THE PRESIDENT HAS SENT A MEMORANDUM TO THE SECRETARY OF THE NAVY IN REPLY TO THIS SO THIS CAN FILE.

C.F.

C.F. "Navy"
My dear Mr. President:

I enclose you herewith a letter from Admiral Pratt, Chief of Naval Operations, and also a letter from Admiral Upham, Chief of the Bureau of Navigation, which they consider it their duty to write me, and which I consider it my duty to transmit to you.

The officers of the Navy with whom I have entrusted the consideration of $260,000,000, the amount assigned the Navy by the Director of the Budget, Mr. Douglas, after full consultation in trying to meet your desires in the matter, have reached the conclusion that $270,000,000 is the least that the Navy can possibly be operated on.

I am advised that it is impossible to have the Fleet operated on $260,000,000 with any degree of safety or efficiency. The only condition in which they think it can be operated on $270,000,000 would be in a lump sum, and even under these conditions it would be necessary to make drastic cuts in the shore facilities.

If we can get $230,000,000 for new construction, this would materially help the shore establishments on the East Coast.

The Department has shown a fine spirit in conforming with your wishes in this matter, and feel that with the $270,000,000 as above indicated, and with $230,000,000 for new construction, they can handle the situation somehow.

I have sent a copy of this letter to the Director of the Budget, as up to this time I have been unable to make arrangements to confer with him, as he has been exceedingly busy.

With kind regards and best wishes, I am

Sincerely yours,

The President,
The White House.
NAVY DEPARTMENT
BUREAU OF NAVIGATION
WASHINGTON, D.C.

12 APR 1933

From: The Chief of the Bureau of Navigation.
To: The Secretary of the Navy.

SUBJECT: Expenditures 1934 - Proposed reduction of Appropriations.

Reference: (a) C.N.O. SERVICE ltr. of 3 April 1933, file 0p-38-A-MW-FF1(1934)/A4-3(320510).
(b) Budget Officer's SERVICE ltr. of 6 April 1933, file A4-3(11)(1934)/FF(330201)NBO/McL-EMK.

1. Reference (b) contains certain tentative proposals regarding a limitation of the expenditures for the fiscal year 1934. I feel it my duty to indicate the serious impairment of naval personnel which would result from the adoption of the proposal relative to Pay, Subsistance and Transportation.

2. Referring to the Appropriation, Pay, Subsistance and Transportation, the amount provided for 1934 is:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriation</td>
<td>$142,977,450</td>
</tr>
<tr>
<td>Transferred from clothing and small stores</td>
<td>$1,750,000</td>
</tr>
<tr>
<td><strong>Total Available</strong></td>
<td><strong>$144,727,450</strong></td>
</tr>
</tbody>
</table>

Deductions

(a) The Act to maintain the credit of the United States reduces compensation to officers and men, 15%........................................$ 15,500,000
(b) Deny promotions to enlisted men. 1,000,000
(c) Tentative allowance by Navy Budget Officer estimate............ 122,000,000
(d) Balance to be saved.................... 6,227,450

$144,727,450 = $144,727,450
3. The balance ($6,227,450) to be saved from this appropriation under the figure assigned by the Navy Budget Office can come only by reducing personnel. To meet this figure by such reduction would require:

(a) Discontinue all first enlistments for 1934 (fiscal) thereby saving men, approximately.............. 6,000

(b) Deny re-enlistment to approximately.................. 7,000
Total reduction in 12 months...............13,000
Average for the year...............6,500

The total enlisted personnel on 1 July 1934 would then number 66,700 (approximately) as against 79,700 now in the service. Under present conditions with 79,700 men, ships allowances average 74.7% of complements. With the reduction to 66,700 the average percentage would be 60.6%. I believe the Secretary of the Navy would not be ready to accept responsibility for the resulting unreadyness of the Fleet. And this aside from the havoc to morale that would unquestionably result were we to deny re-enlistment to many men who by reason of long service and fine records have been encouraged to look to the Navy for their life work. The number added to unemployment is a factor to be recognized, but a more serious phase lies in the thought that such men faced with rejection by the Government would become fertile soil for subversive propaganda which is being constantly handed to our enlisted men - without effect to date.

4. While ever ready to co-operate in full measure in the realization of all possible economies, and ready now to accept the full amount of cuts suggested in reference (b), I were remiss in my duty to the Secretary of the Navy did I fail to make of record this analysis of what would result from those cuts.

5. It is therefore apparent that the reduction of the appropriation "Pay, Subsistence and Transportation" should be restricted to the sum of $16,500,000, leaving available for expenditures $128,227,450. In my opinion, this is the maximum reduction in the "Pay, Subsistence and Transportation" appropriation that can be made without further seriously impairing the enlisted personnel as an important factor in the national defense.

Copy to:
Asst. Sec. Nav. OK. - Post
C.N.O.
N.B.O.

[Signature]

[Note]: I cannot reduce the personnel of the Navy.

[Note]: Beyond a certain point and have since reasonable assurance.

[Note]: Efficiency of relative security. Under Plan A, with an 85% distribution of enlisted forces, great and inevitable.

[Note]: This is a measure and certain to be inadequate.
Confidential

NAVY DEPARTMENT
OFFICE OF CHIEF OF NAVAL OPERATIONS
WASHINGTON

Date- 2/6/59

From: Chief of Naval Operations,
To: Secretary of the Navy.

SUBJECT: Reduction of 1934 appropriations to a $260,000,000 cash withdrawal basis, as affecting the efficiency of the Fleet.

The Situation

1. We are faced with the problem of cutting our 1934 expenditures to the sum of $260,000,000 in order to help balance the national budget. Can it be done? Is it a safe thing to do? What part of the naval establishment has in the past borne the brunt of the cuts made? What part should now bear the brunt, the more useful or the less useful?

The two parts of the Navy

2. The two parts of the Navy speaking in broad terms are
(a) the Fleet
(b) the Shore Establishments

The Broad Plan to meet the proposed reductions

The Broad Plan then must take into consideration

(A) Reductions in the Fleet
(B) Reductions in the Shore Establishment

Under Plan (A) it is proposed to put approximately one third of the Fleet in an inoperative status for 6 months, rotating with ships which will permit two thirds of the Fleet to get one year's full training in each 18 months - to reduce the personnel to a fixed percentage - to reduce the steaming and training operations by a fixed amount, the entire plan being a compromise to bring costs down, and not a plan which efficient operation would demand. The Fleet remains on the West Coast as it is cheaper and more efficient for it to be there.

Under Plan (B) the attempt is made to survey the shore establishments - cut where necessary - put in an inoperative status yards and stations no longer necessary for the maintenance and repair of the Fleet - reduce costs all along the line.
The Fleet versus the Shore Establishments

Of the two the Fleet is the essential part, the shore establishments are auxiliary. The former should have priority, but always in the past, when cuts have been made, when limitation of armament forced reductions it was the Fleet that has taken the brunt of the battle. Once again it is the same old problem and unless (b) the shore establishments now take the brunt, it will again be the Fleet. Already the Service is top-heavy from too many shore establishments and unless we can find a way to finance them from funds coming not directly from the naval appropriations we will in time reach the stage where we are operating a Pinafore Navy.

The operational readiness of the Fleet under Plan (A)

Under Plan (A) the whole fleet is not in instant readiness to move, and would not be until a general mobilization order were given and time taken to put the fleet in a condition of operational readiness. That portion of the fleet viz. two thirds of it could move at reasonably short notice provided its personnel were not too greatly reduced. The best that can be said of the plan is that we endeavor to keep the portion of the fleet actively operating, in a fit condition as to the gunnery and tactical training.

The material readiness of the Fleet

As each year goes by and ships grow older, without new replacements coming along, the material condition of the Fleet retrogrades. As appropriations for maintenance and upkeep are cut, as they have been in recent years culminating in the present drastic slash, the material condition steadily goes down. One object under Plan (A) would be to devote the 6 months of inactive operation to intensive work on material. To achieve tangible results however, sufficient personnel in the proper ratings must be kept on board, and this personnel must be permitted the use of the yard facilities where they are based.

The personnel condition of the Fleet

With the present personnel allowance of 79,700 enlisted men the Fleet is undermanned to meet a national emergency. It is operating on approximately a 75% allowance of full complement. Under Plan (A) with a total enlistment force of 79,000 and a distribution of 90% enlistment force for active ships and a 45% enlistment force for inactive ships the percentages of enlisted force for types are as follows:-

- Battleships: 75%
- 8" Cruisers: 75%
- 6" Cruisers: 76.5%
- Destroyers: 72.5%
- Submarines: 83%
- Aircraft Carriers: 75%

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DOD DIR. 5200.9 (9/27/58)
Date- 2/6/59
Signature- Carl L. Spicer
Under Plan (A) with an 85% distribution of enlisted force to active ships and 45% to inactive ships the percentages of enlisted force for types run as follows:

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Battleships</td>
<td>71.6%</td>
</tr>
<tr>
<td>6&quot; Cruisers</td>
<td>71.6%</td>
</tr>
<tr>
<td>6&quot; Cruisers</td>
<td>73%</td>
</tr>
<tr>
<td>Destroyers</td>
<td>67.9%</td>
</tr>
<tr>
<td>Submarines</td>
<td>81.8%</td>
</tr>
<tr>
<td>Aircraft Carriers</td>
<td>71.6%</td>
</tr>
</tbody>
</table>

This is the lowest margin it is practicable to accept and still keep up a fleet worthy of the name. It is not a safe margin for proper readiness and can only be justified as an emergency condition and not as normal practice. It is less than other Navies deem wise.

The total reduction from 79,700 men under the 85 - 45% plan amounts to 2700 men, leaving the balance of 77,000 men which we should not go below.

New Building

Unless there is a new building program taken in hand at once, the material condition of the Fleet will steadily grow worse. Unless its personnel is kept up its readiness condition can not be maintained. Without a building program there is no justification for the great number of navy yards and stations now kept open on the East Coast, for there is no repair work of importance for them to undertake, sufficient to justify their existence. It is not safe to bring a portion of the Fleet back, for bad enough as the condition of readiness of the Fleet is when it is kept together, the condition would be much worse were the Fleet separated.

The Power of the Fleet to Accomplish its Purpose

It is beyond the province of the naval technician to say what should be the purposes for which a fleet is maintained. This is the province of Government guided by wise statescraft. However it is the duty of the naval adviser to state what in his opinion is the power of the Fleet to accomplish in the matter of national defense. This is embodied in the following short Conclusion.

Conclusion

Under the present plan of operating and with the present allowed complement, the Country is reasonably safe defensively on both oceans for the time being. Under Plan (A) the Country is reasonably safe defensively on one ocean for the present. It is not in a sound position under present operating plan or under Plan (A) to undertake alone and with any reasonable assurance of success operations going beyond the scope of defensive operations. It is the opinion of the Chief of Naval Operations that the next two or three years constitute the period of greatest danger for the Navy so far as can be forecasted now.

W.V. Pratt.

Secretary of the Navy