AIRPLANES MANUFACTURED FOR DOMESTIC CIVIL USE DURING THE FIRST NINE MONTHS OF 1938 COMPARED WITH THE SAME PERIOD OF 1937. THESE PLANES HAVE BEEN ISSUED IDENTIFICATION MARKS BY THE CIVIL AERONAUTICS AUTHORITY

(These figures do not include airplanes manufactured for export or for the military services (Army, Navy and Coast Guard)).

	January-September, Inclusive	
	1938	1937
Piper Aircraft Company, 77 P St., Lock Haven, Pa.	508	417
Taylor-Young Airplane Co. Alliance, Ohio	196	316
Aeronautical Corp. of America, Lunken Airport, Cincinnati, Ohio	152	262
Fairchild Aircraft Corp. 1 Park Lane, Hagerstown, Md.	77	91
Stinson Aircraft Div. Aviation Mfg. Corp., Wayne, Mich.	45	132
Waco Aircraft Co. Troy, Ohio	44	77
Luscombe Airplane Co. West Trenton, N. J.	37	6
Beech Aircraft Corp. P. O. Box 7, Wichita, Kans.	28	48
Rearwin Flying Corp. Fairfax Airport, Kansas City, Kans.	21	39
Cessna Aircraft Co. 5800 Franklin Rd., Wichita, Kans.	19	30
Douglas Aircraft Co. 3000 Ocean Park Blvd., Santa Monica, Calif.	18	47
Lockheed Aircraft Corp. Box 1117, Burbank, Calif.	15	23

	1938	1937
Porterfield Aircraft Corp. 2500 McGee Trafficway, Kansas City, Mo.	15	61
Ryan Aeronautical Corp. Lindbergh Field, San Diego, Calif.	11	31
Welch Aircraft Industries, 1720 Mishawaka Ave., South Bend, Ind.	9	11
Grumman Aircraft Engineering Corp. Bethpage, L. I., N. Y.	7	4
Howard Aircraft Corp., 5301 W. 65th St., Chicago, Ill.	7	12
Dart Manufacturing Co. (Monocoupe Design) Columbus, Ohio	6	0
Monocoupe Manufacturing Co. Lambert Field, Robertson, Mo.	4	21
Seversky Aircraft Corp. Farmingdale, L. I., N. Y.	4	3
Alcor Aircraft Corp. Municipal Airport, Oakland, Calif.	1	0
Barkley-Grow Aircraft Corp. 2017 Penobscot Bldg., Detroit, Mich.	1	1
Bellanca Aircraft Corp. Newcastle, Delaware	1	1
Boeing Aircraft Co. Georgetown Station, Seattle, Wash.	1	0
Cunningham-Hall Aircraft Corp. 13 Coral St., Rochester, N. Y.	1	0
Curtiss-Wright Corp. 30 Rockefeller Plaza, New York, N. Y.	1	3
Fleetwings, Inc. Bristol, Pa.	1	0
Gwin Aircar Co. 777 Hertel Ave., Buffalo, N. Y.	1	1

	1938	1937
Harlow Engineering Corp. 2112 Oakdale St., Pasadena, Calif.	1	1
Ben Jones, Inc. 111 State St., Saratoga, N. Y.	1	0
North American Aviation Corp. Los Angeles Municipal Airport, Inglewood, Calif.	1	1
Phillips Aviation Co. Los Angeles Metropolitan Airport, Van Nuys, Calif.	1	0
Security Aircraft Corp. Municipal Airport, Long Beach, Calif.	1	0
Spartan Aircraft Co. Sheridan Rd., Tulsa, Okla.	1	6
United Aircraft Corp.		
Chance Vought Aircraft Div., East Hartford, Conn.	1	0
Sikorsky Manufacturing Co., Bridgeport, Conn.	0	1
Arrow Aircraft Corp. 4133 North 36th Street, Lincoln, Nebraska	0	102
Stearman-Hammond Aircraft Corp. South San Francisco, Calif.	0	14
Miscellaneous manufacturers and individuals making one or more planes.	75	59
Total domestic civil aircraft manufactured	1313	1821
Manufactured for export	616	452
Military airplane deliveries	944	484
Total airplane production	2873	2757

PSF
War

October 31, 1938

The President,
The White House.

My dear Mr. President:

Here is a confidential report made by Lawrence D. Bell of the Bell Aircraft Corp. The Summary beginning on page four is extremely interesting.

Faithfully yours,

Louis Johnson

Enclosure

BELL AIRCRAFT CORP.
2050 Elmwood Avenue
Buffalo, N.Y.

~~CONFIDENTIAL~~

September 12, 1938

Chief of Air Corps
War Department
Washington, D.C.

Subject: Report on Military Aircraft, Plants, and Production in Germany, Italy, France, and England, as observed by Lawrence D. Bell between the dates of July 9, 1938 and September 6, 1938.

SCOPE

Following is listed plants, places and types of aircraft inspected.

GERMANY

Company	Date	Type of Plane
Henschel Flugzeugwerke, A.G. Schonefeld, Kreis Teltow	July 18, 1938	DO-17, 2 engine light bomber Henschel-126, single engine high wing observation
Heinkel Werke G.m.b.H. Cranienburg	July 19, 1938	Heinkel-111, 2 engine light bomber
Junkers Flugzeug und Motorenwerke, A.G. Dessau	July 20, 1938	JU-52, 3 engine transport JU-86, 2 engine light bomber JU-87, single engine dive bomber JU-90, 4 engine heavy bomber, transport
Junkers parts plants at Aschersleben	July 20, 1938	Manufactures fuselages only for various Junkers types
Leopoldhal	July 20, 1938	Manufacturers tail surfaces only for various Junkers types
Dornier Metalbauten G.m.b.H. Friedrichshafen	July 25, 1938	DO-17, twin engine light bomber (separate factory) DO-18, twin engine tractor pusher, flying boat DO-24, 3 engine flying boat DO-26, 4 engine (Diesels) 2 tra... 2 pushers, flying boat

Company	Date	Type of Plane
Zeppelin Museum Friedrichshafen	July 25, 1938	
Bayerische Flugzeugwerke, A.G. Augsburgh	July 26, 1938	Messerschmitt 108, Single engine 4 place commercial (separate plant) 109, Single engine, single seater pursuit 110, Twin engine, 3 place pursuit
Templehof Airport	July 26, 1938	
D.V.L., Berlin	July 29, 1938	Technical Laboratories
Government Secret Research Laboratory (near) Stuttgart. Under direction Professor Madelung.	August 1, 1938	Where technique of dropping bombs vertically at high speed and catapulting large airplanes was perfected.
ITALY		
Breda Factory (Aircraft Division), Milan	August 8, 1938	Breda 65, Single engine attack and light bomber (use extensively in Spain) Breda 88, 2 engine light bomber
FRANCE		
Amiot Plant Paris	August 16, 1938	Amiot 350, 351, 370 Twin engine light bomber
Potez Meaulte	August 17, 1938	Potez 63, small twin engine fighter bomber
Morane-Saulnier Paris	August 18, 1938	Type 405, Single engine, single seater pursuit
ENGLAND		
Vickers Aviation Weybridge	August 23, 1938	Wellesley, single engine long range bomber Wellington, 2 engine long range bomber (Both geodetic construction)
Hawker Aircraft, Ltd. Kingston, England and Brooklands, England (assbly.)	August 23, 1938	Hawker Hurrican, single engine, single seater pursuit

[redacted]

Company	Date	Type of Plane
Vickers Supermarine Aviation Works, Ltd. Southampton	Aug. 24, 1938	Spitfire, single engine, single seater fighter.
D. Napier & Son, Ltd. Acton, London	August 26, 1938	DAGGER SERIES III- 800 H.P., H. type air cooled engine, 24 cylinders VIII - 1000 H.P., H. type air cooled engine, 24 cylinders Also 2000 H.P. same type
Rolls Royce Aircraft Engine Derby, England	Aug. 29, 1938	Kestral 800 and Merlin 1000, liquid type V cooled engines.

This report includes observations with respect to the following items on the above plants and products; detailed memoranda being compiled after each visit.

PRODUCTS

General design, engine and armament installations, personnel arrangement and accommodations, performances and characteristics, detailed design and construction, high lift devices, electrical and equipment installations, workmanship and finish.

PLANT

General design and grouping of buildings, estimated floor space, estimated number of employees, type and quantity of machinery used, special processes applied methods of metal parts manufacture, method of assembly and assembly fixtures, estimated rate of output per day, war protection, inspection facilities, laboratory and static test facilities, apprentice schools, employees welfare facilities, average rates of pay, procurement systems employed.

[redacted]

SUMMARY OF OBSERVATIONS

Based upon observations, inspection of plant facilities, present rate of production, quality of aircraft produced, and conversations with leading manufacturers, executive and technical personnel and Air Ministry officials in the various countries, the following conclusions were reached.

a. From the standpoint of the number of planes on hand, quality and quantity of present production, Germany is far superior to England, France and Italy on probably the following ratio:

Germany	10
England	5
Italy	2
France	1

Potentially, England is stronger than a ratio of 5 but will certainly require at least another year to reach anything that could be considered minimum defense in the air against Germany. It is more than probable that England's present monthly expenditure on aircraft is much greater than that of Germany.

Germany's present output is certainly not less than 8000 to 10,000 planes per year. Its efficiency is so high that its aircraft production appears to be smooth and without confusion; the reverse is true in England.

b. After two years of failure, England is now employing what may be termed a dictatorship with regard to aircraft procurement. Stupendous sums are being spent more or less on a cost plus basis and it is my judgement that three quarters of British aircraft now on order and in production is without a determined cost price.

As an example, the Messerschmitt 109, single engine Pursuit and British Spitfire, are about equal as to performance and general value; both types are nearly two years old. Germany is producing at least 5 Messerschmitts per day in the Messerschmitt plant and five other plants are in quantity production on this model. More than 2,000 Spitfires are on order and on August 24, 1938, the sixth Spitfire was completed. Lord Nuffield, automobile manufacturer, in July received an order for 1,000 Spitfires and in August ground was broken to begin the building of a factory to manufacture the planes.

c. It appeared from observations and conversations that Italy is building aircraft less intensively than a year and a half ago and that it is exporting all of the military aircraft it can sell.

d. The status of the French military aircraft production appeared to be pathetic in view of the possible need of this equipment. Both Air Ministry Officials and Aircraft Executives were frankly apologetic for France's poor

showing. Apparently this is a result of the political, economic and labor situations. Years must necessarily elapse before France can produce an Air Force equal to that of Germany now.

e. Germany's efficiency is unquestionably largely due to its procurement system which is understood to be as follows:

> New experimental types are competitively produced by 2 or more concerns; the best is selected and large quantities are ordered from the originator.
>
> The losing competitors are also awarded large orders of the same winning prototype. All companies, privately owned but government controlled are granted a profit of about 12% on what they build. In addition, royalties are paid to the originator of the winning design on all of these airplanes built by other manufacturers as an incentive to obtain greater performance.

A maximum of 6% on the invested capital can be paid to stockholders, the remaining profits must be invested in German government bonds.

It may be said that German aircraft industry represents the ultimate in centralized control and decentralized operation.

f. In Germany, substantially all aircraft factories (most of which are only 2 or 3 years old) are built near small towns in outlying sections and the plants themselves are decentralized. These plants are strictly modern with the finest of production equipment. Each plant consists of many separate buildings separated by at least 1000 ft. They are so staggered that no 3 buildings are in line, as a protection against bombardment. Buildings are camouflaged by painting the roofs green and most of them are surrounded by evergreen trees. Each building is equipped with its own bombproof basement, gas masks, etc. Separate electrical power supply for each building is provided in most instances.

g. Both in England and in France many of the aircraft factories are located in the cities. They usually are contained in one large building, or a group of buildings clustered together. Even the new factories and new shadow factories are not decentralized; some of them are from 400 to 600 ft. wide and from 1,000 to 1,500 ft. long under one roof. Individual Air Ministry Officials are much concerned regarding the vulnerability of these plants.

h. Because of the delay of British aircraft production and the relative small size of the present British Air Force and the vulnerability of the British aircraft plants, it is evident that England cannot at this time defend itself in the air against the German Air Force (providing, of course, Germany has sufficient fuel).

It is estimated that the plants in Germany visited contained 5,050,000 sq. ft. of floor space and 40,000 employees. The Military Attache's office in Berlin estimated

that about 20 to 30% of the German industry was inspected. On the basis of 25%, this would give Germany 20,200,000 sq. ft. of floor space and 160,000 employees. This is exclusive of engines, propellers, instruments, accessories, and armament.

AMERICAN MILITARY ATTACHES

The American Military Attaches and Assistant Attaches, having been notified of my proposed visit, in every case had made all of the necessary arrangements to visit aircraft plants and to meet Air Ministry Officials. They were of great assistance to me in every respect.

Officials in each country were extremely friendly and most courteously permitted me to inspect any plants and products in detail, except, of course, experimental planes. While naturally some conflicting information was presented, questions were answered freely and it is believed honestly in most instances as far as the individual was concerned. No information, however, was available at any time or any place as to the number of aircraft on hand or the rate of production or the size of the industry.

Air Ministry Officials and Plant Executives did not attempt to pump me unduly and were not the slightest irritated when specific information was declined. Many suggestions made by me regarding improved methods of detail production were greatly appreciated by my hosts and invariably made it much easier for me to obtain information.

Following is a report of my observations of plants and products inspected in the order visited from July 15, 1938 to August 1, 1938.

GERMANY

In order to fully understand why I was permitted to visit so freely the plants in Germany, the following should be pointed out. First, Major Vanaman, Assistant Air Attache, who is extremely well liked by Air Ministry personnel, most effectively made arrangements for my visit and accompanied me on all tours of inspection. In addition to this fact, two Germans; namely, Professor George Madelung (reserve officer), Director of a secret government research laboratory at Stuttgart, and Major Walter Wendtland, of the Air Ministry in charge of aircraft plant espionage and policing, both worked for me in America many years ago and consequently were personal friends. Both Major Wendtland and Professor Madelung accompanied me in a most friendly manner on all visits and provided either automobile or air transportation to all places visited.

HENSCHEL FLUGZEUGWERKE, A.G.

SCHONEFELD (about 10 miles out of Berlin)

This plant is in production exclusively on the DO-17, twin engine light bomber. General specifications of this airplane are approximately as follows:

Mid wing, all metal, twin rudder monoplane.
Power - 2 - 1000 H.P. liquid cooled engines
High speed - around 260 m.p.h. at 4,000 meters

Bomb load - maximum 2000 lbs. of bombs carried vertically
Span - approximately 70 ft.
Range with 2000 lbs. bombs - probably not over 1,200 miles
Gross weight - about 17,000 lbs.
Fire power - fuselage nose, 1-7.7 mm. flexible machine gun
1-7.7 mm. flexible machine gun firing rearward above tail
Crew - 3 in extremely slim pencil like fuselage
Single control
Bombardier in nose in sitting position cruising; lies prone to operate bomb sight.
Flaps, no slots
Fuselage appeared to contain comparatively few installations
No solid electric conduit
Flush rivet throughout
Completely camouflaged with rough surface.
Airplane generally clean in design but detail could be materially improved.
Leakproof gasoline tanks of the type used here in 1918 were installed (but did not observe such tanks in any other planes in Germany).

This airplane of Dornier design is also in production in several other plants. The design is about 3 years old and is conventional structure of stress skin wing and monocoque fuselage, employing nothing unusual.

HENSCHEL-126, High Wing Brace Monoplane

Saw one of these observation planes which are in production in a separate Henschel plant. While the airplane is only of mediocre performance, its most interesting characteristic is the incorporation of 456 structural and non-structural parts made from magnesium castings & forgings, including engine mounts, flight controls, seat supports, ejector chutes, gun mounts, and cantilever non-retractible landing gear struts.

PLANT

Typical buildings and layout as described under Summary.

Estimated floor space	- 600,000 sq. ft.
Estimated number of employees	- 4,500
Estimated production DO-17's (one shift)	- 2 to 3 per day

This plant has the finest hydraulic press equipment of any observed in Germany. All aluminum alloy parts are formed of SO metal (soft) and heat treated after forming, without distortion, by the spray quench method. While this is the only equipment of this kind observed in Germany, it was claimed that both tensile strength and corrosion resistance properties equal to water quench were obtained. They permitted me to make a sketch of the equipment and furnished me with samples of the aluminum alloy used.

HEINKEL WERKE G.M.B.H.

ORANIENBURG (About 25 miles out of Berlin)

The Heinkel plant is probably the show plant of Germany and produces solely the Heinkel-111, 2 engine light bomber. This is the airplane that was refined and souped up to make the 313 m.p.h. record over a 100 kilometer course, at low altitude as certified by F.A.I. General specifications and characteristics are as follows:

Mid wing, stress skin, twin engine, all metal monoplane with monocoque fuselage and single rudder.
Normal high speed - about 280 m.p.h. at 4,000 meters.
Power - 2-1000 H.P. liquid cooled engines.
Span - 75½ ft.
Gross weight - 18,920 lbs.
Weight empty - 12,100 lbs.
Wing area - 942 sq. ft.
Maximum bomb load for short range - 4500 lbs.
Normal bomb load - 2,200 lbs. bomb, 1000 mile range.
Overload condition - 2,000 lbs. bomb, 2000 mile range.
Small fuselage as compared to U.S. types but much larger than DO-17.
Flaps, no slots.
Wing trailing edge between nacelles and fuselage warped upward about 12" - apparently to prevent either center section stall or tail buffeting.
Crew - 3, consisting of pilot, emergency pilot (also bombardier and front gunner) and rear gunner.
Bomber lies down when using bomb sight.
Entire upper half of fuselage, forward of pilot, beautifully glassed in giving good vision.
Bomb sight contained in separate transparent fairing below nose of fuselage (apparently not room inside).
Bombs carried vertically.
Gun fire - 3-7.7 mm. flexible machine guns; 1 in fuselage nose, 1 in retractible turret under fuselage rear, and 1 in sliding hatch turret upper fuselage firing rear.
Engine mounts consist of heavy magnesium forgings and all German ships observed employ this same type of engine mounting.
Completely flush riveted.
Camouflaged with rough finish.

A large number of ships under construction and noticed No. 1592 on the line. In the assembly hangar all of the ships, otherwise complete, were without tail surfaces indicating changes being made.

CONSTRUCTION

The entire structure largely produced from sheet and strip stock American style. Reasonably good production design, not unlike American construction. Heavy forged aluminum alloy tapered flanges used full length of spars. Steel parts are welded with the new hydrogen flame passed through an electric arc providing intensive heat, surrounding the flame with hydrogen gas, eliminating warping and

[redacted]

scale. Generous use of magnesium castings. Generous use of magnesium sheet for non-structural parts such as wing fillets, cowling, etc. Principally due to lack of hydraulic press equipment, Heinkel production methods not as progressive as Henschel but assembly and assembly fixtures better than Henschel. Both plants make extensive use of elaborate all steel assembly fixtures.

PLANT

Estimated total floor space	-	800,000 sq. ft.
Estimated total number of employees	-	5,500
Estimated production Heinkel-111, (1 shift)	-	2 to 3 per day

Basically the Heinkel plant is similar in general layout to all others in Germany but the newest and unquestionably the finest. The plant is less than 2 years old and they claim the first plane was turned out six months after ground was broken. The plant is located in the country and the assembly hangar and flying field are two miles distant.

An abundance of the latest finest machine tool equipment is installed. The heat treating department is completely tiled (as clean as a kitchen). All buildings in this plant, as well as all others, are equipped with heavy duty traveling electric cranes. The entire grounds among the scattered buildings are maintained like a city park.

Like other German plants one building is equipped with an abundance of modern machinery as an apprentice school; facilities for about 800 apprentices consisting of boys from 14 to 16 years of age and middle aged women. The school provides a 4 year course.

While all German plants have elaborate Welfare and Recreational facilities for its employees, Heinkel was most impressive observed. These facilities include athletic field, a tremendous swimming pool of the finest quality, a special medical building including many kinds of medical baths, masseurs, and a complete medical staff. Also is included an enormous ultra modern kitchen, elaborate dining and smoking rooms with expensive furnishings and appointments. Without exaggeration, the welfare facilities at this plant are on a parity with the better clubs in the United States and it is estimated by me that to duplicate these facilities in America would cost no less than $1,000,000.

JUNKERS FLUGZEUG & MOTORENWERKE, A.G.

DESSAU (Government owned as compared to other German plants privately owned and government controlled.)

The Junkers plant at Dessau, together with its several subsidiary plants located from 20 to 40 miles from Dessau, constitutes a tremendous operation. The original Junkers Company went bankrupt some years ago and is now government owned. The following types of planes manufactured were observed:

JU-52, an old 3 engine transport that is still in production and enjoys a large export business throughout the world.

[redacted]

JU-86, twin engine light bomber in the general class with but not as fast as the DO-17 and Heinkel-111. General specifications and characteristics:

Low wing, stress skin, monoplane with monocoque fuselage and twin rudders.
Gross weight - approximately 17,000 to 18,000 lbs.
High speed - probably 250 m.p.h. at 4,000 meters.
Span - approximately 75 ft.
Hinged flaps, no slots.
Externally braced tail.
Bombs carried vertically.
Bomb capacity - probably maximum 2,000 lbs.
Only reasonably clean design.
Flush riveted throughout.
Camouflaged with rough surfaces.
Crew - 3
Single control.
Pilot, bombardier-front gunner, rear gunner.
Fire power - 3-7.7 mm. flexible machine guns; 1 nose in fuselage, 1 upper fuselage firing upward to the rear and 1 lower fuselage firing downward to the rear.

While inspecting the interior of the fuselage noticed two gasoline tanks installed therein were contained in a light sealed fibre housing. It appeared there was probably 2" of air space between the housing and the tank. It appeared this space was vented to the outside. It appeared this housing constituted a vapor proof container and is perhaps charged with CO_2 as a protection against fire from incendiary bullets. No information was obtainable regarding this installation.

JU-87, single engine, 2 place, low reversed gull wing, stress skin dive bomber. This plane was on secret list and they did not permit close inspection. The airplane looked good, high performing with the pilot well forward providing excellent vision. No performance data was available.

JU-90, 4 engine bomber or transport, low wing, all metal stress skin monoplane with monocoque fuselage. The airplane looked high performing but smaller than the B-17. The second airplane of this type suffered a wing failure in flight which was claimed to be caused by faulty installation of vibrating test equipment.

All of the Junkers airplanes are apparently of the same general type of construction, largely made up of sheet and strip stock similar to American practices. There still remains traces of the use of corrugated metal internally. The designs generally do not appear to be equal to other German types.

Junkers production equipment is extensive but methods are not as progressive as in other German plants.

PLANT

The general offices and engineering department are housed in a modern 7 story office building. Extensive wind tunnels are also provided. The main plant at Dessau confines itself largely to manufacture of metal parts and to the final

[redacted]

assembly and testing of complete airplanes. Sub assemblies such as fuselages, wings, and tail surfaces are made in outlying subsidiary plants. The Junkers engine plant is located across the field at Dessau but was not visited by me.

Estimated floor space at Dessau - 1,250,000 sq. ft.
Estimated total number of employees - 10,000

JUNKERS PARTS PLANT AT ASCHERSLABEN

Fuselages and sub assemblies only for various Junkers types. This plant is also modern, extensively equipped and all buildings are equipped with overhead traveling electric cranes. Total floor space estimated to be 350,000 ft., total employees 2500.

JUNKERS WERKE, LEOPOLDHAL

This plant builds tail surfaces only for various Junkers types. It is not as modern nor as well equipped as the sub assembly plant at Aschersleben but is approximately 300,000 sq. ft. and estimated to employ 2,000 people. A still separate plant is employed in the manufacture of Junkers wings for all types which was not inspected. However, in traveling about the back country another large plant, apparently for final assembly purposes and believed to belong to Junkers, was viewed from a distance. It appeared to contain 350 to 400,000 sq. ft., and located on a flying field.

DORNIER METALBAUTEN
FRIEDRICHSHAFEN

2 plants; 1 located on Lake Constance for the manufacture of flying boats and seaplanes; another near by on the flying field for the production DO-17 light bombers.

DO-17, same as manufactured by Henschel. A modified and improved DO-17 was in the assembly hall but my close inspection was not permitted.

DO-18, twin engine, tractor, pusher, flying boat, externally braced, high wing monoplane with externally braced tail. Rear propeller driven by shaft 6 or 8 ft. in length. No data on performance.

DO-24, 3 engine braced high wing monoplane flying boat. Not particularly impressive. No data on performance.

DO-26, 4 engine (Diesels, 2 tractors, 2 pushers). This is Dornier's latest product built for oceanic service. Photograph of this flying boat appears in the latest issue of Inter Avia, August 30, 1938, No. 570. Notable features as follows:

Clean design with cantilever stress skin gull wing.
4 - Junkers Juno 205 Diesel engines, 600 H.P. each, located above wing.
Rear propellers driven by drive shafts of 6 to 8 ft. in length.

[redacted]

It is notable that while Dornier was the originator of the sponsons or seawings for flying boats, they are eliminated in this design in favor of retractible outboard floats. These floats are about 25 ft. inboard from wing tips, supporting struts, retract flush with the bottom of the wing and about half of the float is external in the retracted position.

PLANT

Both Dornier plants at Friedrichshafen are similar in their general layout and facilities to other German plants; the DO-17 plant being new and better equipped than the boat plant. The boat plant is located directly on the water and possesses excellent crane facilities for handling boats in the building and in and out of the water.

Dornier, like Junkers, does a very large export business.

Estimated floor space both Dornier plants at Friedrichshafen.	-	875,000 sq. ft.
Estimated total number of employees.	-	7,000

BAYERISCHE FLUGZEUGWERKE, A.G. - (Messerschmitt)

AUGSBURG

The Messerschmitt 109, single engine, single seater fighter, held more interest to me than any other plane in Germany.

Professor Messerschmitt, Professor Madelung's brother-in-law, gained for me special privileges at this plant.

The Messerschmitt 109 is in quantity production and likewise a service test order of 200 of the new Messerschmitt 110, twin engine, 3 place fighters are being built here. It is believed Messerschmitt is considered Germany's leading designer.

Messerschmitt 109, single engine fighter.

Small clean low wing monoplane.
High speed - 325 m.p.h. at 4,000 meters.
Power - 1 liquid cooled V type inverted 1,000 H.P. engine with mechanical supercharger.
Gross weight - 5,060 lbs. (extremely light for this type of plane).
Span - 31 ft.
Wing area - 208 sq. ft.
Flaps and automatic slots.
Estimated fuel capacity - about 90 gallons.
Fire power - 1-20 mm. and 1-7.7 mm. fixed machine gun in each wing.
1-20 mm. cannon firing through hollow propeller shaft.
2-7.7 mm. fixed synchronized machine guns (was told all wing guns are being eliminated in favor of the nose cannon and nose machine guns).
Compressed air used for recharging.
Forged magnesium engine mount.

"CO[redacted]

Pilot's cockpit small. Seat is located in the recess of right angle gasoline tank.
Pilot too far aft to provide good vision.
No rearward vision.
Stabilizer above fuselage externally braced.
Extremely small rudder and fin.
All wheels retractible.
Engine installation extremely compact.
Oil cooler mounted in scoop below engine.
Water radiators mounted under each inboard wing back about 2/3rds of the chord.
Radiators about half in and half out of the wing.
Monocoque fuselage of very clever design.
Fuselage skin sheets joggled to give flush surface and rear edge of each skin panel is further formed to constitute internal annular rings, reducing parts, rivets, and weight.
Wing employs single spar located about one third of the chord and employing leading edge as structural member.
Rudder bar instead of pedals is used.
Minimum equipment installed but includes radio and external radio mast.
Cabin frame only, provides turnover protection.
Plexo glass used for cabin but not flush mounted.
Wing tips rounded very slightly, almost square.
Ribs forward of spar all formed in one piece on hydraulic press.
Dihedral about 4°.
Plane is made largely from sheet and strip stock, with much application of hydraulic press and stretching machine.
Considerable magnesium sheet is used for non-structural parts.
A fine flush riveting job is produced and all external skins are joggled to produce flush joints.
Movable surfaces are fabric covered but do not employ flush sewing.
Finish camouflaged with rough surface.
Exhaust is by means of short stacks protruding through the cowling about 1/4" and does not employ the new British type manifold.

(Al Williams told me in Berlin he had flown the 109 and was most enthusiastic about its performance and handling characteristics.)

Messerschmitt 110, twin engine, 3 place Pursuit

Reported high speed not as fast as the 109, therefore probably about 315 or 320 m.p.h. at 4,000 meters.
Span - 52 ft. Gross Weight - About 12,000 lbs.
Endurance at cruishing speed- 3½ hrs. Weight Empty - about 7,100 lbs.
Fire power - 2 - 20 mm. fixed cannons firing forward (200 rounds ammunition per gun.)
(All guns in fuselage) 4 - 7.7 mm. fixed mch. guns, forward of pilot
1 - 7.7 mm. flexible mch. gun firing upward rear
Both 20 mm. guns installed aft and below pilot, muzzles of each gun are directly under pilot's seat.
3½" blast tubes about 10 ft. long extend forward to nose of fuselage.
This installation is to permit the third member of the crew to act solely as cannon gun tender.

Crew - 3; pilot, rear gunner and gun tender.
The 110 employs the same type of construction throughout as the 109, including flaps, automatic slots, and similar type of cooling system.

A flying demonstration of both the 109 and 110 was put on for my benefit. The 109 was flown by Pilot Wurster who established the record of 379 m.p.h. with this machine. The take-off of both the 109 and 110 was not impressive. Performances and maneuverability of both machines were impressive. Landing speeds appeared to be quite normal. The 110 had good maneuverability on one engine. It is doubtful if the gun installations in the 110 are entirely satisfactory as it was observed several different types of fuselage noses were being tried out. General Ernst Udet advised he doubted the value of the 110 even if it equaled the performance of the 109 because of its 85% greater cost of manufacture.

PLANT

The Messerschmitt plant employs very modern method of manufacture and both designs lend themselves to mechanized production. The plant itself is not as impressive as the Heinkel but if anything better equipped and appeared the most efficient observed in Germany. Like all the rest, the plant is well decentralized and includes a very large 4 story office and engineering building. The usual Employees Welfare and Recreational facilities are in evidence. The inspection department was the best equipped of any ever observed there or elsewhere, including X-ray and Magnaflux machines for production inspection.

One machine shop building, about 200 x 400 ft., was equipped with the following new modern equipment:

120	medium sized hand screw machines.
28	milling machines.
40	horizontal shapers.
4	production grinders.
	several large radial drills.
2	large crank presses of about 500 ton capacity equipped with both rubber dies and electron dies used for working magnesium hot.
10	small crank presses ranging from 10 to 75 tons.
10	stretching machines of assorted sizes, in addition to the usual general machine shop tools, draw benches, and rolling machines.

Estimated floor space.	-	875,000 sq. ft.
Estimated number of employees.	-	8,500 (incl. about 800 apprentices)
Estimated production.	-	5 - 109's per day 2 or 3 - 110's per week (was reliably informed 5 other plants are in production on the 109's.)

I.G. FARBENINDUSTRIES

BITTERFELD

This company manufactures all of the aluminum alloys and magnesium alloys, including forged propellers and forged engine mounts for the German aircraft industry. This company owns a 50% interest in the American Magnesium Company, the Aluminum Company of America owning the other 50%.

They report a tremendous increase in the use of magnesium alloys in the form of forgings, castings, and sheet in Germany and cannot understand why the use of this material has lagged so much in American aircraft industry.

This company forges all propellers, engine mounts, and other heavy forgings on a number of heavy duty hydraulic presses. During my visit, there was being installed a new large hydraulic press in a specially built building. The press stood approximately 80 ft. above the floor and 35 ft. below. Its power consisted of 3 hydraulic cylinders of about 48" diameter each giving a capacity of 35,000 tons.

D.V.L. German Experimental Station

A part of one day was spent at the D.V.L. laboratory outside Berlin. This laboratory is somewhat of a combination between our Wright Field and N.A.C.A. but does not include flight testing. Also much of the research work in Germany is done in Universities. D.V.L. was not particularly impressive. Apparently devoted most of its activity to research on instruments, accessories, navigation equipment and medical problems. The static test laboratory that was carefully inspected did not appear nearly as good as the one at Wright Field.

TEMPLEHOF AIRPORT

Already a very large airport in the heart of Berlin, it is being enlarged by 300%. Several new buildings, including administration 5 or 6 stories in height, are being completed. The new covered loading area for commercial passengers is 900 ft. long.

AIR MINISTRY BUILDING IN BERLIN

The Air Ministry Building in Berlin is a tremendous new structure containing 2600 offices.

PROFESSOR MADELUNG'S LABORATORY

STUTTGART

This laboratory, under the direction of Professor Madelung, investigates specialized scientific problems for the Air Ministry. It was here that the technique of dropping vertically carried bombs at high speed was developed, also the land plane catapult for large planes. We were week-end guests at Madelung's home and he arranged for my inspection of the laboratory, claiming

[redacted]

that no other non-German had seen it.

This laboratory is located in the woods, completely concealed or camouflaged from the ground and air, about 8 miles from Stuttgart. About 150 scientists and engineers are employed.

The Engineering Department is magnificiently laid out and equipped. Here is located a high speed wind tunnel using stored up energy and operated by a 20 H.P. motor. It produces an air speed of 400 m.p.h. through a tunnel, 1 meter wide, 2 meters high, for a total duration of 5 seconds. The control of the entire procedure is automatic by an electric operated machine containing 15 cams. All tunnel observations are made by motion picture camera operating at the rate of 900 pictures per second. Professor Madelung advised the complete tunnel was built at a cost of 25 marks per H.P., as compared to 250 marks per H.P. for a conventional tunnel.

The airstream is provided by falling piston in a concrete cylinder 40 ft. in diameter, 50 ft. high. The piston is raised by an electric motor and then filled with water by a 12" centrifugal pump. The weight of the piston and water is 200 tons. This tunnel has been used primarily in developing the technique of vertical bomb dropping which is used exclusively in Germany. The 1,033rd and 1,034th test drop was made for my benefit.

It was also at this laboratory that a most effective method of land catapult was developed which is in daily use catapulting 30,000 lb. land planes loaded to 30 lbs. per sq. ft., at a speed of 125 m.p.h., over a distance of 300 ft. in a period of 5 seconds. Reels of normal and slow motion picture of this operation were shown for me.

It is requested that this information regarding wind tunnel and the catapult be considered secret.

LABOR RATE

Average labor rate of aircraft mechanics in Germany approximately 1 mark per hour or about 40 cents at the present pegged rate of exchange.

ITALY

After conferring with the Assistant Air Attache, Major Hodgson, in Rome, it appeared the only outstanding military aircraft in Italy was the Breda 88 built by the Breda Company at Milano. Arrangements were made with the Air Ministry for a visit to this plant.

Apparently no specifications on the Breda 88 have been issued by the Air Ministry. However, little difficulty was experienced in getting complete information at the plant. The general characteristics and performance of the Breda 88, known as "Observation-Combat-Light Bomber", also strategic observation, are as follows:

BREDA 88

Claimed high speed at 13,120 ft. with 2205 lb. useful load - 344 m.p.h.
(Do not believe this claimed performance and do not believe this airplane can be as fast as the Messerschmitt 110).

Gross weight	-	15,820 lbs.
Weight empty	-	10,320 lbs.
Span	-	49 ft.
Wing area	-	364 sq. ft.
Power	-	2-14 cylinder radial 1000 H.P. engines at 13,120 ft.
Claimed range	-	1,240 miles
Claimed landing speed	-	81 m.p.h.
Crew	-	2
Fire power	-	3-20 mm. or 3-12.7 mm. fixed fuselage nose guns firing forward 1-12.7 mm. flexible gun firing upper rear Internal bombs

This is a good looking airplane but do not believe the performance figures. Understand Breda has several orders for lots of 90 and saw the 180th plane on the assembly floor.

BREDA 65, single engine light attack bomber

High speed at 13,320 ft., 1000 H.P. radial engine - 268 m.p.h.

Gross weight	-	8,160 lbs.
Weight empty	-	5,530 lbs.
Span	-	39 ft.
Wing area	-	248 sq. ft.
Crew	-	2
Fire power	-	4-12.7 mm. fixed machine gun firing forward 1-12.7 mm. flexible rear 160-4.4 lb. bombs or 4-220 lb. bombs

The Breda 65 has been and is being used extensively in Spain. Both the 65 and the 88 are of similar type of construction, including monocoque fuselage and alloy steel tubular welded wing box spars, covered with dural super structure of airfoil shape and metal skin covering. The type of construction is very expensive and of necessity involves tremendous amount of hand work.

[redacted]

They have highly developed acetylene and electric welding of alloy steels and are able to heat treat after welding large structures without supporting and without material distortions. Everything is flush riveted and the general workmanship is good. In fact, the Italian workmen in northern Italy appeared both capable and industrious.

PLANT

The plant contains 120,000 sq. meters of floor space, one story, of reinforced concrete construction. Departments badly cut up and extremely poor natural and artificial light. 4000 men employed, with one very large department, employing probably 150 men, manufacturing export boxes. Boxes lined with tin with soldered seams indicating oversea shipment. This plant contains an exceptionally fine static test department and about 5 of the Breda 88's were undergoing various forms of static and vibration tests. Along side, the steel welded outboard wing spar undergoing vibration tests was a quarter scale model of the same structure constructed of celluloid also undergoing vibration test. It was explained to me they were endeavoring to produce a method of vibration determination in steel structures by studies of similar model celluloid structures. A new 150 m.p.h. wind tunnel was under construction.

Was shown through the factory by Dott. Ing. Cav. Angelo Vallerani who announced his intention to visit American aircraft plants this fall. An officer from the Air Ministry also accompanied me and both men appeared to be extremely anxious to give me practically any information desired.

GENERAL

The Assistant Military Attache advised that Italy was not producing as much aircraft now as a year and a half ago and that it was exporting a large quantity of equipment. The Breda plant is certainly exporting large numbers of the B-65 and was informed they expected to export the Breda 88 in the near future. Apparently many hundreds of the Breda 65 have been built.

Inquiry indicated Italy has no more than 2000 to 3000 good first line airplanes of all types and that about 5 to 6 per day were being produced.

Incidentally was informed by an employee of the Standard Oil tanker at Naples that Standard Oil was delivering more oil to Italy at the present time than any time in history. This oil is all of 87 octane rating and required but one refinement to convert to gasoline.

LABOR RATE

Average labor rate approximately 4.5 lire an hour, about 22½ cents at the present rate of exchange.

[redacted]

FRANCE

Arrangements were made in France by the Assistant Air Attache, Capt. Sterling, with the Air Ministry for plant visitation, Captain G. Fayet made special arrangements. The entire aircraft industry was either on holiday or just completing holidays at the time of my arrival. Under the French plan of paid holidays, aircraft plants are shut down from one to four weeks in the month of August. Visited the Amiot, Potez and Moran plants.

AMIOT

Models 350, 351, and 370. Similar airplanes except for engine installations, both liquid and air cooled engines. Twin engine light bomber; one only, 350, and one only, 370, have been built. Saw a complete mock-up of the 370 and was told 120 planes have been on order for the past month; one half to be air cooled and one half to be liquid cooled.

They claim the new model, 370, will carry 2640 lbs. of bombs with a 1240 mile range at a high speed at critical altitude (13,000 ft.) of 322 m.p.h. The airplane is of conventional low wing monospar design of about 82 ft. span, twin engine design and of conventional construction. Crew of 3, single control, (navigator, bomber, and gunner in the nose of fuselage), pilot, and rear gunner.

Armament - 1-7.7 mm. machine gun flexibly mounted in nose firing forward.
1-7.7 mm. flexible gun firing rearward below.
1-20 mm. flexible gun firing upper rear.
Internal bombs, maximum load 4409 lbs.
Minimum of accessories and no solid conduit.
Flush riveting (very good).
Prototypes highly polished.
Maximum gross overload - 19,400 lbs.
Weight empty - 10,500 lbs.
Wing area - 538 sq. ft.

PLANT

About 15,000 sq. meters. 600 men employed, just starting new contract. 2500 men expected when under way. Plant is private and not nationalized. The plant is very poor, low headroom, inadequate light, untidy and most of the equipment is obsolete, no really modern production equipment or methods. Men and women work together in all departments, all employees smoke in the factory. The employees did not look industrious, discipline was poor and morale appeared to be low.

POTEZ

Considered the show plant of France. Completely nationalized with a live wire manager. Building exclusively the Potez 63. A very small clean 2 engine low wing twin tail 3 place reconnaissance fighter bomber.

Span - 52'6"
Gross weight (fighter) - 8215 lbs.
Gross weight (reconnaissance - 8929 lbs.
Gross weight (bomber) - 9188 lbs.

[redacted]

Weight empty - 5588 lbs.
Area - 355 sq. ft.
2 - Hisso 14 cylinder AA radial air cooled engines, 640 H.P., sea level, 670 H.P. at 11,400 ft. with 2 stage supercharger.
Fire power as a fighter - 2-20 mm. fixed guns under fuselage firing forward.
1-7.7 flexible machine gun firing upper rear and 1 lower rear
Small quantity of bombs carried internally in fuselage.
No bombs can be carried when 20 mm. guns are carried.

The second cockpit in the center of the fuselage is for the Commander. This cockpit is exceptionally small and the commanding officer, like the rear gunner, sits on a bicycle like saddle. It did not appear that there was room for bombs and the Commanding officer at the same time. It did not appear that the bomb sight could be used effectively when the bombs were in place.

While the airplane is an exceptionally nice little ship, it can only carry out one function at a time. The ship is of monocoque stress skin construction, conventional 2 spars and the skin between the spars in the outboard section is in panels equipped with 5 fore and aft compression joints about 2 ft. apart. This prevents the upper skin from wrinkling when in compression. Ship is provided with flaps, no slots.

PLANT

Estimated floor space about 400,000 sq. ft., including a new building 50x150 ft. containing two stories. Production system was very good. Much of the equipment is old and obsolete but now being supplemented by a large quantity of new American and French machine tool equipment and American hydraulic presses of modern types. Workmanship is of good quality; operations are well decentralized. They have developed a remarkable technique of assembling all wing skin panels on jigs before assembly to the ship. 3300 men employed. Of the first 100 planes of this type being completed on the assembly floor, the majority are held up waiting engines, some 15 or 20 planes without engines wrapped in paper and being stored. Understand the engine manufacturers export business holds up domestic production. This plant is located in a small town in northern France (considered too close to the border). Excellent dining room facilities are provided. The manager of the plant, Mr. Rousse, has been to America and is endeavoring to put into effect American methods of production. The plant has a capacity of one complete plane per day one one shift if they could get engines and accessories.

MORAN-SAULNIER COMPANY

Moran 405 and 406, single engine, single seater Pursuit.

Reported characteristics and performances as follows:

Span - 35 ft.
Gross weight - 4994 lbs.
Area - 194 sq. ft.
High speed - 298 m.p.h. at 16,400 ft. with Hisso 12 cylinder cannon engine, 770 H.P. at sea level, 880 H.P. at 13,000 ft. with 2 stage mechanical supercharger

[redacted]

Fire power - 1-20 mm. cannon firing through hollow propeller shaft. (60 rounds of ammunition)
2-7.7 mm. machine guns (1 in each wing)

Low wing monoplane with usual vision. Pilot well aft and no rear vision. Radiator directly under engine. Flaps and no slots. All metal except rear portion of fuselage fabric covered. This airplane includes practically every known type of construction. Engine mount is a mixture between dural riveted structure and welded steel tubes. Remainder of fuselage steel tubing with surrounded type fittings and tie rod braced. Forward part of fuselage metal covered, rear part fabric covered, old fashioned type non-retractible tail skid, externally braced tail, monospar wing employing dural, extremely complicated steel forgings and drawn stainless steel fittings. Ribs of Warren truss design, support trailing edge to withing about 4 ft. of wingtip, inboard wing metal covered but not stressed skin. Outboard 4 ft. stressed skin. The metal covering is a combination of metal and plywood; metal 1/2 millimeter thick, plywood 2½ millimeters thick, a most difficult covering to flush rivet. Airplane design is almost impossible of quantity production. The external workmanship is very poor, although a fine finish is obtained by using large quantities of glazier's putty to fill up bad workmanship. The main gasoline tank is carried forward of the pilot in the fuselage and is both leakproof and droppable. The rubber covering on the tank is supported by an external covering of light wire mesh. Rubber is 10 mm. thick, wire mesh is made of fine wire of 3/8" mesh. An ingenious landing gear position indicator for showing the position of each wheel at all times is employed. 1000 of these planes on order but only 10 finished.

PLANT

The plant is small, about 12,000 sq. meters. 700 men. The plant is old type construction, low headroom, poorly lighted, very poorly equipped. Men and women all employed together on mechanical work, smoking in the shop is permitted, discipline not good, industriousness and morale low.

GENERAL

Air Minister officers and industry personnel very pessimistic about their military aircraft output. They did not appreciate visitors at this time and apologized for the lack of production. They were all of the opinion that the situation would soon improve and that within a few months more rapid production would be attained. If that part of the industry that was not inspected is no more active or efficient than the three plants visited, the state of the military aircraft industry in France is pretty low. Incidentally British officials interviewed fully recognize this fact.

LABOR RATE

Average labor rate approximately 7 francs an hour, or approximately 21 cents at the present rate of exchange.

"[redacted]

ENGLAND

Was in England two weeks and prior to my arrival Major Scanlon, Air Attache, had made all of the necessary arrangements for plant inspection. Both Air Ministry officials and industry officials seemed to be very anxious to show me all of the industry which interested me. In fact, due to limited time, was unable to visit some of the plants to which invitations had been extended. My principal interest was in the Vickers Supermarine Spitfire and the Hawker Hurricane, as well as Napier and Rolls Royce engines.

The hospitality extended was similar to that enjoyed in Germany.

VICKERS AVIATION
WEYBRIDGE, near London

Wellesley Bomber - "Geodetic Construction", single engine, gross weight 17,000 lbs. This plane has a very great wing span and notable for its long range. Carries 4,000 lb. bombs. Several hundred of the Wellesley bombers have been built but the plant is now going into production on the new Wellington Bomber.

Wellington Bomber, two engine, either air or liquid cooled.

Gross Weight - 27,000 lbs.
Bomb load - 8,000 lbs.
High speed ranges from 220 to 270 m.p.h., depending upon power output and octane rating

Fuselage and nacelles are above the wing and bombs carried horizontally in a long, wide, shallow compartment in the bottom of the fuselage. Crew of four, single control.

Defense guns consist entirely of two 303 cal. machine guns, two in the nose of the fuselage and two similar guns in the tail of the fuselage aft of the rudder. These guns are mounted in elaborate turrets. This is a tremendously expensive airplane, and understand 1,000 are on order. Four have been completed. Another factory is also going into production on this model, drawings and sample parts being furnished by Vickers.

The Wellington Bomber, like the Wellesley, is built entirely of Geodetic construction, which is most complicated and requires most extensive machinery for the fabrication of the shapes and expensive assembly fixtures. Without doubt millions of dollars are being expended in the tooling of the Wellington bomber.

A Production Manager by the name of Westbrook has done a masterly job of this terrific problem and the parts are now in mass production. The special automatic machines, of which they have four, for the manufacture of the structural shapes which are at the same time bent to unsymmetrical compound curves, have cost, in my opinion, not less than one million dollars.

[redacted]

The type of construction permits no adjustment at any point, and extensive tooling is therefore necessary. The lattice-like structural shell of fuselage, wings and tail surfaces results in the diamonds being approximately 16" on each side. The entire plane is fabric covered. Fabric attachment is most difficult with exposed sewing, and, of course, the sewing runs diagonally to the airstream rather than parallel with it. In flight the fabric in each of the diamonds on the top of the wing obviously bulges upward, which certainly must retard speed. No material advantage of this type of construction is apparent to me. Perhaps it is resistant to machine gun fire, but it is believed no more resistant than any other construction to cannon fire. Some advantage is apparent in the greater space provided in the wings for fuel tanks. Most Englishmen interviewed could see no advantage to the Geodetic construction.

PLANT

The floor space at the plant is about 661,000 sq. ft., and like all other plants in England, being enlarged. 4,000 employees - 15% women. Both boys and girls of 14 years of age are employed in the regular production departments (not apprentice schools). The plant is well equipped with modern machine tools, and includes an especially fine drop forge and heat treat plant. American drop hammers and triple acting hydraulic presses are also used. Very little overhead handling equipment provided.

This plant, like all others visited in England, was not decentralized as they are in Germany, and it is freely admitted that all British plants are easy targets for aerial bombardment.

HAWKER AIRCRAFT, LTD.
KINGSTON and BROOKLANDS

Hawker Hurricane, single engine, single seater pursuit. Low wing monoplane with Rolls Royce Merlin liquid cooled engine. Generous in size. Much wood is used around the pilot's cockpit, and except for engine cowl, the airplane is fabric covered. Rolls Royce new type exhaust manifold installed.

Performance and Characteristics

High speed claimed 325 m.p.h. with 1050 engine at 16,000 ft. with 87 octane gas at 3000 R.P.M.
Gross weight - 6700 lbs.
Span - 40 ft.
Wooden fixed pitch propeller
Armament - 8 - .303 cal. fixed wing machine guns
No cannon - Rolls Royce engine unable to accommodate cannon

This airplane is considered definitely inferior to the Spitfire.

CONSTRUCTION

Two spar construction with Warren truss, of only fair production capabilities. Leading edge metal covered, wing fabric mechanically attached because it could not be held in place with sewing. A great deal of hand work employed where modern machine methods could be employed.

[redacted]"

PLANT

Consists of two units. Manufacturing plant at Kingston and the assembly plant at the airport at Brooklands. 2,000 employees at Kingston, and about 600 at Brooklands. Many 14 year old boys, but small percentage of women. Plant old and not very impressive. Low headroom and old type equipment. Just starting to employ small hydraulic presses and zinc dyes.

VICKERS SUPERMARINE SPITFIRE
SOUTHAMPTON

Single engine, single seater, low wing all metal fighter
Claimed high speed 350 to 360 M.P.H. with 1050 H.P. engine at 16,000 ft. - 87 octane fuel - 3000 R.P.M.
Landing speed 76 m.p.h.
Fuel capacity 78 British gallons
Gross Weight 6100 lbs.
Span 34 ft.
Small cockpit
Wooden fixed pitch propeller
Take-off run 1200 ft. (according to Test Pilot Quill)

8 - 303 cal. wing guns

Landing gear hand operated with CO_2 emergency operation. Changing to motor driven pump for landing gear operation. Hand pump will then be used for emergency. Flaps and brakes air operated.

Test Pilot Quill told me that the propeller which is airfoil section adjacent to spinner increased the speed at least 10 M.P.H. and that the new Rolls Royce exhaust manifold increased the speed 12 M.P.H. The flame from this manifold, however, is unsatisfactory for night flying, and they are endeavoring to discharge the exhaust at the bottom of the manifold instead of the side. The airplane flies well, with the exception of excessively heavy ailerons. Flaps, but no slots are employed. Flaps operated 89° down. Water radiators installed directly under fuselage, half in and half out, the drag of which is 15% of the total drag of the airplane. They claim they are changing to fully internal radiator. Pilot well aft with poor forward and downward vision.

This airplane and the Messerschmitt 109 look to be about equal in performance. The Spitfire has the best finish, but non-retractible tail wheel. An exceptionally fine job of flush riveting prevails and while the airplane is camouflaged, all rivets and seams on the front end of the fuselage and the forward 30% of the chord of the wing are filled with glazier's putty and painted, producing a fine surface and polished smooth.

The airplane is a good production job, employing a monospar and extremely heavy skin on the leading edge. Center section and outboard spars are entirely constructed of dural without steel attaching fittings. Not even steel bushings are employed.

[redacted]"

GENERAL

The British claim this to be the fastest fighting airplane in the World. The Vickers plant is relatively small and only manufactures the forward end of the fuselage, the monospar and leading edge of the wing. The rear end of the fuselage and tail surfaces are sub-contracted. Likewise, the trailing edge of the wings and ailerons, together with many other sub-assemblies. Most of the press work is done by sub-contractors. While the airplane is a good production job, much difficulty has apparently been encountered in getting it into production. It seems that the parts made by sub-contractors on jigs manufactured by them failed to fit. It is understood Vickers has had an order for 1,000 for more than a year. However, only airplane #6 was completed at the time of my visit. Only 5 having been delivered. Airplane #7 is being groomed to take the speed record of 379 m.p.h. away from Messerschmitt 109. Three feet are being clipped from the wing tips and a special finish has been applied. The Rolls Royce Merlin engine is to be souped up to 2,000 to 2,500 H.P., if necessary.

The Vickers plant expect, in the near future, to get their production up to 9 to 12 per week. In the meantime LordNuffield, British Motor Car Manufacturer, was awarded an order for 1,000 Spitfires, in July this year. In August the first spade of dirt was turned with due ceremony starting the building of the factory to build the 1,000 Spitfires.

This plant employs 1500 workers.

Average labor rate in British aircraft industry about 37 to 40¢ per hour.

D. NAPIER & SON, LTD.
ACTON, LONDON

Napier Dagger Series VIII, 1,000 H.P., 24 cylinder H type air cooled engine. This engine has just passed the British Air Ministry's 100 hour type test. It is a development of the Dagger III of the same type.

General Characteristics

Maximum power	-	1,000 B.P.H. at 8,750 ft. at 4,250 R.P.M. at +5 lb. Boost
Takeoff power	-	955 B.H.P. at 4,200 R.P.M. at +6 lb. Boost
Climbing power at sealevel	-	845 B.H.P. at 4,000 R.P.M. at +4 lb. Boost
Maximum cruising power	-	770 B.H.P. at 3,600 R.P.M. at +3½ lb. Boost
Maximum revolutions per min.	-	4,200
Fuel	-	87 Octane

[redacted]

This is an extremely compact engine, with a maximum width of 29". It is understood that 300 of the Dagger III are now in service and that 500 of the Dagger VIII are on order. Napier claims they can take 1250 H.P. out of the Dagger VIII at 4400 R.P.M. with 100 octane fuel at 15,000 ft. with a two stage supercharger.

It is also understood they have running a new Dagger, H type, 24 cylinder air cooled engine developing 2,000 H.P., in secret status. Their plant contains 300,000 sq. ft.; employs 2,000 men on one shift with a capacity of one engine per day.

ROLLS ROYCE
DERBY, ENGLAND

Rolls Royce Merlin, 1000 H.P. liquid cooled engine

Spent an entire day with the Director and Chief Engineer and was greatly impressed with the Rolls-Royce engine plant. They claim they are developing 1250 H.P. easily and continuously with the Merlin engine. 8 engines of this type are produced per day in addition to other types. The new Rolls Royce exhaust manifold developed for the Merlin engine, which they claim increases the speed of the Spitfire by 12 m.p.h., was carefully examined in various stages of construction. Dimension sketches of this manifold have been prepared and they agreed to send complete drawings.

Rolls Royce Chief Engineer claimed certain jet propulsion value as the gases are ejected from the manifolds at 150% of the air speed of the plane. The three manifolds on each bank of cylinders are connected together with a 3½" tube with an expansion joint to prevent pulsation. The discharge outlet of each manifold is 2" in diameter (taking care of 2 cylinders) and the pressure of 3 to 4 lbs., is maintained within the manifold.

Rolls Royce appears to be doing an excellent job. They develop for airplane manufacturers complete power plant installations for all prototypes and take full responsibility for the engine operation, cooling, etc. The plant employs 7,000 men and they have 71 sub-contractors under their control, 28 test stands are being operated. Was informed Rolls Royce has never less than $2,500,000 of experimental and development work on hand for the Air Ministry and that 1,000 people are employed in the Experimental Department.

About 50 miles from Derby the government is building an engine shadow factory which is to be operated by Rolls Royce. The site consists of 54 acres of which 36 are under roof and 10,000 men are to be employed.

GENERAL

It was observed that most of the foreign engines were rated at higher horse power at altitude than at sealevel and that in no case was horse power for takeoff greater than the rated horse power at altitude.

[redacted]

Great Britain has apparently made tremendous mistakes in endeavoring to build up its aircraft production during the past few years. It is my strong recommendation that our government examine carefully what has happened in this British effort to get emergency aircraft production if the same mistakes are to be avoided here in the event of a similar emergency.

Lawrence D. Bell

[redacted]

PSF; War

WORKS PROGRESS ADMINISTRATION
SOUTHERN CALIFORNIA

OFFICE OF THE ADMINISTRATOR

November 3, 1938

1206 SANTEE STREET
LOS ANGELES, CALIFORNIA

MEMORANDUM TO MR. HARRY L. HOPKINS.

SUBJECT: MILITARY AIRCRAFT PRODUCTION.

1. SCOPE. This memorandum records data, impressions and views furnished by aircraft manufacturers of the Los Angeles and San Diego area, bearing on production capacities, production rates, government-owned factories, and other matters closely related to the production of military aeroplanes.

2. EXISTING AIRCRAFT FACILITIES.

a. There are 12 manufacturers in the United States experienced in the production of Army types of military aircraft. On the West Coast the Douglas, Consolidated, North American and Boeing Companies are the principal producers of bombardment, observation and basic combat or training types of aircraft. In addition, Lockheed, which normally produces commercial transports, now has an experimental Army contract and a production contract for bombardment type aeroplanes with the British Government. Vultee now has a small order of Army attack aeroplanes and has experience in the production of military aircraft for export.

b. In the Middle West and East Curtis, Martin, Stearman and Bell are experienced in the manufacture of Army aircraft. In addition, Gruman, Brewster, Sikorsky, although primarily builders of Naval types of aircraft, are capable of producing Army types. The smaller manufacturers producing commercial types such as Stinson, Fleetwing, Fairchild, should be considered as sources for contributory parts and for sub contracts. (See Exhibit A)

3. PRODUCTION RATES.

a. Based on the estimates of manufacturers interviewed, ~~the~~ 3500 aeroplanes per year appears to be the maximum production rate for bombardment and observation aeroplanes from factories on the West Coast. In addition 250 military transports per year can be produced, or possibly an equivalent number of pursuit aeroplanes. This results in a potential maximum rate of 315 Army aeroplanes per month, when the requirements of the Navy are neglected. It is estimated that the existing plants on the West Coast can produce approximately 50% of the total military aircraft manufactured in the United States. Therefore, the maximum production rate for all existing facilities is approximately 7,500 aeroplanes per year, or 600 per month, or 30 per day.

b. With the production of 1200 aeroplanes in 1938 the rate must be increased approximately six times in order to utilize the full productive capacity of existing plants. The factor varies with the several plants. For example, the Douglas Company now has current orders and could increase their

production rate four times within a year after receiving an order for 500 or more of the bombardment airplane now in production. The Consolidated Company, on the other hand, have practically no work in their plant and would require approximately a year to reach a production of 40 airplanes per month, assuming an order of 500 or more airplanes. North American could increase its production rate approximately four times over the current rate. Therefore, the production rates of other manufacturers listed in tabulation shown in Exhibit A attached, only provide a "yard stick" for measuring the potential productive capacity of existing aircraft facilities.

c. An illustration of the cumulative production of airplanes that could be produced in any one of the larger plants, is contained in data furnished by Mr. Douglas as follows:

January 1939	to	July 1939	- 35	airplanes	- B-18	type
"	"	to Jan. 1940	- 500	"	- "	"
"	"	to July 1940	- 1000	"	- "	"
"	"	to Jan. 1941	- 1500	"	- "	"

4. FACTORS GOVERNING PRODUCTION.

a. The opinions and views of manufacturers consulted, clearly indicated that in order to achieve maximum production rates, consideration must be given to the following essentials:

(1) Airplanes of proven types actually reduced to practice must be selected for production.

(2) Single orders should exceed 200 airplanes.

(3) Production at maximum rate must be made a definite objective in procurement policies governing purchase of standard types of airplanes.

(4) Designs must be "frozen", that is, changes and modifications eliminated during the construction period for any order.

b. Other factors affecting production rates from existing facilities are the characteristics of the airplane, its relative size and service use. For example, the basic combat or training type of airplane manufactured by the North American Company requires approximately 7000 direct labor hours per airplane, computed on the basis of present orders. An observation type produced by the same Company requires 12,000 labor hours and produced in equivalent quantities. The basic combat or trainer could be produced at a maximum rate of 120 per month, or 6 airplanes a day, whereas the observation type can be produced at a maximum rate of 80 per month, as indicated in Exhibit A.

c. Likewise, the size of an individual order has a direct bearing on the production rate for any type or model of airplane. For example, Mr. Douglas' data shows that with an order for 500 airplanes, 80 airplanes per month can be produced at an expenditure of approximately 250,000 labor hours

per month. With an order for 2500 airplanes, 100 airplanes could be produced per month with the same expenditure of labor hours or with the same personnel strength.

d. On the other hand the North American representative stated that there was no saving in direct labor hours for orders in quantities of more than 200; that is, the rate does not change after the 201st airplane is produced.

e. From all the foregoing it appears:

(1) That the production of a definite quantity of airplanes at a maximum rate will require an allocation of orders to facilities best able to produce each individual type.

(2) That the rates of production from the existing industry listed in the accompanying tabulation, Exhibit B, is only applicable to a sustained procurement program.

5. ADDITIONAL AIRCRAFT FACILITIES.

a. It appears that the concensus of opinion of the aircraft manufacturers interviewed is that some scheme for "shadow factories" is desirable as a means of increasing the capacity of the existing industry. For example, Mr. Atwood of the North American Company stated that the production of the 4 or 5 larger producers could be doubled at an expense of $10,000,000.00 to the Government. He suggested that the Government erect a duplicate plant adjoining his and furnish necessary machinery, the plant to be managed and operated by the North American Company.

b. As an another example, Mr. Van Dusen of the Consolidated Company stated that the aircraft industry could be duplicated at a cost of approximately $21,000,000.00. He, like Mr. Atwood, advocated the "shadow" scheme.

c. All manufacturers interviewed were definite in their statements that they believed that the additional facilities produced should be made available to and managed by the parent aircraft company. In other words, they visualize the Government erecting a plant adjoining their own at a cost of $3,000,000.00. In the event of emergency production he would manage and direct production in the new plant and manufacture certain parts in the privately owned parent plant.

d. All manufacturers interviewed were unfavorable to any scheme whereby the Government would own and operate aircraft facilities. The representatives of the Consolidated Company appeared to be of a conviction that the establishment of Government plants would not be a means of reducing cost or improving the ~~cost~~ "Merit" of aircraft.

e. Mr. Gross estimated that his plant could be reproduced at a cost of approximately $1,500,000.00. Mr. Douglas now has 1,000,000 square feet of floor space, which represents an increase of 70% over the size of the factory since 1934. There is room for additional expansion.

f. It would appear that factors that must be considered in any scheme for increasing existing aircraft facilities must take into consideration the following:

(1) The aircraft industry is primarily dependent for its existence on Government orders.

(2) Strategic considerations are of importance in the location of new facilities in any scheme of national defense.

(3) The selection of executives and key personnel are of primary importance in any plan for Government operated and owned facilities.

6. MANUFACTURING PERSONNEL.

a. It appears that the concensus of opinion of manufacturers interviewed is to the effect that essential labor, skilled and unskilled, is not a problem in San Diego and Los Angeles Area. The following tabulation shows the approximate personnel now employed:

(1)	Douglas Company	5,500
(2)	Northrop	700
(3)	North American	3,500
(4)	Lockheed	3,000
(5)	Consolidated	1,000

b. Mr. Van Dusen, Consolidated Company, stated that the manufacturing force of that Company could be increased to 7,000 men within a year.

c. Mr. Douglas indicated that it will require approximately the same period to build up the personnel strength to a maximum. As many as 8,500 men have been employed in this plant. With a maximum production the number will probably reach 10,000.

d. Mr. Gross of the Lockheed Company does not favor employing over one shift. However, he stated that with emergency orders, his plant would require about seven months to build up personnel sufficient to double the monthly output.

e. The manufacturers train their man to work in groups, and in general 10% of the manufacturing personnel should have a considerable degree of training. The balance, constituting 90% of the manufacturing personnel, do not require special skill or experience.

f. The engineering staffs in the plants visited ranged from 200 to 1,000 men. This class of personnel are highly trained specialists in the various fields of aircraft design and construction.

g. It appears that all manufacturers are of the opinion that only executives and managements experienced in aircraft production can produce satisfactory airplanes.

7. THE COMMERCIAL VS. MILITARY ORDERS.

a. North American Company produces only Military airplanes. The Douglas Company favor producing 25% commercial airplanes with military orders. The Lockheed Company favor producing 50% commercial airplanes with military orders.

b. There is a concensus of opinion that production can be simplified and overhead reduced by producing only one type of military airplane in each plant. It was pointed out, however, that under present procurement procedures, it is extremely hazardous for a manufacturer to specialize on one type of airplane. For example, the Consolidated Company is practically closed down at the present time, while the North American Company are producing military airplanes of two types in substantial numbers. In addition, this company is building experimentally, at their own expense, an attack-bomber airplane. They have constructed a heavy bombardment airplane, but failed to obtain a production order.

c. It appears that under present procurement procedures, manufacturers should produce more than one military type. Any plan whereby one type is limited to a manufacturer will require an allocation of facilities based on the needs of the Government for particular types and models of aircraft.

8. CURRENT PROCUREMENT PROCEDURES.

a. The manufacturers interviewed were of the opinion that in order to obtain airplanes in quantities in an emergency and at an accelerated rate, a change in Army procurement procedures would be necessary.

b. Likewise, it was stated that the present War Department policies in requiring the "best airplane" each time a production order is awarded results in serious delays in getting into production. It appears that a modification of the Aircraft Act of 1928 is essential in the event the Government undertakes a large procurement program for aircraft for delivery within the next two years.

c. Competition is desired by the aircraft manufacturers interviewed. With the allocation of orders, it was pointed out that competition should be confined to the development of improved models and types of airplanes. No scheme for Accomplishing this was suggested, although any number of suggestions were made as to the detailed procedure, and types of contract that should be used for both production and experimental orders.

d. It was pointed out that with allocated orders for airplanes of proven design and known manufacturing cost could be negotiated on a satisfactory basis both to the Government and the manufacturer.

9. PRODUCTION COST.

The cost of airplanes of the type manufactured in the Los Angeles Area ranges from $14,000.00 to $70,000.00 each, neglecting cost of engines, armaments and other accessories. Mr. Gross furnished the following break-down of cost for

a commercial transport:

Material (including engines and accessories)	$32,000.00
Overhead	15,000.00
Labor	15,000.00
Profit	5,000.00
Total.....	$65,000.00

The cost of military airplanes appears to be divided as follows:

Material	-	30 to 35%
Overhead	-	30 to 35%
Labor	-	30 to 35%
Profit	-	10 to 15%

Profit does not exceed 15%, but varies with individual orders. Mr. Van Dusen stated that the average was 10% for Army contracts.

The direct labor costs entering into military airplanes ranges from 60 to 70 cents per hour. Charts furnished by the Douglas Company show a reduction of 100% in the labor hours on the B-18 airplane as follows:

Initial Order: 132 airplanes, 31,000 hours per airplane.
Second Order: 195 airplanes, 18,000 hours per airplane.
Additional Order: 500 airplanes, 16,500 hours per airplane.
Additional Order: 3,000 airplanes, 11,000 hours per airplane.

The cost of the B-18 airplane without engines and accessories, provided in quantities listed above, was estimated to range from $70,000.00 to $40,000.00 per airplane.

Mr. Van Dusen and Mr. Laddon estimated that the Consolidated Company could produce an attack-bomber of new design in accordance with requirements of current specifications at a cost of $60,000.00 in lots of 200. In lots of 500 the airplane could be produced at a unit cost of $40,000.

Mr. Atwood, of the North American Company, stated that there is no appreciable saving in unit cost for airplanes produced in quantities over 200.

10. SUMMARY.

a. The foregoing data and views of representative manufacturers of the aircraft industry indicate:

(1) That the aircraft industry is primarily dependent upon ~~orders for military airplanes for its existence.~~ the Government for its existence.

(2) That existing production facilities are an essential element of National Defense.

(3) That the maximum productive rate of existing facilities is from 500 to 600 airplanes per month.

(4) That a sustained production program is essential to the utilization of the productive capacity of existing facilities.

(5) That additional facilities essential for emergency production and peak loads should be provided by the Government.

(6) That the training of key manufacturing personnel and the selection of proper executives are essential to any plan for increasing the productive capacity of the aircraft industry.

b. In addition to the foregoing, the following points were brought out during the discussion:

(1) That the law governing the procurement procedures for the purchase of military airplanes should be modified.

(2) That the War Department should require maximum production rates to be the primary objective in the procurement of standard aircraft.

(3) That improved characteristics of military aircraft should be obtained independently of procurement programs for standard aircraft.

(4) That competition between the design staffs of the several manufacturers is essential for the continued development of new and improved models and types of military aircraft.

(5) That the cost of aircraft can be appreciably reduced by quantity production in lots of not less than 200 to 500 airplanes.

(6) That savings in overhead and engineering could be effected by limiting the number of models and types of aircraft produced by individual manufacturers.

(7) That the percentage of bombardment and attack bombers to meet military requirements for a balanced program, is an important consideration in the average cost of military aircraft.

(8) That the bottlenecks in the production of complete aircraft are materials and key personnel.
/tools,

(9) That management and key personnel are the bottlenecks for Government owned and operated aircraft facilities.

ALFRED J. LYON
Major, Air Corps

1 Encl.

EXHIBIT A

EXISTING AIRCRAFT FACILITIES

Capable of Producing

MILITARY TYPES OF AIRCRAFT

ITEM	MANUFACTURERS	TYPE AIRPLANE	MAXIMUM MONTHLY RATE	MAXIMUM ANNUAL RATE	AUTHORITY
1.	Douglas	Bomber (B-18)	84	1,000	Mr. Douglas
	Northrop	Attack (A-17)	31⅓	375	
2.	North American	Observation (O-47)	84	1,000	Mr. Atwood
3.	Consolidated	Bomber (B-18 Class)	42	500	Mr. VanDusen
4.	Boeing	Heavy Bomber (B-17 Class)	31⅓	375	Estimated
	Stearman	Attack Bomber	42	500	"
5.	Curtiss	Pursuit (P-36)	105	1,250	"
6.	Seversky	Pursuit (P-35)	42	500	"
7.	Martin	Attack Bomber	63	750	"
8.	Sikorsky	Bomber	21	250	"
	Vought	Observation	21	250	"
9.	Lockheed	Transport	21	250	Mr. Gross
10.	Bell	Fighter	21	250	Estimated
11.	Gruman	Pursuit	42	500	Estimated
12.	Brewster, Vultee, Stinson, etc., Contributory Parts and Sub contracts.				
	MAXIMUM ESTIMATED PRODUCTION:		651	7,750	

PSF War

THE UNITED STATES HIGH COMMISSIONER
MANILA

VIA CLIPPER

November 5, 1938

~~Personal and Confidential~~

Dear Mr. President:

As you know, a special Filipino mission, consisting of Vice President Osmeña, Secretary of Finance de las Alas, Assemblyman Camilo Osias and Benito Razon is on its way to the States. For your information, I am inclosing a copy of President Quezon's confidential instructions to Osmeña together with the covering letter to me. You will note his statement: "In the conference we had yesterday, I expressed to you my fear that the President may misunderstand me and think that I am trying to break away from my commitments. I request you, therefore, to state to the President that if after due consideration of the representations that the Vice President will make in accordance with my instructions, he should still feel that he has to indorse favorably to Congress the recommendations of the Joint Preparatory Committee, I shall abide by his decision and will offer no objection to the legislation that may be enacted in accordance with those recommendations."

These letters reflect the genuine concern felt by Filipino leaders. The happenings of the last few months in Asia and Central Europe have made the Filipino leaders face realities for the first time. I feel very deeply that their fear of the future is well founded. They cannot possibly adjust their economy within the allotted time. They have every reason to believe, in the light of recent events, that independence means nothing more than an exchange of sovereignties. They wish to avoid the fate of other small so-called independent nations. I find myself with the same compassion for them which I have had for a child, who asked for something it thought it wanted, received it from indulgent parents, and suffered acute distress as a result.

Quezon did not seek my advice on the matter of sending a mission to the United States. He wanted to go himself, but read between the lines of the reply to his radio concerning your desire to consult with him. The day

The President
The White House
Washington, D. C.

before Osmeña left, Quezon asked for a conference. Quezon, Osmeña, Yulo and Roxas met Coy and me at my house early in the morning, stayed until noon, and came back again that afternoon. I insisted that no matter what objection he might have to the report, he stand by his promise to offer no objection to the legislation enacted in accordance with the recommendations of the committee, provided those recommendations were indorsed by you. This he agreed to do, and so stated in his letter. I believe that he is sincere in his desire to follow any policy laid down by the Administration.

As I was dictating this letter for tonight's Clipper your letter of September 29 arrived by sealed pouch. I was greatly disturbed by the implication, contained in the last paragraph, that I might not support the proposed legislation implementing the report. It gave some substance to reports of Washington gossip (which I have ignored) that I expected to use my memorandum on the Joint Committee's report as an excuse for breaking with the Administration. I realize that such gossip is due to the heavy political atmosphere which hangs over the place. Any one who knows me well would not harbor such a thought. In the first place, I have no reason for and no intention of breaking with the Administration. I have loyally supported it since its inception in thought, speech and action. In the second place, the memorandum was a confidential document. Only four copies are in existence. Two were sent to you, one through channels and the other direct. A third copy was sent to Frank Sayre, as Chairman of the Interdepartmental Committee, and the fourth is in my possession. I felt it my duty to you to say precisely what I thought. I did what I expect my own subordinates to do, that is, give me their honest opinion regardless of what they think I would like to hear. However, once a policy is adopted and announced, I expect them to support it loyally. Such a rule governs my own conduct under like circumstances. I have not and shall not make any public mention of the memorandum, or even intimate that one exists.

Your letter of the 29th is a statement of your policy governing the Philippine-American affairs. I accept it as such and shall be governed accordingly. It leaves only one opening for reconsideration of Philippine-American political relations. This is found in the statement, "proposals which in their nature envisage a postponement of independence and the extension, rather than the dimunition, of United States preferences in the Philippines and of direct control by the United States over Philippine affairs cannot be entertained by my administration except at the request of a majority of the Filipinos." In this connection attention is invited to the following paragraphs from Quezon's letter of instructions to Osmeña:

"If the President should insist in supporting in its entirety the recommendations of the Joint Preparatory Committee, then I would ask that he consider the advisability of urging the Congress to include in the proposed legislation, or in a separate resolution, a provision authorizing the Filipino people to hold a plebiscite shortly before the date of independence, say in 1944, to give them an opportunity to express their preference either to allow the law as passed by Congress in accordance with the recommendations of the Joint Preparatory Committee to take its course, or, to maintain indefinitely trade relations with the United States on the preferential basis obtaining at the end of the transition period, that is in 1946, under such a political relationship between the two countries as the Filipino people may desire and the Congress may approve; or, that the proposed legislation provide for the creation of a non-partisan committee to further study the future political and economic relations which should exist between the United States and the Philippines, and to submit its report not later than 1944.

"The reason for my suggestion that, if the President should insist in supporting the recommendations of the Joint Preparatory Committee, the door be left open for further discussion of the whole Philippine question, is because I fear that under the recommendations of the Joint Preparatory Committee we are not afforded a just and reasonable opportunity to prepare properly and adequately for our future security, both politically and economically. I assume that by 1944 the conditions of the world will have been sufficiently stabilized so as to enable the Filipino people, with full knowledge of actual conditions and the problems facing them at that time, to decide the best course for the Philippines with due regard for their political and economic security."

In view of the rapidly changing situation in the Far East it would seem that such suggestions deserve consideration.

I had hoped that your communication would contain some reference to my personal letter of July 3rd which was sent with my letter of June 30th and the memorandum. It is entirely possible that the letter was not brought to your attention and I hesitate to mention matters which are largely personal. However, it would be very helpful to have an expression of your desires regarding time and route of return

by confidential radio because I have made and shall make no plans without your approval.

The news of Jim's successful operation and recovery is most happy. Please send him my warmest regards and felicitations.

With every good wish, I am

Faithfully yours,

Paul V. McNutt,
United States High Commissioner

Incls:

1. Copy letter to High Commissioner from President Quezon, October 16, 1938
2. Copy letter to Vice President Osmeña from President Quezon, October 16, 1938
3. Copy Memorandum to President Quezon from Roxas and Yulo, October 14, 1938
4. Copy personal letter to The President from the High Commissioner, July 3, 1938

[COPY:PI:MAS]

THE WHITE HOUSE

Washington

November 19, 1938.

MEMORANDUM FOR

ASSISTANT SECRETARY SAYRE

I have been glad to read the enclosed. I agree with your letter to me of November 18th.

While at Warm Springs I will draft a suggested telegram to the High Commissioner and will send it to you from there for your comment.

I approve your proposed copy of reply.

F. D. R.

PSF
War

DEPARTMENT OF STATE
WASHINGTON

November 18, 1938

~~CONFIDENTIAL~~

My dear Mr. President:

I enclose a copy of a personal and confidential letter which I have received from the United States High Commissioner to the Philippine Islands, dated November fifth, together with its enclosures. As you will note from this letter, the Philippine Vice President, Mr. Osmeña, with a delegation, has come to this country with letters of introduction from President Quezon directing them to seek your support for modifications, to further benefit the Philippines, of the recommendations of the Joint Committee, and, in the alternative, to raise with you the issue of reconsidering Philippine independence.

It seems clear to me that the Joint Committee's recommendations are eminently fair to the Filipinos and that you should not allow President Quezon to get you to pull his chestnuts out of the fire by having you initiate a reopening of the independence issue.

Such

The President,

The White House.

Such a question, if raised at all, clearly should be initiated only by the whole Filipino people, presumably through the vote of the Philippine Assembly.

I am also enclosing a brief memorandum outlining the proposals which I understand Mr. Osmeña is likely to make and my thoughts as to the reply which you may care to make if he does raise these questions.

I think it important that I should see you before you receive Mr. Osmeña and I hope that you will ask Mr. McIntyre to see that I have this opportunity.

At the conclusion of his letter to me, the High Commissioner says: "If the occasion presents itself, I wish you would seek an expression of the President's desires concerning the date and route of my return." I feel it too embarrassing to be the channel of communication between him and yourself and I have therefore in my draft letter to him in reply suggested that he take this matter up with you direct. Does this proposed reply, a copy of which I am enclosing, meet with your approval?

I hope you will have a wonderful time at Warm Springs.

Faithfully yours,

Manuel B. Sayre

Enclosures:
Letter from High Commissioner, dated November 5, 1938, with enclosures.
Memorandum.
Letter to High Commissioner.

[COPY - PI:DW]

THE UNITED STATES HIGH COMMISSIONER

MANILA

VIA CLIPPER November 5, 1938

~~Personal and Confidential~~

The Honorable
Francis B. Sayre
Ass't. Secretary of State
Washington, D. C.

Dear Frank:

As you know, a special Filipino mission, consisting of Vice President Osmeña, Secretary of Finance de las Alas, Assemblyman Camilo Osias and Benito Razon, is on its way to the States. For your confidential information, I am inclosing a copy of President Quezon's confidential instructions to Osmeña together with the covering letter to me. I think it only fair to President Quezon to request that no reference be made to the contents of these letters, or even to their existence, except in your conference with President Roosevelt. They are being sent by the first Clipper since receipt.

These letters reflect the genuine concern felt by Filipino leaders. The happenings of the last few months in Asia and Central Europe have made the Filipino leaders face realities for the first time. I feel very deeply that their fear of the future is well founded. They can not possibly adjust their economy within the allotted time. They have every reason to believe, in the light of recent events, that independence means nothing more than exchange of sovereignties. They wish to avoid the fate of other small so-called independent nations. I find myself with the same compassion for them which I have had for a child who asked for something it thought it wanted, received it from indulgent parents, and suffered acute distress as a result.

Quezon did not seek my advice on the matter of sending a mission to the United States. He wanted to go himself, but read between the lines of the reply to his radio concerning the President's desire to consult with him. The day before Osmeña left Quezon asked for a conference. Quezon, Osmeña, Yulo and Roxas met Coy and me at my house early in the morning, stayed until noon, and came back

again

again that afternoon. I insisted that, no matter what objections he might have to the report, he stick by his promise to offer no objection to the legislation enacted in accordance with the recommendations of the Committee, provided those recommendations were indorsed by the President of the United States. This he agreed to do, and has so stated in his letters. I believe that he is sincere in his desire to follow any policy laid down by the Administration.

The President's letter, dated September 29, a copy of which you have, arrived while I was dictating this letter. I was greatly disturbed by the implication, contained in the last paragraph, that I might not support the proposed legislation implementing the report. It gave some substance to reports of Washington gossip (which I have ignored) that I expected to use my memorandum on the Joint Committee's report as an excuse for breaking with the Administration. I realize that such gossip is due to the heavy political atmosphere which hangs over the place. Any one who knows me well would not harbor such a thought. In the first place, I have no reason for and no intention of breaking with the Administration. I have loyally supported it since its inception in thought, speech and action. In the second place, the memorandum was a confidential document. Only four copies are in existence. Two were sent to the President, one through channels and the other directly. A third copy was sent to you, and the fourth is in my possession. I felt it my duty to say precisely what I thought. I did what I expect my own subordinates to do, that is, give me their honest opinion without regard to what they think I would like to hear. However, once a policy is adopted and announced by the one charged with responsibility, I expect them to loyally support it. Such a rule governs my own conduct under like circumstances. I have not and shall not make any public mention of the memorandum, or even intimate that one exists.

The President's letter of the 29th is the statement of his policy. It leaves only one opening for reconsideration of Philippine-American political relations. This is found in the statement, "proposals which in their nature envisage a postponement of independence and the extension, rather than the diminution, of United States preferences in the Philippines and of direct control by the United States over Philippine affairs cannot be entertained by my administration except at the request of a majority of the Filipinos." In this connection attention is invited

to

to the following paragraphs of Quezon's letter of instructions to Osmena:

> "If the President should insist in supporting in its entirety the recommendations of the Joint Preparatory Committee, then I would ask that he consider the advisability of urging the Congress to include in the proposed legislation, or in a separate resolution, a provision authorizing the Filipino people to hold a plebiscite shortly before the date of independence, say in 1944, to give them an opportunity to express their preference either to allow the law as passed by Congress in accordance with the recommendations of the Joint Preparatory Committee to take its course, or, to maintain indefinitely trade relations with the United States on the preferential basis obtaining at the end of the transition period, that is in 1946, under such a political relationship between the two countries as the Filipino people may desire and the Congress may approve; or, that the proposed legislation provide for the creation of a non-partisan committee to further study the future political and economic relations which should exist between the United States and the Philippines, and to submit its report not later than 1944.
>
> "The reason for my suggestion that, if the President should insist in supporting the recommendations of the Joint Preparatory Committee, the door be left open for further discussion of the whole Philippine question, is because I fear that under the recommendations of the Joint Preparatory Committee we are not afforded a just and reasonable opportunity to prepare properly and adequately for our future security, both politically and economically. I assume that by 1944 the conditions of the world will have been sufficiently stabilized so as to enable the Filipino people, with full knowledge of actual conditions and the problems facing them at that time, to decide the best course for the Philippines with due regard for their political and economic security."

In view of the rapidly changing situation in the Far East it would seem that such suggestions deserve consideration.

If

If the occasion presents itself, I wish you would seek an expression of the President's desires concerning the date and route of my return.

With kindest regards and best wishes, I am

Cordially and sincerely yours,

PAUL

Paul V. McNutt,
United States High Commissioner.

[COPY: PI:MAS]

MALACAÑAN PALACE

Manila

~~Confidential~~ October 16th
1938

My dear Mr. High Commissioner:

I take pleasure in sending you a copy of my instructions to the Vice-President who is going to the United States as my special representative to confer with the President on the contemplated legislation amending the economic provisions of the Independence Act. I am sure you will agree with me that the recommendations of the Joint Preparatory Committee do not offer reasonable opportunity to insure the future economic stability of the Philippines, nor, indeed, do they fairly safeguard the interests of the United States.

The Filipino members of the Joint Preparatory Committee for a long time declined to join the American members of the said committee in their recommendations, and with my approval they had announced their intention to submit a separate report containing what they felt was the proper solution to the problem which they were asked to study. When the President of the United States sent me a message urging me to join him in efforts to secure an early agreement along the lines proposed by the American members, realizing that my refusal to yield to the President's request might be misinterpreted both in America and in the Philippines with harmful consequences, I felt it my duty to defer to his wishes, and so I instructed the Filipino members of the Committee to give their assent to the proposals of their American colleagues.

In the conference we had yesterday, I expressed to you my fear that the President may misunderstand me and think that I am trying to break away from my commitments. I request you, therefore, to state to the President that if after due consideration of the representations that the Vice-President will make in accordance with my instructions, he should still feel that he has to indorse favorably to Congress the recommendations of the Joint Preparatory Committee, I shall abide by his decision and will offer no objection to the legislation that may be enacted in accordance with those recommendations.

In

In the instructions that I have given to the Vice-President, I have stated frankly my views on the whole Philippine question. I want it clearly understood, however, that, notwithstanding my views, I am willing to follow the decision of the President without mental reservations, confident that he has the interest of my people at heart no less than the interest of the American people; and that being in a better position to know world conditions, I consider his judgment better than mine.

You have been in the Philippines long enough to be intimately familiar with the situation here and desirous as I know you are to find a just and intelligent solution of the problems confronting our two countries, I trust that you will do your part in securing the best legislation possible, bearing in mind both the interests and rights of your country and mine.

Very sincerely yours,

(Sgd.) MANUEL L. QUEZON

His Excellency
Paul V. McNutt
United States High Commissioner
Manila

MALACAÑAN PALACE
MANILA

October 16, 1938

~~Confidential~~

My dear Mr. Vice-President:

I have decided to request you to go to the United States and to present to the President my views not only on the report and recommendations of the Joint Preparatory Committee on Philippine Affairs, but also on the whole question of the future of the Philippines regarding both its political and economic aspects. The present condition of the world is such that no responsible Filipino leader can fail to have serious misgivings, because of the effect which the trend of international events may have on the future well-being and security of our people. It is my desire, therefore, that you present to the President, fully and candidly, my apprehensions concerning the fate of our people if the provisions of the Independence Act were allowed to take effect without revision.

Referring to the economic provisions of the Independence Act, it is evident - as borne out by the conclusions of the Joint Preparatory Committee - that if the trade relations between the United States and the Philippines after the year 1941 are to be governed by the terms and conditions imposed in that Act, even before the date for the grant of independence shall have arrived, the whole economic structure of the Philippines would probably be so disorganized, that the new Philippine Republic would come into being in the midst of almost chaotic conditions. Such a situation would be wholly unfair to the Philippines, the responsibility for which the United States can not properly evade. I know that the President has foreseen this eventuality and for that reason he appointed the Joint Preparatory Committee, composed of Americans and Filipinos, to study and submit recommendations concerning the changes that may be found necessary in the economic provisions of the Independence Act.

I am committed to support the recommendations of the Joint Preparatory Committee, and you may assure the President that, if after giving due consideration to the representations that I am hereby instructing you to make, it should be his decision to recommend to the Congress the enactment of the law in accordance with said recommendations, I shall give them my support without any qualification. I feel it my duty, however, to lay before him frankly my

views regarding the recommendations of the said committee and to state that, in my opinion, while the said recommendations propose to continue preferential trade relations between the United States and the Philippines until the year 1961, for all practical purposes the Philippines will be unable to take advantage of these tariff preferences after we are made to pay more than 50% of that tariff. In other words, we shall entirely lose the American market, as far as our products dependent upon the protection of the American tariff are concerned, after the year 1951. It would be impossible for the Philippines to readjust its present basic industries so as to enable them to survive the proposed tariff impositions, nor to create new industries to take their place, before that time. I hope, therefore, that the President might find his way clear to recommend to Congress a plan whereby the gradual imposition of tariff duties upon Philippine products may not reach 50% of the American rates of duty, until the tenth year after the establishment of independence, and, thereafter such trade preference to continue for five years, at the end of which time either government, upon one year's notice, may denounce that trade arrangement and thereby terminate all trade preferences between the two countries. This was the view of the Filipino members of the Joint Preparatory Committee which they maintained up to the time when, upon instructions received from me, they were compelled to agree to the proposals of the American members of the committee which are now embodied in the recommendations of the committee. The President will remember that I gave these instructions to the Filipino members of the committee only in deference to his wishes, and with great reluctance.

If the President should insist in supporting in its entirety the recommendations of the Joint Preparatory Committee, then I would ask that he consider the advisability of urging the Congress to include in the proposed legislation, or in a separate resolution, a provision authorizing the Filipino people to hold a plebiscite shortly before the date of independence, say in 1944, to give them an opportunity to express their preference either to allow the law as passed by Congress in accordance with the recommendations of the Joint Preparatory Committee to take its course, or, to maintain indefinitely trade relations with the United States on the preferential basis obtaining at the end of the transition period, that is in 1946, under such a political relationship between the two countries as the Filipino people may desire and the Congress may approve; or, that the proposed legislation provide for the creation of a non-partisan

committee to further study the future political and economic relations which should exist between the United States and the Philippines, and to submit its report not later than 1944.

The reason for my suggestion that, if the President should insist in supporting the recommendations of the Joint Preparatory Committee, the door be left open for further discussion of the whole Philippine question, is because I fear that under the recommendations of the Joint Preparatory Committee we are not afforded a just and reasonable opportunity to prepare properly and adequately for our future security, both politically and economically. I assume that by 1944 the conditions of the world will have been sufficiently stabilized so as to enable the Filipino people, with full knowledge of actual conditions and the problems facing them at that time, to decide the best course for the Philippines with due regard for their political and economic security.

Above all, you will please make it very clear to the President of the United States that I wish to defer to his judgment on these matters and, therefore, that I am willing to abide by his decision as to the final action that should be taken on the recommendations of the Joint Preparatory Committee.

I am sending you a copy of a memorandum which ex-Secretary Yulo and ex-Speaker Roxas, who were members of the Joint Preparatory Committee, have submitted to me in confidence, regarding the attitude of the Filipino members of that committee, which you may show to the President.

Sincerely yours,

(Sgd.) MANUEL L. QUEZON

The Honorable,
The Vice-President
M a n i l a

[COPY PI:LCM]

MEMORANDUM FOR
HIS EXCELLENCY, THE PRESIDENT:

We are informed that within a few days the Vice-President of the Philippines will leave for the United States on a special mission for the purpose of presenting the view of the Commonwealth Government on any proposed legislation designed to effectuate the recommendations contained in the report of the Joint Preparatory Committee on Philippine Affairs. Not having been a member of said Committee, the Vice-President is probably unaware of many important details and incidents connected with the negotiations and discussions leading to the agreement reached by the Committee, a knowledge of which is essential to a proper appraisal of the commitments accepted by the Filipino members. Some of these incidents and details might, likewise, not have been brought to the attention of Your Excellency. In order, therefore, that there may be a clear understanding of the position taken by the Filipino members throughout the course of these negotiations, we are taking the liberty of presenting these matters for Your Excellency's consideration.

The functions of the Joint Preparatory Committee on Philippine Affairs were outlined in a Joint Statement issued by Your Excellency and Assistant Secretary of State Sayre, which read as follows:

"Arrangements are being made for the appointment shortly of a joint preparatory committee of American and Philippine experts. The committee is to study trade relations between the United States and the Philippines and to recommend a program for the adjustment of Philippine national economy. This announcement followed conferences between President Quezon of the Philippine Commonwealth and the Interdepartmental Committee on Philippine Affairs, which is acting on behalf of President Roosevelt in the preliminary discussions. Assistant Secretary of State, Francis B. Sayre, is Chairman of this Committee.

"Inasmuch as the Independence Act provides that complete political independence of the Philippines shall become effective on July 4, 1946, and inasmuch as President Quezon has suggested that the date of independence might be advanced to 1938 or 1939, it

was

was agreed that the joint committee of experts would be expected in making its recommendations to consider the bearing which an advancement in the date of independence would have on facilitating or retarding the execution of a program of economic adjustment in the Philippines. It was further agreed that preferential trade relations between the United States and the Philippines are to be terminated at the earliest practicable date consistent with affording the Philippines a reasonable opportunity to adjust their national economy. Thereafter, it is contemplated that trade relations between the two countries will be regulated in accordance with a reciprocal trade agreement on a non-preferential basis."

It should be noted that this Joint Statement bound the Committee definitely to the instruction that "preferential trade relations between the United States and the Philippines are to be terminated at the earliest practicable date consistent with affording the Philippines a reasonable opportunity to adjust their national economy."

Early in the deliberations of the Committee, the American members interpreted this part of its terms of reference as requiring a complete termination on a fixed date of preferential trade relations between the United States and the Philippines. They also drew the conclusion that the process of elimination should proceed at a uniform rate in the shortest possible time. The Filipino members, on the other hand, maintained that this part of the Committee's instructions did not require either a uniform rate of elimination or a definite termination of trade preferences to take place automatically on a certain date. We claimed that the termination of trade preferences could as well be provided by permitting either government, by unilateral action, to denounce after a specified period of time the trade agreement that may be adopted. In consonance with this interpretation, the Filipino members proposed a plan whereby the process of elimination might proceed at a certain progressive rate until the tenth year after the proclamation of Philippine Independence, when only 50% of the then existing tariff rates would be levied; thereafter, the duties to be imposed at the same rate for a period of five years, at the end of which time, either government, upon one year's notice, might denounce this trade arrangement and thereby terminate all trade preferences between the two countries. We propose this plan for the following reasons:

1. Philippine

1. Philippine exports vitally dependent upon American tariff protection constitute more than 30% of the national income of the Philippines. The production of these articles, the most important of them being sugar, coconut oil, cigars, and cordage, was stimulated by the establishment of free trade between the two countries. It took about twenty years, since the establishment of free trade for these industries to reach their present level of production and efficiency, and it will require, under the most favorable conditions, many years before they could be placed on a competitive basis. Present production costs are so high that unless economic factors change materially, these industries could not be expected to withstand more than 50% of the American tariff during the next 15 years. In fact, substantial portions of the respective industries are not expected to bear the imposition of even a small fraction of the American duty, as in the case of cigars and coconut oil.

2. The imposition of a rate higher than 50% of the American duty would establish a trade preference which would be ineffective, and, based upon present conditions, it would bring about the liquidation of these industries.

3. In order to afford the Philippines a reasonable opportunity to adjust its national economy, it is necessary to grant the Philippines a sufficient period of effective preferences, so that through experimentation and improved methods of production, costs may be reduced, and in the case of products that cannot be placed on a competitive basis, substitute crops may be found. While this process takes place, it is essential that the Philippines may be able to continue to receive the income derived from the industries that now enjoy preferences in the United States, in order to finance the readjustment in each industry and to bring about the production of substitute crops on an economic basis.

4. It is neither prudent nor wise to fix a date so far in the future for the termination of trade preferences between the United States and the Philippines, considering that some years from now, this trade may become so reciprocally beneficial

that

that it might be to the advantage of both countries to continue that trade. Under the proposed plan, should the arrangement not prove to be mutually advantageous, after the lapse of five years, the arrangement could be terminated by ex parte action.

5. The United States now maintains preferential trade relations with Cuba. In the case of sugar, the preference granted to Cuba is in excess of 50% of the American duty. If the United States is willing to grant this preference to Cuba for an indefinite period of time, subject, of course, to the usual denunciation clause, there seems to be no reason why a similar arrangement could not be agreed upon in the case of the Philippines.

6. With regard to American products imported into the Philippines, the same considerations are applicable. American products now imported into the Philippines free of duty could no longer enter this market after the progressive rate has reached 50% of the Philippine tariff.

This proposal of the Filipino members was rejected by the American members of the Committee. We believe that we are justified in stating that, at least in the case of some of the American members, their refusal to accept this plan was prompted mainly because of the belief that our terms of reference compelled the Committee to formulate a program which should bring about the termination of trade preferences on a fixed date to be determined arbitrarily at this time, and not leave that termination to depend upon future negotiations or decisions.

The Filipino members for several months insisted in the approval of the proposed plan by them. When the American members persisted in their refusal to accept that plan, the Filipino members, in an effort to reach an agreement, modified their proposal so that the maximum rate of American duty be 60%, instead of 50%, upon the tenth year after Independence, this rate to continue for five years, and thereafter, indefinitely, until the agreement is denounced by either government. This proposal was likewise rejected by the American members. They insisted in the plan finally approved by the Committee providing for a uniform progressive elimination of trade preferences at the rate of 5% every year, so

that

that at the end of 15 years after Independence, or on January 1, 1961, the Philippines would be placed in the same position as any other foreign country. We argued that, whereas this plan contemplated preferential trade relations between the two countries to continue for a period of 15 years after Independence, as a matter of fact, after the process had reached a point when 50% or 60% of the American tariff was to be levied upon Philippine articles exported to the United States, the preferences would become ineffective, and that as far as we could visualize the future, they would not permit the continued exportation of the most important Philippine products to the United States.

Being convinced that the American proposal did not grant the Philippines a reasonable opportunity to readjust its economy, the Filipino members felt constrained to reject the American plan. A deadlock was created in the Committee as a result of these differences of opinion. This deadlock continued for several months. In view of the necessity of presenting a report, the Filipino members advised the American members of their intention to file a minority report, or to state their reservations in a joint report concerning the program of elimination of trade preferences. The American members at first accepted the plan to permit the Filipino members to state their reservations in the body of the report. Subsequently, the American members intimated that a reservation which would directly assail the program of elimination of trade preferences would greatly weaken the report in the estimation of Congress and, therefore, they advised the Filipino members to refrain from making such reservations. The Filipino members informed their American colleagues that they could not sign a report recommending a program which they were convinced would be inadequate to attain the objectives sought and that, therefore, they preferred either to declare a definite deadlock or to file a separate report.

At this juncture, President Roosevelt sent a message to Your Excellency dated March 22, 1938, urging that "the work of the Committee should be pressed to an early and mutually satisfactory conclusion" and suggesting that Your Excellency join with him in making public the common desire to have the Committee approve the American plan. Your Excellency replied to President Roosevelt in a message dated March 25, stating that the Filipino members were being instructed to accept the

American

American proposal. The Department of State issued a press release dated April 5, 1938, outlining the substance of these messages, as follows:

> "On March 22, President Roosevelt telegraphed to President Quezon an expression of his feeling that the work of the Committee should be pressed to an early and mutually satisfactory conclusion. The President recalled that he had already made publicly known his own readiness, with a view to affording the Philippines ample opportunity to adjust their economy to the non-preferential status of political independence, to approve of a general plan by which the elimination of trade preferences would proceed by uniform annual accretions of 5 percent from 25 percent at the date of independence; but he indicated that, except for certain alleviations which he understood the Committee would be prepared to recommend, the export tax provisions of the Independence Act should remain substantially intact as constituting a necessary part of the program of Philippine economic adjustment. The President furthermore suggested that President Quezon join with him in making public their common desire to have the Committee proceed along these lines with a view to reaching an early agreement upon recommendations which would have the whole-hearted support of both sides.
>
> "In a telegram dated March 25, President Quezon replied that he was sending to the Filipino members of the Joint Preparatory Committee a radiogram to the effect that he had, after considering all the attending circumstances, come to the definite conclusion that the best interests of the Philippines would be promoted by their concurring with the American members of the Committee in the plan outlined in the President's telegram."

Upon receipt of the instructions of Your Excellency, the Filipino members of the Committee, although they were convinced and, we believe, are still convinced, that the program of elimination of trade preferences outlined in the report of the Committee is unfair, not only to the Philippines but also to the United States, and does not grant the Philippines a reasonable period to adjust its economy, accepted the American plan and signed the report.

We

We are constrained to bring these matters to the attention of Your Excellency in the belief that, although the Philippine Government is formally committed to the program recommended in the report, Your Excellency might perhaps feel justified in bringing these considerations to the attention of President Roosevelt before his recommendations on the report of the Committee are sent to Congress. It is the desire of President Roosevelt, we believe, to grant the Philippines every opportunity necessary to establish and maintain an economy which will be sufficient to provide our independent government with its fiscal requirements and also preserve and improve social standards now prevailing in our country. This, Your Excellency will agree, the Philippines has a right to expect from America.. The United States, we are sure, will not enforce a program which will jeopardize the attainment of her noble undertaking in the Philippines by a failure to grant to us during the last stages of our relationship certain economic concessions which mean so little to America but which are so vital to our existence as a nation. The concessions required in the plan proposed by the Filipino members do not involve a sacrifice of principle on the part of the United States. They merely mean a continuation for a reasonable period, in a modified form, of our economic relationship with that country until we can adjust our economy. They mean that the economic relationships now existing between the United States and the Philippines are not to be severed merely for the sake of an arbitrary formula, but will permit the Philippines to continue what may prove to be a reciprocally beneficial trade relationship with the country that has assisted her on the way to liberty and social and economic well-being.

Respectfully submitted,

(SGD) _____
JOSE YULO

(SGD) _____
MANUEL ROXAS

Vice-Chairman and Member
Joint Preparatory Committee on
Philippine Affairs

Manila
October 14, 1938

Memorandum setting forth points which it is understood that Vice President Osmena may raise with the President and the nature of the reply which the President may care to make to each point.

DEPARTMENT OF STATE
OFFICE OF PHILIPPINE AFFAIRS

MATTERS WHICH VICE PRESIDENT SERGIO OSMEÑA WILL PROBABLY RAISE WHEN HE CALLS UPON THE PRESIDENT AND REMARKS WHICH THE PRESIDENT MIGHT MAKE IN REPLY

The three points which it is understood[1/] that Mr. Osmeña will raise with the President concerning the report of the Joint Preparatory Committee are as follows:

1. He will urge the President to recommend to Congress that the Joint Preparatory Committee's recommendations be so modified as to provide a gradual imposition of United States tariff duties upon Philippine products which would bring the duties so paid to 50 percent of the United States rates of duty by July 4, 1956, ten years after independence, at which level the duties would remain for five years, or until July 4, 1961, after which either party might terminate the arrangement upon one year's notice.

2. Failing to obtain the President's approval of the above proposal, Mr. Osmeña will ask the President to urge that Congress, in adopting the recommendations of the Joint Preparatory Committee, authorize the holding in the Philippines

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1/ This understanding is based upon information received by Assistant Secretary Francis B. Sayre in a letter from High Commissioner Paul V. McNutt, dated October 16, 1938.

ippines of a plebiscite shortly before the date of independence, say 1944, to afford the Filipino people an opportunity to decide whether they wish to allow the program provided by Congress in the Independence Act (as amended in accordance with the recommendations of the Joint Preparatory Committee) to run its course or whether they prefer an indefinite continuance of preferential trade relations with the United States at the level to be reached on July 4, 1946 (i.e., 75 percent preference in the United States market), under such a political relationship between the two countries as the Filipino people may desire and as the Congress may approve.

3. Failing to obtain the President's approval of (1) or (2) above, Mr. Osmeña will urge that the new legislation to be adopted cover the remainder of the Commonwealth period only and authorize the creation of a non-partisan committee to study not only the future economic relations, but also the future political relations, between the United States and the Philippines, and to submit a report not later than 1944.

It is believed that the President may desire to reply to these three proposals, if substantially stated in the above form, as follows:

(a) The President feels that the recommendations of the Joint Preparatory Committee afford the most satisfac-

tory

tory solution of the economic problems of the Philippines yet devised; that those recommendations represent the collective opinion of a group of American and Filipino experts, arrived at after more than a year of study; and that, therefore, he is unable to entertain favorably Mr. Osmeña's new proposal outlined in the numbered paragraph (1) above.

(b) A request to hold a plebiscite in the Philippines about 1944, with respect to a reconsideration of the political question of independence for the Philippines, would have to come from the Filipino people. The President of the United States could not entertain such a proposal except at the request of the majority of such people, it being clearly understood that no assurance can be given that the American people and their representatives would favorably entertain the request. It should also be understood that if such a request should contemplate a continuation of preferential trade treatment at a 75 percent level, as indicated in the second proposal, the American people are not likely to countenance such an arrangement and the President does not look with favor upon it.

(c) There seems to be no need whatsoever for the appointment of a new committee to study Philippine problems. The economic problems have been thoroughly explored

plored by the Joint Preparatory Committee over a period of more than a year and no committee is really competent to pass on the political question of Philippine independence, which is a matter for the peoples of the two countries to decide, as they have already decided, through their legislative representatives, or to reopen through the same channels if they so desire.

(d) The President might then make certain additional observations of his own to the following effect: He believes that, as contemplated by the report of the Joint Preparatory Committee, joint efforts to persuade the next Congress to effectuate the recommendations of the Joint Preparatory Committee should be continued. He feels that the joint recommendations (regardless of certain differences of opinion concerning certain aspects of the recommendations) afford a unique opportunity, and possibly the last opportunity before the imposition of export taxes on November 15, 1940, to bring about a solution of the economic problems created by the provisions of the Independence Act which the Filipinos have complained are dangerous to their economy. This opportunity should not be jeopardized by raising such questions as a reconsideration of the date of independence or the appointment of another committee. The President might then express the hope that Mr. Osmeña and President

Quezon

Quezon will join with him in going forward with the task of bringing about the effectuation of the recommendations of the Joint Preparatory Committee.

DRAFT

In reply refer to
FI 611.11B31/243

AIR MAIL

~~PERSONAL AND CONFIDENTIAL~~

My dear Paul:

I have just received your letter of November 5, 1938, together with the enclosures therewith, concerning certain confidential instructions which President Quezon has given to Vice President Sergio Osmeña, who heads the special Filipino mission which is now in this country in connection with the report of the Joint Preparatory Committee on Philippine Affairs. I am happy to have received prior to Vice President Osmeña's arrival in Washington the information contained in your letter and I am sure that the President will also be happy to have this information in advance of his first talk with Mr. Osmeña.

There has been no opportunity for me to see the President since the receipt of your letter and I may not have that opportunity for a week or ten days, as the President is leaving shortly for Warm Springs. I do expect, however, to discuss with him, before he receives Mr. Osmeña, the problems which your letter raises. While I do not of course know what the President's attitude will be, I myself would greatly regret the introduction at this time of any proposal to raise the political question of Philippine independence in connection with the economic program of the Joint Preparatory Committee. It is my firm conviction that the raising of this highly controversial issue in the next Congress would endanger the successful outcome of our present attempt to settle before November 15, 1940 pressing Philippine economic problems and to establish the outlines at least of our future economic relations with the Philippines.

With

The Honorable
Paul V. McNutt,
United States High Commissioner
to the Philippine Islands,
Manila.

With regard to your reference to the President's desires concerning the date and route of your return, I have no idea what the President's ideas are. I wonder if you will not want to write him directly about this.

The work continues to pile up here in Washington, but I feel we are making progress. Yesterday we signed our British and Canadian trade agreements, and feel very happy about them.

With every good wish, believe me

Cordially yours,

THE WHITE HOUSE
WASHINGTON

File Confidential

December 27, 1938.

MEMORANDUM FOR

THE ACTING DIRECTOR OF THE BUDGET

Will you speak to me about this?

F. D. R.

BUDGET & LEGISLATIVE PLANNING BRANCH
OFFICE OF DEPUTY CHIEF OF STAFF

Subject: Appeal from Limiting Figure, BoB.

STRICTLY CONFIDENTIAL

TO	NO.	DATE
	ASST. SEC'Y OF WAR	
	A.C. OF S, G-1	
	A.C. OF S, G-2	
	A.C. OF S, G-3	
	A.C. OF S, G-4	
	A.C. OF S, W.P.D.	
	THE ADJUTANT GENERAL	
	BUDGET OFFICER, W. D.	
X	SECRETARY, G.S	12-14-38

FOR:

___STUDY AND PREPARATION OF REPLY.
___SIGNATURE SECRETARY OF WAR.
___NOTE AND RETURN_____
___COMMENT OR CONCURRENCE.

x For signature of the Chief of Staff.

By direction of the Deputy Chief of Staff:

H. K. LOUGHRY
Colonel, General Staff,
Chief, B. & L. P. Branch

mmp

PSF: War

WAR DEPARTMENT
OFFICE OF THE CHIEF OF STAFF
WASHINGTON, D. C.

December 13, 1938

[redacted]

MEMORANDUM FOR THE SECRETARY OF WAR:

Subject: Appeal from Limiting Figure, Bureau of the Budget.

1. Prior to submitting to you the Military Estimates for the fiscal year 1940, I caused them to be reduced by $43,145,684, by restricting maintenance and personnel in every possible manner in order to provide for the maximum augmentation of armament, equipment and facilities required in an emergency. The Bureau of the Budget has made additional reductions of $23,820,363. Of these reductions, I accept $13,898,852 without comment. The remaining $9,921,511 concerns certain items which are of such importance that I feel it my duty to present the facts to you and request that you take the matter up personally with the President with a view to having that amount restored to the regular budget.

2. There has recently been submitted to the President a statement showing that approximately $420,500,000 will be required to provide the critical items of equipment for the Protective Mobilization Plan Force. This sum is over and above the amounts, approximately $43,500,000 (9% of the total), carried for the same purpose in the regular estimates for the fiscal year 1940. The attached table shows items included in the latter total which have been disallowed by the Bureau of the Budget in the amount of $6,921,511. Information has been received informally from the Bureau of the Budget that the reductions in the estimates were based on the disallowance of the items indicated.

Mr. President
I concur, but ask specifically for restoration #3 - viz: $1,000,000 - Air Corps. for 2nd & 3rd best models - $2,000,000 - Educational orders -

3. In addition to the restoration of items pertaining to the Protective Mobilization Plan, the restoration of $2,000,000 for "Educational Orders" and $1,000,000, "Air Corps, Army", for purchase of second and third best models presented in aircraft competition, are recommended for the reasons stated in the attached table.

Encl:
Table of reductions in essential items required under PMP, "Educational Orders" & "Air Corps, Army"

Chief of Staff

elt

Franklin D. Roosevelt Library
DECLASSIFIED
DOD DIR. 5200.9 (9/27/58)
Date- 2-18-59
Signature- Carl L. Spicer

REDUCTIONS MADE BY THE BUREAU OF THE BUDGET IN FY 1940 ESTIMATES FOR ESSENTIAL EQUIPMENT REQUIRED UNDER THE PROTECTIVE MOBILIZATION PLAN FOR "EDUCATIONAL ORDERS" AND FOR "AIR CORPS, ARMY."

Appropriation Title and Item	Quantity in Budget Reduction	Cost	Remarks
Engineer Service, Army: Proj. 3 - Searchlights, Antiaircraft.	60	$1,500,000	Required as initial equipment for 10 existing National Guard Antiaircraft Regiments. Each regiment requires 15 searchlights. 41 are on hand. These 60 plus 49 set up in National Guard estimate (shown below) are essential equipment for these 10 IPF regiments. (Initial Protective Force, R.A. and N.G., is part of the Protective Mobilization Plan Force).
National Guard:- Proj. 65 - AA equipment. Searchlights - AA.	19	475,000	These 19 searchlights are part of the 49 searchlights which were set up in National Guard estimate in order to complete the initial equipment of 10 active National Guard regiments as shown above. 16 months is required for the procurement of searchlights.
Chemical Warfare Service: Proj. 9 - Gas Defense Appliances.	--	100,000	Total project ($375,500) provides for 30,500 gas masks, 20 tons impregnite and necessary solvents for impregnating clothing (Overseas Departments). These items are for defensive purposes only. 220,000 additional gas masks are needed to equip the IPF. 70 tons impregnite are needed for minimum requirements of IPF. Solvents required for operating overseas impregnating plants are not available locally. Total requirements in gas masks for IPF is 500,000; impregnite 100 tons.

Project 10 - Gas Defense Equipment: Impregnation plant	1	$ 14,000	An impregnating plant has been provided for each Overseas Department. One of these plants is essential for continental U.S. as no facilities are now available for providing the minimum amount of protective clothing required for peacetime tests and development work.
National Guard: Proj. 56 - Chemical Warfare equipment. Gas masks.	15,000	117,150	These are purely defensive items which apply towards making up the shortage in gas masks required to equip the IPF.
Proj. 57 - Ordnance equipment.	--	999,923	Total project ($3,999,923) provides essential modern weapons such as semi-automatic rifles, anti-tank guns and 60mm mortars which are urgently needed to equip existing National Guard units. These items apply against shortages for the IPF.
Seacoast Defense: Proj. 12 - Searchlights, U.S.	11	231,000	These are 60" antiaircraft searchlights which are required for protection of Harbor Defenses, Pacific Coast, against air attack. Will complete requirements.
- Searchlights, Insular Depts.	22	462,000	These are required for illumination of water areas in seacoast defenses, Hawaii. Will complete requirements.
- Searchlights, Panama Canal	7	140,000	These are portable antiaircraft searchlights which are required to complete the program of 131 searchlights for the defense of the Panama Canal.

Proj. 14 - Facilities for Submarine Mines.	--	271,670	Necessary installation of mine store-houses, cable tanks, and repairs to wharves to complete the submarine mine project for the Harbor Defenses of San Francisco. This project is a part of the minimum requirements for submarine mine defense under the PMP.
Proj. 15 - Sites for installation of 2 16" batteries, Narragansett Bay.	--	141,031	These batteries (4 guns) are essential to the protection of Narragansett Bay and are required by the Protective Mobilization Plan. Four guns are on hand and two carriages are partially completed. Time of construction from 2 to 3 years.
Proj. 22 - Ordnance Materiel, U.S. AA machine guns.	89	293,700	These funds required to provide cal. .50 AA machine guns and 37mm AA guns for protection of Harbor Defenses on Pacific Coast against air attack. No 37mm AA guns are now on hand either in U.S. or in Overseas Departments. Deficiency of 229 beyond amount allowed by Bureau of the Budget.
Proj. 22 - 3 8" Railway batteries, U.S.	--	618,000	Manufacture of 3 batteries, one each for Harbor Defenses of San Francisco, Los Angeles and San Diego. Required by Protective Mobilization Plan.
Insular Departments:			
.50 cal. machine guns	50	165,000	For cal. .50 AA machine guns, 37mm AA guns and 3" AA guns for protection against air attack, Hawaii. Deficiency of 231 AA .50 cal. machine guns and 20 3" AA guns beyond amount allowed by Bureau of the Budget.
Mobile AA guns	8	320,000	
Panama Canal:			
Machine Guns.	72	237,600	For .50 cal. AA machine guns and 37mm AA guns for protection of Panama Canal against air attack. Deficiency of 264 beyond amount allowed by Bureau of the Budget.

Proj. 34 - Procurement and Installation of fire-control equipment:			
United States: Fire control for the harbor defenses of San Francisco and San Diego.	--	$384,822	This sum will complete installations in the areas indicated. Remaining requirements for the Pacific Coast at Los Angeles, the Columbia and Puget Sound are $651,480. Required by the PMP.
Insular Departments: Fire-control for antiaircraft and seacoast batteries.	--	346,884	Part of the project essential for the defense of Oahu and especially the naval installations in Pearl Harbor. A further sum of $643,826 is required to complete the project. Required by the PMP.
Panama Canal: Fire-control and communications for antiaircraft artillery.	--	103,731	The project is based on the minimum requirement for reasonable protection of important canal installations. This reduction will delay completion of the project which will require, in addition to the sum indicated, $1,527,913. Required by the PMP.
TOTAL - PROTECTIVE MOBILIZATION PLAN.....		$6,921,511	
Educational Orders.....		2,000,000	A specific appropriation should be provided for this purpose. Otherwise, the War Department will be required to reduce amounts provided for items pertaining to the requirements of the Protective Mobilization Plan in order to provide for Educational Orders.

Air Corps, Army: Proj. 71 - For Research and Development Work with Airplanes.	--	$1,000,000	Due to inadequate funds for research and development, the Air Corps in practically every design competition purchases the winning design only and thereby loses opportunities to acquire definite advances in important features of art or design found in airplanes which have not been first in the competition. The practice of purchasing the winning design only deters many manufacturers who cannot afford to spend considerable sums on the development of military airplanes for a restricted market with small hope of return. Purchases of second and third models will more than pay for themselves by widening competition and thus increasing rapidity of development. $1,000,000 is considered a minimum for this purpose.

GRAND TOTAL.....$9,921,511

PSF
War

December 30, 1938

Dear Mr. President:

With a view to avoiding as many as practicable of the pitfalls which have delayed the progress of the air expansion program of the British Government, it is recommended that a small group of selected officers be sent to England to study and report upon the British experience.

With your approval, I shall initiate action to arrange a confidential mission for this purpose.

Respectfully yours,

Louis Johnson

The President
The White House

[1938?]

Dove
BF War File

Douglas Brown – Princeton –

to come to Wash. to integrate labor in event of war.

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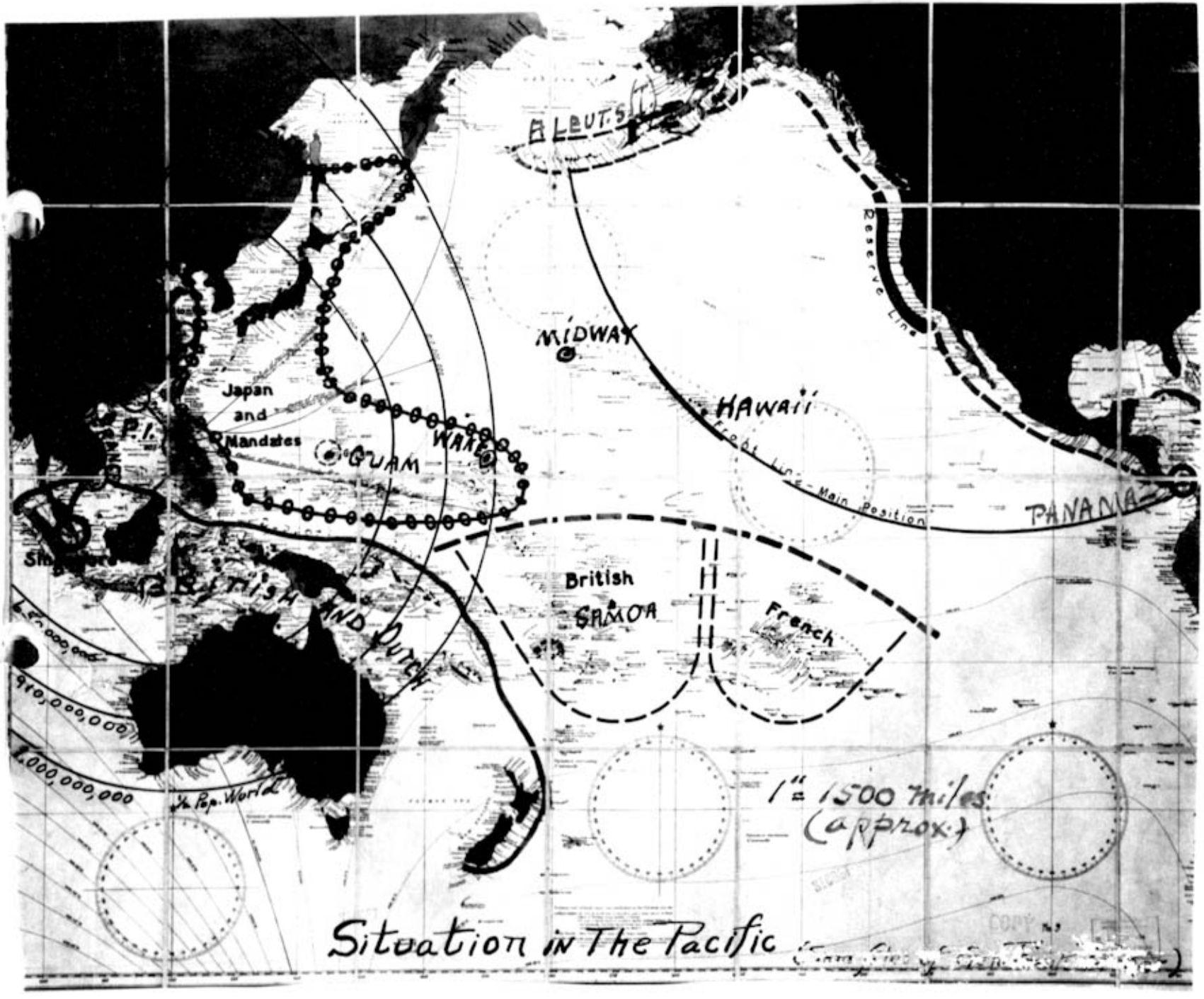
THE PHILIPPINES IN OUR PACIFIC POLICY

I. Geography and people; political development and economic situation; strategic position in the Pacific; commerce; the trade routes of the Pacific; populations of East Asia and Malaysia; the military situation; our growing Pacific commerce; the Philippines on the international chessboard of the Pacific.

II. Our Annexations: Louisiana; Florida; Texas and the Mexican Cession; Alaska; Oregon Country; Puerto Rico, Hawaii and the Philippines.


ALEUTS
MIDWAY
HAWAII
Reserve Line
Great Line - Main Position
PANAMA
Japan
and
Mandates
P.I.
GUAM
WAKE
British
SAMOA
French
1" = 1500 miles
(approx.)
Situation in The Pacific


CHINA
HONG KONG
FORMOSA
CHINA SEA
INDO CHINA
SAIGON
LUZON
MANILA
PHILIPPINE ISLANDS
PALAWAN
MINDANAO
Singapore
BORNEO
SUMATRA
CELEBES
JAVA

I. THE PHILIPPINES IN OUR PACIFIC POLICY

On the evening of March the fourteenth, 1938 High Commissioner to the Philippines, Paul V. McNutt, delivered a radio address in Washington, D. C. on the subject of the Philippine situation. In this address, for the first time since Dewey entered Manila Harbor, May 1, 1898, and landed an American armed force on its shores, a definite and apparently official proposal has been made to consider the indefinite retention of these islands under the sovereignty of the United States.

At this time it may be interesting to take a bird's eye view of these forty years of our Philippine experience, between the eras of Admiral Dewey and High Commissioner McNutt, and as a preface to this view, to consider a brief general sketch of these islands and of their people.

Geography.

Five hundred miles off the east coast of China, at the entrance to the China Sea, stands the Philippine archipelago, in the general form of a north-south triangle, with its six hundred mile base to the south, in practical contact with the small islands off the north coasts of Borneo and Celebes, and its apex, one thousand miles to the north, within seventy miles of the Japanese island of Formosa.

While there are some seven thousand islands in this archipelago, less than five hundred have more than one square mile of ground, and only eleven are of considerable size - each of these eleven measuring more than a thousand square miles. The total area of the Philippines

is almost exactly that of New England and New York combined. All of the large islands and most of the small ones are mountainous, the heights frequently reaching eight and nine thousand feet. Mt. Apo near Davao in southern Mindanao is nearly 10,000 ft. in height.

Heavy timber is general, the vegetation is of the luxuriant tropical character, the soil in the numerous and spacious valleys, on the coastal benches and mountain sides is generally fertile. The climate, although tropical, is good for those Americans who adapt themselves carefully to the change from our own climate. From the Batanes on the north to Palawan, Mindanao and the Sulu group in the south, the Philippine archipelago has consistent beauty of appearance and a varied wealth of resources awaiting further development. Its unique advantage of geographical position for commercial relations in the Far East is revealed by a glance at any map which shows Eastern Asia, Malaysia and the Pacific Ocean.

The Philippine People.

There seems no doubt that the Negritos, - the wild, black, kinky headed dwarfs, a few of whom still inhabit the mountain fastnesses of northern Luzon, are the aboriginal people of the Philippines. Thousands of years ago the races of south and southeast Asia passed along the Malay Peninsula into the Dutch and British islands of the Malaysia of today. The movement northward in these islands, was easy as they are continuously in view of each other. The Negritos were probably quickly pushed back into the mountain wilds by this Indonesian-Malay invasion.

Coming down to historic times we find that from the beginning of the Christian era up to about 1325 A.D., a Buddhist empire with head-

quarters at Palembang, Sumatra (where the Standard Oil Company of New York today has its principal East Indian plant) held sway over all this region to include much of the mainland of southeastern Asia. It was at this period that the great temples of Angkor in Cochin China and of Djokjacarta in Java were built.

From 1325 to about 1405, a Brahman empire with headquarters at Djokjacarta rose to domination. This regime of power was followed by about thirty years of the ascendancy in Malaysia of the Chinese Ming dynasty.

Meanwhile another great influence was developing. The Arabs had settled on the Malay Peninsula in the third century and about 1450 with their Mohammedan religion had risen to the supreme power in Malaysia. Their influence was just reaching the central and northern islands of the Philippines in the middle of the sixteenth century when the Spanish conquest occurred. This fact explains the comparative ease with which the Spaniards conquered and converted the inhabitants of these central and northern islands, and made little or no headway against the Moros of the southern islands (Mindanao and the Sulu group), who were fairly independent until our arrival and have remained Mohammedans to this day.

There were three well defined Chinese immigrations in the seventh, fifteenth and twentieth centuries, and there was a well developed Chinese commerce with the Philippines when the Spaniards arrived in the sixteenth century.

The upper end of Luzon, the great northern island of the archipelago, was occupied for about a hundred years by a band of Japanese immigrant adventurers, from the middle of the fifteenth to the middle of the sixteenth century. But at this time from Manila in Luzon, south, the islands were under the Mohammedan domination from the south. The Spanish

regime lasted until our advent in 1898.

This brief sketch explains the Hindu, Arab, Chinese, Japanese, Spanish and American influences which have successively operated upon the Malay population of the Philippine Islands from the beginning of the Christian era. All of these influences have left definite impress upon the Philippine race, in culture, language, religion, physical and mental characteristics. There are some eight different lingual groups and some eighty dialects as the result of these invasions and immigrations, and the lack of communications and other civilizing influences. There are many fine cities and towns in the archipelago such as Manila with a population of 400,000; Iloilo, 50,000; Cebu, 65,000; Legaspi, 50,000 and many thriving towns of lesser importance but these centers of population are for the most part confined to the coastal regions. The road system under American initiative and impulse has progressed steadily, and four of the major islands, - Luzon, Cebu, Panay, Bohol, have excellent coastal and trunk line roads or considerable length.

Although rapid progress in education has been made under the American administration, 60% of the Filipinos are illiterate and a great majority still live under primitive conditions. There is a tribute due to American education and sanitation in the facts that the population has doubled, from seven million to fourteen, since our occupation of the Islands forty years ago, and that probably more than half of the literates, or some three million, speak English throughout the archipelago.

POLITICAL DEVELOPMENT AND PRESENT ECONOMIC SITUATION

In 1899, by the ratification of the Treaty of Paris, Spain transferred the Philippine Islands to the United States, receiving 20 million dollars in final adjustment of all obligations arising from the treaty. These islands had been in the possession of Spain for more than three centuries during which

the Filipino, with the exception of the municipal officials, had had little or nothing to do with the administration of government. With the arrival of the Americans the Spanish system was reversed and the Filipinos were almost immediately started upon the road of their preparation for independence.

In the first period of eighteen years our control passed from a military to a civil administration in 1902, as soon as order could be established. From 1902 to 1935 the Philippines administration has passed progressively from a Commission form of government 1902-1907, to a half appointive half elective legislature 1907-1916 (the Commission remaining as the upper house of the Assembly), - to a wholly elective legislature 1916-1935 and to a commonwealth in 1935 under U.S. sovereignty in preparation for final independence in 1946.

The elective Senate, provided for by the Jones Act of 1916, sought independence, and this attitude was supported by our policy of preparing the Filipinos for self government.

However, intensive Filipinization began before the Jones Act with the Harrison regime of 1913-1921. In 1913 the number of Americans in Philippine civil service was 2623, in 1921 it was 614, while the corresponding number of Filipinos was nearly doubled.

Upon the steadily increasing powers under the Jones Act, the Filipinos claimed that the Governor General should be an advisory figurehead so as to allow the free development of the autonomy promised and supported by our policy. In this program they had the sympathy and cooperation of the Governor General appointed by President Wilson (Mr. Harrison), and apparently the acquiescence of the President himself. The result was that,

from 1913 to 1921, the administration of government under the Jones Act was essentially changed by this greatly enlarged Filipino autonomy.

The next step was the appointment of the Filipino Cabinet members on recommendation of the party with a majority in the legislature. Governor Harrison apparently acquiesced in this; - General Wood, who followed Mr. Harrison in 1921, refused to do so. However, President Harding in his reply to the protest of the Philippine Independence Mission, said "No backward step is contemplated, no diminution of your domestic control is to be sought."

With the return of the Republican party to power in 1921, an effort was made to resume certain provisions of the Jones Act, by sending General Leonard Wood and former Governor General Forbes to investigate conditions. On the recommendations of that Commission, Congress took no action, but General Wood was then appointed Governor General, and his appointment was considered approval of the report of the Commission. However, the Filipinos interpreted "no backward step" to mean from the Wilson-Harrison regime. General Wood interpreted it to mean from the Jones Law, and then began a very uncomfortable incumbency for General Wood. In 1923 all or his Filipino secretaries resigned and their places were taken by the under-secretaries who were permanent officials; and at the same time the President of the Senate and the Speaker of the House withdrew from the Council of State created by Governor General Harrison in 1918. For the remainder of General Wood's incumbency there was lack of cooperation between the executive and legislative branches. The vigorous and independent administration of General Wood was approved by Washington.

Those governors, - Stimson, Davis, Roosevelt and Murphy, - who followed Wood, adopted a policy under which while the powers of the Governor General remained technically recognized, many were normally exercised by Filipino secretaries selected from and by the dominant political party, the Governor General's intervention occurring only when in his judgment there was specific reason therefor.

In 1934, the Tydings-McDuffie Act was passed granting full independence to the Philippines in 1946 after a ten year probationary period, beginning on November 15 of 1935. The United States is represented during this period by a High-Commissioner, who, as the President's representative, is charged with the maintenance of American sovereignty and the general supervision of fiscal matters and foreign relations.

ECONOMIC SITUATION

Under the Tydings-McDuffie Act of 1934 export taxes begin with 5% of the American duty and increase progressively to 25%, from the sixth to the tenth year of the Commonwealth period, after which the full import tax will be applied. The purpose of these taxes is to settle completely, prior to independence, the debt owed the United States and permit the gradual adjustment to the onerous situation of a foreign status.

With independence the Philippines will lose the free markets of the United States in which in 1933 sixty per cent of their agricultural produce was sold, the remaining forty per cent being consumed at home. Statistics show that the balance of trade in recent years has been in favor of the Philippines to the amount of 30 millions of dollars a year. From this flow of gold the islands have been able to develop, under the encouragement, advice and practical assistance of American officials, the advantages of modern civilization, in an atmosphere of domestic tranquility provided in the main by the presence of the

American forces.

For the three years 1931, 32 and 33 the total sale of Filipino produce to the United States was 261 million dollars, without taxation. As a foreign country these products would have paid taxes of 220 million dollars.

The 1934 cost, Philippine Islands to New York of sugar averaged $2.70 per hundred pounds, while the Cuban cost was $1.90 and the Java cost about $1.00.

These illustrations show how greatly the Philippines depend upon the United States market and how great must be the adjustment of the cost of production to meet successfully the competition of other countries in the markets of the United States and of the world at large. Complete independence, without time for economic adjustment, would destroy overnight the export trade of these islands, with immediate and disastrous results to the prosperity and welfare of their people.

The U. S. and the Philippine Islands.

A Joint Preparatory Committee on Philippine Affairs has just concluded (May 20) a year's work of study on the trade relations between the United States and the Philippine Islands, and in view of the purpose to terminate the existing trade preferences at the earliest practicable date consistent with a reasonable opportunity for Philippine economic adjustment, has recommended that instead of applying the full tariff on each other's products in 1946 the two countries apply 25% of the existing tariffs in that year, and in each subsequent year increase that figure by 5% until the end of 1960 at which time all preferences will disappear.

The situation with reference to Philippine independence in 1946 remains unchanged.

The Filipino leaders are pondering, perhaps, the words of President Calvin Coolidge in a letter to Governor General Leonard Wood dated April 6, 1927 -

"The (Philippine) people should realize that political activity is not the end of life, but rather a means to attain those economic, industrial and social conditions essential to a stable existence. A plebiscite on the question of immediate independence would tend to divert the attention of the people toward the pursuit of mere political power rather than to the consideration of the essential steps necessary for the maintenance of a stable, prosperous, well governed community. I therefore return the bill (plebiscite for independence of Philippines) without my approval.

CALVIN COOLIDGE."

In 1934 a special senatorial committee was sent to the Philippines to investigate the situation in connection with the independence measure (Tydings-McDuffie Act, approved March 24, 1934).

Senator Tydings (Md.) was chairman of this committee and Senator McKellar (Tenn., Dem.) and Senator Gibson (Vt., Rep.) were members.

In an address delivered in Manila on December 22, 1934 before the Philippine Constitutional Convention Senator Tydings said: "America, I am sure will consider seriously in the future any proposal you may suggest incident to independence, which will conduce to the welfare of the people of both countries." In this statement is clearly indicated this Senator's belief that should the Philippines at any time prior to the end of the present probationary period, wish to remain under the sovereignty of the United States, such desire would probably be considered sympathetically.

In his report Senator McKellar concludes: "My best judgment is, however, that for the Philippines to separate from the United States and become an independent national entity would be hurtful to both peoples.

Senator Gibson in his report recommends: "that the Filipino people before the end of the Commonwealth period request a revision of the political as well as the economic features of the Tydings-McDuffie Act and that America be requested to retain its sovereignty."

The present situation seems to indicate that the Philippine government leaders are considering with increasing interest a dominion status for the Philippine Islands under the sovereignty of the United States, and our High Commissioner, Mr. McNutt, has expressed official sympathy in this consideration.

That this archipelago has profited greatly by the American administration of the past forty years is patent. Our conscience in the association with the Filipinos is quite clear. When we arrived in the Islands in 1898 we found no serious organization of government among the insurrectos and when, in February 1899, the insurrection turned against the United States, while there was an insurrecto plan of considerable governmental organization, the system had little opportunity for application under the guerilla-military situation which was ended by the capture of Aguinaldo in 1901. Thirty-four years later, in November, 1935, we turned over, under harmonious conditions, an administration sound and efficient in its every department, to a people in the full enjoyment of liberty and the pursuit of happiness.

Whether this people remains under our sovereignty or goes its own way will be later decided with due deference to existing engagements and mutual interests. There is one element in this situation, however, that is quite clear, - should the Islands decide to pass from under our Flag they will be given that opportunity, and their independence in that case will be absolute. Once our flag descends, it will in all probability never again rise upon the Philippine archipelago.

STRATEGIC POSITION OF THE PHILIPPINES IN THE PACIFIC

"Expansion seems to be regulated, not by any difficulties of resistance, but by the moderation which results from our own internal constitution." * * * * *

"Commerce is the great agent of this movement. Whatever nation shall put that commerce into full employment and shall conduct it steadily, with adequate expansion, will become necessarily the greatest of existing states, - greater than any that has ever existed * * *. They (commerce and adequate expansion) imply nothing less than universal commerce and the supremacy of the seas."

W. H. Seward, 1852.

The argument against the retention of the Philippine Islands has been based upon the independence already granted them, after long, consistent and insistent clamor; the competition of their products in our home markets; the distance of the Islands from the U.S.A.; the menace of Japan, etc.

But there is a far greater issue involved in Mr. McNutt's address than just the Philippines, for this archipelago is only one element of our Pacific policy which may well envisage our freedom of movement in that vast ocean, our freedom of commerce in the great concourse of nations which inhabits its shores and our maximum utilization of its expanse as a protection for our western coast.

The proposition that the nation which controls the islands of an ocean controls that ocean, needs no special proving. The pertinent question is, are we interested in establishing our freedom of action in the Pacific Ocean? Let us examine this question briefly.

In our constant progress westward, since we left Europe some 300 years ago, our last movement brought us to the confines of eastern Asia in 1898 and left us in possession or a piece of ground, which, entirely apart from the subject or its inhabitants, has certain very evident advantages in the general Pacific issue. In the following brief discussion of these values the Philippine people will not appear, although its interests are closely related to our own.

Let us first consider the advantages of the position or the Philippine archipelago in the general system of the commerce of the Pacific and then examine briefly our interest in that commerce.

The Highway of Pacific Commerce.

On the great Pacific highway between our own North America and Asia the United States today holds three positions; two, Hawaii and the Philippine Islands, are powerfully fortified and held, and the third, Guam, a hilly island some 30 miles long and 6 miles wide, lends itself to powerful defensive installations. These strong-points are spaced in round figures, beginning with Hawaii, at 2000, 5000, 6500 miles from our western coast, and with Guam fortified, would represent a line of protective citadels through the middle of the Pacific up to the China Sea, whose portals are the Philippine Islands, distant only five or six hundred miles from the east coast of China. This line of strong points, flanked by our Alaska territory on the north and our Samoa and intermediate small islands on the south, certainly gives us an advantageous position in the Pacific, - a situation to be consolidated if our influence in that ocean is to be maintained and increased.

The late Lord Northcliffe is quoted as follows: "The interests of most Americans in the Philippines are sentimental but the British and the

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LOOSE LEAF OUTLINE MAP
WORLD
No. 900 LO

Australians know Manila as probably the finest distributing center in the East, not excepting Hong Kong."

Moreover, the great trade currents of the Malay Straits, of Malaysia and of the east coast of Asia generally, pass in close proximity to the Philippine archipelago. These islands therefore with Alaska potentially dominate the routes of both the west-east America-Asia commerce and that of the south-north water borne commerce of eastern Asia and Malaysia. A glance at the accompanying map will show the highly strategic position of the Philippine Islands with reference to these routes and to the enormous population of eastern and southeastern Asia and Malaysia.

The Population of East Asia and Malaysia.

On this map have been placed three concentric circles, with centre at Manila, and radii of 2000, 2500 and 3000 miles respectively. With a diameter approximately north and south, these semi-circles to the west will contain: for the radius of 2000 miles, some 600 million people; for the radius of 2500 miles, some 800 million people; and for the radius of 3000 miles, one billion people, or half the population of the world. In all this region especially, therefore, the rapid increase in the efficiency of systems of locomotion and communication will produce a corresponding increase in future developments - political, economic, military and these developments will affect the United States in increasing measure as the relations between nations become closer in the rapid advance of science and increase of population.

THE MILITARY SITUATION

From the military standpoint there are two distinct schools of thought as to the retention of the Philippine Islands under American

sovereignty. The first, is that these islands constitute only a source of possible danger by a situation which is liable to involve us in military operations, while their distance (5,000 miles) from our first real base in Hawaii is so great that they could not be brought into any practical system of our Pacific defense. This school of thought believes that we should relinquish the Philippine Islands entirely, withdraw three-quarters of our present occupancy of the Pacific and establish our first line of defense on the great circle which runs through Alaska, Hawaii and Panama.

The other school of thought believes in holding on to the Philippine archipelago, if politically practicable, and so providing for its defensive fortifications in Manila Bay that in case of attack they would be able to maintain themselves over a period of time appropriate to the strategy envisaged under the general situation. The interests of the other White races in this region, - Great Britain, France and Holland, - are far greater than those of the United States, and these interests do not, in the main, conflict; hence it is logical that in their defense these White races would at once cooperate in presence of an Oriental menace.

Our stronghold in the Philippines, according to this school of thought, presents the great advantages of providing a center of information of our own in the Far East and the psychological and material value of the presence of our flag upon the great trade route between the United States and the Far East, at the entrance to the China Sea and, at present, over our own gateway to the Eastern Coast of Asia. In the history of war, no fortification such as the Corregidor system at the entrance to Manila Bay, properly garrisoned and supplied, has ever been taken by assault or reduced by bombardment.

OUR GROWING COMMERCE IN THE PACIFIC

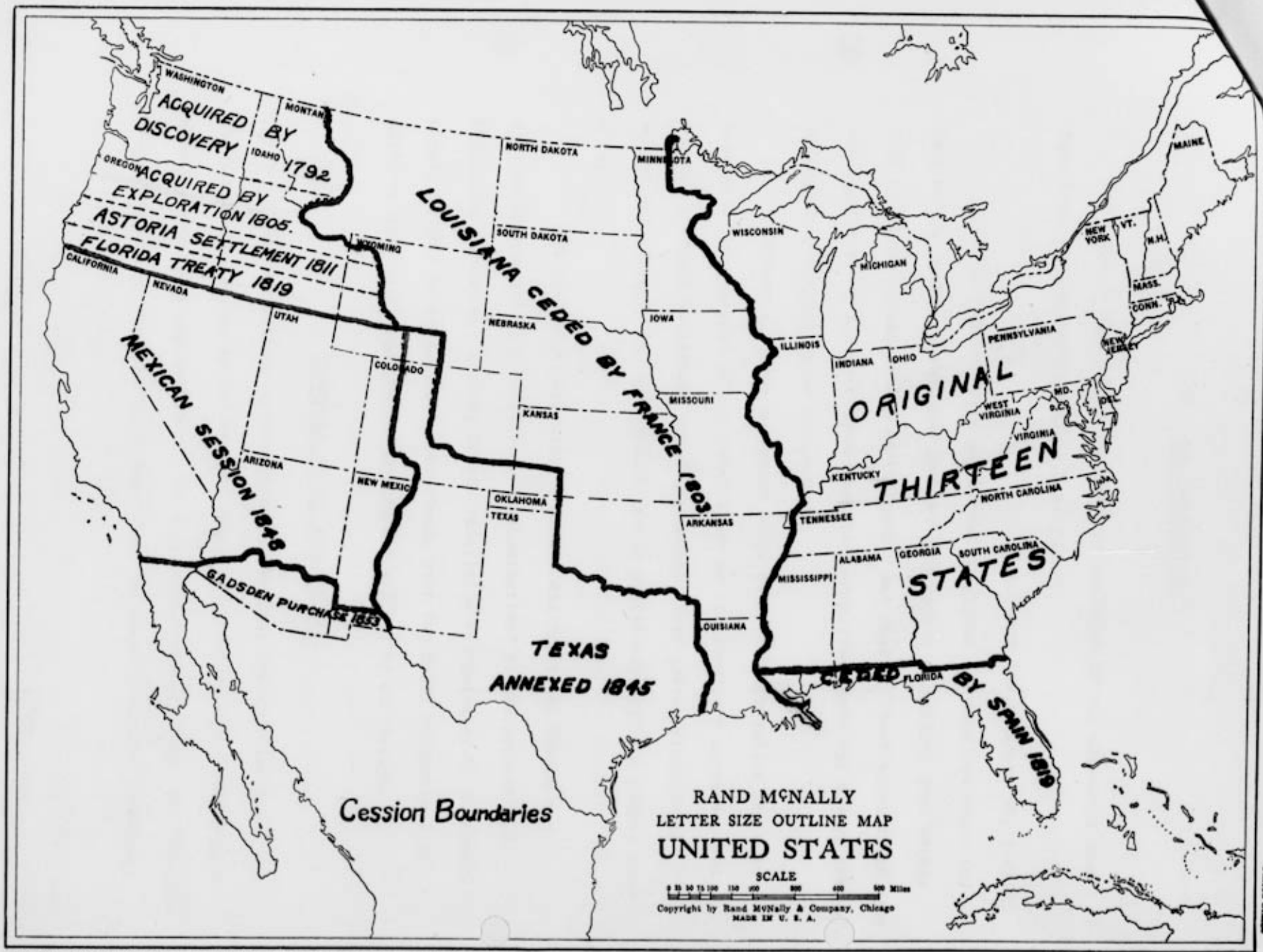
If we turn the hands of the clock of commerce back 25 years, to 1913, we shall find that, in approximately the following decade, while our total foreign trade was doubling itself our trade with Asia was nearly quadrupling itself, rising from approximately 400 million in 1913 to approximately a billion and a half in 1925.

If we go back another 25 years, to the half century mark and follow the development of our Atlantic and Pacific foreign trade through the past fifty years we find that the Atlantic trade has from 1887 to 1937 increased from one to four billions, and that the Pacific trade has increased from 1/8 billion to 14/8 billions. In other words, while our Atlantic business in this past half century has increased threefold, the Pacific business has become fourteen times its size of fifty years ago.

From these figures it is evident that the relative increase of our Pacific trade during the past half century is far greater than that of the Atlantic.

It is interesting to note, while on the subject of commercial statistics, that in the first half of the past quarter century, international business with the eastern Asiatic coast increased from four to eight billion dollars and that during this period, while our foreign commerce likewise doubled itself, our trade with Asia was quadrupled. The depression of 1929 caused a 2/3 diminution of this Asiatic trade but since 1932 it has steadily risen to the vicinity of the pre-depression figure.

A statistic of more than ten years ago states that the United States consumed at that time annually about 2 billion dollars worth of tropical and semi-tropical products.



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