

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
OFFICE OF THE SECRETARY  
Washington 25, D.C.

June 7, 1949

My dear Mr. Secretary:

I wish to thank you for the Navy Department's letter of May 31, 1949, which sets forth a suggested procedure for accomplishing the transfer of administrative responsibility for Guam from the Navy Department to the Department of the Interior.

I greatly appreciate the initiative taken by the Navy Department in this matter, since at least tentative agreement between the two Departments on the points raised in your letter must be reached before this Department can submit supplemental budget estimates of funds needed in fiscal 1950 to carry out the President's directive of May 14.

The enclosed memorandum entitled "Assumptions for Budgetary Purposes Regarding Transfer on Guam" is an elaboration of the points raised in your letter. It is essentially in agreement with the Navy Department position, but takes account of possible delay in replacement of naval personnel whose services may be required in order to maintain public health, safety, and order after the transfer to Interior occurs. This Department does not expect the Navy to continue the services of such personnel for longer than six months after the transfer date, and plans to request funds to reimburse the Navy Department, in accordance with established procedure, for the loan of such personnel.

Other items are included in the enclosed memorandum on which tentative agreement is deemed necessary for budgetary purposes. Most of these have been discussed with Mr. Cassidy, Fiscal Director of the Navy Department, and Captain Hale, Assistant Chief of Naval Operations for Island Governments. The memorandum does not cover many details involved in the transfer, which will have to be the subject of subsequent agreements.

In view of the limited time available for submitting our supplemental estimates for fiscal 1950 to the Bureau of the Budget, I would appreciate an early reply if you perceive any objections to the enclosed memorandum.

The Department of the Interior would be glad to join the Navy Department in recommending to the President that he designate as soon as possible the civilian who will replace Admiral Pownall as Governor of Guam. I will consult with you informally as to the person whom this Department will recommend for appointment by the President. It is hoped that such a designation will be made within the next two or three weeks so that the future Governor can assist in recruiting civilian replacements and in providing appropriate assurances to incumbent civilian employees of the Guam Government.

Sincerely yours,

/s/ J. H. Krug  
Secretary of the Interior.

Hon. Francis P. Matthews,  
Secretary of the Navy.  
Enclosure 971.