[3] Q. That contract was between the Government and this man Weaver?
A. Weaver and Company, which was organized overnight.
Colonel Nurse headed this division which Colonel Cramer set up to investigate everything that was going on and this division has kept records of everything they investigated. You could learn a great deal if you could get those records of the Bottleneck Busting Division under the Engineers headed by Colonel Nurse. The records are in Honolulu. Talk to Colonel Nurse who is in San Francisco. He knows more about it than anyone else. He is an old Quartermaster man who has been in the Army 30 or 35 years. Colonel Hunt came out from here under the Inspector General's Office last spring, but I don't know what his report was.
Q. Did he go over this Bottleneck Busting Division's records?
A. Not much. He was out to prove that nobody was willing to testify that Colonel Wyman was crooked.
Q. The facts we are looking for probably will be in these particular records?
A. They will be if they haven't been destroyed. If they have been destroyed, I have my own copy of the records.
Q. What is your address?
A. King Street, Honolulu. I have a firm there, Grossman Moody.
I am here now to get the Government to get houses for us. I am on the Housing Committee, Labor Commissioner, and work with the Red Cross Disaster Relief Committee.
There is considerable zoning there with military authorities. They are putting men in jail for alcoholism. They are not military places. They say they are necessary workers, and the Army puts them in jail for alcoholism. They are not managing any better than we are.
The YWCA is one of the few buildings in town the civilians can use. They announced to the YWCA that they were going to take over two floors. There were a number of women living there and they called me. A Colonel came in and announced they were taking over two floors and wanted them immediately. The Colonel said, "People in Honolulu will have to change their minds about a lot of things because we are going to put civilian employees of the Army in these houses." He said they would give us a week to find a place for these women. I told them that was impossible. Later I gave them a list of just what the [4] Engineers had that was not being used. Around the island there were 2900 beds not in use. Now you will find one man in a room where formerly were housed 4 girls. Across the street is the Pleasanton Hotel which hadn't had a soul in it for five weeks. I told them they had better give us back the hotel instead of trying to take over the YWCA. So, the next week, we got back the Pleasanton Hotel. We need to build 2500 houses a year, but we have only had permission to build 500 houses.
Q. What is the official name of the division headed by Colonel Nurse?
A. It is known as the B. B. D. (Bottleneck Busting Division), District Engineers Office for the Hawaiian Territory under the direction of Colonel Nurse.

Army Pearl Harbor Board Exhibit No. 11

Vol. 53

REPORT OF PROCEEDINGS

HEARING HELD BEFORE EXECUTIVE SESSION, SPECIAL COMMITTEE OF THE COMMITTEE ON MILITARY AFFAIRS, HOUSE OF REPRESENTATIVES, U. S., WASHINGTON, D. C., FEBRUARY 9, 1944

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[2393]

EXECUTIVE SESSION

WEDNESDAY, FEBRUARY 9, 1944

HOUSE OF REPRESENTATIVES,
SPECIAL COMMITTEE OF THE COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C.

The special committee met, pursuant to notice, at 3:00 o'clock p. m., in room 1310 New House Office Building, Hon. John M. Costello (chairman) presiding.

Present: Representatives Costello (chairman), Durham, Martin, Elston, and Fenton.

Also present: Mr. H. Ralph Burton, General Counsel to the Committee, and Joseph Colgan, Investigator; Major General Julian L. Schley, and Lieutenant Colonel Miles H. Knowles.

The CHAIRMAN. Proceed, gentlemen.

TESTIMONY OF MAJOR GENERAL JULIAN L. SCHLEY, UNITED STATES ARMY

(Major General Schley was sworn as a witness.)

The CHAIRMAN. Will you state your full name for the record?

General SCHLEY. Major General Julian L. Schley, United States Army.

The CHAIRMAN. Now, will you state your present position?

General SCHLEY. I am presently recalled from the retired [*2394*] list to the active list and assigned to the Office of Coordinator of Inter-American Affairs.

The CHAIRMAN. Proceed, Mr. Burton.

Mr. BURTON. General, you were Chief of Engineers of the United States Army, were you not?

General SCHLEY. That is correct, sir.

Mr. BURTON. Please state for what period.

General SCHLEY. From about October, 1937, to September, 1941.

Mr. BURTON. Do you recall having recommended the approval of a contract between the United States and Hawaiian Constructors, which was signed on December 20, 1940, for certain installations in the Hawaiian Islands and some of the South Pacific islands?

General SCHLEY. I do not remember that, no, as such. I do remember that activity near that time was considerable and increasing in construction work in the Hawaiian Islands, and it was my function to make such recommendations in such instances.

The particular case you refer to, I do not remember, no.

Mr. BURTON. Do you know Colonel Theodore Wyman, Jr.?

General SCHLEY. Very well.

Mr. BURTON. Do you remember that he was here in December, 1940?

General SCHLEY. I could not associate his presence here [*2395*] with that date. He did come to Washington from the Hawaiian Islands—I don't remember how many times—for consultation, and he did come here from his previous position while I was in that office, which was in Los Angeles, California. He came East several times. It was not uncommon for him to do that which you mention, and he did come here from time to time.

Mr. BURTON. Do you recall that certain defense installations were constructed in the Hawaiian Islands at that time?

General SCHLEY. In a general way.

Mr. BURTON. This morning you called me on the telephone and at that time you said that you wanted to refresh your recollection by referring to the files. Did you do that, sir?

General SCHLEY. No, I did not. I called the office of the Chief of Engineers and asked if they could make those papers available to me and they said that they were unable to locate them at that time, they were in the hands of another office, but they probably could be made available in a day or two, as soon as they found them.

I don't remember now whether it was the Army Service Forces or the Under Secretary's Office or whose office, or someone in that office, because we discussed them all, as to where they might be.

I talked to a major who did look for them in the files.

I don't mean by that that they are lost, [*2396*] but they are not in the Chief's office at this time.

Mr. BURTON. Do you remember that one of the contracting firms was the Rohl Connolly Company?

General SCHLEY. No, I do not.

Mr. BURTON. And you can't recall any discussion of this contract?

General SCHLEY. Not that one in particular, no.

Mr. BURTON. Do you recall anything whatever about the conduct of the work in the Hawaiian Islands?

General SCHLEY. No, I do not. I don't remember any of the details of it. If anything had gone very wrong with it, it probably would have come to my desk.

If anything was worthy of note in any direction, it probably would have come to me. We had two main branches in my office, one having to do with the expansion of the military side and the training of the troops, and the other side having to do with what we call Rivers and Harbor work, and also fortification construction work.

About this time we received, in addition to that, the construction for the Army Air Forces. That was the first step in adding to our functions.

Mr. BURTON. Can you say what procedure would be followed in considering a contract of that nature?

General SCHLEY. Yes, sir, I remember that quite clearly, although it changed as we proceeded, and I am not quite certain [2397] in which phase this came.

Before the great increase in activities in that kind of work, there was not anything outside of our office necessary to have such a contract entered into and have its work progress. It was a normal function within our own office.

At the time of the large expansion there was added review given and all those contracts had to be approved, I think, from the beginning of this change in practice, by the Under Secretary, who at that time was Mr. Patterson. I think he still is.

Before submitting it to him, however, before making a recommendation to him, we first contacted O. P. M., Office of Production Management.

Later there was an additional consultation which we followed, and that was a committee which we always looked on as Mr. Patterson's committee. It was formed in the Quartermaster General's Office and was called the Construction—something—Committee.

Mr. ELSTON. Advisory?

General SCHLEY. Construction Advisory Committee, perhaps that was the name of it. Later, after we started this program, General George R. Spalding, whom I knew well, was placed at the head of it. I doubt if it was this early.

In this particular case I am not sure whether we went to O. P. M. or this committee for approval, or to both. We [2398] looked on this committee as Mr. Patterson's committee and I would not be surprised if he instructed us so to do.

We consulted them because we knew he would send it there anyway.

The CHAIRMAN. In passing on the contracts, you had nothing to do with the contract? It would be simply routine for you to approve a contract that came to your desk?

General SCHLEY. I would not put it quite that automatically, but that is true to some extent.

The form of contract we used before the expansion took place was our own. Of course, it had been reviewed by the Comptroller General and other departments interested in those things, and its was a standard form.

The difference between contracts was, of course, what you were undertaking to do, but the clauses were about the same. Those clauses in that form were at some time under this procedure changed and reviewed and we got a new form, and if I am not mistaken the Quartermaster General's committee was instrumental in getting that form. Perhaps the O. P. M. was.

The CHAIRMAN. But you didn't go into details of the contract when it was submitted to you for approval?

General SCHLEY. Unless I saw something on the face of it. I looked through all contracts I signed to see if there was anything I should look into further.

[2399] The CHAIRMAN. Whose duty would it be in the first place to approve and recommend a contract at this time for your signature?

General SCHLEY. We kept the thing decentralized into the field. I was in no small part instrument in continuing that practice.

There was talk at one time of determination being made in Washington. There was a definite policy of the Administration of having what they called local contractors on the job, and we finally got to look on a local contractor as within the State in which the work was being done.

I think the Rivers and Harbors districts, 40-odd, our officers in those offices were the best-informed men as to who were the best contractors in the States. They had been conducting work of that kind right along.

Of course, I wanted all the review possible in Washington, and in case of disagreement we got from an approved list of contractors which these review officers had, contractors' names who were satisfactory to them and whom we also ap-

proved, and sent them back as suggestions only, and left the initiative in the hands of the field.

The CHAIRMAN. And a contract of this kind would be initiated in the field?

General SCHLEY. When you go outside the territory of the United States we may have suggested contractors we knew [2400] were satsfactory.

Of course, a lot of things were to be considered besides being a satisfactory contractor. The fact that he was a large contractor who could undertake a big job and had experience in that work and was responsible financially had to be considered.

The CHAIRMAN. The officer in the field would be largely responsible for the direct negotiations with the contractors in the beginning?

General SCHLEY. In the beginning, and then it was subject to our review and later by O. P. M.

I think they continued later to review, as well as the Review Board in the Quartermaster General's Office.

Mr. BURTON. This contract involved a sum of $84,436,961. Is it possible that a contract of that size would be approved simply as a routine matter?

General SCHLEY. I would say that a $84,000,000 contract at that stage of our procedure would be a very big and very unusual-sized contract, and probably would receive very careful consideration.

One thing that was bothering us at that stage was the amount of the fixed fee. The contractors, of course, were holding out for figures which they thought proper. We were trying to hold to what we thought was proper. That naturally would be smaller.

[2401] The Assistant Secretary, Mr. Patterson, was very attentive to that figure and before the thing was over he gave us a table which we could not exceed. The table was composed of fixed percents, although the fee was not. In very large contracts it was a smaller percent of the table. In smaller contracts the fixed fees were a larger percent of the contract table.

Mr. BURTON. Aren't there records of the various conferences and discussions affecting a contract of this size?

General SCHLEY. I doubt if there would be records of conferences at that stage. I will say there should have been kept records of any approvals or consultation with these several agencies to determine their agreement or disagreement with us.

The CHAIRMAN. Those records would be simply letter memoranda from one agency to another?

General SCHLEY. I think so. I think that those will all be of record in the form of memos or letters, initialed or approved by someone.

Many times when we were in a hurry, it may have been done by phone, but if they didn't make a record it was bad business. It should have been done.

Mr. BURTON. Those records could be made available to you and from those records you could probably refresh your recollection on what took place?

[2402] General SCHLEY. If the committee wishes I will make every effort to produce whatever the Chief of Engineers office has.

I left that office, as I say, in 1941, and their records, of course, are undoubtedly all the same now. They are all there, I presume. I have no records with me which pertain to this work.

The CHAIRMAN. I think it ight be well, General, for you to review the records that are available in the office there and whatever additional records you can get.

General SCHLEY. You are speaking of the approval of this contract with this contractor?

The CHAIRMAN. That is right, any record that may be there involving any conferences.

General SCHLEY. May I have the name again?

The CHAIRMAN. Rohl Connolly.

General SCHLEY. And Company?

Mr. BURTON. This contract was with the Hawaiian Constructors, and that was a syndicate or association of contractors, consisting of Rohl Connolly Company, the Gunther Shirley Company, and Price Callahan.

The CHAIRMAN. Possibly, General the contract number would be a help. The contract number is W–414–Eng–602. The date of signing was December 20——.

General SCHLEY. Is a "W" before the number "414"?

[2403] The CHAIRMAN. Yes; W–414–Eng–602. That was executed December 20, 1940.

General SCHLEY. That is the date of the signature with the contracting office?

The CHAIRMAN. By Colonel Wyman and on behalf of Hawaiian Constructors by Paul Grafe.

Colonel KNOWLES. Does this obviate the necessity of our office now securing this information? This has been asked for.

Mr. BURTON. No, that does not obviate any request that we have made.

Colonel KNOWLES. It is only going to duplicate work. You are asking the General to produce information that has been requested from our office.

The CHAIRMAN. We wanted to get from the General any information that he might have in connection with the signing of the contract and the circumstances surrounding the signing of the contract.

Colonel KNOWLES. This was not a $84,000,000 contract initially; it was about $1,800,000, and it was increased from time to time by supplements. Isn't that correct, Mr. Burton?

Mr. BURTON. It doesnt say that in the letter. This letter says, "The total estimated cost involved in this contract was $84,436,961, and the contract called for a fixed fee of $1,014,690."

[2404] Colonel KNOWLES. But that includes numerous supplements to the original contract.

Mr. BURTON. Those supplements could not very well have borne date of December 20, 1940.

Colonel KNOWLES. No, they ware dated later. But they were all under that contract number, and the fixed fee was increased as the supplements were added to the original contract.

Mr. ELSTON. May I suggest there, Mr. Chairman, that we get in the record the exact dates when each supplement was entered into and the amount and the work included in the contract? I think we should have it in the record.

Mr. BURTON. A full and complete report on the entire contract and supplements has been requested from the War Department and that is being prepared at this time. It was the purpose, however, in calling General Schley, as the Chairman has said, to ascertain from him what he could recall about the negotiations at the time that led up to the signing of the contract with Hawaiian Constructors.

Mr. ELSTON. I want to ask a couple of questions.

The CHAIRMAN. Very well.

Mr. ELSTON. General, is this committee that you spoke about, which might be the Construction Advisory Committee, what is known as the Blossom Committee?

General SCHLEY. That name does sound familiar in [2405] connection with it. Someone was at the head of it originally and he was replaced by George R. Spalding. It may have been Blossom.

Mr. ELSTON. There was a man named Blossom at the head of one of those committees and he was replaced.

General SCHLEY. That may be. I bring the committee into the picture because that was along the line of our change in the expansion and the change in the practices.

Mr. ELSTON. How much of an investigation would be made into the character and background of contractors bidding on work in strategic areas like in the Hawaiian Islands?

General SCHLEY. I would say that it is a subject which should be covered in the investigation as well as the financial responsibility and reputation of a construction firm. Certainly it is a proper item to look into, particularly with the war apparently in the not distant future.

Mr. ELSTON. Well, who would have the responsibility of making that investigation?

General SCHLEY. I think all along the line that investigation would cover.

Mr. ELSTON. Where would it start and where would it finish?

General SCHLEY. I should say it would start with the man in the field, who would be the district engineer.

Mr. ELSTON. In this case it would be Colonel Wyman?

[2406] General SCHLEY. I should say Colonel Wyman. If there had been anything about the matter which looked as if unsafe agencies were involved, he would be the first one to know, I should think. He is the man right in the field.

The next responsibility would have been on the Chief of Engineers' Office, and that, of course, I take responsibility for, because I was the head of it.

Next, I would say that it would be in this board that you speak of, and the Under Secretary himself, I assume—I don't know what means of investigation, or other organization, he would have besides that board.

Mr. ELSTON. Would the Chief of Army Engineers' Office accept the word of the District Engineer without making some independent investigation?

General SCHLEY. That is a little difficult to answer categorically. I know of no district engineer who had any important work under him—any district engineer in whom we did not have implicit confidence. I will put it that way.

On the other hand, I would say anybody who reviews anything must not do it automatically, and without his eyes and ears open, so a review would cover naturally whatever was proper to be looked into, and no man can shirk that responsibility. The responsibility is his.

Mr. ELSTON. I think about that time the War Department began to require even stenographers who worked in the War [2407] Department to be fingerprinted and furnish birth certificates and show what their background was.

Was any greater strictness required of employees in the War Department than was required of contractors who were going out and doing millions of dollars worth of business in strategic areas?

General SCHLEY. Well, now, I can't tell you whether that same thing was required of all workmen on all contracts or not.

Mr. ELSTON. I am not talking about the workmen as much as I am talking about the heads of the firms.

General SCHLEY. Well, I don't know whether they were similarly investigated in the matter that you speak of, the same as men in the offices of the War Department, or not.

Mr. ELSTON. I don't know whether you know it or not, General, but the head of this firm was a German alien and did not become a citizen of the United States until December 15, 1941, three months—no, nine months after the original contract was entered into.

Was any effort made to determine the citizenship of people engaged in contracts for the Government?

General SCHLEY. That is difficult to answer at that stage, whether that was gone into or not, because I just don't remember.

There undoubtedly was a time, somewhere along the [2408] line of the passage of time, as things became more and more threatening, when that was done. Whether it was done at this stage or how far back, I couldn't advise you.

Mr. ELSTON. Would you have any records indicating when that was done?

General SCHLEY. No, I have no doubt in my mind that at that time—in fact, I don't know whether I am safe in saying it was not done to a certain time and was done from then on. I should say it should have been done at all times, with the war threatening us.

Mr. ELSTON. General, you yourself would not have approved any contract entered into between any alien enemy and the United States Government. Of course, we were not then at war with Germany.

General SCHLEY. One year before.

Mr. ELSTON. But Germany was at war at that time with nations to whom we were furnishing lend-lease materials and money, and it was evident which side we were on.

Now, you yourself would not have approved a contract in a strategic area like the Hawaiian Islands, if the head of the company was a German, would you?

General SCHLEY. Well, that question you naturally tend to answer in the negative because, looking back on the picture now, we can see clearly that such a thing should not have been done.

[2409] I should say, on December 20, 1940, knowing what we know now, it should not have been done.

Loking forward from the back end, I don't know how the situation looked from the other end. It is pretty hard to say we should or should not have looked into such a matter at that time.

Mr. ELSTON. I don't suppose a German citizen could have gotten a job in the Government at that time.

General SCHLEY. That I can't answer.

Mr. ELSTON. They couldn't have gotten a job in an aircraft factory or any shipyard. They would have been excluded from work of that kind.

General SCHLEY. Yes.

Mr. ELSTON. Certainly there must have been some place along the line where you inquired into the citizenship of people who were engaged in contracts in critical and strategic areas like the Hawaiian Islands.

General SCHLEY. It does seem, looking from where we now sit, that that should have been done, yes.

Mr. ELSTON. We are seeking to find out whether it was done. Is there any way you can tell us whether it was done or not?

General SCHLEY. No, I can't tell you. In the first place, I don't remember the contract. I don't remember its being signed.

[2410] You ask me a hypothetical question as to what I would do under those conditions at that time. I don't know but what my only answer would be that I should look into such a thing.

Mr. ELSTON. In any event, if you knew that you would certainly call it to the attention of the Under Secretary or whomever you had to report to, wouldn't you?

General SCHLEY. From where I now sit it looks that way. To turn the clock back, I should say it should be done.

Mr. ELSTON. That was after we passed the Lend-Lease Act and after we began the conscription of American boys.

Mr. MARTIN. After we had shipped quite a number of vessels, after Dunkirk, too.

Mr. ELSTON. And after we had given them 50 destroyers. Don't you think at that time that you would immediatly have caused an investigation to be made if you had any information that a big contractor in a strategic area was an alien of this country and a citizen of Germany?

General SCHLEY. Yes, I would say if there was any suspicion to that effect it should have been done.

If that is the stage in our national relations, if it is as you now put it, which is undoubtedly true—I have not reviewed it myself but I dare say it is—it does definitely look as if a German, a person suspected of being a German citizen, should have been gone into in considerable detail.

Mr. ELSTON. Would you expect a district engineer under [2411] your supervision to furnish you with information of that kind if it was within his knowledge?

General SCHLEY. At the time when we should have been on notice, definitly so. Not only should he not have recommended, but we should not have approved, beginning at whatever time it was that we should have been on notice that things could be done by a contractor which would harm our situation, our defense.

There is no question, the district engineers should be responsible in the first instance, and we would be in the second instance, assuming there was some reason for suspicion.

I don't know what Rohl——

Mr. ELSTON. His first name was Hans and his middle name was Wilhelm and his last name was Rohl. "Hans Wilhelm" should have been a suggestion to anybody, and I think it was generally known he was not a citizen of the United States.

Now, where in the record would the recommendation of the engineer, the District Engineer, appear?

General SCHLEY. I would say that it could be either in a letter of transmittal, or under his signature itself if it was on the document.

Mr. ELSTON. What document?

General SCHLEY. The contract itself. If his signature is on the document I would say there was no doubt in his mind unless you find some correspondence at the time which raised [2412] the question.

I would so accept it.

If the contract came in without correspondence, signed by the District Engineer, I would say there was nothing in his mind that raised a doubt as to the contractor.

Mr. ELSTON. Well, as supplements were let and the amount increased, until it reached the amount of $84,000,000, wouldn't there have been some investigation even though the District Engineer had approved the contract in the first instance?

General SCHLEY. As to the nationality of the man?

Mr. ELSTON. His character and his background, his nationality, and anything that should be brought to the attention of the Government.

General SCHLEY. I would say that as that contract went along, it did start at a smaller figure and got very large, that we would have been under obligation to do whatever the proper thing was to do.

Mr. ELSTON. Were any instructions sent out to the district engineers instructing them to exercise great care in the selection of contractors because of the critical situation in which we were getting?

General SCHLEY. That I don't recall.

Mr. ELSTON. Would your file contain any recommendations that had been made with respect to this firm?

General SCHLEY. I don't know by whom you mean. By our [2413] own people?

Mr. ELSTON. By anybody at all.

General SCHLEY. I don't know that I could answer that question. If there was any written recommendation concerning him, it certainly would be there, and for any oral recommendation made you might or might not find a memorandum on the subject.

Mr. ELSTON. Well, asking you the question directly: have you any recollection of anybody ever recommending to you that this contractor, this firm of contractors, be approved?

General SCHLEY. No, I don't remember the contract at all.

Mr. ELSTON. That is all.

The CHAIRMAN. Mr. Martin.

Mr. MARTIN. General, do you recall any disapprovals of contracts at all in 1940 on the ground of citizenship of the proposed contractors?

General SCHLEY. I don't know that I do.

Mr. MARTIN. Another question along a little different line. What time in 1941 did you leave the position of Chief of Engineers?

General SCHLEY. My 4 years were up in the autumn of 1941—my 4 years assignment as chief. I left the service at that time.

Mr. MARTIN. Do you recall any checking up on the progress of the Rohl contract, as to whether or not it was lagging in [2414] performance?

General SCHLEY. There is no doubt that knowledge of conditions on every contract we made was reported in to our office in Washington.

Mr. MARTIN. Do you recall anything at all about the work being done in Hawaii giving rise to concern about the maintenance of the schedule as originally planned?

General SCHLEY. No, I do not. And I might say there were many such cases where the contractors were behind schedule on the contracts. There were cases where they were up and cases where they were ahead.

Mr. MARTIN. Could you find out from your examination of the records down here, whether or not the Hawaiian defense construction was one of those that had given occasion for alarm or concern? And I would like to know also whether any of these supplemental contracts were awarded to this Hawaiian Constructors after it had been discovered that there was some delay in construction causing such concern.

The CHAIRMAN. General, when you were Chief of Engineers, did you receive periodically from the field progress reports on the various construction contracts let by your office?

General SCHLEY. They were recived by the office.

The CHAIRMAN. But they were not brought to your attention, your personal attention?

General SCHLEY. At one stage of the game, when the work [2415] became very great, we had special reports prepared which kept us all informed of the progress of the work.

The amount of current contracts was quite large and there was quite a volume. That came to the desks of all of us.

Naturally there were brought to my attention cases where a cancellation was involved because of being behind schedule or any other reason.

The CHAIRMAN. But you didn't make it a part of your position to actually keep an eye on the actual progress being made?

General SCHLEY. At one stage it came to my desk.

The CHAIRMAN. Did you have some particular officer whose duty it was to watch progress?

General SCHLEY. Part of the office had to do with civil engineering construction, Rivers and Harbors, and watched those things. Into one of the branches of it came these periodic reports.

The CHAIRMAN. But no specific officer was charged with that study?

General SCHLEY. I have no doubt there was. We had quite a number of officers in our office at that stage.

The CHAIRMAN. How is the work divided up in the Rivers and Harbors division? Do the contracts come in generally to all the officers or are there separate units for all areas?

General SCHLEY. There was a separate section. I don't [2416] know what it was called at that time, but it had to do with the contract features.

And there was another breakdown on the class of work, which was the engineering. The Rivers and Harbors, Flood Control Section, and Military Construction, I think were the three main branches.

The CHAIRMAN. And the contracts at this time came under the Military Construction Section, building airfields and so forth?

General SCHLEY. That may be, because there was military work here involved. And we did have a Fortification Division. It is quite possible this was under the fortifications part of the Military Division.

This was because we took over airfield construction and, of course, later we took over all camp construction, and this was all done on the civil engineering side.

But it is quite possible that this, since it had to do with fortifications in Hawaii such as gun emplacements——

The CHAIRMAN. The letter indicates the contract called for construction including airfields, fortifications, and other defense projects. It is all-inclusive.

General SCHLEY. You can't tell from that which branch it was handled in.

The CHAIRMAN. Most of it was in the Fortification or Military Construction units of your office?

[2417] General SCHLEY. All in my office.

The CHAIRMAN. And any supervision of the progress being made on construction would go to those divisions in your office and not necessarily come to your attention?

General SCHLEY. Until this time when we had the whole thing presented in very easily consolidated form, clearly expressed form, and rather voluminous, and in that case it came to all of us.

The CHAIRMAN. A general progress report of everything?

General SCHLEY. The progress of each contracet set forth in it. I have to add there that I didn't pay much attention to the progress being made because there were men whose function it was to do that.

Mr. DURHAM. Did this Construction Committee make its recommendation direct to you on these contractors?

General SCHLEY. Under the Quartermaster General's Office. Our only consultation with them might have been called a preliminary consultation because, if I am not mistaken, Judge Patterson referred his contracts to that committee as a final step.

Mr. DURHAM. Then he would make the recommendations to the Secretary of War?

General SCHLEY. But we found we saved a lot of time if we didn't go too far into the thing until we found they were going to approve the contractor. And they would say, "No [2418] question about him, he is on our list," or, "not on our list."

Mr. DURHAM. Then the contractors were finally approved by Judge Patterson's office. If that correct?

General SCHLEY. I think at this stage everything was going to his office, no matter whether this committee was a part of it or not. But before that, as I say, the Office of Production Management was consulted by us and perhaps along parallel with it later. I can't recall that.

They also had a list of contractors who were considered to be proper for us to contract with.

Mr. BURTON. According to information which has been given to this committee, negotiations for this contract took place between about December 16 and December 20, and the committee has also been informed that the negotiations were conducted by T. E. Connolly of the Rohl Connolly Company, and Paul Grafe of the Price Callahan Company, with you and General Robbins and Major Newman.

I would like to know if you recall any such negotiations taking place.

General SCHLEY. No, I do not. However, the names Major Newman and General Robbins are two who were in that branch of the office, and if I was consulted on this case those are the proper men to consult me. I would say that is the proper trio to be considering such a thing if it was before me.

[2419] Mr. DURHAM. Do you know T. E. Connolly or Paul Grafe?

General SCHLEY. I can't recall T. E. Connolly. Paul Grafe I have known for many years. My first acquaintance with him was that his three companies entered into a contract with the Canal Zone for the construction of the Gatun Dam, which was built while I was in the Canal Zone.

He represented the contractors. It so happens that Gunther and Shirley and the Callahan Construction Company were the three groups which were in this contract, and Paul Grafe was resident manager for them. I was at that time Engineer of Maintenance at the Panama Canal and it was my job to deal with him.

Mr. BURTON. Now, if this contrct was negotiated in about four days with Colonel Wyman present here from the Hawaiian Islands, wouldn't that have taken place in your office?

General SCHLEY. If Wyman was in the city and the negotiations proceeded in the city, for a contract of that kind, I would say it would have taken place in the office of the Chief of Engineers, and Wyman would have been present and I might also add that it would be entirely proper for General Robbins and Major Newman to be present.

The CHAIRMAN. What specifically, General, were their duties in connection with your office?

General SCHLEY. In the early part of our expansion of work, Newman was in charge of this very contract work in our [2420] office. He reported to General T. M. Robbins, who was in charge of that half of our office, the Rivers and Harbors half, which had the construction more of a civil nature. This was handled by them and not by the Fortification Division. It would have come under General Robbins and Newman.

Mr. BURTON. Had it been brought to your attention by Colonel Wyman or anyone else that Hans Wilhelm Rohl was a German alien, would you have then and there suspended negotiations until you could have found out about him?

General SCHLEY. Well, I answered a question very much of that same kind a moment ago.

Mr. BURTON. You did and I recall it.

General SCHLEY, And I said that looking at it from what we now know on the passage of time, I would say unquestionably that would be true.

Mr. BURTON. But you couldn't say that as of that time?

General SCHLEY. As of that time it is a little difficult for me to say what I would have done. From sitting where I am now I would say if someone had raised the suspicion I think I would have looked into it.

Mr. BURTON. Do you recall the nature of the installations being constructed in the Hawaiian Islands at that time, that is, December, 1940?

General SCHLEY. Only to this extent, that they were unquestionably installations of a national defense nature.

[2421] Mr. BURTON. That being the case, couldn't you say definitely that had you known a German alien was being employed as a contractor, you should have looked into his citizenship?

General SCHLEY. Sitting where we are now at this time, unquestionably.

Mr. BURTON. I mean at that time generally, as long as they were defense installations, and there existed, as there did exist at that time, very delicate relationships with Germany and with Japan. Don't you think it should have been done?

General SCHLEY. I would have been inclined, as well as I can now turn back the time and sit in that period—I would have been very much inclined to either do that or consult someone above me on the subject to be sure it was the proper thing to do at that time.

Mr. BURTON. All the facts could have been ascertained by a telephone call to the Immigration and Naturalization Bureau, could it not?

General SCHLEY. I have no doubt it could on practically anybody.

Mr. BURTON. Do you know whether or not Colonel Wyman ever did call your attention to the fact that Hans Wilhelm Rohl was a German alien?

General SCHLEY. Of course, not remembering the incident at all, not remembering the name of the contractor, it would [2422] follow that I didn't remember that.

Mr. FENTON. General, on work of that kind, even the plans were secret and confidential, were they not?

General SCHLEY. Yes.

Mr. FENTON. And the very purpose of keeping them secret and confidential was to prevent their falling into the hands of persons who might be enemies of this country?

General SCHLEY. Well, we usually went further than that because, you try to keep things out of the hands of people who might be disloyal, no matter who they are. A man's name might be John Smith and still he could be disloyal.

Mr. FENTON. But you wouldn't assume that any person who might be an enemy alien could be loyal?

General SCHLEY. Certainly not, and I might say this: that in all contracts where you are dealing with very secret installations, you have that very serious problem.

It is not like a manufacturing concern where people are all closely held and all employed for usually long lengths of time, and the firm itself has a certain feeling of responsibility, but where you have a contractor who hires and fires men in the field day after day, and they are all working on extremely secret matters, it is a very serious problem.

Mr. FENTON. You even have the F. B. I. investigate people working on installations of that character?

General SCHLEY. Beginning at this stage of international [2423] developments we did, of course, report every suspicious case.

Mr. FENTON. When did you arrive at that stage?

General SCHLEY. I can't tell you that because I don't fit it into the times, but it was before I left the Chief's office that we not only had that, but also had an F. B. I. man in our own office. The name of the man in the office was not known to anyone. I, of course, knew who it was.

Mr. FENTON. When was that office set up?

General SCHLEY. I can't recall that.

Mr. FENTON. Was it as far back as December, 1940?

Mr. MARTIN. Off the record.

(Discussion off the record.)

Mr. FENTON. When was the period of time you said you were Chief of Engineers?

General SCHLEY. 1937 to 1941.

Mr. FENTON. And I believe you said you knew Colonel Wyman very well?

General SCHLEY. From the last war. He entered the service in the last war before this one.

Mr. FENTON. Did you have any reports at any time derogative to the ability of Colonel Wyman?

General SCHLEY. No, I am sure I can say that the only criticisms I have ever heard of him came from people who suffered from the fact that he was a hard driver in his contract work.

[2424] He was very exacting of his contractors. He was a hard worker himself and he demanded a great deal of the people he was working with, whether his own people or contractors.

Mr. FENTON. You never heard anything derogative to his behavior?

General SCHLEY. No.

Mr. DURHAM. Had he ever had experience in building fortifications of this type before, General?

General SCHLEY. He is an engineer and therefore he knows construction work. He has been in the Corps of Engineers since the earlier war, he has been on the West Coast, Los Angeles, and I am sure he had because his district was quite extensive and that was his job just before he went to the Hawaiian Islands.

I would say Colonel Wyman was thoroughly familiar with the secrecy of the fortification plans and so forth.

Mr. ELSTON. Were you in the Chief of Engineers' Office when Colonel Wyman was transferred from Hawaii and placed in charge of the Canol project in Canada?

General SCHLEY. I am quite sure I was not because I didn't even know that he was placed in charge of that. My last recollection of him is that he was in the Hawaiian Islands. He was transferred from Los Angeles to that assignment when I was in the Office of the Chief of Engineers.

The CHAIRMAN. That was a transfer from Los Angeles to [2425] Hawaii?

General SCHLEY. To Hawaii.

Mr. BURTON. Do you recall any of the circumstances surrounding or connected with his transfer from Los Angeles to Hawaii?

General SCHLEY. I remember one or two features connected with it. One was that he had been kept in Los Angeles quite a long time and it was our policy to relieve men at the end of a 4-year tour at the end of one of those assignments, if possible. We didn't want them to get too closely connected with local affairs. We wanted them to retain their national point of view.

We left him long enough to be thoroughly familiar with the work, and we usually considered 4 years to be that time.

My recollection is that he was at Los Angeles longer than that and we left him there because he was doing well at it. It was a large job with large expenditures being made.

And also, if I remember correctly, the Los Angeles flood control interests were very much pleased with him. His transfer out there was, I would say, a normal thing.

Mr. ELSTON. General, who passed on his transfer from Los Angeles to Hawaii? Who made that assignment?

General SCHLEY. I would say that it would be made in that instance by the man who occupied the position of assistant on that half of the office, unless it

was something [2426] of such importance that it was taken to the top where the responsibility would be carried.

Mr. ELSTON. Who was that?

General SCHLEY. At that time it was probably General Robbins, the same man you spoke of. His predecessor was General Max C. Tyler, but I don't think he was there at that time.

Mr. ELSTON. You seem to have some knowledge of the work Colonel Wyman was doing in the Los Angeles area. Have you any knowledge of his being transferred to the Hawaiian area and the circumstances surrounding that transfer?

General SCHLEY. Only those that I have just mentioned.

Mr. ELSTON. If anyone suggested his transfer or urged it, would it appear in the files?

General SCHLEY. If they urged it in writing it certainly would.

Mr. ELSTON. Do you recall anybody suggesting his transfer?

General SCHLEY. Not outside of our own office.

Mr. ELSTON. Do you remember anybody in your office suggesting it?

General SCHLEY. I have a recollection that I knew of the transfer at the time and that is what I recall in connection with it, that he had been in Los Angeles quite a long time. That is the feature that I recall.

[2427] Mr. ELSTON. You won't recall anybody suggesting the transfer to Hawaii?

General SCHLEY. You mean anybody in my organization or outside of it?

Mr. ELSTON. Either way.

General SCHLEY. No. As a place selected for him to go?

Mr. ELSTON. Yes.

General SCHLEY. No. I remember something connected with his personal affairs at the time, because he had been recently divorced and his alimony was quite considerable, and he felt that going to the Hawaiian Islands would be—in some way he felt it would be an additional expense which it would be difficult for him to carry and, if I remember correctly, he spoke of that in connection with his transfer, as if he would just as lief be left in the United States. I don't remember what that feature was.

Mr. ELSTON. Did he talk to you about that?

General SCHLEY. No. I don't recall his having mentioned it to me.

Mr. ELSTON. From whom did you get that information?

General SCHLEY. I probably got it from my own office.

Mr. ELSTON. Do you at any time pay any attention to the requests of the engineer himself as to where he would like to go?

General SCHLEY. Yes, we invite him to comment on his [2428] preferences.

Mr. ELSTON. Did you or anyone in your office consult with Colonel Wyman on this matter?

General SCHLEY. That I don't recall. I say we do it automatically because, as you may know, the Adjutant General used to invite in the reports which were made periodically, your own request as to where you would be stationed next, and the class of work you preferred to be on. And often an officer might ask for a particular station. We would consider that.

It might be something about family affairs or some other affairs.

Mr. ELSTON. Do you have them made out a request in writing when they want a transfer to some particular place?

General SCHLEY. Not necessarily.

I might say this: That it is unusual for a man to request a certain assignment and get it, because most of them don't request and, in the second place, usually something stands in the way.

So, as a rule, I would say a man gets a new station rather as a surprise, and he takes it and likes it.

Mr. ELSTON. Well, in the Army wasn't the transfer to the Hawaiian area considered one of the best°

General SCHLEY. I have never so considered it. Of course, when you say "one of the best," many things bear on [2429] that. You have more good times at certain places than you do at others. You have more responsibility at some places than at others. Your chances of advancement are greater if you get certain assignments rather than others.

All those things count, depending upon the individual and his personal affairs.

Mr. FENTON. General, is there an increase in salary when an officer is sent from the United States to Hawaii or overseas?

General SCHLEY. At that time my recollection is that there was not. There were several stages of that, looking away back in the earlier service. There was a 10 percent increase for foreign service. At that time the foreign service was the more unhealthful places, such as the Philippines. At that time certain stations were excluded from that special treatment and, as I recall it, it was all wiped out. They found the health records in the Panama Canal Zone were better than in the United States. Hawaii was one of the earlier ones withdrawn because it was a healthful place.

The CHAIRMAN. General, as soon as these records are available to you in the War Department, I wonder if you would make it a point to review them and see if you can secure any further information?

General SCHLEY. Whom would they be sent to?

The CHAIRMAN. The committee has already requested certain documents to be forwarded to the committee, which the Department [*2430*] is assembling for that purpose.

I suggest that you yourself might obtain access to the records and refresh your own memory in regard to them in connection with the Hawaiian Constructors contracts.

General SCHLEY. Then you want me to call the committee?

The CHAIRMAN. I thought we might call you further as a witness after you have had an opportunity to refresh your memory.

General SCHLEY. I will examine the files rather than produce them here, and be prepared to answer these questions about these phases of it.

The CHAIRMAN. I believe Mr. Burton has already requested the documents to be made available to the committee, so that request will stand.

Mr. BURTON. I have requested certain records but there are probably some records in addition to those that it will be necessary for you to consult.

I doubt if everything necessary to refresh your recollection will be included. Do you think they will be, Colonel?

Colonel KNOWLES. I am of the impression that there were no minutes kept of conferences preliminary to the institution of the contract, and that was one point that was discussed in the earlier part of the general testimony.

My understanding is there are no such transcripts. The contract speaks for itself.

[*2431*] So, as I see the picture, the General would have to refresh his recollection from the contracts and the supplements and from such directives as were in existence at that time governing the negotiations.

Mr. BURTON. Is there no correspondence, no transcripts of telephone calls? Wasn't this recommendation which was made to the Under Secretary in writing?

Colonel KNOWLES. The contracts were transmitted from the Corps of Engineers up to a certain period in 1941 where they amounted to over $500,000. I thing around April or May, 1941, that was changed to $5,000,000.

After that period, without being sent to Washington, they were executed in the field.

Mr. BURTON. This was in 1940.

Colonel KNOWLES. That is right. The original contract was for $1,800,000. That would be submitted to the Under Secretary's office for approval.

Mr. BURTON. There would be some record of that?

Colonel KNOWLES. It would be sent with a transmittal slip.

Mr. BURTON. Then, a copy of that would be available?

Colonel KNOWLES. Well, what is available is the last page of the contract where it shows the approval of the Under Secretary. It would come into the Under Secretary's office with probably a buff slip for approval and signature. He [*2432*] would sign under the approval.

General SCHLEY. I would say if it was signed by Colonel Wyman and somebody in the office of the Chief of Engineers, and then went to Mr. Patterson, it would be assumed that it was approved. I would say the fact that it was signed before it reached Mr. Patterson, is prima facie evidence that we recommended that it be signed.

Mr. ELSTON. Wasn't that contract signed in Washington by all parties?

Mr. BURTON. Yes.

Mr. ELSTON. Certainly someone must have sat around a table and there would be some record of that. Perhaps Colonel Wyman could advise you whom he saw when he came to Washington if he did at this time.

You call up some of these departments downtown and they turn on a phonograph and get a record of the conversation. They are getting very particular about some people and very careless about others if they don't keep a record.

General SCHLEY. Of course, responsibility is pretty well fixed. I don't have to have a memorandum. I always assume that with something coming from the field, if a paper comes to my desk with the signature on it, certainly that is recommended to me.

Mr. ELSTON. The fact that they came to Washington to execute that original contract would show that it was necessary [2433] to talk it over with somebody in Washington before the contract could be approved, wouldn't it?

General SCHLEY. Let me put my answer a little different from that. I would say it was not usual for the District Engineer to accompany a contract to Washington. I think anything done outside the country might have had a different light thrown on it.

In the Hawaiian office you have a number of contractors. I have not been in the Hawaiian Islands for 40 years, but I have been in Panama a great deal. In Panama you can't find a local contractor except those who have come down to do some work and stay on for another piece of work.

Mr. DURHAM. Wouldn't that District Engineer have to be ordered here by somebody higher up?

General SCHLEY. He would have to ask permission to come to Washington or we would send for him to come.

Mr. ELSTON. The name of the company, Hawaiian Constructors, would imply that they were ready to do business in Hawaii.

Mr. BURTON. On December 16, according to information that the committee has, this contract had not been signed, and it was negotiated in Washington between December 16, 1940, and December 20, 1940. That is, Colonel Wyman did not accompany the contract here, but he came here and it was negotiated in Washington and, as I said before, according to the information we have, that negotiation took place between Paul Grafe, T. E. [2434] Connolly, yourself, General Robbins, and Major Newman.

According to Mr. Connolly's own signed statement, he came here on December 16, 1940, and that it the first time he ever heard of the contract.

I think that is all.

The CHAIRMAN. We appreciate your coming here today, General, and Major Knowles, and I wonder if you will make an effort to review whatever records you might be able to obtain, and you might let Mr. Burton know whatever you are able to obtain, and if we deem it necessary to do so we might have you come back and question you further with regard to certain matters.

(Thereupon, at 4:30 o'clock p. m., an adjournment was taken without date.)

ARMY PEARL HARBOR BOARD EXHIBIT No. 11A

Vol. 50

REPORT OF PROCEEDINGS

HEARING HELD BEFORE SUBCOMMITTEE SITTING AS SPECIAL COMMITTEE OF THE COMMITTEE ON MILITARY AFFAIRS, HOUSE OF REPRESENTATIVES, U. S., WASHINGTON, D. C., MAY 4, 1944

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[2435] CONTRACT—HONOLULU

THURSDAY, MAY 4, 1944

HOUSE OF REPRESENTATIVES,
SPECIAL COMMITTEE OF THE COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C.

The special committee met at 3:30 p. m., pursuant to adjournment, in Room 2210 New House Office Building, Honorable John W. Costello (chairman) presiding.

Present: Representative Costello (chairman), and Representative Elston (Ohio).

Also Present: Mr. H. Ralph Burton, General Counsel to the Committee.