

BY HAND

CONFIDENTIAL

NAVY DEPARTMENT

Division of Naval Intelligence

Domestic Intelligence Branch

43303

Op-16- B-10

DATE August 6, 1942

MEMORANDUM FOR Lieut. Comdr. Broadley Op-30(S)
K Building Room 1004

SUBJECT: Bethlehem Shipbuilding Corporation, San Francisco,
California.

Reference: (a) A8-5/QM/Bethlehem Shipbldg. Corp.

Enclosure: (A) D 12060
(B) 12ND conf. rept. on subj. dated May 5, 1942.

1. Enclosure (A) forwarded for
INFORMATION.

2. It is requested that the security of the infor-
mation contained in the enclosure, as well as its source,
and names of any informants mentioned therein, be carefully
safeguarded.

3. ~~Classification of this document is CH1~~
~~Room 4792.~~

RECEIVED SC FILES

Aug 1942

AUG 19 1942

ROUTE TO:-

File

Finished Gullam-File

Op File No. (SC) 18-5/Beth SB Co.

Doc. No.

Copy No. of

XXXXXXXXXXXX
XXXXXXXXXXXX

W. S. Wharton,
Comdr., USNR.

DECLASSIFIED
Authority UND803073

(SC) A8-5/Bethlehem SB Co

RECEIVED
ONI MAIL ROOM

1942 MAY 21 PM 1:40

AS-5/QM/Bethlehem
Shipbldg. Co.

United States Naval Intelligence Service

12 ND

INVESTIGATION REPORT

CONFIDENTIAL

SUBJECT: BETHLEHEM SHIPBUILDING CORPORATION, San Francisco, Internal Security
Report made at San Francisco, California - Twelfth Naval District Date May 5, 1942
Report made by: Lieut. (jg) F. C. WHITMAN, U.S.N.R., and Lieut. (jg) L. W. LANGDON, U.S.N.R.
Period covered: April 6 to April 15, 1942 Status of Case: CLOSED IN 12ND
Origin of Case: ASecNav conf. ltr., SOSecurity D AS-5/QM Bethlehem Shipbuilding Corp.
Serial #0143502, dated March 10, 1942, same subject, regarding internal
security.
Reference:

Character of Investigation:
Interviews and examination of records.

Enclosures: (A) DNI conf. ltr., Op-16-B-7, Copy to: ONI - (2) ✓ G2, WDC&4A - (2)
P8-1/QM/Beth.SB.Co., Ser. #529716, dated ASECNAV - (1) FILES - (4)
4/24/42, subject, Interference with Produc- COMTWELVE - (1)
tion, Bethlehem Shipbuilding Corp., San DSECO - (1)
Francisco, Calif., to DIO, 12ND, & encl. FBI-SF - (2)
(A) attached thereto.
Source File No. AS-5/QM-16(5T) ONI File No.

SYNOPSIS: Preliminary investigation, wherein representatives of the offices of Supervisor of Shipbuilding and Naval Cost Inspector, stationed at subject company, as well as members of management and employees, were interviewed and reports voluntarily furnished by confidential informants were examined, revealed numerous complaints of loafing, carelessness, attempts to cover up mistakes, poor workmanship, bad morale and unexplained minor damage to property at subject company. The predominant view expressed is that although much allowance must be made for natural inefficiencies arising out of tremendous expansion, the above conditions result from poor supervision, planning, organization, and attitude, rather than from organized or subversive "slowdown" or sabotage. Investigation was discontinued on April 15, 1942, after a weekly Federal Bureau of Investigation, G2, WDC&4A, District Intelligence Office, Twelfth Naval District, conference, wherein Mr. N. J. L. PIEPER, of the San Francisco Office of the Federal Bureau of Investigation advised that recent instructions from the Washington Headquarters of his Bureau places in his office the responsibility for investigative matters in private plants handling national defense contracts, including shipyards.

COMMENT AND RECOMMENDATIONS:

DEDUCTIONS: The above information is hereby referred to the San Francisco Field Office of the Federal Bureau of Investigation for whatever action that office deems appropriate.

DECLASSIFIED
Authority AND 803073

Finished-Gillam-File

APPROVED: R. P. McULLOUGH,
District Intelligence Office
EUGENE J. KERR
By direction

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdowns at.

ORIGIN AND TERMINATION OF INVESTIGATION:

Under date of March 10, 1942, the Assistant Secretary of the Navy, in reference (a), requested the Commandant, Twelfth Naval District to make an immediate inspection of subject plant and, if the conditions reported to the District Intelligence Office by the Federal Bureau of Investigation to be existing there should be confirmed, to take necessary steps to correct those conditions.

Under date of March 20, 1942, the District Security Officer, Twelfth Naval District advised the District Intelligence Officer, Twelfth Naval District, that the above directive from the Assistant Secretary of the Navy had been marked for urgent action by the District Intelligence Officer for the Commandant, Twelfth Naval District, insofar as it referred to deliberate "slowdowns" of work in progress at subject shipyard.

Investigation by this office was conducted from April 6, 1942, until April 15, 1942, when Mr. W. J. L. PIEPER, of the San Francisco Field Office of the Federal Bureau of Investigation, who was cognizant of this investigation, reported at a weekly Federal Bureau of Investigation, G-2, Western Defense Command and Fourth Army, District Intelligence Office, Twelfth Naval District Conference that he was just in receipt of instructions from his Washington Office under which the Federal Bureau will now conduct all investigations in private plants handling National Defense contracts, and that this included shipyards. Mr. PIEPER stated that he would appreciate copies of any reports submitted by agents of this office and that from now on he would assume responsibility for investigative matters in all of these private yards.

On April 28, 1942, Mr. PIEPER advised the District Intelligence Officer, Twelfth Naval District, as follows:

"In response to a request for clarification of the investigative responsibility with regard to subversive individuals in private plants, the Washington Headquarters of this Bureau has advised as follows:

"Under the Delimitation Agreement, this Bureau is charged with the responsibility of investigating all alleged or suspected violations of the sabotage or espionage statutes, as well as with the investigation of all subversive activities in private industrial plants. With regard to non-specific complaints regarding subversive individuals, the Bureau has suggested that this office advise Naval or Military Intelligence that if any investigation is desired in these non-specific cases, this office will be willing to conduct such investigation. The Bureau has stated that it believes arrangements can

DECLASSIFIED

Authority AND 803073

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdowns at.

be made with the interested agencies so that these agencies will not automatically request an investigation by this office every time a non-specific complaint is called to their attention.

"As I stated at our conference on April 15, 1942, it is, of course, impossible to investigate every complaint received, and it will be necessary to evaluate these cases and give attention to those considered worthy of investigation. As you know, it is not our policy to investigate non-specific cases. However, we will advise the Army or Navy in all cases where complaints are received concerning subversive individuals in plants of interest to either agency. Where no investigation would ordinarily be conducted due to the non-specific nature of the complaint, the interested agency will be so advised and will be informed that no investigation will be conducted unless specifically requested."

Under date of April 24, 1942, the Director of Naval Intelligence forwarded to the District Intelligence Officer, Twelfth Naval District, Enclosure (A) and a Federal Bureau of Investigation Memorandum, dated April 17, 1942 concerning interference with production at subject company. The District Intelligence Officer, Twelfth Naval District, was advised by the Director of Naval Intelligence that the information contained in the Federal Bureau of Investigation memorandum had not been evaluated or verified and that it was being brought to the attention of the District Intelligence Officer, Twelfth Naval District, for whatever action that office might deem appropriate.

COMPLAINTS RECEIVED CONCERNING SUBJECT COMPANY:

The reporting office files disclose that from December 1, 1941 to April 1, 1942, six complaints concerning conditions at subject company have been referred by the Federal Bureau of Investigation to the District Intelligence Office for information, and that during the same period, nineteen persons have made voluntary complaints to the District Intelligence Office, all of these having been referred to the San Francisco Field Office of the Federal Bureau of Investigation for such action as that office deemed appropriate.

Exclusive of specific reports of unexplained damage to property or of suspected individuals, the subject matter of the complaints which have been received by this office in the last few months is covered by the following:

(a) That men hide in the staterooms of vessels being repaired in order to "beat the timekeeper"; that men frequently come to work drunk and go into hiding to sleep; and that men fall into a group in the

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdowns at.

stern of a vessel and participate in dice and black-jack games.

(b) That subject company tolerates wasteful conditions on repair work which is handled on a cost-plus basis on the theory that the greater the expense incurred, the greater the profits realized; that the workmen all try to get repair work which pays double time for overtime, and then make it last as long as possible.

(c) That the yard is administered inefficiently with no discipline or proper supervision with resulting serious damage to the morale of the workers; that shifts are sometimes employed doing nothing other than tearing out work done by previous shifts.

(d) That employees have been requested by the supervisors to slow down in their work because there would be nothing farther for them to do upon completion of their present task; and that requests for additional duties on the grounds that they do not have enough to do, as well as the rapid completion of assigned tasks, results in censure rather than in commendation.

(e) That as a result of management's failure to plan the work so that the men can definitely count on having a certain amount to do, steel-workers on several occasions intentionally constructed a part on a ship incorrectly so that it would have to be redone and their employment extended.

(f) That wasted material and duplication of work is commonplace and that considerable red tape is involved in obtaining equipment from the machine shop, resulting in long delays in proceeding with the work.

(g) That the men were told by one foreman that they could take their time on Navy work, but that private jobs must be rushed.

(h) That plant officials are fostering the impression amongst the workmen that the Navy is the only agency which discharges workmen and will fire those who loaf on the job.

(i) That company officials threatened one workman, that if he left Bethlehem Steel Company to accept a better position with Moore Drydock, the Navy would withdraw the request for his deferment and he would be drafted.

(j) That trainees in Marine Electricity class at the Department of Vocational Education, in San Jose, as reported by Mr. A. R. NICHOLS, Director of the Department, have stated that they do not need to go to school because they can buy positions at Bethlehem Steel Company by putting "money on the line."

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division -- reported slowdowns at.

(k) That there is favoritism in the hiring of workers resulting in inefficient friends of leadersmen or foremen being hired.

INFORMATION OBTAINED FROM DISTRICT SECURITY OFFICER, TWELFTH NAVAL DISTRICT:

By letter dated March 20, 1942, the District Security Officer, Twelfth Naval District, advised that Ensign Langon W. SWENT, U.S.N.R., attached to the District Security Office, Twelfth Naval District, who has been currently conducting an internal security survey of subject plant in accordance with the directive from the Secretary of the Navy, which was also the origin of this investigation, would be available for assistance to this office. Ensign SWENT was interviewed and advised that in the opinion of Mr. Julian ARNTZ, plant protection and labor relations official of subject company, there has been no evidence of sabotage resulting from disloyalty to the United States. Ensign SWENT stated, however, that there has been much damage to property which would appear intentional, poor workmanship, attempts to cover up mistakes, favoritism in the lower ranks of supervisory employees and a general feeling among the workmen that the company is making lots of profits so why shouldn't the employees. Ensign SWENT added that there have been numerous instances of minor damage to property, such as: A chisel driven through a lead pipe, rags left in pipe lines and pumps, machinists' lines being moved, priming petcocks set on fire, pump suction lines being opened, disappearance of large numbers of welding rods, burners, precision tools, goggles, etc., and the emptying of oxygen cylinders.

Ensign SWENT added that although much allowance must be made for natural inefficiencies arising out of tremendous expansion, subject company has done little to control, minimize, or prevent the recurrence of this type of damage; that no written records are made of reports of damage, and that no visible effort is being made by the company to gain the employees' loyalty or to better poor labor relations.

Ensign SWENT advised that, although the lesser officials were anxious to help and cooperate with representatives of the District Security Office at the plant, the higher officials did not have the same cooperative attitude; that higher officials refer matters to others who have no authority and cannot make decisions; that as a result of this maneuvering, either no action is taken or it is very slow and unsatisfactory. Ensign SWENT pointed out that in dealings with the Federal Bureau of Investigation and District Intelligence Officer, in 1940 and 1941, Mr. W. M. LAUGHTON, Assistant General Manager of subject company, stated that the Federal Bureau of Investigation and the Navy could make all the surveys they wished, but that at the time no emergency existed in the minds of the management and hence the recommendations submitted meant nothing to him, and that if war did come, the management expected that the government would supply protection.

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdowns at.

Ensign SWENT advised that as of April 1, 1942, Navy vessels CR-95, 96, DD-459, 460, and the U.S.S. J. FRANKLIN BELL were badly behind schedule because of the following factors; great expansion without adequate supply of trained men, poor supervision, and inefficient organization. Ensign SWENT added that there are many cases of patriotic, if hasty, workers resigning their jobs in the yard because of their objections to poor supervision and lack of assigned work.

Ensign SWENT stated that subject company has a list of 33 employees to be kept under surveillance because they were suspected of having subversive tendencies, but that the only steps the management has taken to determine whether or not the employees have subversive tendencies is to notify the foreman over these particular individuals of the suspicion and to instruct them to watch these men; that a thorough list of suspects does not exist although a card file is made of persons reported by the District Intelligence Officer to have subversive tendencies; that this card file is kept in the employment office and that applicants are checked against it but that no adequate file is kept of those on the list who are already employed. Ensign SWENT stated that he spent an entire day going over the file, thoroughly checking suspected persons in order to complete a list of those who are employed and who are under suspicion; and that the man who is delegated to keep the file volunteered the information that the file was inadequate and requested Ensign SWENT to give him the results of his work in order to make the file more complete. He further pointed out that of the 33 names on the list, only three were on there because of any suspicion on the part of the management; that all the rest were listed at the request of the Navy or the Federal Bureau of Investigation; and that no notes or records are in the file concerning the numerous cases of unexplained minor damage to property or of any investigations thereof.

INTERVIEWS WITH NAVAL OFFICERS AND PERSONNEL ON DUTY AT SUBJECT COMPANY:

Captain Claude O. KELL, U.S.N., Supervisor of Shipbuilding, Bethlehem Shipbuilding Corporation, San Francisco, California, was interviewed and advised that although the work at subject plant is being slowed down, this condition results from lack of supervision rather than from any organized intentional sabotage. Captain KELL stressed the difficulties inherent in the rapid expansion the company has faced, and stated that as far as he can ascertain, the individual responsible members of the management are doing the best within the limitations of their ability.

With reference to the possibility that the slowdown might be the result of conscious disloyalty on the part of anyone, Captain KELL stated that the management is definitely not consciously fostering inefficiency or slow-down; that there are no organized groups or gangs in labor engaged in slow-down for subversive purposes; and that there are

SUBJECT: MEMORANDUM FROM THE CHIEF, Shipbuilding Division - regarding
slowdowns at.

There are some individuals working in the plant that could be reported. Captain Hill emphasized this point by expressing the opinion that this situation at Bethlehem was no more serious than that existing in other plants under his supervision, including the Moore Dry Dock Company and Western Pipe & Steel, adding that in his opinion the large number of complaints being submitted to the District Intelligence Officer and other Governmental agencies is attributable to the fact that many more men are employed there than in any other shipbuilding establishment and that the growth there has been faster. Captain Hill stated that in his opinion that is needed is a program of proper indoctrination within the plant.

Lieutenant Commander Joseph H. BOOK, U.S.N., Assistant of the Supervisor of Shipbuilding for Training advised that in his opinion, the fundamental obstacle in the path of turning out ships at Bethlehem is the lack of trained supervisors; that the supply of men for training is adequate, but until the past month Bethlehem has been refusing to train these men for supervisory work. He added that the company is now making a start in this direction, but progress is being made slowly, with but a very few men being given but little training; that the man in charge of Bethlehem's training program is one Francis J. Hill, who appears to be, according to Lieutenant Commander BOOK, very anxious to proceed with a complete and thorough training program, but that he does not receive the cooperation of his superiors in such a plan. Lieutenant Commander BOOK stated that the attitude of the company is one of outward cooperation, but that little or no action is being taken that he did not know the cause for this attitude, but in his opinion the company men have the idea that the training program is a kind of well-forged nonsense. He added that the company very obviously missed the point in the matter of recognizing that the present situation will develop and that even the present inadequate training of supervisors, which is now being conducted, has resulted only in complaints by the Office of the Superintendent of Shipbuilding. Lieutenant Commander BOOK advised that the majority of Bethlehem's men are trained and while no further connection with instructors for purposes of training supervisors, but the company has never asked for its contribution. That the company's attitude seems to be that it wants to train the men itself, but that it does nothing about it; and that unfortunately, the training program cannot be forced upon the company, because it is a private concern. The contracts have been let, and as far as he knows, the work is being turned out on schedule.

According to Lieutenant Commander Hill, originally about 100 men were employed in the plant, but now there are 1,000 men employed in the plant for the purpose of manufacturing and repairing ships. He stated that the men are not working hard, but that they are working hard for their own benefit, and that they are working hard for their own benefit.

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division, reported slow-downs at.

individuals regularly employed on the yard and given an increase in pay of five cents per hour because of their instructor status, and it is their duty to answer questions and be of any possible assistance to the trainees. It is Lieutenant Commander BOOKER's opinion that these instructors, if carefully chosen, should form the basis of the group to be trained for supervisory work, but that the main difficulty with this entire trainee program is that the instructor set-up of the yard is not closely knit as it should be, and it is his opinion that these instructors are not always selected by their leaders purely on a basis of competence. Although he did not specifically so state, the inference was that favoritism entered into the selection of these instructors.

In the matter of pre-employment training, Lieutenant Commander BOOKER stated that pre-employment schools are conducted by the San Francisco School Department, under the direction and financing of the Office of Education in Washington, D. C.; and that, although the statute creating this set-up provides that 50 per cent of the students shall be drawn from WPA rolls, this only applies if the men are available and if they are competent; and that this particular provision has not, to any great extent, impaired the efficiency and effectiveness of the pre-employment program. He added that the School Department has not been entirely cooperative in the program, and a certain amount of petty strife existing between the company and the Department, with the School Department taking the attitude that it won't assist the company unless the company so asks, and the company, on the other hand, frequently refusing to ask for assistance; that some difficulties have also been encountered with the unions concerning the training of these unskilled workers, the union attitude apparently being that when the war is over that they do not want too many skilled workmen available in their particular crafts. He named the Asbestos Workers' Union as being particularly troublesome and also mentioned that he was presently having some difficulty with the Boilermakers' Union.

Lieutenant Commander BOOKER concluded his remarks by stating that the company should not be criticized too harshly in view of its very rapid growth, the tremendous problems with which it was confronted, and the fact that, as far as he knows, it is turning out its vessels on schedule.

Interviews with Naval Inspectors attached to the Office of the Supervisor of Shipbuilding, U.S.N., Bethlehem Steel Company, San Francisco, revealed that the Inspectors are extremely anxious to give full information regarding the conditions at Bethlehem Steel Company, over which they express themselves as being deeply concerned. They reported that there is no planned slowdown, but that a very dangerous situation exists; primarily, as the result of lack of planning, poor labor relations, inefficiency, stupidity, and bad attitude on the part of the management, and secondarily, as the result of bad morale, carelessness, and lack of

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdowns at.

cooperation on the part of the workers. It was pointed out that the management fails to act on matters reported to it and is very uncooperative; that not only is there a lack of trained supervision, resulting in carelessness and ignorance, but several of the key executives are very uncooperative and do not seem to be doing their best; and that the company men seem afraid to make decisions. It was further reported that many of the men are laying down on the job; that there is a lot of anti-company feeling; and that the men are so anti-company that they lose sight of the Naval and National interests involved. The Inspectors interviewed advised that although the company is facing many difficult causes of slowdown which are not brought into existence for any reason within the control of the management, the company is not doing its best to alleviate the situation; that the company's attitude in resenting criticism and the mutual distrust between management and labor results in the men being afraid to report matters to the management; that many of the workers hide defective material from the Inspectors, although this results largely from carelessness, ignorance, and lack of indoctrination, rather than from subversive activity.

Mr. Carlisle P. JACKSON, Senior Material-Labor Inspector, Naval Inspector's Office, was interviewed on April 11, 1942, and advised that his duties comprise protecting the Navy against any overcharge as to material or labor, and that during this activity, he contacts most of the workmen on any Naval job to which he is assigned. Mr. JACKSON stated that during the tours of the yard, many of the workmen of subject company talked to him concerning matters which pertained to their work; that the universal picture which he gets from the men in these conversations is that there is total unrest in the yard and total distrust of the company; and that there are malicious rumors going through the yard which are effecting the work of the men. Mr. JACKSON stated that he had voluntarily come to the Office of Naval Intelligence because of a recent rumor which had spread through the plant "Bethlehem is owned by a bunch of Jews and why should we break our necks for a bunch of Jews"; that a guard named MANDELL, badge #68, had overheard several workmen talking along this line and he (JACKSON) advised MANDELL to get their badge numbers and contact the Federal Bureau of Investigation; that in his opinion these rumors are a form of sabotage and are too persistent not to have someone active in disseminating them.

Mr. JACKSON added that the company gives the workmen no sense of security or cooperation and illustrated by pointing out that about four hundred men were recently moved from one shift to another without being consulted or without any explanation being given to them; and that there is now a rumor that the company is desirous of having the Navy take over the plant and therefore is not planning or supervising the work; that in his opinion, the company is not doing everything that it can to overcome the lack of supervision or to obtain available capable

DECLASSIFIED

Authority UND803073

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdowns at.

men; that in his opinion the unions are not obstructing production in the yard; and that the relations of the company and men are such that the men will not report any matters to the company.

With reference to slowdowns, Mr. JACKSON stated that on April 10, 1942, about 0200, he went aboard the U.S.S. J. FRANKLIN BELL and found six riggers (badge Numbers were 8, 63, 76, 78, 163, and 178) sound asleep; that these riggers had been on the vessel since seven a.m. the previous morning, i.e. nineteen hours total, being paid double time for overtime for everything over eight hours since it was repair work. Mr. JACKSON stated that these men were profuse in their explanation that they were waiting for a valve to come from the machine shops so that they could lower it into the engine room; that he had no alternative other than to accept this explanation; that later in the morning he checked up at the machine shops and found that the piece of machinery they had been waiting for had been finished after one hour of work early in the shift; and that this is a clear case of where supervision was needed. Mr. JACKSON added that his only job is to check to see that the men are on the boat; that they are paid for being there; and that he has had no instructions to report matters such as the above sleeping on the job and therefore did not report it to anyone outside of this office.

Mr. JACKSON added that he has noted that the slowdown problems are worse where repair jobs are concerned since the workmen try to make it last as long as possible; but that in general, since Pearl Harbor, the attitude of the men has changed and that they individually are much more interested in production; that a large majority of men are patriotic enough to offset the disloyalty to the company; that the men were willing to give a "free Sunday" of work (which was unduly publicized), but the company blocked the suggestion without giving any explanation whatsoever; that the only communication the company has with the workmen is in the form of disciplinary instructions.

Mr. JACKSON stated that the company is employing an excess number of men for the work assigned and that the Navy, at least so far as repair work is concerned, is paying too much for what it is getting-- in fact the cost of repair work amounts to a scandalous condition. Mr. JACKSON added that there is no direct communication between the Navy and the workmen in the yard but so far as the Navy is concerned, the only feeling among the workmen is that the Navy is paying for it and the Navy has plenty of money. Mr. JACKSON added that the general impression of the workmen is that the Navy contracts are on cost-plus so that no matter what the cost is, the company makes that much more; that it would be easy for the company to tell the men the facts, but that no attempts have ever been made to straighten out these rumors, and the company just ignores them.

SUBJECT: Bethlehem Steel Company, Shipbuilding Division - reported slowdowns at.

- - - - -

Lieutenant Commander Oscar STIEGLER, U.S.N., Assistant Supervisor of Shipbuilding, Bethlehem Steel Company, Shipbuilding Division, San Francisco, advised that in his opinion there is no organized "slowdown" at the company, and that any so-called slowdown of operation is attributable to the following general factors:

He advised that no program of training and developing competent workmen and supervisors in collaboration with school authorities is conducted on the West Coast as compared with the East Coast; that with the sudden increase in the shipbuilding activities on the West Coast, a shortage of trained men, particularly supervisors, developed; and that Bethlehem, being the oldest and largest plant, was most adversely affected because the new plants drew away trained men. He added that, insofar as he knows, Bethlehem has not initiated a definite program of education to relieve the existing inadequate and incompetent supervision.

As a second factor impeding production, Lieutenant Commander STIEGLER stated that the company does little or no definite planning and does not believe in a definite work schedule; that the officers of the company believe that if a schedule is drawn up calling for the completion of a vessel on a set date, the men will work to that schedule and not complete the job before the set date even though such completion might be possible; that the company recognizes the fact that its planning organization is too inexperienced to prepare very accurate schedules; and that what planning is done is directed from the eastern offices of the company, which makes changes difficult to negotiate and causes inflexibility. He added that in his opinion, the company needs a ship supervisor for each vessel who would be a real coordinator of men and materials.

Lieutenant Commander STIEGLER further stated that the management still resents the closed shop arrangement imposed in 1941; that the employer-employee relationship is definitely antagonistic; and that as far as he has observed, the company has done nothing to relieve the situation through a labor relations department. He added that, although he is not familiar with the repair work being done by the company, there is not an excessive amount of wasted time through one shift tearing out the work of a preceding shift as far as new construction is concerned; and that even in normal times, a certain amount of wasted time is experienced by the shipbuilding industry due to changes in plans and errors of workmen in carrying out their assignments.

Lieutenant Commander STIEGLER's opinion in general appeared to be that the situation is an unfortunate one, but that in his experience, the management of subject company is not particularly receptive to suggestions.

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division -- reported slowdowns at.

Commander John B. McGOVERN, U.S.N., executive officer of the U.S.S. J. FRANKLIN BELL, advised that the vessel has been docked at the Bethlehem Shipbuilding Company Yard, San Francisco, from March 7, 1941, until April 11, 1942, undergoing reconditioning. With reference to the delays holding up completion of the work, he stated that the general supervision of workmen by the company was very poor; that men would congregate ten or fifteen minutes before quitting time; and that he has made inspections of the ship at night, and, while he has no definite proof that the men are not working, it was his opinion that they were not turning out the volume that should be expected. Commander McGOVERN added that he personally had never seen anyone sleeping on board but that he had been informed by the engineering officer that an engine room force stood by for the good part of a night waiting for equipment to arrive from the shop. It was Commander McGOVERN's opinion that the men could have been kept busy on the BELL at all times by giving them alternative work to do in the event that materials were held up and that union jurisdictional rules furnished no obstacle to such reapportionment of work. It was his opinion that there were too many men for the assigned work. He added that there were few, if any, night supervisors, and whenever this fact was called to the attention of the company, the situation would be improved temporarily but they would revert to the previous unfortunate situation.

Commander McGOVERN stated that inspection service at Bethlehem, insofar as he could ascertain, was either non-existent or was conducted by inexperienced men; that the Navy placed two inspectors on the job who were borrowed from the U. S. Maritime Commission, and that although these two inspectors were in evidence on the job, a great deal of work of inferior quality was passed either with or without their approval, due to the amount of work in progress and their lack of technical knowledge. As an example of the quality of the work done, Commander McGOVERN pointed out the fact that although the cost of reconditioning the BELL amounted to about four and one-half million dollars, a good part of which was spent in engineering, it took three weeks to get the engines functioning properly.

Commander McGOVERN gave several examples to illustrate his statements; one example of slack supervision appeared when the valves in the fuel oil heater were opened and the main boiler stops inspected. The job called for repair and renewal of all boiler stops and defective valves in the boiler room, and not one of the twenty-six valves mentioned had been touched, although they were bad and were all renewed by the company when called to its attention. With reference to the eight main boiler stops, two of the seats were found to be defective and were removed without question, although they had been passed and already installed in the ship.

As another example, Commander McGOVERN stated that during the trials of the main engines, it was found that the throttle valves and the governors failed to function properly. They were opened and in-

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdoens at.

spected, and it was discovered that the workmanship was very poor; that in some cases parts had not been machined or touched, and there was every evidence that good engineering practice had not been followed. It appeared that attempts were made merely to get the plant working rather than to put it in first class condition, and the result was a delay of approximately three weeks.

Commander McGOVERN added that since the J. FRANKLIN BELL has been in the Navy Yard, Mare Island, several units have been inspected, and it has been found that both the workmanship and the amount of work has not been what was called for on the job order; and that it was most unfortunate that the ship's officers could not have acted as inspectors, but they were notified that they were in no way responsible for the work done and that they were not to interfere in any way with it by inspection or otherwise.

Commander McGOVERN mentioned that the U.S.S. BELL, formerly the S.S. PRESIDENT McKINLEY, had at first been taken over by the Army and a contract let for certain work, which work apparently was not done, and although he did not know to what extent, if any, payment had been made, he stated some of the jobs were marked 100% (indication that they had been completed), whereas inspection by his men gave every evidence that the work was not in fact done. Commander McGOVERN added that it must also have been apparent at the time that this contract was let that considerably more work would have to be performed than was contracted for, which placed Bethlehem in a very favorable position.

Commander McGOVERN cited several examples of outrageous costs incurred in reconditioning of the U.S.S. J. FRANKLIN BELL and showed the articles to the investigating officers. Commander McGOVERN expressed the belief that the specifications drawn up for the work on the J. FRANKLIN BELL were drawn in much too general terms, which resulted in numerous loop holes, which preclude the possibility of tying the company down to any specific breaches, and stated that for his own information and records, he was planning to photograph examples of inferior equipment and workmanship, which he had discovered on the reconditioning job.

INTERVIEWS WITH EMPLOYEES OF SUBJECT COMPANY:

Confidential Informant BS-1, a steamfitter at the Bethlehem Steel Company Shipbuilding Division, advised that the work in the Bethlehem Steel Company plant is being seriously impeded and gave the following as factors contributing to the situation: (1) a lack of trained supervisors; (2) the bad morale of the workmen, including complete mutual distrust and lack of cooperation between management and labor; (3) the planned slowdown in repair work; and (4) sabotage. These factors were elaborated as follows:

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdowns at.

(a) With reference to the lack of trained supervisors he advised that the foremen are not capable directors of the men in that they fail to see that the men have sufficient work laid before them; that the foremen are really the key men in hiring; that if a foreman wants a particular man to work in his department, he tells him to obtain a printed form from the employment office (which anyone can obtain); that the workman then files the application, gets clearance from the union and the rest is up to the foreman; that after having been given a permit by the union the workman reports back to the head of a department, who is a foreman; that the foreman will then ask the man a series of questions concerning his ability and experience and that the men, since they usually do not have the necessary experience, exaggerate their qualifications--in other words, if one is a good talker he will get a journeyman's card; if not, a helper's card; and that, in his opinion, there is evidence of collusion between the foremen and the employment department to bring certain favored individuals into the plant. Informant BS-1 mentioned that the foremen are getting inexperienced young men into the plant in spite of the fact that there are 50,000 applications among whom are experienced men, who, regardless of their age, are better than the younger men; that the company does not exercise any supervision of the men coming in after they have had clearance from the union. Informant BS-1 gave a case history where a foreman named Henry SCHLAEGER eased a young, inexperienced man named Tony PISA into the plant. Informant BS-1 explained that the idling in the plant is definitely the fault of the leading men; that a leading man will sometimes give a workman a job that will take only ten minutes to do and then disappear for the rest of the morning; that time after time men can find nothing to do and try to appear busy by carrying tools around; that the allocation of work by the company generally is so poor that many of the men have nothing to do all day; that he has not heard any report of supervisors going to the men and asking them to slowdown. Informant BS-1 added that inter-union jurisdictional differences between the individual welders and machinists have complicated the problem of planning the work; that although the unions have now agreed on how the work should be handled and by whom, there is still a great deal of difference between the welders and machinists; that where, for instance, a welder is not available to do a particular small job, the entire work is held up until a welder is obtained; that many of the welders have superiority complexes to the extent that one has to beg them to come and do a particular piece of work. Informant BS-1 mentioned that there are schools for training the young men but that once a young man has gotten himself a position as a journeyman he will not go to a school since to do so would reveal his inexperience.

DECLASSIFIED

Authority UND803073

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdowns at.

(b) With reference to the reported bad morale of the workman, including complete mutual distrust and lack of cooperation between management and labor, Informant BS-1 advised that the morale of the workmen at the Bethlehem Steel Company is very bad; that relations between labor and management are extremely poor; that there is no loyalty to the company and the attitude of the men seems to be that they are more directly concerned with their own selfish welfare; that they all have a great fear of the depression which they believe will follow the war and that they want to get all they can while "the getting is good"; and that the men distrust the management and are afraid to turn in information to the management. Informant BS-1 advised that there are a great many aliens in the plant, particularly Italians who have lied about their citizenship in order to hold their jobs; that in cases where aliens have become naturalized, no apparent change in their attitude is noticeable--in other words, the fact of naturalization seems to be no test of loyalty. Informant BS-1 mentioned that there is too much favor being given to young fellows working at the plant who are draft evaders and stated, "For example, one of the important leadingmen in the plant, an engineer by the name of BUSHICH, has a younger brother, Bud BUSHICH, who is in his early twenties and who was pushed up to save his neck from the draft. You will find when this thing simmers down that the foremen are going to ask for deferment for a lot of these fellows who have been pushed from helper to journeyman in six or eight months."

(c) With reference to deliberate slowdown in repair work, Informant BS-1 stated that repair work is handled on a cost-plus basis, which means that the larger the cost, the greater the profit; that since the men get greater overtime pay in repair work, they fight for those assignments; that, for example, the U.S.S. BELL, a conversion job which has been in the Yard under repair since a year ago last February, has taken this long a period to get into service just because it is the purpose of the union workers and the management to cooperate in running up costs and getting overtime pay.

(d) With reference to sabotage, Informant BS-1 advised that there are two cases which he believes are definitely sabotage and which are known to him to have occurred in the plant. The first is a case wherein a large wad of rags had been stuffed into a pipe; that ordinarily the pipe was not tested before using and would not have been detected; that that it could have caused an explosion in the vessel; and that the matter was reported to a Naval inspector, so that the story must be a matter of record. The second act of sabotage reported by Informant

DECLASSIFIED

Authority UND803073

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdowns at.

BS-1, who stated that he had previously reported it to the Federal Bureau of Investigation, was in connection with the faulty welding of a pipe which a welder named WAINRIGHT had refused to weld because he felt it would not hold if he followed his instructions to machine the weld down to the level of the pipe so that the weld would not be noticed; that during the welding of the pipe by one Frank BARBARA, a man by the name of TRACEY actually hid the pipe from the Naval inspector; that foreman Fred S. ANDERSON is responsible for TRACEY and that TRACEY is "ANDERSON's stooge"; that during the work on the pipe, TRACEY concealed it whenever he had a suspicion the inspector was around, in fact, had his helper, whose last name is KENNY, watch for the inspector; that after this piece of pipe had been put into the ship, TRACEY had someone take the pipe out of the ship and bring it back to the shop stating, "I'll get the fellow who turned in that information"; that when the piece of pipe was brought into the ship, TRACEY was cutting it with a torch and said, "Here's one piece they'll never get". Informant BS-1 added that he was particularly indignant over this action which he believes was a definite piece of sabotage, because afterwards, Foreman ANDERSON recommended TRACEY for a leading man's position. Informant BS-1 advised that in his opinion ANDERSON delegated someone to get the pipe and bring it back to the shop; and that the management of the company was trying to cover up in this matter.

Subsequent to the above interview confidential Informant BS-1 telephoned the reporting office to advise that one of his fellow workers had told him that the management of subject company had offered a reward to anyone giving information leading to the discovery of the person who had given information to Naval Intelligence on the second act of sabotage, namely the faulty welding of the pipe. Informant BS-1 added that, although in his opinion it was very possible that the management would offer such a reward, it was also possible that others within his department were anxious to determine his attitude with reference to complaining against conditions within the department.

Confidential Informant BS-2, a shipfitter at Bethlehem Steel Company, San Francisco, advised that the feeling against the company among the workmen at the plant is so strong that it is possible that many of the men have lost sight of the effect their actions might have on the country; that, in particular, the men object to the company attitude in such matters as the maintenance of a disciplinary smoking ban at a time when no other Yard in the country banned smoking, and the laying off of a man for a day as a punishment for losing an identification badge, whereas a fine would not impair production. He added that each of three shifts handling the same particular job often do the work differently and tear out or damage the work of the preceding shift;

DECLASSIFIED

Authority UND803073

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdowns at.

that the company is at fault in not providing proper coordination of and instructions to the different shifts; that the leadingmen are negligent in not giving proper orders to the following crews as to what work is to be done and so the next crew often has to go ahead on its own initiative; and that the important thing in becoming a leading man lies in whom you know rather than in what you know. Informant pointed out that the individual worker cannot hurry because wherever his work must be coordinated and needs the assistance of a burner or welder, the latter are often not available. Informant stated that in his opinion the company could materially speed up production by explaining some of their actions and difficulties to the workmen; that now there is absolutely no communication between the company and the men, and the impression of most of the workmen is that the company is standing off in a cold, disciplinary attitude.

On April 14, 1942, Mr. Zan Frank FABJAN, 4748 - 25th Street, San Francisco, California, came to the Office of Naval Intelligence, Twelfth Naval District, and requested an interview. He stated that he had just quit his job at the Turret Lathe Department, No. 2 Shop, Bethlehem Steel Company, where he had been employed as a machinist since December, 1941, when he had given up his doughnut business to get into national defense. As to the background for his reasons for quitting, FABJAN gave the following story:

He stated that the first day he went to work, while he was engaged in setting up machines, one Edward SCHULTZ, who is now leadermen said to him "This is going to last a long time, no need to hurry"; that later he and SCHULTZ went to the Turret Lathe Department where a man was employed by the name of Leo MARCHE, a leaderman who would O.K. work unacceptable to the Navy; that MARCHE died a week prior to this interview and therefore the faulty work will doubtless be blamed on the other workmen, in fact, that he (FABJAN) has been blamed several times himself. FABJAN added that after brand new eighteen foot Turret Lathes started breaking down it seemed to him that someone was deliberately breaking them and so he reported the matter to the Federal Bureau of Investigation. FABJAN stated that the head superintendent, Turret Lathe Department, is named McDONALD, who is over SCHULTZ, the leaderman, and that any man who is not a member of the clique or a man who turns out too much work doesn't stay very long in the department; that in his opinion, McDONALD is all right but is dependent upon SCHULTZ, who is hiring a clique of loafers, many of whom are former employees of the American Can Company; that for example, an Italian by the name of JONNIE, on No. 7 turret turns out one-fifth of the work of an average worker but gets away with it because he is a friend of SCHULTZ. FABJAN stated that he was quitting because he was blamed for something that he did not do and that in his opinion he was blamed because the SCHULTZ clique suspected that he was going to turn them in; and that he wished that he had not openly objected to their activity. Mr.

DECLASSIFIED

Authority UND803073

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdowns at.

FABJAN stated that SCHULTZ "sticks up for Germany" and is gathering pro-German friends into the department; that SCHULTZ is deliberately stalling and as an example, FABJAN stated that JONNIE, who works on No. 7 turret in machine shop No. 2, was seated by a small turret when there was no work on the machine when he told FABJAN "I'll show you something--here is the way you do it: When the boss comes around although you are not doing anything, keep the machine running, that is all that is important." Mr. FABJAN added that there is plenty of work to do in his department and no shortage of material; and that the Naval inspector condemned forty percent of the work turned out in the Turret Lathe Department, and that although he does not know what the average is in other yards, from his personal experience, he believes that material should be around eighty percent satisfactory.

A confidential Informant, BS-3, called at the District Intelligence Office on April 18, 1942, to report three instances of conduct at the Bethlehem Steel Company plant which he believed to be detrimental to the interests of the Navy. Informant stated that he had a conversation with Lewis DURKEE, formerly in the personnel department at Bethlehem Steel Company and now employed at a new plant located in Sausalito, the name of which he did not know, in which Mr. DURKEE told the informant that a man employed as an improver in the Bethlehem plant was offered a better job as a leaderman at Moore Dry Dock Company; that this man had a deferred classification in the draft, and that he was informed by the Bethlehem officials that if he left Bethlehem to accept the other job, the Navy would withdraw the request for deferment previously made in his behalf, and he would be inducted into military service before he could accept the new job with Moore Dry Dock Company.

Informant BS-3 also stated that the men at the Bethlehem plant are constantly being informed that if they loaf on the job, that they will be fired by the Navy, and that the impression is created amongst the workmen that the only agency which discharges workmen is the Navy. The informant said that this impression appears purposely to be created by the plant officials.

Informant BS-3 also cited an instance of what he termed a typical lack of cooperation between those in charge of plant facilities and those who are employed on work for the Navy. He said that he had occasion to go to the #2 warehouse of the Bethlehem plant, which is commonly known as the Navy warehouse, for a certain type of bolt which he needed in his work; that this warehouse did not have the material he needed and he was sent to what is called the union warehouse; that the man in charge of the union warehouse refused to assist him, and told him that the Navy is building the boats and, therefore, it was up to the Navy to supply the necessary materials, and that the union warehouse is concerned only with repairs.

The FBI was made cognizant of the above information.

DECLASSIFIED
Authority AWD603073

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported slowdowns at.

INTERVIEW WITH SUBJECT COMPANY'S MANAGEMENT REPRESENTATIVE:

Mr. Julian F. ARNTZ, Personnel Manager, Bethlehem Steel Co., San Francisco, stated that although a slowdown exists, it results from conditions beyond the control of the management and mostly from lack of available trained men; that the slowdown is largely the fault of the governmental idealists who made impractical requirements for the training of workmen, such as requiring 50% of industrial trainees to come from CCC and WPA rolls. Mr. ARNTZ advised that the unions are self-confessedly "out to get" Bethlehem; that the management is very fair in its labor relations point of view, and operates under the two guiding principles, "Is it fair?" and "Is it right?" Mr. ARNTZ added that most of the company's difficulties are merely growing pains which time and experience will cure, and advised that the Federal Bureau of Investigation (he named Agents MAYER, SULLIVAN, and MURRAY) could provide adequate information. He added that the Federal Bureau of Investigation has been active in the plant, has probably had and may still have undercover agents in the yard, and has a large number of informants among the employees. Mr. ARNTZ was outwardly cooperative and mentioned that most reports of trouble in the yard are oral and that generally no written reports are made.

Subsequent to the above interview, Mr. ARNTZ advised that a couple of things had happened in the yard which made him suspicious, and suggested that possibly the Navy or the Federal Bureau of Investigation might put an informant with the gang doing the work. The first occurrence which aroused Mr. ARNTZ's suspicion was concerning the moving of sights which had been set up in order to enable the boring of the hole for the stern propeller shaft of destroyers to be done accurately. Mr. ARNTZ advised that on two occasions the sights were moved about 3/8 of an inch and had the drilling proceeded, it would have caused considerable loss to their company as well as delay in getting the ship into the water; that the company suspects that the sights were moved sometime during the night by someone unknown.

The second occurrence which Mr. ARNTZ reported was in connection with the launching of the GANSEVOORT at 8:30 A.M. on Saturday, April 11, wherein someone had replaced full acetylene tanks with empty ones. Mr. ARNTZ advised that prior to a launching, full tanks of acetylene gas are installed for the use of the burners cutting the plates, which is the final release of tension permitting the ship to slide down the ways; that on April 11, in making a final check, it was found that both of the acetylene tanks were almost empty and that apparently during the night someone had removed the full tanks and replaced them with the empty ones. Mr. ARNTZ added that had this not been discovered, it might have caused a delay in launching or caused one side of the ship to be released and the other to be held fast, thereby possibly causing damage to the hull.

SUBJECT: BETHLEHEM STEEL COMPANY, Shipbuilding Division - reported
slowdowns at.

The reporting office files contain no additional pertinent
information which has not been referred to the San Francisco Field
Office of the Federal Bureau of Investigation.

CLOSED
In 12ND

DECLASSIFIED
Authority *UND803073*

Copy

NAVY DEPARTMENT
Office of the Chief of Naval Operations
WASHINGTON

Cp-16-B-7
F8-1/QM/Beth.SB.Co.
RESTRICTED
Serial No. 529716

April 24, 1942

FROM: The Director of Naval Intelligence.
TO : District Intelligence Officer,
Twelfth Naval District.

SUBJECT: Interference with Production, Bethlehem Ship-
building Corp., San Francisco, California.

Enclosure: (A) Federal Bureau of Investigation Memorandum,
same Subject, April 17, 1942.

1. There is enclosed herewith a copy of a memorandum submitted to this office by the Federal Bureau of Investigation reflecting information received from a confidential source relating to interference with production at the Bethlehem Shipbuilding Corporation, San Francisco, California.

2. The information furnished by the informant has not been evaluated or verified and is being brought to your attention for whatever action you may deem appropriate.

Wallace S. Wharton,
By direction

M E M O R A N D U M

April 17, 1942

A confidential informant employed at the Bethlehem Shipbuilding Corporation, San Francisco, California, has furnished the following information relating to interference with production at that company.

The informant advised that men are being hired and placed upon the pay rolls when there is not sufficient work to be done by the men already on the rolls. He states that the shipyard is working at capacity at the present time so that it is not felt these men were employed in anticipation of new orders.

One of the most outstanding instances of gross waste of time and money is to be noticed in the welding trade, according to the informant. He believes that there is collusion on the part of a man named Cotton, first name unknown, who is head of the ship fitting department; also one Bob Wallace, Cotton's assistant; and one Tony Gragorio, who operates a welding school. Inexperienced welders just out of Gragorio's school are employed to replace the more experienced men who are then given less important work or discharged, according to the informant.

The informant advises that the setup of the welding department is as follows: A man by the name of Taylor is in charge and directly under him is a man named Calhoon. Responsible to Calhoon is a man by the name of Edwards who is in charge of the Riscen Yard, and a man by the name of McNeil, who is in charge of the Union Yard. Gragorio is superintendent of welders in the Union Yard and there are at present approximately 1,434 welders employed on the entire job. Poor welding has been observed on a great deal of the welding which is used in the construction of vital parts of the ships. These parts include the stern tubes and the stern tube rings. When the poor welds have been cut open great quantities of flux and other foreign substances have been observed. The stern tubes serve practically the same purpose as a housing shaft and are subject to great strain. The rings mentioned above are also subject to great strain as these rings fit around the shafts.

The informant states that one of the welders named Ralph Castellano, No. SC1701, has consistently turned out inferior workmanship and all attempts to have him removed from the job have proven fruitless. Castellano did some of the welding on the port stern tubes for ship No. 92 which is a destroyer, and it was found when attempting to fit these tubes into the ship that they were too long and protruded, necessitating having them removed and cut off. The tubes were also found to be irregular, causing them to buckle and drag against the shaft, which also had to be corrected.

The keels for No. 8 ship were all under a roof and could be worked on during any type of weather, but during the last rainy spell, the informant states that practically all of the welders were sent home.

DECLASSIFIED

Authority UND803073

(Enclosure A)

He furnished an example of the manner in which work is made to keep men busy or apparently busy. He stated that one of the gun mountings on ship No. 66, which is also a destroyer, has been placed in position three times and has been taken up three times. Each time that the mounting was placed in position, it was welded and when it was removed, the previous weld had to be chipped and burned away.

It was also ascertained from the informant that the welders are paid by the day or hour and then in addition, receive a certain bonus per foot for welding in excess of a certain requirement. He stated that in this way, work that has been welded is chipped out and then re-welded to make work for another crew.

The informant stated that on one occasion, 200 floor plates were rejected because of poor welding.

Considerable welding is done on the auxiliary exhaust fittings which are attached to the low pressure water tanks. The auxiliary exhaust fittings are tested along with the tanks after they have been attached and are tested to stand 150 pounds pressure. When the water is in the tanks and the maximum testing pressure reached, the informant states that frequently water runs out of the tanks and joints which have been welded to the auxiliary fitting "just like coming through a sieve."

All of the auxiliary exhaust fittings are made from the same set of plans and do not vary, but the informant has noted that no two fittings have been made alike and that they all require a considerable amount of twisting and refitting before the necessary fixtures attached to them will connect with those on the low pressure tanks.

The informant advised that when pieces are tacked, in order to hold them in place while being inserted in the ship, the tacking should be done in such a manner that the piece will be securely fastened. However, he stated that tacking is done in such an inferior manner that the slightest jar will break it loose, necessitating that the piece be removed from the ship or position in order to be retacked.

The informant stated that the scoops which are used on the ships require very careful welding, but are being done in such a slipshod manner that new material was required before they could be accepted by the Navy Inspectors. The normal time to finish a scoop should be about four days, but the ones completed to date have taken approximately one month, not because there was consistent work being done on them, but because they were shunted around from place to place.

The informant stated that he believes there is some sort of an agreement between the yard inspectors and those who do the welding, because he has observed in many instances that the yard inspector has caused work to be done over when it was not necessary, and in other cases, the yard inspector will do everything he can to pass the work by the Navy Inspectors because of poor workmanship. The informant

believes that if the yard inspectors were eliminated, work would progress through the yard at a much faster rate than at present.

Scarce and expensive material is placed at the disposal of men having only two or three weeks' schooling, and the informant stated that this results in a needless waste of material. For example, he stated that on several occasions, material for the sounding tubes has been cut too short for the requirements, resulting in a waste of this material.

He advised that connections which have been welded to join the stop rings and the guide bars in the sounding tubes have been done very poorly and will result in salt water seeping up past the joint that has been made. He pointed out that the welding on ships No. 93 and 94 is particularly bad.

He further stated that one material which is expensive and hard to get at the present time is chrome steel, and that several tons of stainless steel are covered up in the water behind one of the warehouses in the Ridsen Yard. He does not know who put the steel there nor for what purpose it is being hidden.

The informant has noticed in a shed, material which was intended for the ammunition hoists of destroyers. He further observed that the necessary hoists have already been made. The material that is to be used for these hoists is reported to be of a special type and when an employee inquired as to why the material was still on hand, although the hoists were already made up, this employee was told to forget about the matter.

A noticeable amount of friction exists in the material department, thus slowing down the work. The informant stated that this friction extends to practically all the departments of the yard and that there is little if any cooperation in getting work from one department to another. He stated that there have been several cases wherein the material department will produce orders and parts for orders not on hand and when the work is urgently needed, the material department will refuse to execute the work necessary.

The informant attributes one of the greatest hindrances to the proper handling of the work to the lack of trailers and "jitneys." He estimated that there is at least \$5000 per day lost due to the fact that there is not a sufficient number of the trailers to handle the work that is presently going on in the yards. He stated that men had been forced to stand idle for half a day waiting for certain pieces to be brought to one section of the yard from another. The lack of proper equipment to adequately handle the work in the yard also results in parts and material being misplaced so that several days will pass before certain parts that were on their way from one section to another will finally reach the original destination. The informant believes that in many cases, material has been deliberately misplaced so that there will

DECLASSIFIED

Authority AND803073

be an excuse to hold up portions of the work. He stated that he knows of several cases where the missing work has turned up in the scrap pile and that if it had not been claimed in time, would have resulted in its being thrown away, necessitating a duplication of work in order to replace it.

The informant stated that the superintendent of No. 66, named Christiansen or Christianson, is not qualified for the responsibility placed upon him. Christiansen allegedly has been known to shun all possible responsibility when questioned by the men in connection with the problems arising in the construction of the ships.

Ship No. 66 was launched in November and as stated above, is a destroyer. The informant alleged that the first water drainage tank manhole cover plates require in the specifications that they be made of a special stud of class "B" stock steel. Common stock steel was used which the informant states will result in the studs shearing off if too great a strain is placed upon them while tightening them down at sea. The studs in the after tanks of No. 67 are also made of common stock.

According to the informant the template which is used for cutting out the transverses which will be used in the construction of the "2100" class of destroyer now under way at the yard, requires a 13-inch piece of metal to be welded to the transverses. This welding is required to be on the port side. The informant believes that somewhere along in the designing of the plans for these ships a miscalculation was made which now necessitates this extra welding. In order to have a full understanding of the work that this will require, it was pointed out that there are 730 transverses in each ship and there are seventeen ships to be constructed.

It should be remembered that all the above statements are the expressions of the informant and have not been evaluated or verified by this Bureau.

DECLASSIFIED

Authority UND803073