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EXTRACT FROM LETTER FROM THE SECRETARY OF THE NAVY (C. F. ADAMS)
TO THE CHAIRMAN, INTERSTATE COMMERCE COMMITTEE, DATED MARCH 22, 1932

If it were possible to create an absolute neutral and unbiased world-wide international communication organization, such an organization might prove an excellent and prosperous one, despite the fact that it would stifle competition and development in the several phases of communications and would provide no safeguard of the public's interests. The creation of an international communication company that will serve all nations with the same degree of impartiality can never be possible until after the day that nationalism and national trade rivalries have ceased to exist.

For over three quarters of a century, all of the great powers of the world, except the United States, have realized the immense importance and advantages of nationally controlled communications in the development of their national commerce and their national policies. To gain the advantages that accrued from the control of communications, the great nations built up their own world-wide systems of submarine cables, and American commerce suffered from being left at the mercy of these foreign-owned communication systems. With the advent of radio, the same foreign nations that controlled the cables of the world set about and were in a fair way to obtain world-wide control of radio. But the lessons that the United States had learned from the foreign dominance of the cables and the dangers from espionage and propaganda disseminated through foreign-owned radio stations in the United States prior to and during the war brought about the passage of the Radio Act of 1927, which was intended to preclude any foreign dominance in American radio, the only field for international communications that was not already dominated by foreign interest.

The great nations of the world fully realized the tremendous importance, both to commerce and national defense, of owning and controlling their own radio systems. Great Britain, France, Germany, Russia, and Japan have all built up radio systems controlled either by the government itself or by strictly national corporations, and these countries will never consent to the injection of international influence in their communication organizations.

Considering from a strictly national defense point of view, the question of international ownership or dominance of American radio companies, a few of the more salient objections should be emphasized. In the event of war between other nations, nationally owned companies would be expected to scrupulously guard against committing an unneutral

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act, whereas, an international company would not only lack the same incentive, but might even find it advantageous to perform unneutral service. Such stations might easily be employed in espionage work and in the dissemination of subversive propaganda.

It is not sufficient that the military forces have authority to assume control of radio stations in war. A certain amount of liaison between radio company executives and Department officials responsible for Government communications is required in peacetime. Familiarity on the part of commercial executives of American radio companies with communication operating methods, plans and developments of the military Departments of the Government is certainly to the best interest of the Nation. Some of these matters are of a very secret nature. For the Navy Department to initiate and carry out this important contact with commercial companies, the divulging of confidential plans to directors is necessary. This is obviously impossible with even one foreigner on the board.

International companies must have agreements between their subsidiaries and the parent companies for a free exchange of information. Foreign personnel are transferred from one subsidiary to another so as to obtain intimate knowledge of the methods and equipment employed by other branches. It is impossible for a military service to work in close cooperation with or disclose its new developments to an organization which has foreign affiliations of this nature and employs foreign personnel.

With these points in mind - commercial and national defense - and realizing the foreign dominance in cables, it must be apparent that no truly international communication system is possible. Nations will not agree to the relinquishing of their leadership in any branch of the field when such factors may affect adversely, their commerce or national defense. National ownership or control of communication systems will continue to exist and no other practical plan for the great nations can be foreseen at the present time. Until world conditions are changed, this Department will look with apprehension upon any legislation which permits communication companies in this country to be subject to foreign influence. Such companies must of necessity include international companies.

/s/ Charles F. Adams

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