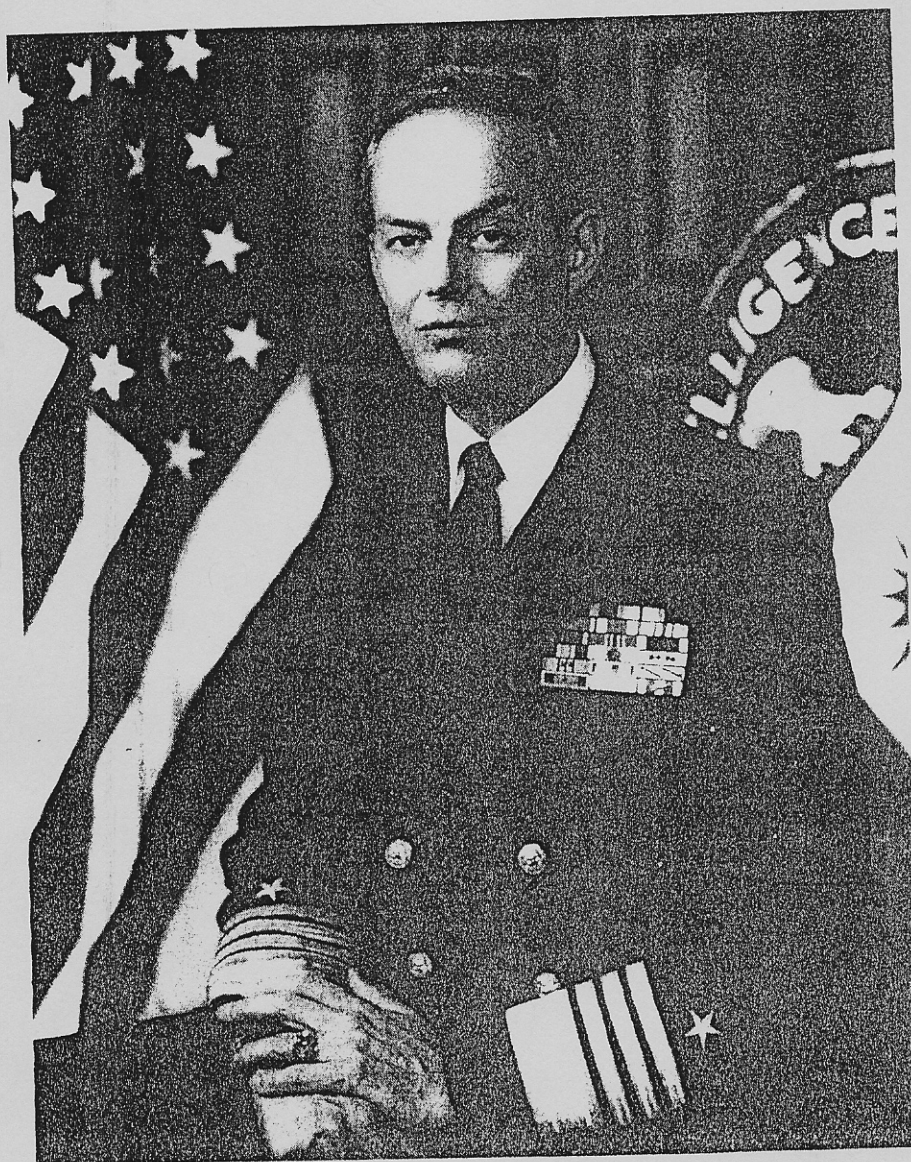


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III. FEATURE ARTICLES (U)

A. ONI CENTENNIAL (U) by CAPT W. H. PACKARD, USN (RET.)

(U) PREFACE

(U) The first two articles of this series for ONI's Centennial Year have covered the period from 1882 to the start of World War I. This article will take a look at Naval Intelligence in that War and in the period between the two World Wars.

(U) The use of Reserve Officers in Intelligence begins in this period. They have played a vital part in all wartime naval intelligence activities beginning with World War I. So, any history of such activities in that War is part of the history of the Reserves.

(U) It should be repeated that it is impossible even to summarize in these short articles the many developments, situations, and events that could be appropriately included. It will be attempted to select and discuss a few items that appear to be unique or of possible current interest.

(U) Some of the international, political, and economic events and situations having an influence on the products and activities of Naval Intelligence during this period included:

- 1917 U.S. entered World War I, 6 April
- 1918 World War I Armistice, 11 November
- 1922 Washington Conference on Limitation of Arms, 12 November 1921 to 6 February 1922
- 1927 Geneva Conference
- 1928 Kellogg-Briand Peace Pact
- 1929 Stock Market crash; start of depression
- 1930 London Naval Limitation of Arms Conference
- 1931 Japanese occupation of Manchuria and establishment of Manchukuo as a puppet state
- 1933 Japan withdrew from League of Nations when League refused to recognize Manchukuo, 27 March

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- 1934 Japan announced intent to withdraw from Naval Limitation Treaty at the end of 1936
- 1935 Second London Naval Limitation of Arms Conference
- 1936 German reoccupation of Rhineland in March
- 1937 Japan bombed Tientsin, 29 July
Japan occupied Peiping, 11 August
Japan sank USS PANAY in Yangtze River, 12 December
- 1938 Germany moved into Austria in March
Chamberlain gave Sudetenland to Germany at Munich 29 September
Japan occupied Canton and Hankow in October
- 1939 Japan landed forces on Hainan, 10 February
Japan annexed Spratly Islands, 31 March
Germany and USSR signed non-aggression pact, 23 August
Germany invaded Poland, 1 September
Start of World War II in Europe, 3 September

(U) WORLD WAR I

(U) When the U.S. entered World War I on 6 April 1917, ONI had recently reorganized. The new field of counterintelligence had been entered, and "Aids for Information" were established in the Naval Districts primarily for counterintelligence purposes. A system of collection through large commercial firms was inaugurated, and the obtaining and sending out of agents to selected areas of the world was in progress of being implemented.

(U) One agent, sent out by ONI, was Edward Breckinridge. He served the Navy as an agent in Spain during the Spanish-American War. A fluent linguist in Spanish, Portuguese, and German, he volunteered his services, and, on 3 March 1917, he sailed for Brazil as Dr. Ernst Brecht. He reported on the extensive German activities in Brazil, Argentina, and Chile. For these valuable services, he was commissioned and sent to Portugal where he was assigned to ALUSNA Lisbon on 25 May 1918. (See below for more on his activities, as such.)

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(U) Another agent for ONI was John Held, Jr. (famous later as the creator of cartoons on the "roaring twenties"). He served 14 months as a member of a naval intelligence mission in Central America. Under the guise of an archeological research expedition, he and his three colleagues sought out potential hiding places for German submarines. Held did make a number of archeological drawings, but most of his sketches were of coastal scenes.

(U) RADM William S. Sims, USN, arrived in England in early April 1917, just prior to the U.S. declaration of war. At a meeting on 10 April with the British First Sea Lord, Admiral Jellicoe, he learned for the first time the extent of the Allied shipping losses being suffered from German submarines. For morale purposes, such losses had been minimized by the British government, and the destruction of submarines greatly exaggerated in the press, ONI's primary source. ALUSNA London had not been given the actual figures either, thus explaining Sims' (and the U.S.'s) ignorance of the true situation. His initial mission was to learn how the U.S. Navy could best and most quickly collaborate in the naval war. ALUSNA London and his two assistants served on Sims' staff, and British Naval Intelligence was made available to them, including that in support of antisubmarine warfare. When Sims' was designated Commander of the U.S. Naval Forces in Europe, he also assumed the title of Naval Attache.

(U) With the British providing the intelligence needed by the operating forces, ONI devoted its efforts almost exclusively to counterintelligence.

(U) At the start of the war, there were 6 Naval Attaches accredited to 10 countries, including Germany and Austria. The latter two were withdrawn upon severing of diplomatic relations and coverage in other areas was expanded to include countries in Latin America and Scandinavia, plus Spain and Portugal.

(U) One of the early problems for ONI was in procuring the manpower to staff the new Naval Attache posts, the Intelligence Offices in the Naval Districts, and the expanding ONI. There being no Intelligence Reserves to be activated, ONI sought to procure those who had educational and professional experience in the legal, law enforcement, accounting, and journalism fields.

(U) It was Naval Attache reports about enemy agents traveling to and from the U.S. in neutral ships that alerted ONI to the need for rigid control of persons entering the U.S. aboard merchant ships. ONI thereupon formulated, issued, and executed a plan for control over all seaborne traffic at U.S. ports. At that

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time, it was not realized that the Navy had no legal authority in these matters. However, the Treasury Department didn't realize that it did have such authority; nor did it recognize the serious need for such control. So, in July 1917, ONI went ahead with the development of an organization to coordinate and support what it considered a very necessary effort, and a Commerce and Travel Section was set up in ONI and at each Naval District.

(U) When Customs and Immigration finally became involved in late 1917, they had trouble recruiting properly trained and experienced personnel. ONI had found that trial lawyers were best at examining and cross-examining suspected enemy agents and smugglers of contraband. Persons with legal experience preferred service in the Armed Forces in wartime rather than with civilian agencies, and the Navy had an unlimited number of volunteers from which to select. So, when the Customs Service found it difficult to build up an organization in New York for ship inspection work, the Navy was asked to help and to do the job in all other ports (which it was already doing). Both Customs and Immigration were handicapped also by their lack of a suspect list and were dependent on Navy and military intelligence for help in that area. ONI had started its list of potential suspects well before the U.S. entered the war.

(U) The high efficiency finally attained by ONI in its passenger and crew control at U.S. ports was made possible largely through the cooperation of the State Department. In all cases of persons seeking permission either to enter or depart the U.S., passports, visas, or identity cards were not issued until the names of applicants had been checked and approval recommended by ONI, Army's MID, and the Bureau of Investigation of the Justice Department. In foreign countries, Naval Attaches performed this function, a unique authority not delegated to ALUSNAs before nor since.

(U) During the last year of the war, the Commerce and Travel Section of ONI became increasingly involved in the Nation's efforts to block enemy trade. Close relations were established between ONI and the War Trade Board, and the latter expressed the wish that all examinations of cargoes and searches of ships for the Board be made by representatives of ONI. Firms suspected of trading with the enemy, particularly those in neutral countries, were investigated for the Board and the Department of Commerce. Valuable information thus obtained, largely by ALUSNAs in Scandinavia, Argentina, Brazil, and Holland, was passed to the War Trade Board, MID, and Departments of State and Commerce.

(U) Another new function taken on by ONI in World War I

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was that of Plant Protection. Each Navy contractor was required to fill out forms providing information upon which ONI could determine the adequacy of the company's precautionary measures for protecting its plant and the materials it was producing for the Navy. Approximately 5,000 of these forms were reviewed by ONI, and recommendations were made on physical improvements that should be made for more effective plant security. Frank discussions between contractors and ONI representatives gave the contractors a better appreciation of the need for taking the recommended action in the protection of their plants and in the selection of their employees. As a result, they cooperated fully, and there were very few acts of sabotage or unexplained explosions or fires in plants having Navy contracts during World War I.

(U) In connection with Plant Protection, ONI investigated both strikes and the threat of strikes, and frequently ONI representatives were able "to disabuse the minds of labor leaders," settle difficulties, and get production resumed. Even then, Bolshevik propaganda was a disruptive problem in plants having Navy contracts. To counter its effect, some enterprising ONI representatives addressed the employees, put up posters, and took such other steps as necessary to stimulate the latent loyalty of the workers.

(U) The Director of Naval Communications was the Chief Cable Censor in World War I, but ONI was involved to the extent that it investigated suspicious firms and individuals originating, receiving, or mentioned in cable messages. In censoring, the origin and destination of the message often determined whether or not it would be approved for transmission. ONI, with its file of suspects, had the best available information for evaluating a message, and it worked closely with the Chief Cable Censor in this effort. Here again, Naval Attaches were involved in investigating foreign addressees and originators of cables that appeared suspicious.

(U) Some other noteworthy functions performed by Naval Attaches in World War I:

a. (U) It was firmly believed that Germany was violating Spain's neutrality by setting up signal stations on Spanish territory to communicate with German submarines off the coast. There was also frequent communication by boat between Spanish territory and German submarines. ALUSNA Madrid, CAPT Benton C. Decker, USN, was constantly striving to obtain timely word on these activities, to enable Allied forces to intercept these submarines.

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b. (U) ALUSNA Lisbon, LCDR Edward Breck, USN, devised a scheme by which the Portuguese Government took over the task of watching the coastal frontiers. Two agents of the Preventive Police were assigned to his office, placing him in the position of a police commissioner with the power to make arrests.

c. (U) ALUSNA Stockholm, LCol J. C. Breckenridge, USMC, the first Marine to serve as a Naval Attache, found that the Swedish public preferred American movies over those from Germany. Accordingly, he gained control of American movies entering Sweden and would allow them to be shown only at theatres that would sign a contract not to show German films and requiring the showing of Allied news and educational films twice a day. As a result, German movies and propaganda films were excluded from most Swedish theatres. German influence over Swedish public opinion was reduced markedly, and Allied news unfavorable to the Central Powers started to reach the press.

d. (U) LCDR Charles R. Train, USN, was ALUSNA Rome throughout the war and advanced in rank to Captain. In October 1918, he was additionally designated Staff Representative (in Italy) of the Force Commander in London, with command of all U.S. Naval activities in Italy.

(U) CAPT Roger Welles, Jr., USN, served as DNI throughout the war, was promoted to Rear Admiral during his tenure, and thus became the first flag officer to occupy that post.

(U) When the armistice was declared on 11 November 1918, there were 306 Reservists plus 18 civilian clerks and messengers serving in ONI.

(U) CAPT Newton McCully, mentioned in the April article as ALUSNA to Russia beginning in 1914, was detached in May 1917. However, his relief found life in Russia unfavorable to his health, and he was detached in February 1918. McCully, by then a Rear Admiral, was returned as Naval Attache but with the additional and primary duty as Commander, U.S. Naval Forces, Murmansk Region. Ambassador Francis, then located with his staff in Archangel, did not consider such part-time service adequate. So, LT Sergius Riis was appointed as Acting Naval Attache from September to November 1918 when Ambassador Francis departed.

(U) INTERBELLUM

(U) At the conclusion of hostilities, ONI and the Intelligence Offices in the Districts were demobilized, and the Naval Attache posts were consolidated, some being closed. All wartime

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activities ceased, and ONI's interests returned to those concerned primarily with strategic intelligence.

(U) By 1920, ONI had dropped back to an office force of 42, of which 14 were officers. Most of its counterintelligence responsibilities were terminated. The foreign branch was organized geographically, except for the section responsible for foreign merchant shipping. Consequently, it lost its direct contact with its customers in the Technical Bureaus and its interest in their intelligence needs. The customers, in turn, lost interest in what ONI should be doing for them. The monograph system of filing data on foreign countries was introduced, and, with limited manpower and little supervision, ONI started accumulating a mass of undigested, unclassified material on many non-naval subjects.

(U) In July 1919, SECNAV had directed the combining of the Historical Section of OPNAV with the Library and Office of Naval Records of SECNAV's office. The resultant new Office of Naval Records and Library was placed in ONI where it remained until 1946. In July 1921, CAPT Dudley W. Knox, who had been ADM Sims' Record Officer in London, became the head of this office. He retired in October 1921, but was retained on active duty in that post, also until 1946.

(U) One of the difficulties in finding suitable officers willing to serve as Naval Attaches during this period was the inadequate fiscal support for those posts. Officers volunteering for such duty did so with the full knowledge that their pay and allowances would not be sufficient to meet their expenses. This led to the deduction that only officers with private means could afford to accept such assignments. It created an unjustified assumption that the position of Naval Attache was somewhat of a sinecure.

(U) As it became more apparent that no responsible government would emerge in Russia, the need for a Naval Attache there ended. RADM McCully departed in November 1919 and reported for duty with Allied Forces operating in the Black Sea and southern Russia. At the request of the State Department, he conducted intelligence operations there for about a year, but without the title of Naval Attache.

(U) In the post-war period, aerial photo equipment and techniques slowly progressed as experience was gained from fulfilling requests from various civil agencies of the government. For example, in the summer of 1926, a Navy photo unit equipped with three Loening amphibious aircraft (OL-1), made the first aerial mapping photographs of Alaska at the request of the Depart-

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ment of the Interior.

(U) As a result of the publicity, adverse to the Navy, which followed the 1921 aircraft bombing tests against a battleship hulk in Chesapeake Bay, the Navy recognized that it needed a means to counter the misinterpretation of such information. On 21 February 1922, SECNAV issued a directive establishing the Navy Department Information Section within ONI. During World War I, ONI had been responsible for Press Censorship within the Navy, and, at the time of setting up the Information Section, the DNI held the additional title of Chief Naval Censor. Having the two functions of protection and release of information within the same organization apparently appeared logical at that time. At least, such an arrangement assured that any conflict between the two functions would be settled "in house." Three officers and one civilian were added to ONI to man the Information Section.

(U) The Japanese language training program was revived in 1920 when LCDR E. M. Zacharias and LCDR H. C. Davis were assigned to ALUSNA Tokyo for that purpose. It was a 3-year course, and, on the average, two were so assigned each year thereafter until 1938 when five were sent.

(U) It was during the 1920s that several of those officers who would be leaders in World War II served in intelligence billets. In 1921, CDR Royal E. Ingersoll, USN, reported to ONI and was assigned to the Japanese Desk. He was also responsible for the Domestic Section which was concerned with counterespionage, particularly against the Japanese. He and J. Edgar Hoover of the FBI exchanged visits and information frequently. CDR William F. Halsey, Jr., USN, served in ONI from 1921 to 1922 and then was assigned as ALUSNA Berlin. While so assigned, he obtained and sent back to ONI a complete model of a newly invented stereoscopic range finder. It was tried out by the U.S. Navy and found superior to the coincidence range finders then in use in both the British and U.S. Navies. It was accordingly adopted for installation in subsequent USN ships. Halsey also was the first to report on the manufacture in Germany of diesel engines for Japanese submarines. CDR Raymond A. Spruance was Assistant DNI in 1928 and 1929.

(U) The Naval Intelligence Volunteer Service was created by the Naval Reserve Act of 28 February 1925. The objective was to develop a nucleus of Reserve officers who by virtue of their education, training, and experience in civilian life, would be immediately available in time of national emergency to assume the duties and perform the important functions of Naval Intelligence officers at home and abroad. Initially, recruitment for this service was very ineffective, mainly because of the pre-

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dominantly pacifist outlook of the general public and press at that time. The District Intelligence Officers were expected to do the recruiting and training for this service.

(U) An article, concerning ONI's Office of Naval Records and Library, entitled "Our Vanishing History and Traditions" by CAPT Dudley Knox of that office was published in the January 1926 issue of the U.S. Naval Institute Proceedings. It pleaded the cause of preserving the vanishing naval archives and urged former officers, their families, and descendants to make available any documents of possible historic interest found in "family papers." This article stimulated widespread interest, but ONI and the Navy could not legally accept gifts from private citizens. This led to the establishment of the Naval Historical Foundation, a non-profit organization which could accept such documents and other artifacts.

(U) Though the U.S. was authorized to send men-of-war on visits to the former German islands in the Pacific over which Japan was given mandate, when the U.S. indicated intention to exercise that right, Japan would refuse permission. It was not until 1923 that permission was finally obtained for the USS MILWAUKEE to visit the Marshall and Caroline Islands. Excellent surveys were made of several islands, and the photographs, soundings, and other information obtained by this and subsequent light cruiser visits proved of value later, for comparative purposes.

(U) On two occasions during this period, the DIO in New York City was able by surreptitious means to obtain Japanese naval codes. The first was in 1923, and ONI supplied confidential funds left over from World War I to permit Naval Communications to hire Dr. B. C. Haworth and his wife to make a complete translation of the code. This was the start of the "Magic" effort.

(U) In the late 1920s, LT J. J. Balantine, a naval aviator on the staff of CINCPAC Fleet, spent 2 months making an inspection of Japanese naval air stations. He didn't speak Japanese, so one of the Japanese language students accompanied him. Before each station was visited, the previous report was studied and then, after the visit, the report was updated. Balantine was able to observe the Japanese naval aviators, and he considered them good pilots, and he so reported. However, as with similar reports by experienced U.S. naval observers in subsequent years, his was given little credence or attention.

(U) A disagreement over which office or offices in the Navy should be responsible for evaluation made its appearance in

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1928. CAPT D. M. LeBreton, a former Assistant Director of Naval Intelligence, in a lecture on "Naval Intelligence" given at the Army War College, stated that it was ONI's job to collect information, and the evaluation should be performed by the War Plans Division of OPNAV and the Naval War College. Technical information should be evaluated by the Technical Bureaus. In an effort to establish official policy on this matter, CNO approved a statement of functions which included ONI's primary duty: "The collection of all classes of information concerning foreign countries, the evaluation of this information, and its dissemination as intelligence." This assignment of the evaluation function to ONI was repeated in regulations dated 23 October 1940, but was still a matter of contention just prior to Pearl Harbor.

(U) Even though Japan was expanding its rule in the Far East by the mid-1930s, and had augmented its espionage nets in the U.S. and neighboring countries, ONI was struggling to keep up with its various functions. As of 1935, it was staffed with 21 officers and 20 civilians. The DNI, in his Annual Report for 1935, stated that 24 officers was the absolute minimum needed to carry out his mission. With this number, he could detail three to the Far East Unit. (As of 1931, the Japanese ONI had 12 officers and an unknown number of civilians in its U.S. section, and in 1935 it had only three "language officers" in the U.S.)

(U) Quotas for Intelligence Volunteer Reserve Officers were gradually revised upward in the mid-1930s, reaching 536 in 1935. Training manuals were being produced for their use. Mobilization planning was also rejuvenated at this time, ONI anticipating the wartime needs of itself and the Naval Attaches, and each District estimating its needs. Both the training manuals and the mobilization planning were based primarily on World War I experiences.

(U) In 1936, a systematic filing of photographs was established in ONI in the Naval Records and Library Branch. However, between 1936 and 1940 expended little effort to acquire photographs of current intelligence interest or of potential operational value. Even the search for Amelia Earhart Putnam by the USS LEXINGTON (CV-2), after she disappeared on 3 July 1937 between New Guinea and Howland Island, was not used to gather photo coverage of her activities in the Japanese mandated islands. It was an excellent opportunity, but concern for the severe strain this reconnaissance effort put on the aviation gasoline budget allocation for the fiscal year apparently overrode other considerations.

(U) In the late 1930s, the principal sources for the Far East Desk, besides ALUSNAs Tokyo and Peiping, included the staff and units of the Asiatic Fleet and Marine Intelligence

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Officers stationed with the 4th Marines in China. When Japanese operations in China heated up in August 1937, the Asiatic Fleet Intelligence Officer, LT H. H. Smith-Hutton, USN, a Japanese language officer, and the 4th Marines Intelligence Officer, CAPT R. A. Boone, USMC, a Chinese language officer, met daily when the Fleet Flagship, USS AUGUSTA, was in Shanghai, and they were able to follow quite well the progress of the fighting and to forecast future operations quite accurately.

(U) In January 1938, CAPT Royal E. Ingersoll was sent to London as President Roosevelt's representative. There he joined ALUSNA London, CAPT Russell Willson, in conversations with the British about removing the limitations on the size of Naval ships established by the Second London Naval Limitation of Arms Conference of 1935. They also initiated arrangements for developing joint codes and call signs and discussed planning for collaboration in the Pacific against Japan, if the need arose.

(U) Except for the Asiatic Fleet, intelligence functions were generally ignored in the U.S. Fleet. In 1938, one officer in each large combatant ship and each major staff was assigned additional duty as the Intelligence Officer. The basic emergency war plan, Orange Plan #1, for use in case of war against Japan, had no Intelligence Annex. The concept of leaving the collection and production of intelligence until after hostilities commenced presaged disaster.

(U) On 24 August 1939, ALUSNA Paris in a message to CNO, estimated that all German forces were in position to invade Poland. He also expressed the opinion that this would cause England and France to declare war on Germany. The next article will cover World War II and subsequent events.

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