

CONFIDENTIAL

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NAVY DEPARTMENT  
Washington

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Serial 0191216

January 22, 1942

From: The Secretary of the Navy.  
To : The Chief of Naval Operations.  
The Commandants, All Naval Districts and Outlying Stations.  
All Bureaus and Offices, Navy Department.  
The Commandant, Potomac River Naval Command.  
The Commandant, Severn River Naval Command.  
Major General Commandant, Marine Corps.  
All Inspectors of Ordnance.  
All Inspectors of Machinery.  
All Inspectors of Naval Aircraft.  
All Inspectors of Naval Material.  
All Supervisors of Shipbuilding.  
All District Material Officers.

SUBJECT: Subversives--Discharge of from Private Plants of Importance to Naval Procurement.

Enclosure: (A) Asst. SecNav and Under SecWar Joint Memorandum, Subject: Removal of Subversives from National Defense Projects of Importance to Army or Navy Procurement, dated Jan. 10, 1942.

1. The loyalty of those employees of private plants of importance to Naval procurement who because of the confidential nature of their work occupy particular positions of trust is of the utmost importance at the present time. These employees have been chosen for this work not only because of their technical skill, but also because of the conviction of both their employer and their Government that they are worthy of special confidence and trust.

2. Enemy, enemy agents and sympathizers will make every effort to worm their way into such positions of trust in order that they may succeed in obtaining a maximum of information and cause the greatest damage to the war effort. The Navy Department, the employer, and labor are equally interested in preventing this situation and in cooperating to eliminate promptly every indication of danger.

3. Enclosure (A) represents a joint agreement between the War Department and the Navy Department with respect to the procedure to be employed in discharging individuals suspected of subversive activity. The International Representatives of Organized Labor have agreed to abide by this procedure, and local representatives of labor are being so advised by their International Representatives.

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4. To effectuate the purposes of this agreement, the following instructions are issued:

- (a) In the event that the Naval Inspector shall suspect that an employee is engaged in subversive activity as defined in enclosure (A), he shall consider whether such suspicions warrant the removal of such employee. It is recommended that so far as practicable the Naval Inspector consult representatives of the District Intelligence Officer, and the District Security Officer concerning the basis of his suspicions. It is recommended that a representative of the local field office of the Federal Bureau of Investigation be present at such consultation.
- (b) If, as a result of such consultation, it is considered that the continued employment of such employee will endanger the war effort, the Naval Inspector will immediately notify the representative of the local labor organization with which the individual is affiliated of the decision to remove the employee. The purpose of such notification is to enable such labor representative to effect the removal of such employee, and the Naval Inspector is under no obligation to reveal to such labor representative any of the evidence upon which such decision of removal has been based.
- (c) If the local labor representative does not remove the employee, the Naval Inspector will advise the contractor to discharge the employee immediately.
- (d) If for any reason it is deemed inadvisable to notify the labor representative, a complete report of the situation will be forwarded to the Office of the Assistant Secretary prior to the removal of the employee, with copies to the Office of Naval Intelligence and the local field office of the Federal Bureau of Investigation.
- (e) No employee shall be discharged as a result of idle rumor, gossip, or anonymous communication, nor shall an employee be discharged for any reason other than a reasonable suspicion that he is engaged in subversive activity. Naval Inspectors are requested to use the utmost care consistent with complete security in reaching a decision with respect to such discharge. It is

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not necessary, however, that concrete evidence sufficient to justify an arrest for violating the National Sabotage or Espionage Acts be present prior to discharge.

- (f) A report of such removal or discharge with complete details of the reason therefor will be promptly forwarded to the Office of the Assistant Secretary of the Navy for review, with copies thereof to the local field office of the Federal Bureau of Investigation and the Office of Naval Intelligence. Such report will state whether such removal or discharge was with or without the approval of the local labor representatives and whether a formal request for review has been made or is anticipated.

5. It is requested that Naval Inspectors advise all contractors as soon as possible of the terms of enclosure (A), and it is recommended that Naval Inspectors in cooperation with contractors determine whether local labor representatives have been properly informed by their International Representatives.

6. All Naval Inspectors are requested to forward immediately to the Office of the Chief of Naval Operations (Office of Naval Intelligence), via the cognizant Bureau, a report of all individuals concerning whom there is any suspicion of subversive activity whether or not such suspicions are sufficient to warrant the action described in this letter. This report should include the name of the labor organization to which the suspected individual is affiliated.

FRANK KNOX

JOINT MEMORANDUM ON REMOVAL OF SUBVERSIVES FROM NATIONAL DEFENSE  
PROJECTS OF IMPORTANCE TO ARMY OR NAVY PROCUREMENT

1. For the purposes of this Joint Memorandum "subversive activity" is defined as sabotage, espionage or any other wilful activity intended to disrupt the National Defense Program.

2. When adequate investigation has revealed that there is good cause to suspect an employee of subversive activity on a National Defense Project of importance to Army or Navy Procurement, the vital success of the Project as well as the security of the loyal employees may require that the Army or Navy, without revealing the nature or source of its evidence, request the immediate removal of such individual from the Project. To this end the cooperation of the Organizations representative of Organized Labor is solicited for the following program:

(a) When adequate investigation reveals that there is good cause to suspect such an employee of subversive activity, Army or Navy Representatives have authority to request the immediate removal of the individual from the Project.

(b) Prior to requiring a removal under this authority, the Army or Navy Representatives will advise Project Representatives for Management and for Employees of the requested removal. In every instance it is hoped that their approval will be obtained. It is anticipated that all representatives will join in offering suggestions to minimize any possible injustice. For example, it may be possible to arrange for other employment in non-defense work.

(c) Where there is no good reason for the contrary and if the Project Representatives of Employees so desire, they shall be given the option of handling the removal of any such individual from the Project.

(d) In cases where such an individual wishes to contest the removal, within thirty (30) days after the removal such individual or a Project Representative of Management or of Employees with the individual's written consent must serve a written request for review upon the Army or Navy Representatives who requested the removal. Unless such written request for review is served as provided, the removal shall not be subject to review. If such request for a review is served as provided, the removal shall be subject to such review as shall be provided by the Under Secretary of War or the Assistant Secretary of the Navy, depending upon which service requested the dismissal.

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(e) In the event that a review should disclose that the removal of a particular employee was without sufficient cause, the individual shall be reimbursed for actual loss from unemployment and the loss shall be charged against the government contract for the Project.

/s/ ROBERT P. PATTERSON  
Under Secretary of War

/s/ RALPH A. BARD  
Assistant Secretary of the Navy

Washington, D. C., 10 January 1942