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OFFICE OF THE CHIEF OF NAVAL OPERATIONS

*Conference report*

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per authority of  
OPNAVINST C5513.10-S  
by *Eun 20/10/91*

**MEETING:** TRUST TERRITORY CAPITAL AT SAIPAN

**DATE:** 22 MARCH 1951

**PLACE:** ROOM 4D486, PENTAGON

**CHAIRMAN:** CAPTAIN RANDOLPH

PREPARED BY  
**CNO**  
**ADMINISTRATIVE OFFICE**  
**CONFERENCE SERVICES**  
**REPORTER** E. Richard  
**TEL. EXT.** 72975

**SECRET**

**MEETING  
OF  
TRUST TERRITORY CAPITAL AT SAIPAN**

**Present:**

**Captain Randolph - presiding**

**Rear Admiral Thatch**

**Captain Adair**

**Captain Randig**

**Commander Cochran**

**Commander Green**

**Commander Hight**

**Commander Joyce**

**Mr. Bird**

**Mr. Charnak**

**Mr. McCullough**

**Mr. Numan**

**Mr. Stock**

**Mr. Strong**

**SECRET**

-2-

The meeting convened at 1410, Thursday, 22 March 1951, Room 4D486, Pentagon Building, with Captain Randolph presiding.

**CAPTAIN RANDOLPH:** Gentlemen, I appreciate your presence here at this gathering on this problem. Before we proceed, I think it would be in the interest of everyone if each of us announced his affiliation and his name, so we will know who is represented.

I am Captain Randolph of Op-22, Director of Island Governments.

**CAPTAIN ADAIR:** Captain Adair, OER.

**MR. McCULLOUGH:** McCullough, OER.

**CAPTAIN RANDIG:** Randig, Op-40.

**ADMIRAL THATCH:** Thatch, Director, International Affairs.

**MR. STRONG:** Strong, ONI.

**COMMANDER JOYCE:** Joyce, ONI.

**MR. NOONAN:** Noonan, OER.

**MR. STOCK:** Stock, OpNav Budget.

**COMMANDER CREECH:** Creech, Op-22.

**MR. BIRD:** Bird, OER.

**MR. CHERMAK:** Chermak, Counsel, Comptroller's Office.

SECRET

-3-

COMMANDER EGBERT: Egbert, Op-5.

COMMANDER COCKEY: Cockey, 22.

CAPTAIN RANDOLPH: Gentlemen, the subject of this conference is two dispatches which have been received in Op-Nav, one from the High Commissioner, date/time group 192141Z, addressed to SecNav, and other addressees, including CNO. The second is from CinCPacFlt, addressed to CNO, date/time group 202141Z.

I believe it would be important that everyone who has secret clearance--is there anyone here not cleared for secret?--should read these two dispatches. Is there anyone who has not read them?

MR. STRONG: I have not.

CAPTAIN RANDOLPH: I think we will wait before proceeding until we make sure everybody has read the dispatches. Actually, the Budget people need read only the plain dispatch from the High Commissioner.

Has everyone completed the reading of these two dispatches? There has also been passed out to each of you a memorandum containing background information on this problem. Has anyone not completed the reading of that?

(The background document reads as follows:)

\*1. The Trust Territory of the Pacific Islands comprise the Marshall, Caroline and the Marianas Islands

SECRET

-4-

(less Guam) and stretch from 0° to 22° north latitude and from 180° to 130° east longitude.

"2. Water area	3,000,000 sq. mile
Land area	687 sq. mile
Population	53,453
Number of islands	1,460

"3. Islands were administered by Spain until Spanish American War, by Germany until World War I, by Japan (under League of Nations Mandate) to World War II.

"4. Islands were conquered by U. S. military forces and administered by the Navy under military government during World War II and immediately thereafter.

"5. On 18 July 1947 the U.S. Congress ratified the Trust Agreement with the United Nations which established the United States as administering authority, and the President by executive order directed the Secretary of the Navy to establish civil administration on an interim basis pending appointment of a civilian agency to provide a permanent government.

"6. In May 1949 the President indicated his intention to transfer Guam, American Samoa and the Trust Territory to the Department of the Interior. Dates for transfer were later set for 1 July 1950 for Guam and 1 July 1951 for American Samoa and the Trust Territory.

"7. After a one month delay Guam was transferred on 1 August 1950.

"8. A civilian High Commissioner (ex-Senator

**SECRET**

-5-

Elbert Thomas of Utah) was appointed by the President in December 1950 and took up his duties in mid-January. There had been a six months delay in his appointment which has had a serious impact on the plans for the turnover.

"9. The new High Commissioner has now requested that the administrative headquarters of the Territory be moved from Pearl Harbor to Saipan. CINCPACFLT opposes the move because of military and security considerations.

"10. The headquarters of the Trust Territory was originally located on Guam, as a matter of expediency. In April 1949 CNO directed the High Commissioner to propose two alternative sites within the Trust Territory itself.

"11. The High Commissioner proposed Saipan and Truk. The former was considered superior for an interim capital but only because of existing facilities. Truk was considered a superior location as a permanent capital when funds were available for permanent construction. Preference of Truk was based on its 'central geographical and ethnological location.'

"12. In July CINCPACFLT advised against a move to Saipan on the basis that it would be expensive and that it would provide a continuing difficult logistic responsibility. As an alternative it was suggested that a field headquarters be established on Truk and that site designated as the future capital. Facilities were there to take care

SECRET

-6-

of field administrative personnel with only minor additions. The balance of the staff of the High Commissioner including DEPHICOM, were to be removed from Guam to Pearl Harbor where facilities were also available. Under this plan Truk was to be the nominal and future capital while Pearl was to serve as the actual center of administration.

"13. In August 1949 SECNAV directed the accomplishment of the move as suggested by CINCPACFLT and made \$50,000 available for necessary construction on Truk to accommodate the staff of the 'Field Administrator.'

"14. As a result DEPHICOM along with eleven (11) officers and six (6) civilians removed from Guam to Pearl Harbor. The Chief of Staff, three (3) officers and nine (9) civilians removed to Truk and there established the Field Headquarters while two (2) officers and one (1) civilian remained on Guam for liaison and duties in connection with the Island Trading Company of Micronesia."

(The dispatch from the High Commissioner reads as follows:)

"DE BHFB 93  
NN 192141X  
FM HICOMTERPACIS  
TO BEPW/SECNAV  
INFO ZEN/CINCPACFLT

SECRET

-7-

"ZER/CONSERVAC

EMFB/COMNAVWARINAS

BEPW/CNO

GRNC

"SUBJECT IS LOCATION CAPITOL OF TRUST TERRITORY X PART ONE X DEPHICOMTERFACIS DESIGNATE AND PARTY COMPLETED INSPECTION TRUST TERRITORY 14 MARCH X. AFTER FULL CONSIDERATION OF ALL FACTORS AND WIDE CONSULTATION WITH INTERESTED PERSONS I RECOMMEND THE FOLLOWING PERMANENT CAPITOL SITE SAIPAN WITH CONSTRUCTION PROGRAM PERMANENT BUILDINGS TO BE ERECTED ARMY HILL AREA X REQUEST PRESIDENTIAL APPROVAL REF SECT EIGHT PROPOSED ORGANIC ACT X PART TWO X CONTINGENT ON APPROVAL OF PART ONE X RECOMMEND X ABLE X ESTABLISH TEMPORARY CAPITOL SAIPAN UTILIZING OLD NAVY ISLAND COMMANDERS QUARTERS X OFFICERS CLUB AND 21 BUILDINGS FOR QUARTERS X ALL ARE LOCATED ON A RECTANGULAR PARCEL OF LAND NE/SW AXIS APPROXIMATELY 500 FEET WIDE 2400 FEET LONG X THE NORTHERLY CORNER OF WHICH IS LOCATED ON A POINT APPROXIMATELY 6950 FEET EAST OF MUTCHO POINT AND 5400 FEET DUE SOUTH OF CENTERLINE OF PIER CHARLIE X BAKER X PROPOSED IMMEDIATE REHABILITATION SELECTED BUILDINGS MOB AREA ESTIMATED 50 THOUS X FURNITURE 80 THOUS X VEHICLES 25 THOUS X TRANSIT HOTEL GUAM 20 THOUS X TOTAL 175 THOUS X REQUEST FUNDS THIS AMOUNT BE MADE AVAILABLE UNDER



**SECRET****-8-**

**AFFROPRIATION 1711320.68 IGM 1951 ALLOT 42001 X CHARLIE  
X REQUEST LIMITED CB SUPERVISORY PERSONNEL ASSIST X DOG  
X TARGET DATE READINESS 1 JULY 51"**

**(The dispatch from CinCPacFlt reads as follows:)**

**"From CINCPACFLT**

**Date 21 MAR 1951**

**TOR Code Room 0358Z/21**

**Decoded by House**

**Typed by Watkins**

**Routed by Watts**

**Addressees: For Action CNO**

**Information COMNAV Marianas**

**Date/time group 202141Z**

**HCC No. 613**

**"UNDER PRESENT CONDITIONS I CONSIDER THAT TRANSFER  
OF TRUST TERRITORY HEADQUARTERS TO SAIPAN AS RECOMMENDED  
IN HICOMERPACIS 192141Z SHOULD BE INDEFINITELY POSTPONED  
FOR THE FOLLOWING REASONS.**

**"A. IN THE EVENT OF A GENERAL EMERGENCY SAIPAN  
WOULD AGAIN BECOME AN IMPORTANT ADVANCE BASE AND UNDOUBTEDLY  
ALL AVAILABLE FACILITIES WOULD BE REQUIRED FOR MILITARY USE.**

**"B. ACTIVITIES NOW ON SAIPAN WITH PROSPECT OF  
ENLARGEMENT EITHER ON THAT ISLAND OR TINIAN NECESSARILY  
REQUIRE SECURITY MEASURES WHICH MAY PROVE TO BE EMBARRASSINGLY**

**SECRET****-9-**

RESTRICTIVE IN THE CONDUCT OF THE CIVIL ADMINISTRATION OF A UNITED NATIONS TRUSTERSHIP EVEN UNDER PRESENT CONDITIONS. SHOULD THERE BE A NEED FOR LOCATING OTHER HIGHLY CLASSIFIED PROJECTS IN THE WESTERN PACIFIC THESE 2 ISLANDS OFFER POSSIBILITIES THAT IT WOULD BE DIFFICULT TO DUPLICATE ELSEWHERE.

"HYCOMINTPACIS IS COGNIZANT OF THE CONTENTS OF THIS MSG. AFTER DISCUSSION IT WAS AGREED THAT HE WOULD MAKE HIS RECOMMENDATION WITHOUT REGARD FOR MILITARY CONSIDERATIONS AND THAT CINCPAC WOULD CONSENT SEPARATELY."

CAPTAIN RANDOLPH: We will proceed, then, gentlemen, and discuss first the High Commissioner's dispatch, for the reason that a financial problem is posed. And since there are some people here from Budget who would not otherwise be interested in this conference, we might endeavor to resolve that, at the end of which time the representatives from 28, the Comptroller's Office, need not stay any longer, unless they so desire.

You will observe that the High Commissioner requests a sum of \$175,000 for a certain renovation and furnishings for a capital site on Saipan. We wish to establish this possibility: The Navy Department has in hand a sum of \$465,000 granted by appropriated funds granted by Congress, to pay for transportation costs and salaries

SECRET

-10-

of the civilian replacements of Naval personnel nominated by the Department of Interior, in connection with the completion of the scheduled administrative turnover of the Trust Territory on 1 July 1951.

The Navy also has a fund of \$625,000 granted by the Congress for the conversion of Naval air and sea transportation in support of the Trust Territory to commercial air and sea transportation.

It is highly probable that all of these funds, by normal procedures, will not be obligated by 30 June 1951, and there could, therefore, be a considerable number of thousands of dollars lapse to the U. S. Treasury on that date. There might be as much, if not more, than \$175,000 remaining of these two funds, the larger amount probably being left over from the first amount of \$465,000.

Informal conversations have indicated that these two appropriations might be granted outright by the Navy Department to the High Commissioner, and thereby obligated, whereby the High Commissioner would have a period of approximately three years to expend it.

The President has directed that the Department of Interior and the Department of the Navy cooperate closely and assist each other, insofar as they are able, in the interests of meeting this scheduled turnover date of 1 July

**SECRET**

-11-

1951, so that the transfer of administrative responsibility can be done in an orderly manner.

What we would like to determine from the representatives present from Budget, Op-28, is if there is any way that the Navy could legally obligate this entire sum represented by the two appropriations to the High Commissioner or to the Department of Interior, so that they would be directed toward the purpose for which they were intended, and to include the provision of housing or the establishment of a capital, such as the High Commissioner says here is his desire, so that no moneys would be lost on July 1st of this year.

This, of course, is a consideration that must be determined in case--and only in case--the Navy might give favorable consideration to the High Commissioner's desire.

Captain, who is the senior person here from--

**MR. CHERNAK:** Do you want me to discuss the legal limitations first?

**CAPTAIN ADAIR:** Yes.

**MR. McCULLOUGH:** Mr. Chermak, before we discuss the legal limitations, first I would like to separate the amount of moneys we are talking about. Let's direct ourselves first to the \$625,000 which were for the air and sea transportation. That money was appropriated for that

SECRET

-12-

purpose, and in no circumstances will the Office of Budget and Reports permit that money to be expended for other than that purpose. If we only obligate \$325,000 for that purpose, \$300,000 is going to lapse in the Treasury.

COMMANDER CREECH: That was an expressed commitment made to the Committee.

MR. McCULLOUGH: We then direct ourselves to a million-and-a-half figure, of which \$405,000 was appropriated for the purpose of hiring civilian employees in lieu of the military during the conversion period, and paying for the transportation of those employees out there, the regular maintenance and operating type of expense under most of our appropriations.

As far as the Comptroller is concerned, those funds can be used for rehabilitation of structures, buildings etc., such as has been outlined by you, Captain.

The legality of the transfer to the Interior Department I will leave up to the lawyers to discuss. Does that outline it enough for you to go ahead?

MR. CHESNAK: That generally outlines it for us to take over. The first thing we should address ourselves to is the appropriation language under Island Governments, under which this expenditure is to be made. That appropriation

**SECRET****-13-**

language is fairly limited in the usage of the moneys. It relates itself to the administration of the island, which is essentially a maintenance and operation function under the budget, and includes no capital expenditure items at all within it. So, that that automatically determines that no capital expenditures, no public works, can be had out of the \$1,500,000 which was appropriated, or the \$465,000 that is left over and is available to us.

As far as the maintenance and operation moneys are concerned for the operation of the island, any service contracts that are entered into toward that end can only be entered into to the end of the present fiscal year. We could not obligate moneys under a service contract beyond the end of the fiscal year. So that by means of contract, we could not carry that money beyond the end of the fiscal year to render services of maintenance or operation or administration, unless it was in the nature of a repair, which was commenced at the present time and perhaps could be completed beyond the end of the year.

But if it is for a particular object within maintenance and operation for which we enter into a contract, to that extent we could obligate it. We could not obligate this money by transferring it to the High Commissioner.

**CAPTAIN RANDOLPH:** Mr. Harwood Cassidy was the

SECRET

-14-

man that I referred to, with whom I informally discussed this, and he made some reference to a grant wherein the Navy could completely obligate the entire sum, or some portion of the entire sum, immediately. I would like to have that clarified.

MR. CHERMAK: I spoke to Mr. Cassidy this morning in regard to the use of these particular moneys, and it was his thinking at that time that the mode of obligation could only be for a rehabilitation program for which we entered into contracts, which rehabilitation would not be of a capital improvement nature. It would be more of a repair nature, a restoration nature of these particular buildings.

Unless we entered into contracts with third parties for that purpose, we could not obligate this money beyond June 30.

The obligation of moneys within the Government is accomplished by means of project orders, and you don't turn over a fund to a particular individual to expend at his discretion within the concept of the project. You could go to a Navy Yard, for instance, and ask them to manufacture Item X for you, and they could manufacture the item within two years after the year in which the moneys were made available, they being deemed to be in the same

**SECRET**

-15-

position as a contractor whom you would trade with. But we can't consider the High Commissioner as being a manufacturing entity or a producing entity for the purpose of obligating this moneys.

**CAPTAIN RANDOLPH:** If GNO determined that there would be likely a sum of \$175,000 unobligated for the purposes of transportation and salaries of civilian replacements, and that that \$175,000 would thereby stand to lapse on 30 June, is he authorized to allot \$175,000 to the High Commissioner for the purposes that he requested it for in this dispatch?

**MR. CHERNAK:** No, sir.

**CAPTAIN RANDOLPH:** To be obligated before 30 June 1951?

**MR. CHERNAK:** The act of obligation would be entering into a contract with a third person to do this renovation work? If he enters into a contract with the third person prior to June 30, 1951 to do this work, and it is defined work and it is not of a capital nature, he can obligate it.

**CAPTAIN RANDOLPH:** He can?

**MR. CHERNAK:** He can; the 175, but only flowing out of the 465, not touching the 625.



SECRET

-16-

MR. McCULLOUGH: I think the difference is if he is going to do this rehabilitation work with employees on the payroll of the Interior Department, and charge them in 1952 against this allotment of \$175,000, he cannot so obligate.

MR. CHERMAK: He cannot do that. Yes. That is a good point.

CAPTAIN RANDOLPH: It was my impression then that if \$175,000 should be determined as available from this \$465,000 special account, CNO could allot it to the High Commissioner for obligation prior to July 1st?

MR. CHERMAK: Let's put it this way: The act of allotting does not do the obligating. The act of entering into the contract is the thing that obligates, and that has to be done before June 30th.

CAPTAIN RANDOLPH: In his dispatch he says nothing about entering into a contract with any particular person to accomplish this work. In fact, none of the items listed as sums required includes the item of labor. All he asks for is a limited number of CB supervisory personnel to assist.

MR. CHERMAK: It looks as if he is going to do it with his own force. If he does it with his own force, he can't do it with this qualification.

SECRET

-17-

CAPTAIN RANDOLPH: He can or cannot?

MR. CHERMAK: He can't do it, unless the money he is going to expend is for material that he is going to install, and if he purchases the materials before the end of the year.

MR. McCULLOUGH: With one further exception. He can hire employees this fiscal year if he is going to accomplish this work this fiscal year.

MR. CHERMAK: The labor would have to be applied prior to June 30th.

CAPTAIN RANDOLPH: He says "Target date for readiness is 1 July 1951."

MR. CHERMAK: We have no problem. If he spends the money before June 30th, he is doing the same thing as though he obligated it.

CAPTAIN RANDOLPH: If he spends it prior to that time by hiring such personnel?

MR. CHERMAK: Not hiring--he can't hire anybody to work beyond June 30th, and save the money. He has to enter into a contract with an independent contractor to do the work if he expects any work to be done after June 30th.

CAPTAIN ADAIR: The contractor can hire all he wants to.

CAPTAIN RANDOLPH: There is no consideration for

SECRET

-18-

any work to be done after 1 July, according to this.

MR. CHERMAK: The reason I stress it is because if he hasn't completed the work by June 30th, then he no longer has access to that money.

MR. STOCK: There is no way in which a project order could be used in this case for rehabilitation?

MR. CHERMAK: He doesn't qualify as a bureau or activity to whom a project order can be issued. It would have to be an industrial type of activity that you are really substituting in place of an outside contractor.

CAPTAIN RANDOLPH: Well, I believe that the question has been satisfactorily answered then. The funds might be available from this \$465,000 appropriation for this purpose, if CNO and/or SecNav approve it after it has been determined it will not be expended for the prime purpose for which the appropriation was requested?

MR. CHERMAK: Could I just recap this point? As to the question of expenditures, you can always expend to the end of the fiscal year. You are not concerned with obligation there. So, if he expends before the end of the fiscal year, he doesn't have to concern himself whether he obligates or not. The purpose of obligating before the end of the fiscal year is to give you the right to expend after the fiscal year.

SECRET

-19-

CAPTAIN RANDOLPH: Yes.

MR. CHERNAK: And we just told you the circumstances under which he can obligate the moneys for the purpose of expanding beyond the fiscal year.

CAPTAIN RANDOLPH: Is there any other representative here from the Office of Budget and Reports or Op-28 that wishes to comment on this particular phase of the conference?

MR. CHERNAK: There is one other question we want to raise. We stressed here that no part of this money should be for a capital expenditure. Could we determine at this time what the purpose of the expenditure will be in this renovation and furnishing?

CAPTAIN RANDOLPH: The expenditures are itemized in the dispatch as to what he wants the money for, and if there is any item in that dispatch which, in the estimation of the representatives from the Office of the Comptroller, is not applicable, I would certainly like to know it.

CAPTAIN ADAIR: What does he state there? It is pretty broad, I think.

CAPTAIN RANDOLPH: "Proposed immediate rehabilitation selected buildings NOB area estimated 50 thousand dollars; furniture, 80 thousand dollars; vehicles, 25 thousand dollars; transit hotel, Guam, 20 thousand dollars; a total

SECRET

-20-

of \$175,000." It was all renovation of existing facilities.

MR. McCULLOUGH: If the structures are already existing, and they are putting new roofs on, putting new floors in, or changing the partitions, that is all right. But if the rehabilitation starts from the foundation and comes up and they build a new structure, then we are getting into public works.

MR. CHERMAK: That is essentially the thing we are concerned about.

CAPTAIN ADAIR: In that area there are many quonset huts, and the foundations are there. There are plenty of buildings from which they can start, but they have vines growing all over, and there is considerable rehabilitation involved in a good many of those buildings, unless he gets them right down where the unit has been operating in the last year.

If he is going up on Red Hill--isn't that? Or Army Hill--he is not using this money up there, is he?

CAPTAIN RANDOLPH: No.

MR. CHERMAK: He said the NOB area.

CAPTAIN ADAIR: There is also the problem, I think, of installing a lot of water pipe, and water mains which were rusted out, and water tanks and public facilities. That would be my thought.

SECRET

-21-

ADMIRAL THATCH: The permanent building construction was to be on Army Hill, in that area, and this is the temporary one.

CAPTAIN ADAIR: This is temporary.

ADMIRAL THATCH: Until he later gets money for Army Hill.

CAPTAIN RANDOLPH: Gentlemen, it is interesting to note that when this matter was surveyed by the High Commissioner two years ago, and interim quarters for the staff was contemplated or studied, on Saipan, there was an estimate of \$200,000 to put it in condition for occupancy. So, the figures are rather close, after a period of two years has lapsed.

ADMIRAL THATCH: The cost of living has gone down out there.

MR. CHERNAK: The transit hotel at Guam, do you know what that is going to consist of? Is that the construction of a transit hotel?

CAPTAIN RANDOLPH: No; I am certain it isn't.

MR. CHERNAK: It is for the rehabilitation of the building?

CAPTAIN RANDOLPH: Yes.

MR. BIRD: Will that hotel serve primarily the interests of the Trust Territory?

SECRET

-22-

CAPTAIN RANDOLPH: Yes.

CAPTAIN ADAIR: Transit; go by air or boat up North.

MR. BIRD: Otherwise, it seems to me it would be improper to expend Trust Territory's money on Guam unless there were material on Guam--

CAPTAIN RANDOLPH: The Government at Guam has already been approached to provide on a daily rate or weekly-monthly rental basis such housing facilities on Guam as are required by the High Commissioner, and he doesn't have them to provide; hence the requirement for the High Commissioner to do something on his own at that site, as a point his people would be passing through regularly, and even have temporary duty on Guam for liaison purposes.

MR. BIRD: I see.

CAPTAIN RANDOLPH: Does anyone else wish to address any questions to the Budget people?

MR. STOCK: Captain, before the lawyers leave us, if they are going to leave, how about the aspects of the 625? Are there any legal aspects there on the contracts in the 625 that ought to be brought out? I think you have in mind a contract for operation of the system; don't you?

CAPTAIN RANDOLPH: Of the transportation system?

SECRET

-23-

MR. STOCK: Yes, sir. As I understand it, that contract would be effective only up to the end of June. Then we have to cut it off and any money that isn't obligated and expended will go back to the Treasury.

CAPTAIN RANDOLPH: I believe that matter is being taken care of in separate conferences, through advance payment.

MR. CHERMAK: The advance payment will only extend through services to be rendered to June 30.

COMMANDER CREECH: There is one limiting exception there. I believe \$80,000 of that money was for conversion. In the discussions yesterday it was assumed that the Navy could take \$325,000, which is the estimated cost for three months of operation, and turn it over to the contractor as advanced payment, and then that obligation would be liquidated by the first \$325,000 of the approved bills submitted to the Navy by the contractors through the cost inspection service, regardless of whether that \$325,000 approved expenditure extended beyond 30 June or not. Now, that is--

MR. CHERMAK: Well, I would like to qualify that: If presented beyond June 30, but rendered prior to June 30, all right.

COMMANDER CREECH: If the services are performed--



SECRET

-24-

MR. CHERNAK: After June 30, no good.

CAPTAIN RANDOLPH: Is that a sufficient answer to the point you have brought up, Mr. Stock?

MR. STOCK: Yes, sir.

CAPTAIN RANDOLPH: If there are no further questions or problems to be presented by the Budget people, you are at liberty to depart, and thank you very much for your expert services.

(The following persons remained in the room: Captain Randolph, Admiral Thatch, Captain Randig, Commander Cockey, Commander Creech, Commander Egbert, Commander Joyce, and Mr. Strong.)

CAPTAIN RANDOLPH: Before considering approval or disapproval of the High Commissioner's dispatch, in general, and consideration of the secret dispatch comments received from CinCPacFlt on the High Commissioner's proposal, I think it might be appropriate to say that I have received verbal, hand-down Navy position on this whole matter.

It is this: That the front office feels that the Department of Interior personnel should assume their administrative responsibility while still under the direct direction of the Secretary of the Navy, up until and including 30 June 1951, with Honolulu for the High

SECRET

-25-

Commissioner, and Truk for the Deputy High Commissioner, or the location of a field staff; that on July 1st, 1951, when Interior-appointed or Interior-nominated civilian personnel come under the direction of the Department of Interior, they can make whatever move they want for establishing their headquarters and building their permanent capital.

This position is supported by the view that there will be military requirements, in all probability, for Saipan in the future, and that it would not be a desirable place for the Navy to approve during its tenure as the capital site of the Trust Territory.

This is, in general, along the lines of the comments made by CinCPacFlt in his dispatch. Admiral Thatch, I would like to ask if you didn't have information on this informal Navy position before this conference came into being?

ADMIRAL THATCH: Yes, I had, and I wanted to comment on what you have said, anyway. Admiral Duncan called me in this morning and stated that whereas, of course, he knew the action on this was appropriately Op-22, that there was a very strong interest on the part of O3, and that the position which should be taken fundamentally, as the safe position, should be that the movement of the capital to Saipan should be postponed in perpetuity, some

SECRET

-26-

of the reasons for which you have enunciated, others which CinCPac discusses, and still others which are of very great interest to the U.N., who have the right of inspection, and at least recommendation, and who naturally prefer the plans for the capital to consider especially the ethnic and central islands where possible. Truk fills the bill for a headquarters. There would be very considerable difficulty under existing circumstances with establishing the capital on either Saipan or Tinian. There will be some rather incongruous activities there which are not compatible, one with the other.

It is on the very outer edge of the Trust Territory itself. It will be, in the event of war, or the spread of hostilities currently going on out there, an advanced base of very great importance, and there would be no room for the Trust Territory headquarters on either one of these islands.

So, from the point of view of the possible future, as well as from the point of view of current operations, for the Navy, Saipan is the least acceptable place, and his recommendation was that the High Commissioner should remain in Honolulu, that he is near there many of the services which are provided to assist in the operation of the Trust Territory. He would be near the central military

SECRET

-27-

authority of the Pacific, which would be, in the event of greater emergency, of inestimable value to the High Commissioner.

He thought up in rapid order a number of other darned good reasons, and ended up by stating that he believed that State would go along strongly with us on that position, both from the point of view of the UN operation, and if we get the correct people from State, from the point of view of current plans for Saipan and Tinian.

So, he suggested that we undertake to secure acceptance of that position as the acceptable one from here on in, you might say.

CAPTAIN RANDOLPH: Is that the extent of the comments you wish to make at this time, Admiral?

ADMIRAL THATCH: That is all.

CAPTAIN RANDOLPH: This represents Op-03?

ADMIRAL THATCH: And I don't know how much higher. But he certainly did speak with considerable emphasis.

CAPTAIN RANDOLPH: Yes. I understand that it also comes as his opinion, and still represents even higher views on the subject?

ADMIRAL THATCH: I couldn't tell you, but I know those are at least Op-03's own views on it, anyway.

SECRET

-28-

CAPTAIN RANDOLPH: Thank you, Admiral. Op-04's representative, do you have any comments concerning your position?

CAPTAIN RANDIG: Well, Admiral Thurber called me in this morning and stated his view on this matter, which, I presume, also is the view of Admiral Low, and in brief he said that he concurred with the views of CinCPacFlt and more particularly of the views just enunciated by Admiral Thatch.

He laid emphasis on the fact that the Navy would, in time of war, require greatly expanded areas on Saipan, and that he feels that from that point of view alone, it would not be wise to permanently install the High Commissioner and capital there.

He also referred to a report of "Inspection of the Trust Territory of the Pacific Islands," by the General Inspector, United States Fleet, dated 4 January, 2 February, 1949.

CAPTAIN RANDOLPH: That is United States Pacific Fleet; is it not?

CAPTAIN RANDIG: United States Pacific Fleet; yes, in which the statement was made of the advantages of locating the Deputy High Commissioner on Truk; that the item referred to is Section 12, Paragraph 6.

SECRET

-29-

The reasons advanced briefly are: The adaptability of Truk and geographical position with respect to the security of the Trust territory; its central location in the Trust Territory for administration for a seat of a possible future representative Trust Territory Government, and as a distributing focus for exports to and imports from the United States mainland and Far East ports.

I would like to invite attention to a colored map that we have here, which was prepared by ComMarianas, in connection with the acquisition of lands in the Trust Territory for the United States Navy. The legend does not appear on the map, but my recollection is that the yellow represents the U.S. Navy air facilities, and the red the U.S. Navy other than air facilities, with the exception of a small block to the southwest there, which is Coast Guard. (Indicating)

It is noteworthy that the permanent location of the capital proposed does not interfere in any way with the proposed acquisition of lands, except with one small exception, that it does include the Saipan power plant, the power plant being located in the southwesterly portion of the rectangle which is proposed for the capital.

SECRET

-30-

CAPTAIN RANDOLPH: That power plant, Captain Randig, is currently being employed for no other purpose than the civilian administration unit operating under the Navy currently on Saipan; is that correct?

CAPTAIN RANDIG: Well, I believe that is the case, because the activity, Naval Air Station at Tanapag is now under caretaking status. It is not active.

However, there is a CB unit which is employed there for maintenance and caretaking purposes. But I believe that they are requiring some power for the Navy activity there, because there is that CB unit.

ADMIRAL THATCH: Where is Aruy Hill?

CAPTAIN RANDIG: That would be up in here, Admiral. That is this area here.

CAPTAIN RANDOLPH: No. That is the island commander from CNOB headquarters.

CAPTAIN RANDIG: This is the plot of the permanent installation here.

CAPTAIN RANDOLPH: No. This is temporary.

COMMANDER COCKEY: That is the plot of the area mentioned in the High Commissioner's dispatch.

CAPTAIN RANDOLPH: That is not Aruy Hill. Aruy Hill is where they expect to put their eventual permanent construction.

SECRET

-31-

ADMIRAL THATCH: It says, "recommend establish temporary capital Saipan utilizing old Navy island commanders quarters, officers club and twenty-one buildings for quarters. All are located on a rectangular parcel of land." That is only what we are concerned with anyway.

CAPTAIN RANDOLPH: It could be established at this point that the request by the High Commissioner for this temporary capital site does not interfere with the Armed Forces land requirements on Saipan?

CAPTAIN RANDIG: Yes; it can.

CAPTAIN RANDOLPH: Is that correct?

CAPTAIN RANDIG: Yes; including the Army Air Force and Coast Guard.

COMMANDER EGBERT: I would like to know what air facilities are being put on out there.

CAPTAIN RANDOLPH: That is being treated by a separate contract with Trans-Ocean Airlines.

COMMANDER EGBERT: In other words, they would furnish their own, but use Navy facilities, or existing facilities?

CAPTAIN RANDOLPH: They would use the strip now being employed for the current Naval air logistics support.

COMMANDER EGBERT: So in the long run, they would



**SECRET**

-32-

occupy more than just that area for housing that they have listed there?

COMMANDER CREECH: They will use that, I think, pretty well anyhow.

COMMANDER COCKEY: Well, yes. That is true, very much the same air--

COMMANDER EGBERT: There are a lot of ramifications to this that don't appear off-hand. A lot of the facilities that are going to be needed to take care of those people up there. I don't know--

COMMANDER COCKEY: Most of those will already exist in connection with the civil administration unit. There will be maybe additional bodies to do the maintenance work, keeping these buildings up. But the civil administration unit will be continued on Saipan.

CAPTAIN RANDOLPH: See, in addition to the capital site, the Trust Territory on Saipan will also have located a civil administration unit with local responsibilities.

COMMANDER EGBERT: Are they there now, sir?

CAPTAIN RANDOLPH: They are presently on Saipan.

COMMANDER EGBERT: They would remain there?

CAPTAIN RANDOLPH: That unit would be replaced by Interior personnel.

COMMANDER EGBERT: If they want to Truk, would that

SECRET

-33-

unit remain there?

CAPTAIN RANDOLPH: That unit would remain there, presumably, if they parallel Navy procedure. They would maintain an administrative unit on Saipan to administer what is known as the "Northern Marianas District."

While we are on this subject of areas to be occupied on Saipan as desired by the High Commissioner, we might deal with and dispose of the interest Commander Joyce has on this subject.

COMMANDER JOYCE: Well, Op-32's position would be to support the views expressed by CinCPac, and which are also the views which Admiral Thatch has mentioned as O3's.

CAPTAIN RANDOLPH: You are satisfied, however, that should the High Commissioner's request be eventually approved, it would not be materially affecting matters of your concern on Saipan?

COMMANDER JOYCE: It would be undesirable from that point of view.

CAPTAIN RANDOLPH: But physically, it would not interfere with your present operations?

COMMANDER JOYCE: I don't think it would physically, except for increased utilization of personnel there, which might interfere with successful operation.

SECRET

-34-

CAPTAIN RANDOLPH: Do you have any further interest in this conference, then, Commander Joyce?

COMMANDER JOYCE: No, sir.

CAPTAIN RANDOLPH: You may feel free to stay, if you wish, or depart, at your discretion.

COMMANDER JOYCE: I have to leave. Thank you very much.

CAPTAIN RANDOLPH: O-4, do you have, Captain Randig, anything more you would like to say at this time as a comment from O-4?

CAPTAIN RANDIG: Well, my own personal view would be, from what I know of the study on it--I have not been out there, but I have been handling the transfer of--the policy relating to the transfer of real estate in the Trust Territory--is that the physical location would not interfere with our present operations, in as much as it is not an active station.

There would be, it is true, some demand for power and water and for dock service, but I can't conceive that it would at the present time interfere with any operation that we are now carrying out there.

CAPTAIN RANDOLPH: Those were your own personal views?

CAPTAIN RANDIG: Yes. Aside from that, I don't

SECRET

-35-

think there would be any objection to the use of those CB's that are now stationed at Tanapag for the purpose of supervising any work that might be accomplished, authorized under either force account or by contract. I presume without a contracting organization the civil administration people would look to the Navy to handle the contracting for them?

CAPTAIN RANDOLPH: We have no indication of how he expects to get the work done up there, if his plan is approved, or, I should say, should his plan be approved.

CAPTAIN RANDIG: I would like to qualify my statement previous to that. I was referring only to the temporary set-up there, and I wasn't making any reference to the implications with regard to permanent.

CAPTAIN RANDOLPH: Is that all you care to say at this time, Captain Randig?

CAPTAIN RANDIG: Yes, sir.

CAPTAIN RANDOLPH: O5, what do you have to say?

COMMANDER EGBERT: Is this being coordinated with the Air Force or Army? Do they have any requirements?

CAPTAIN RANDOLPH: Not with anyone except within the Navy.

COMMANDER EGBERT: The other facilities--

CAPTAIN RANDOLPH: I might interrupt just a moment, if I may. Captain Randig, I think will make the

SECRET

-36-

comment appropriate to the effect, will you not, Captain?-- that the Navy has the responsibility for land acquisition in the Trust Territory for all branches of the Armed Services?

CAPTAIN RANDIG: That is correct.

CAPTAIN RANDOLPH: Of land acquisition and determination of land requirements?

CAPTAIN RANDIG: I would say the review of the land requirements insofar as affecting the other services.

CAPTAIN RANDOLPH: Yes.

COMMANDER EGBERT: The only other comment that I would have is that anything that is done on this I would like O5 to have a chance to clear it, sir.

CAPTAIN RANDOLPH: Indeed.

(Off the record.)

CAPTAIN RANDOLPH: Gentlemen, with the comments which have gone before, I think one of the purposes of this conference is to develop justification for the Navy position on the subject posed by--on the problem posed by those two dispatches, which will support in detail the Navy decision which has been given to us already. And, secondly, that if a review of the facts bearing on the case such as is represented in this memorandum of background information, as examined more in detail, and the investigation

SECRET

-37-

previously made on this subject by the previous High Commissioner should so indicate, we should make whatever recommendations that appear appropriate to the Chief of Naval Operations that may modify the position he feels it is necessary now to take.

I would like to briefly refer to this memorandum of background information, as to what took place when the High Commissioner was requested by the Chief of Naval Operations, in his Serial 0012P22 of 29 April 1949.

(Off the record.)

CNO serial requested the High Commissioner to look for possible sites within the Trust Territory that would be suitable as headquarters for the Deputy High Commissioner.

The High Commissioner, in his Serial 002<sup>7</sup> of 24 May, 1949, replied and recommended first Saipan, second, Truk.

An exchange of dispatches ensued between CNO and the HiComTerPacIs, which included CNO 161310Z, June.

ADMIRAL THATCH: '49.

CAPTAIN RANDOLPH: '49; thank you.

CNO 251500Z, June, 1949. HiComTerPacIs 252239Z, June. CinCPacFlt 010545Z, July, 1949. CNO 012020Z, July, 1949. CNO 071211Z, July, 1949. CinCPacFlt 090251Z, July, 1949. HiComTerPacIs 210101Z, July, 1949.

SECRET

-38-

HiComFerPasIs Serial 005 8 August 1949. Op-02  
memorandum Serial 0023P22 of 22 August, 1949. SecNav  
301450Z, August 1949.

(Off the record.)

CAPTAIN RANDOLPH: In view of this detailed  
examination of the history, studies made for the termina-  
tion of an interim and permanent site for the capital of  
the Trust Territory, do we feel that this conference should  
make any recommendation to GNO that might influence his  
position as we now know it to be?

Admiral, what do you think about it, sir?

ADMIRAL THATCH: No. I don't think there is  
any--

CAPTAIN RANDOLPH: --evidence--

ADMIRAL THATCH: --evidence here to point toward  
any modification of his position as a "Navy position."

CAPTAIN RANDOLPH: Thank you. Captain Randig?

CAPTAIN RANDIG: I am of that opinion, too.

CAPTAIN RANDOLPH: Thank you. Commander?

COMMANDER EGBERT: No comment, sir; nothing.

CAPTAIN RANDOLPH: Thank you.

(Off the record.)

CAPTAIN RANDOLPH: I would like to close this  
meeting, if no one else has any comment to make, with a

**SECRET**

-39-

motion from one of you gentlemen to the effect that a draft reply be prepared for the necessary clearances, including State Department, and the Department of Interior informed that such a reply is being made to CinCPacFit, and the High Commissioner on this subject.

Would you give me such a motion?

**ADMIRAL THATCH:** I make that motion.

**CAPTAIN RANDOLPH:** Very good. We will consider it concurred in by all present here, in the absence of any word to the contrary, and that procedure will be followed.

Are there any other comments? We will rise and stand adjourned. Thank you very much, Admiral.

(The meeting was adjourned at 1610 hours.)

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