to CNO, 17 Mar. 1924.

Operations, dated 19 Apr. 1927.

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of Japanese nationals. However, in the next year it became apparent that a Japanese War was less probable. On the other hand, during 1927 the spirit of unrest throughout the world was observed to be increasing. The reports for the years 1925 and 1926, recommending plans for the intelligence service, show no change in policy over that set down in 1924. By 1927 the objectives, although slightly restated, were not greatly changed. The Naval Intelligence policy was thus expressed: "All preparation for war and operations in war must be premised upon the best available information. This information is of three general classes, (a) information concerning our own forces, numbers, conditions, rate of mobilization, (b) similar information of enemy forces, (c) information regarding probable theatres of operation. The Office of Naval Intelligence is the principal agency of the Department in the gathering and dissemination of information in regard to the forces of possible enemy navies....This office should receive ample appropriations to continue its present activities."²³ In global affairs at this time

(1930) An important event from the point of view of the navies of the larger powers was the Geneva Three Power Conference in 1927. In the ensuing year, the "Estimate of the Situation" stated that the effect of this parley had been to make British and American relations less cordial than they had been before. It was plain that Britain was unwilling to give up her supremacy of the seas. After several years of alarm concerning the possibilities of the Mexican situation, the report said

23. "Budget 1929-"Estimate of the Situation and Base Development Program" From Director of War Plans, Division to Chief of Naval Operations, dated 19 Apr. 1927.

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relations had greatly improved. It was also pointed out that the Havana Conference had strengthened United States ties with the neighboring nations of the Western Hemisphere. In the same year, namely, 1928, the Chief of Naval Operations in submitting an account of needs to the Secretary of the Navy for determining the budget included an appeal to secure more detailed intelligence on fleet bases which might be constructed between the Hawaiian Islands and Eastern Asia.

Although there was no change in the policy and objectives of the Office of Naval Intelligence in the "Estimate of the Situation" for 1931, submitted in 1929, it was explained that there seemed to be no possibility of war in the near future and that the United States was becoming more isolated in her position in world affairs. The following year it was reported that there were indications Japan desired to inaugurate the defense of her possessions far from her bases. As regards the place of the United States in global affairs at this time (1930) it was declared "this country is not regarded with overmuch favor by the other nations of the world." To account for this state of affairs the following reasons were listed: United States' insistence on debt payments, refusal to join in agreements for settling disputes, the U.S. tariff, expansion of this country's foreign trade and absorption of markets and sources of raw materials, and the development of the U.S. merchant marine.

By 1931 it was noted that the new ratio for naval ships to be possessed by this country and rival nations as established by the London Conference of 1929 would cause revision of the plan previously

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formulated for a Pacific War as the United States would no longer have a 25 per cent superiority over the probable opponent. At this date war debts still caused European nations to regard the United States with a critical attitude and furthermore, the world-wide economic depression had caused intense commercial rivalry. Another development for the first time brought to attention was the growth of air routes between South and Central America and North America radiating from the Canal Zone.

Much more emphasis was attached to the recommendation for the intelligence branch in the 1931 report and considerable space devoted to a restatement of its scope. The report explained that new weapons and better means of communication had radically changed the methods of securing, evaluating and distributing intelligence and had increased its value in conducting naval operations. This situation led to the following declaration:

"The importance of providing ample funds and adequate personnel for the efficient functioning of information agencies of the Navy Department can hardly be over-emphasized. Any curtailment of their needs in this direction will adversely affect the preparation of the Navy for national defense and hence the value of the Navy in providing its share towards the national security. During the period covered by the estimate (1933), due to probable extensive readjustments, it is particularly important that constant and intimate contact be maintained with trends of thought and events throughout the world as regards naval forces. This adds to the peacetime activities of the Office of Naval Intelligence, and is of vital importance in the consideration of our own estimates and plans."²⁴

²⁴. Estimate of the Situation for 1933. From Director of War Plans Division of the Chief of Naval Operations, dated 27 Apr. 1931.

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Policy for intelligence remained unmodified in the reports made in 1932 and 1933. In terms of the Navy and world affairs, however, changing conditions brought about revisions in attitude and planning. Superiority of United States naval vessels had declined in their former advantage over Japan. Modernization of battleships became an urgent need. In regard to Oriental affairs anxiety was expressed over the Manchurian situation. During these years the paramount European concern to this country was the question of post-war debts and trade-rivalry. Although it was believed Japan officially did not wish a war with the United States if she could avoid it, there existed a war-fever among the people of that nation which made relations with the United States extremely tense. On the home front the national depression had led to government economies which were focused on the Army and Navy. The Estimate for 1936, written in 1934, showed that it was clear that as the world's political situation was becoming increasingly serious at an alarming rate, this condition emphasized the need for an expansion of the Division of Naval Intelligence.

Warnings were again sounded in the account of 1935, especially as regarded Germany's plans to free herself from the Versailles' Treaty terms. Japan's increasing moves to secure dominance in the western Pacific caused concern. The continuation of a fortified U.S. naval base in the Philippines was considered vital if the country expected to hold its trade and to fulfill its political aims.

Much attention was given at this time to an explanation of the urgency for expanded intelligence activities. That the Washington

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Naval Treaty would expire in 1936 due to Japanese renunciation of its terms meant that lack of agreement would make it difficult to obtain information on the expansion of foreign navies. To secure technical knowledge for the naval building program would place an extra load on intelligence facilities.

New trends in the policy of this office were forthcoming because of certain recent developments. A serious threat to morale and efficiency of U.S. naval personnel came from the subversive efforts of radical groups. It was essential to uncover these sources of harm and seek means to counteract them. Another situation arose from the activities of foreign secret agents both in the United States and in neighboring countries. This condition was so grave that it threatened the safety of the Fleet and the naval shore establishment. In the light of these conditions the report pointed out the great need for

It was further plain that Japan had established an effective fund and adequate personnel for the various intelligence agencies, organization in the United States and abroad. It was believed that stating "These agencies are now inadequate to accomplish their mission. The Japanese Navy expended a total of \$600,000 for espionage in 1935. Their building up is deemed vital to our national security."²⁵ Specific mention was made of the need for an increase in clerical personnel for the proper evaluation and dissemination of information and in order to administer more effectively the field service of both foreign and domestic intelligence. Also mentioned was the plan to strengthen fleet intelligence and to provide measures for combating foreign agents and subversive organizations in the United States.

25. "Estimate of the Situation for 1937." From Director of War Plans Division to Chief of Naval Operations, dated 30 Mar. 1935.

26. Division to Chief of Naval Operations, dated 16 Apr. 1937.

Two years later (1937) the review of world events from the viewpoint of Naval Intelligence showed conditions among the leading nations to be as serious and unstable as they had ever been. Rapidly changing political and military situations had resulted in a marked increase in international espionage. Particular emphasis was placed on the need for counter-intelligence which would prevent damage to the Fleet and to naval shore installations and industrial plants. The war, it was feared, could be precipitated by Japan or it might arise from European or even domestic origins. A foreboding of future events which proved to be unusually accurate lay in the following declaration:

"...if war occurs between the United States and Japan, it will be initiated by Japan. History shows that Japan strikes without warning. Under existing conditions and limitations of the Naval Intelligence Service our Fleet is exposed to surprise attack even in our own waters and our naval shore establishments to sabotage."²⁶

It was further plain that Japan had established an effective organization in the United States and Oahu; and it was believed that the Japanese Navy expended a total of \$600,000 for espionage in 1935. In contrast to this amount the allotment for the United States Navy's entire intelligence program in the same year, including the foreign and domestic operations, was a little more than one sixth of that amount or \$104,204. The report deplored the fact that although United States Naval Intelligence was aware of the situation, its lack of appropriations prevented the undertaking of active counter-measures. Purely defensive activities were not sufficient to meet

26. "Estimate of the Situation for 1939." From Director of War Plans Division to Chief of Naval Operations, dated 16 Apr. 1937.

the situation. Another point made clear was that in strengthening all branches of the Intelligence Service the process should be gradual so that only the most reliable persons would be selected and that expansion would not become suddenly apparent and thus widely revealed.

From this time forward a more concise appraisal of intelligence preparation for the war which was now considered inevitable can be found in the plans for the Naval Intelligence Service in connection with the Budget Estimates. These documents contained more detailed information than did the Estimates of the Situation which have previously been quoted. However, their recommendations were incorporated in the latter. The plan for 1940, dated 25 May 1938, proposed to maintain all activities of the service, made possible by the 1939 appropriation, a sum amounting to \$343,310. Gradual expansion was advocated in foreign countries, particularly in the Far East, Central America and the Pacific area. An attache office was to be established in Moscow to study Russia as a liaison point between Europe and Far East political events and also to obtain information about Russia's naval progress and plans. Great importance was placed on increases in domestic intelligence with attention to counter-espionage and security measures against the Japanese and other subversive elements. Need was expressed for more clerical assistance both in the districts and at the Washington headquarters.²⁷

27. "Plan for the development of the Naval Intelligence Service in connection with the Budget estimates for the fiscal year 1940." From the Director of Naval Intelligence to the Chief of Naval Operations, dated 25 May 1938.

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Plans for 1941, made in 1939, in their broad aspects were identical with those for the previous year but there were additional requests for an attache office in Madrid and a provision for an extra appropriation of \$11,511 to collect information abroad. More funds were stipulated as needed for expansion and improvement of the district offices and for the Potomac Division as well as the Training Division, located in Washington. For the entire program for 1941 the amount of \$450,000 was requested. In July 1940 an addendum was submitted recommending attache offices to be established in Stockholm and in Bangkok with an assistant attache to be assigned from the Hague for residence in the Netherlands East Indies.²⁸

Policy of Naval Intelligence on the Eve of War

It will be seen from the foregoing that the Naval Intelligence Service had gradually been preparing for its functions on a war basis ever since Basic War Plans had been formulated in 1924. Each year, watch had been kept on the changing current of world political, economic, military and naval trends so that planning was shaped to meet these fluctuating conditions. To determine the effects of that planning on the organization as a reflection of general policy it will be well to glance at the Division at a time midway between the establishment of War Plans and the date when the Limited National Emergency was declared on 8 September 1939.

If the early 1930's is selected as a suitable half-way point, there will be found existing at that time a small but well-organized

28. Ibid for 1941, dated 1 July 1939.

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administrative unit. By then the required adjustments had been nearly completed in order to bring the peacetime organization into harmony with the projected wartime establishment. The peacetime skeleton organization comprised four principal sections. These were: (a) Administrative including Naval Reserve for intelligence duties, mail and translating, (b) Intelligence, proper, divided into Domestic and Foreign Intelligence, (c) Public Relations, (d) Historical, Library and Archives. Chief emphasis was placed on the collection of all classes of information, but particularly that affecting naval and maritime matters, the evaluation of such information and its dissemination.²⁹ Considerable attention was devoted to the compilation of the extensive monographs or information files but because of the large amount of material available the scope of these monographs had to be limited to the naval, political and economic sections which had the highest priority. It was at this period that the naval attaches abroad were especially instructed to collect special items of intelligence which included information on U.S. overseas commercial interests, overseas commercial interests of foreign countries, combat intelligence material, data for limitation of armament studies and for congressional hearings and advances in technical naval science in foreign countries.³⁰ The headquarters of the Division in Washington also

\$29,000 as against \$114,000 in 1931.

29. "Organization of the Office of Naval Intelligence." Memo from Director of Naval Intelligence to Capt. Stark, dated 16 Jan. 1931.

30. Ltr. from Director of Naval Intelligence to All Attaches. Subject "Office of Naval Intelligence Activities," dated 11 Mar. 1931. (In ONI file room)

31. Cox, Lt. Comdr. I.R. "History of the Division of Naval Intelligence, 1 July 1939 to 31 October 1943"

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maintained liaison between the Navy Department and the investigating services of other government departments, exercised censorship as required by Naval Regulations and through its Public Relations Section acted for the Navy Department in matters of public information and service to the press. The total personnel in Washington in 1931 of the Office of Naval Intelligence comprised 18 officers, 38 civilians and a small number of enlisted men. Interestingly enough, on the eve of war eight years later when the Limited Emergency was set on 8 September 1939, there were only 25 officers, and the same number of civilians.³¹ Up to 1939, although each of the sections of the Office were planned to handle activities in the event of war, the respective war sub-sections were inactive at the time. These sub-sections were the Legal and Photographic divisions of the Administrative Section, the Ship Inspection, Plant Protection and Espionage divisions of Domestic Intelligence and the Propaganda division of Public Relations and finally, the Censorship Branch.

Starting in 1935 and continuing progressively each year the need for expanding intelligence activities was called for in the "Estimates of the Situation," previously quoted. By 1937 the activities of the U.S. Naval Intelligence Service had increased substantially. This growth is reflected in the appropriations which in 1937 amounted to \$249,000 as against \$144,000 in 1931.

In 1938, a year before the Limited Emergency began, although the nucleus structure of the Office in its headquarters in Washington was

31. Cox, Lt. Comdr. T.G. "History of the Division of Naval Intelligence, 1 July 1939 to 31 October 1943" (SECRET).

so organized that it could expand at short notice and fulfill its war-time functions, somewhat of a contrasting picture was presented by the existing situation of the Naval Intelligence Reserve. A survey made in August 1938 showed among other things that ineffective organization in ONI and the districts would drastically limit the effectiveness of those officers and men. It was pointed out "peacetime psychology dominates the idea of reserve power."³² Furthermore, the morale of the reserve itself and that of the district intelligence officers was low. War plans were in a backward state. Numerous outlying stations had not yet established intelligence sections. The enrollment of reserve officers had been underestimated in view of the geographical needs. There were some strategic areas which lacked trained and experienced personnel. Means for improving the situation was included in the conclusion of the report. As War Plans had as its mission the provision for implementing the service for the various states of pre-war preparation, War Plans should have control of all agencies under it.³³ (See Appendix A.)

Fortunately, improvements were soon evident in the national picture of Naval Intelligence which may in part have resulted from the survey and report quoted above. In April 1939 a composite directive upon which all intelligence activities were to base their organization:

32. Ltr. from Comdr. Hamilton Bryan to Director of Naval Intelligence. Subject: "Report of contacts with Intelligence Activities, July, August 1938" (Original in Planning Division of ONI). See Appendix A.

33. Ibid.

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was sent to all activities.³⁴ With organizational and personnel needs carefully outlined this directive enabled the responsible commander in each instance to perform the assigned task without recourse to detailed War Plans. The new plan was described as "a yardstick for measurement of all subsequent policies." By June 1939 approximately two-thirds of the naval districts had acted upon this directive and completed their organization and personnel needs. For war mobilization the approved complement of the entire intelligence service was 150 regular (retired) naval officers, 2,023 reserve officers, 505 warrant officers and 3,934 enlisted personnel. Eighty per cent of this total were authorized for peacetime procurement. Field service for enlisted men was designated as plant protection (to act as informants in their civilian jobs), commerce and travel, including sub-inspectors for security against sabotage, investigation (for case solution, naval investigation and espionage (planted agents)). Meanwhile in January 1939 reserve intelligence officers in Washington were divided up and assigned to boards covering the above field plus censorship, foreign intelligence, foreign espionage, administration and public relations. In June certain intelligence offices in the districts were still deficient, these being the First, Fifth, Eighth and Twelfth, whereas the Third, Sixth, Ninth, Eleventh and Thirteenth had shown outstanding progress. Here the chief problem lay in adequate inspection and recommendation to relieve officers who had been passed

34. Secret, Serial No. 1114, referred to in Serial 1644, Subj. "Progress of Naval Intelligence Reserve Activities," from Hamilton V. Bryan to DNI, dated 10 June 1939. See Appendix B.

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over. It was recommended that strong means be taken to put these measures into effect. (See Appendix B.)

Finally, a review of the whole problem of readiness was made on the last day of August 1939. This survey stated: "Generally speaking, the Naval Intelligence Service is approaching adequacy as deficiencies in funds and personnel are being remedied. The need of additional personnel and facilities increases with deteriorating world conditions. Additional civilian personnel will require additional funds."³⁵ By this date in respect to the domestic field the reserves then enrolled were more than half of those required with the exception of allocations for censorship duties. It was believed emergency re-enrollment would be more rapid. In respect to foreign intelligence the report declared, "The network of information is good as far as it goes, but the information obtained consists primarily of that which foreign countries are willing to release. More adequate coverage in the foreign field is considered essential, especially under cover."³⁶ Mention was made of the securing of information on subversive groups by ONI in cooperation with Military Intelligence and the Federal Bureau of Investigation which had been provided for in a Presidential Directive of June 1939. In summarizing the general situation the survey explained that in general the operating plans of the Division were considered sufficient and effective both at home and abroad to carry out the task which Basic War Plans assigned. If the requirements listed were satisfied, the Naval

35. Serial No. 1868. "Are We Ready." From Chairman of General Board to Secretary of the Navy, dated 31 Aug. 1939. See Appendix C.

36. Ibid.

Intelligence Organization would be considered to be in readiness on M Day for its task. However, at the moment there was need for additional officer and civilian personnel in the type of expert analysts, statisticians and librarians, together with additional office space and funds. Eventually, these needs were met.

On 8 September 1939 a Limited National Emergency was proclaimed by President Franklin D. Roosevelt. On the same day the Chief of Naval Operations promulgated the Naval Intelligence Mobilization Organization and Personnel Needs. This directive indicated the general form of organization desired in the districts and ordered them to proceed at once with the final enrollments needed and to instruct and train the new personnel in the duties assigned them. Specific provisions were made for the selection of district intelligence officers by the Bureau of Navigation who were to be Captains or Commanders. Authorization was given for establishing outlying offices by the district intelligence officer. The foregoing represented no change in policy but merely pointed up and implemented the program as laid down in Basic War Plans.³⁷

37. CNO Conf. ltr., Op-16-XOO/EN3-10(Mob)(SC)A16/EN3-10 Serial No. 2020, dated 8 Sept. 1939. See Part II Appendix K for full text of this directive.