

# Ronald Reagan Presidential Library

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United States Forces at Keflavik, Iceland  
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(Robinson/ARD)  
October 8, 1986  
6:00 p.m. *RR*

*Ro*

PRESIDENTIAL REMARKS: GREETING TO U.S. FORCES  
KEFLAVIK, ICELAND  
SUNDAY, OCTOBER 12, 1986

Thank you all. It's good to feel so at home.

Permit me to say first that the talks I have just concluded with General Secretary Gorbachev were encouraging and useful. We spoke at some length about arms control, a matter of vital importance to all the world, and of human rights and regional conflicts. Of course General Secretary Gorbachev and I were frank about our disagreements, of which many remain. But we laid the groundwork for what could be a successful summit in the United States in the future.

Tomorrow evening I will speak about these Iceland talks more fully in a brief address to the Nation. But since so many of you had a hand in making them possible, I thought you'd like to know that they were a success -- that what took place on this beautiful island yesterday and today will help you in your mission of keeping the peace.

This brings me to my main reason in coming to Keflavik [KEFF-la-VICK] today -- to see you all and express my gratitude -- gratitude for a difficult job well done.

Iceland has always held a position of importance in the Atlantic, commanding, if you will, the sea between the Old World and the New. Indeed, many of those who believe that the Vikings were the first Europeans to discover the Americas, hold that the ancient Norse sailors first heard of North America from an Icelander.



During World War II, Iceland played a crucial role in the battle for freedom. Early in the war, German U-2 boats began to exact a devastating toll from British shipping, including the shipping that supplied the British people with food. Between March and December 1941, the Germans sank British ships totalling more than a million tons; Churchill watched with growing disquiet as his nation was pushed closer and closer to starvation.

In April 1941, the British established bases on this island for escort groups and aircraft. In July, we joined them, with the consent of the Icelandic authorities, with bases of our own. These operations staged from this very island proved decisive in the balance of the entire struggle. In Churchill's words, the "escort groups became ever more efficient, and as their power grew, that of the U-boats declined." Britain was saved to continue the struggle for freedom.

Today, Iceland's importance remains undiminished. The U.S. and Iceland are joined together as members of NATO. And here you are, thousands of miles from home -- closer, indeed, to the Soviet naval bases on the Kola Peninsula than to our own East Coast. In view of those naval bases and other potential threats, you serve as a vanguard for Iceland, the United States, and all the NATO Allies. You monitor military air traffic. You track submarines. And you monitor shipping movements in the vital sea lanes between the United States, Iceland, and Europe.

You perform all these tasks with efficiency and dedication -- in short, with a keen sense of duty. Ladies and gentlemen of our Armed Forces: On behalf of a grateful Nation, I

commend you. As Commander-in-Chief, I salute you. [President renders hand salute.]

But you know, there are some people here in civilian dress today: I can't salute them, of course, but seeing them does bring to mind all the sacrifices your families make. So whether your families are here or back home, the next time you see them or write a letter, you tell them from me: The President thanks them, and America thanks them.

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Well, it's time to go now -- after all, Congress is still in session, and I've got to get back to keep an eye on them. But in closing, let me say simply this. You are not here on NATO's front line -- you are not making the sacrifice of leaving home and friends so far behind -- merely to keep the world from getting worse. You are here to make it better, for you are here in the name of liberty.

For the ultimate goal of American foreign policy is not just the prevention of war but the expansion of freedom -- to see that every nation, every people, every person, someday enjoys the blessings of liberty. All that you do -- and all that took place here during these past 2 days -- has strengthened world peace -- the peace in which the flame of freedom can continue to spread.

Thank you, and God bless you all.

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THE WHITE HOUSE

WASHINGTON

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PETER

THE WHITE HOUSE

WASHINGTON

October 8, 1986

MEMORANDUM FOR ANTHONY DOLAN  
SPECIAL ASSISTANT TO THE PRESIDENT AND  
CHIEF SPEECHWRITER

FROM: PETER J. WALLISON 

SUBJECT: Presidential Remarks: Greetings to U.S. Forces --  
Keflavik, Iceland (10-7-86 6:00 p.m. Draft)

Counsel's office has no legal objection to the proposed Presidential remarks to the American forces stationed at Keflavik, Iceland. We have some concern, however, about the President's humorous reference to keeping an eye on Congress. It does not seem appropriate for the President to appear to be demeaning Congress, even in a humorous way, in this setting. I have suggested a slight change in language.

cc: David Chew

(Robinson/ARD)  
October 7, 1986  
6:00 p.m.

PRESIDENTIAL REMARKS: GREETING TO U.S. FORCES  
KEFLAVIK, ICELAND

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Well, it's time to go now -- after all, Congress is still in session, and ~~I've got to get back to keep an eye on them.~~ *the vital defense budget is still a matter of dispute.* But in closing, let me say simply this. You are not here on NATO's front line -- you are not making the sacrifice of leaving home and friends so far behind -- merely to keep the world from getting worse. You are here to make it better, for you are here in the name of liberty.

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Thank you, and God bless you all.



Howard Perlow

647-9980

Steve

(Robinson/ARD)  
October 8, 1986  
2:00 p.m. RR

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The area is well served by rail, road (including motorway [super highway]), and canal facilities. Pop. (1971 est.) 799,000.

Leich (music): see lai.

**Leichardt, (Friedrich Wilhelm) Ludwig** (1813-48), German explorer who crossed the Australian continent (1844-45) from Moreton Bay (Queensland) to Port Essington (North-west Territory), a feat described in his journal (1847). He attempted to cross Australia from east to west but disappeared on the Cogoon River.

North Australian exploration 2:416d

**Lei-chou Pan-tao** (China): see Luichow Peninsula.

**Leiden**, English LEYDEN, municipality (gemeente), Zuid-Holland Province, western Netherlands, at the junction of the Oude Rijn (Old Rhine) and Nieuwe Rijn (New Rhine) rivers, northeast of The Hague. The name of Lugdunum Batavorum sometimes applied to it is not of Roman origin but was given to it by Janus Doussa (Johan van der Does), statesman and defender of Leiden against the Spaniards, in his *Nova Poemata* (1575; "New Poems"). First recorded in 922 as a holding of Utrecht diocese, it was originally called Leiden and grew around the 12th-century castle (Burcht); its charter was confirmed and extended in 1266. Until 1420 it was governed by a representative of the court of Holland. In the 14th century, an influx of weavers from Ypres laid the basis for textile prosperity. Leiden became a noted printing centre after the Elzevir family (from Louvain) established their press there c. 1581. During the Dutch revolt against Spain, the city endured a Spanish siege (May-October 1574) that was relieved only when the dikes were cut, flooding the countryside and enabling Dutch ships to carry provisions to the townspeople.

The University of Leiden was founded in 1575 by William I the Silent, prince of Orange, and became the centre of Protestant theology and of science and medicine in the 17th and 18th centuries, with such scholars as Joseph Justus Scaliger, Hugo Grotius, Jacobus Arminius, Daniel Heinsius, Franciscus (Frans) Hemsterhuis, and Hermann Boerhaave. Institutions affiliated with the university include the Royal Institute of Linguistics and Anthropology, the National Museum of Antiquities, the National Museum of Ethnology of Asia, the Museum of the History of Science, the botanical gardens (1587), and the observatory. The city was the birthplace of many famous painters including Rembrandt, Jan van Goyen, Jan Steen, Gabriel Metsu, and Gerard Dou; in the 17th century it became a centre of the Dutch artistic Renaissance.

Historic buildings include the Gemeenlands-huis van Rijn (1596; partly restored 1878), the weighhouse (1658; restored 1957-58), and the Municipal Museum (1869) in the old Laken-hal, or cloth hall (1640). The 17th-century town hall was burned in 1929 and has been rebuilt. The Pilgrim Fathers house (dedicated 1957) contains documents concerning the stay of the Pilgrims in Leiden, 1609-20; the medieval St. Pieterskerk (St. Peter's Church) contains a memorial to their pastor, John Robinson. Gothic Hooglandse Kerk (St. Pancras Church) dates from the 15th century.

The decline of the textile industry in the 18th century caused a period of economic stagnation until the industrialization of the late 19th century. Economic activities now include metallurgy, the graphic arts, the manufacture of building materials, and food processing. Leiden's cheese and cattle markets are among the nation's largest and there are bulb-growing farms to the west. Nearby are the seaside resorts of Noordwijk and Katwijk. There has been considerable development of the outlying residential areas since World War II, but the old town remains the centre of the city's activities. Pop. (1971 est.) 100,135. 52°09' N, 4°30' E

Dutch flowering bulb industry origin 3:64b  
Low Countries medieval urbanization 11:138a  
map, The Netherlands 12:1060

**Leiden, Rijksuniversiteit te**, English STATE UNIVERSITY OF LEIDEN, coeducational, state-supported institution of higher learning located in Leiden, Neth., founded in 1575 by William of Orange. By the early 17th century, Leiden had an international reputation as a centre of theology, science, and medicine. Hermann Boerhaave (q.v.), who was largely responsible for Leiden's reputation in the study of medicine, spent his professional life there.

The University of Leiden has faculties of theology, law, medicine, mathematics, natural sciences, physics, and philosophy. Institutes connected with it include the Royal Institute of Linguistics and Anthropology, the Rijksmuseum van Oudheden (prehistory of The Netherlands and antiquities), the botanical gardens, Leiden Observatory, and the National Museum of Ethnology of Asia. In the early 1970s there were about 11,000 students.

**Leiden des Jungen Werthers, Die** (novel by Goethe): see Sorrows of Young Werther, The.

**Leiden Plate**, Mayan jade plaque dating from AD 320.

Mayan calendar inscription 11:943a

**Lei do Ventre Livre** (Brazilian law): see Rio Branco Law.

**Leidy, Joseph** (b. Sept. 9, 1823, Philadelphia—d. April 30, 1891, Philadelphia), zoologist, one of the most distinguished and versatile scientists in the U.S., made important and original contributions to the fields of comparative anatomy, parasitology, and paleontology. Soon after his appointment as librarian and curator at the Philadelphia Academy of Natural Sciences (1846), he became chairman of the Board of Curators (1847-91). The founder of paleontology in the U.S., he made extensive studies of fossil deposits in the western states. The first of his many pioneer works on the subject, "On the Fossil Horse of America" (1847), showed that the horse had lived and become extinct on the North American continent long before the arrival of Columbus. He subsequently proved the prehistoric presence in the western U.S., of the lion, tiger, camel, and rhinoceros.



Leidy

By courtesy of the University of Pennsylvania, Philadelphia

In 1848 he published *Researches Into the Comparative Anatomy of the Liver*, the first thorough study made of that organ. Upon his appointment as professor of anatomy at the University of Pennsylvania (1853-91), where he was to serve as director of the biology department (1884-91), he established himself as a leader in parasitology with the publication of *A Flora and Fauna Within Living Animals*, the first important study of the parasites of the alimentary canal. He also identified a spiral worm discovered in pork as *Trichina spi-*

*ralis*, an organism known to be a dangerous parasite in man. The discovery led to knowledge of the cause and prevention of trichinosis.

The chief U.S. authority of his time on protozoa, Leidy published several original works on the lower animal orders. One, *Fresh Water Rhizopods of North America* (1879), became a standard work in the field and contained drawings by him noted for their accuracy. In another, "Synopsis of Entozoa, and some of their Ecto-congeners," he described and named more than 100 new species. In all, he published more than 600 works, among which are the *Elementary Treatise on Human Anatomy* (1861), recognized as a classic American text on the subject; "On the Extinct Mammalia of Dakota and Nebraska" (1869), described by the prominent U.S. paleontologist Henry Osborn as possibly the most important paleontological work produced in the U.S.; and a treatise on intestinal worms in William Pepper's *System of Practical Medicine* (vol. II, 1885), the first comprehensive work on these parasites published in the U.S.

**Leif Eriksson**, surname also spelled ERICSON OF ERIKSON (fl. 11th century), Norse explorer widely held to have been the first European to reach the shores of North America. The 13th- and 14th-century Icelandic accounts of his life and additional later evidence show that he was certainly a member of an early Norse Viking voyage to North America; but it remains doubtful whether he led the initial expedition.

The second of three sons of the Norwegian Eric the Red, the first European colonizer of Greenland, Leif (also known as Leifr the Lucky) sailed from Greenland to Norway in 1000, according to the Icelandic *Eiriks saga* ("Saga of Erik"), and was there converted to Christianity by the Norwegian king Olaf I Tryggvason. The following year Leif was commissioned by Olaf to urge Christianity upon the Greenland settlers. He sailed off course on the return voyage and landed on the North American continent at a region he called Vinland (possibly Nova Scotia), perhaps because of the wild grapes and fertile land he found there. On returning to Greenland he proselytized for Christianity and converted his mother, who built the first Christian church in Greenland, at Brattahlid.

According to the *Groenlendinga saga* of *Flateyjarbók* ("Tale of the Greenlanders" in the "Songbook"), considered more reliable than the *Saga of Erik* by many modern scholars, Leif learned of Vinland from the Icelandic Bjarni Herjulfsson, who had been there 4 years earlier. The *Saga* pictures Leif as reaching North America several years after 1000 and visiting Helluland (possibly Labrador) and Markland (possibly Newfoundland) as well as Vinland. Further expeditions to Vinland were then made by Thorvald, Leif's brother, and by the Icelandic Thorfinn Karlsefni.

North American exploration  
probabilities 7:1038a

**Leigh**, market town, metropolitan county of Greater Manchester (until 1974 in Lancashire), England, on the western periphery of the urban complex centred on Manchester and on the southern part of the Lancashire coalfield. The former staple products of coal and cotton, production of which was stimulated by the building of the Leeds and Liverpool Canal and by the invention of the machine known as the spinning jenny (1763-64), are now in decline and being replaced by engineering industries. The grammar school is a pre-Elizabethan foundation. Pop. (1971 prelim.) 46,117. 53°30' N, 2°33' W

**Leigh Creek**, village and coalfield, east central South Australia, 350 mi (563 km) north of Adelaide. Lignite coal, discovered there in

PETER

(Robinson/ARD)  
October 7, 1986  
6:00 p.m.

NSC 45

PRESIDENTIAL REMARKS: GREETING TO U.S. FORCES ON - 7 - 00  
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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

October 7, 1986

MEMORANDUM FOR PETER

FROM

ROWENA 

SUBJECT

Icelandic Defense Forces

At present, Iceland's defenses are entirely in the hands of approximately 3,000 U.S. servicemen stationed at the Keflavik Air Base outside Reykjavik under an agreement dating back to 1951.

Keflavik's role is to defend Iceland in the event of a conflict and be part of the NATO network of collective defense. It is important as a surveillance post for monitoring military air traffic, maintaining a watch on shipping movements and tracking submarines.

In Keflavik, U.S. Orion and AWACS early warning planes patrol the Atlantic, while seabed detection systems are placed around the island for tracking submarines.

The Iceland government's growing interest in defense coincides with plans to build two new NATO radar stations, bring in a new generation of U.S. fighters for the American-manned Icelandic Defence Force and expand the facilities at the Keflavik Base.

Facilities include a U.S. and NATO-funded plan to build a 60 million dollar underground fuel depot and a new Command and Control Center designed to withstand heavy attacks.


In addition, the U.S. and Iceland will share the cost of building a 40 million dollar new air terminal to be used for both civilian and military flights.

MEMORANDUM

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SUBJECT Icelandic Defense Forces

At present, Iceland's defenses are entirely in the hands of approximately 3,000 U.S. servicemen stationed at the Keflavik Air Base outside Reykjavik under an agreement dating back to 1951.

Keflavik's role is to defend Iceland in the event of a conflict and be part of the NATO network of collective defense. It is important as a surveillance post for monitoring military air traffic, maintaining a watch on shipping movements and tracking submarines.

In Keflavik, U.S. Orion and AWACS early warning planes patrol the Atlantic, while seabed detection systems are placed around the island for tracking submarines.

The Iceland government's growing interest in defense coincides with plans to build two new NATO radar stations, bring in a new generation of U.S. fighters for the American-manned Icelandic Defence Force and expand the facilities at the Keflavik Base.

Facilities include a U.S. and NATO-funded plan to build a 60 million dollar underground fuel depot and a new Command and Control Center designed to withstand heavy attacks.

In addition, the U.S. and Iceland will share the cost of building a 40 million dollar new air terminal to be used for both civilian and military flights.

# background notes

# Iceland



United States Department of State  
Bureau of Public Affairs

July 1981



**Official Name:**  
Republic of Iceland

## PROFILE

### People

**NATIONALITY:** *Noun*—Icelander (s). *Adjective*—Icelandic. **POPULATION** (1979): 226,724. **ANNUAL GROWTH RATE** (1978): 0.9%. **ETHNIC GROUP:** Homogeneous mixture of descendants of Norwegians and Celts. **RELIGION:** Evangelical Lutheran. **LANGUAGE:** Icelandic. **EDUCATION:** *Years compulsory*—8. *Attendance*—99%. *Literacy*—99.9%. **HEALTH:** *Infant mortality rate*—9.6/1,000. *Life expectancy*—men 73 yrs., women 79 yrs. **WORK FORCE** (about 99,000, 1977): *Agriculture*—9%. *Fisheries*—14%. *Industries and commerce*—43%. *Services and government*—34%.

### Geography

**AREA:** 102,845 sq. km. (39,709 sq. mi.); slightly smaller than Ky. **CITIES:** *Capital*—Reykjavik (pop. 84,000). *Other cities*—Kopavogur (14,000), Akureyri (13,000). **TERRAIN:** Rugged. **CLIMATE:** Maritime temperate.

### Government

**TYPE:** Constitutional republic. **INDEPENDENCE:** 1944.  
**CONSTITUTION:** 1874.

**BRANCHES:** *Executive*—President (chief of state), Prime Minister (head of government), Cabinet (10 ministers). *Legislative*—bicameral parliament. *Judicial*—Supreme Court, district courts, special courts.

**POLITICAL PARTIES:** Independence (IP), Progressive (PP), Social Democrats (SDP), People's Alliance (PA). **SUFFRAGE:** Universal over 18.

**SUBDIVISIONS:** 20 *Sýslur* (counties).

**NATIONAL HOLIDAY:** June 17, anniversary of the establishment of the republic.

**FLAG:** Red cross edged in white on a blue field.

### Economy

**GNP** (1979 est.) \$2.4 billion. **ANNUAL GROWTH RATE** (1980 est.): 1%. **PER CAPITA INCOME** (1979 est.): \$9,000. **AVG. INFLATION RATE LAST 4 YRS.:** 50%.

**NATURAL RESOURCES:** Fish, hydroelectric and geothermal power, and diatomite.

**AGRICULTURE** (6% of GNP): *Products*—livestock, hay, fodder, cheese.

**INDUSTRY** (36% of GNP): *Types*—fishing, aluminum processing.

**TRADE** (1979): *Exports*—\$789 million: fish 75%. *Partners*—EC 30%, US 28%, EFTA 15%, USSR 11%. *Imports*—\$825.2 million: petroleum products, machinery, transport equipment, fishing vessels, food, textiles. *Partners*—EC 47%, EFTA 21%, US 7%, USSR 4%.

### OFFICIAL EXCHANGE RATE

(June 1981): 7.14 kronur = US\$1.

### FISCAL YEAR: Calendar year.

**MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS:** UN, NATO, Nordic Council, GATT, OECD, Council of Europe.

## PEOPLE

Most Icelanders are descendants of Norwegian settlers and Celts from the British Isles, and the population is remarkably homogeneous. Some 85% of Icelanders live in urban areas. The Icelandic language is closest of the Nordic languages to the Old Norse language and has remained relatively unchanged since the 12th century. Iceland is the most literate nation in the world, with literacy estimated at 99.9%.

About 97% of the population belongs to the state church, the Evangelical Lutheran Church, or other Lutheran Churches. However, Iceland has complete religious liberty, and other Protestant and Roman Catholic congregations are present.

## Cultural Achievements

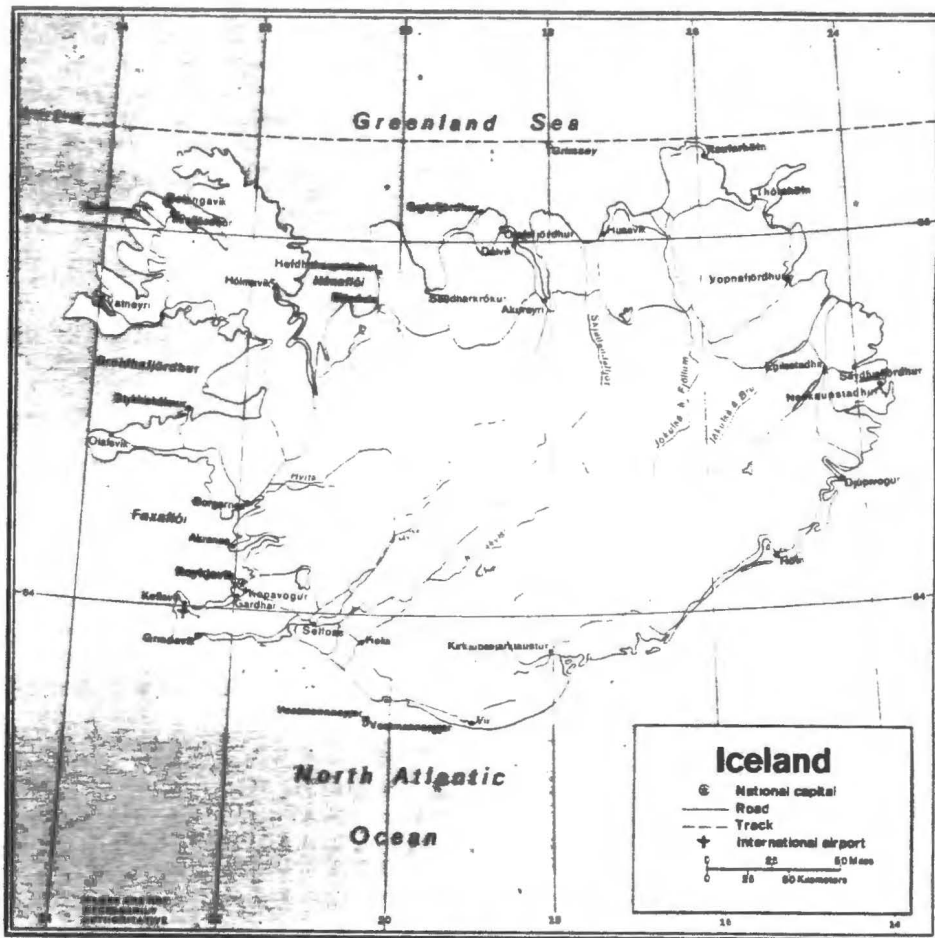
Iceland's proudest cultural achievement is its contribution to literature. In the 12th and 13th centuries, Icelandic writers recorded the Eddic and Skaldic poetry portraying many of the legends, religious beliefs, and ideas of the pre-Christian Nordic/Germanic people, thereby preserving much of this invaluable heritage.

The Sagas, almost all of which were written in the period 1180-1300, are Iceland's best known literary accomplishment. Based on Norwegian and Icelandic histories and genealogies, the Sagas present views of Nordic life and times up to 1100, and they have no counterpart anywhere in the Nordic world. The Saga writers sought to record their heroes' great achievements and to glorify the virtues of courage, pride, and honor, focusing in the later Sagas on the early settlers of Iceland.

Iceland's fine arts did not flourish to the same extent as its literature until the 19th century because the population was small and scattered. Perhaps Iceland's most famous painters are Asgrimur Jonsson, Jon Stefansson, and Johannes Kjarval, all of whom worked during the first half of the 20th century. The best known modern sculptor, Asmundur Sveinsson (born 1893), has drawn his inspirations from Icelandic folklore and the Sagas.

## GEOGRAPHY

Iceland is an island in the North Atlantic Ocean east of Greenland and immediately south of the Arctic Circle. It lies about 4,200 kilometers (2,600 mi.) from New York and 830 kilometers (520 mi.) from Scotland.



Almost 80% of Iceland's land area, which is of recent volcanic origin, consists of glaciers, lakes, a mountainous lava desert (highest elevation 2,000 m.—6,590 ft.—above sea level), and other wasteland, with the remainder used for cultivation or grazing. The inhabited areas are on the coast, particularly in the southwest.

Due to the Gulf Stream's moderating influence, the climate is characterized by damp, cool summers and relatively mild but extremely windy winters. In Reykjavik, the average temperature is 11°C (52°F) in July and -1°C (30°F) in January.

## HISTORY

Iceland was settled in the late 9th and early 10th centuries, principally by Norwegians. In A.D. 930 the ruling chiefs of Iceland established a republican constitution and an assembly called *Althing*—the oldest parliament in the world. Iceland remained independent un-

til 1262 when the Norwegian King succeeded in extending his sovereignty to Iceland. It passed to Denmark late in the 14th century when Norway and Denmark were united under the Danish crown.

Early in the 19th century, national consciousness revived in Iceland. The *Althing* had been abolished in 1800, but in 1843 it was reestablished as a consultative assembly. In 1874 the *Althing* obtained limited legislative authority, and a constitution was granted to Iceland. The constitution was revised in 1903 when home rule was granted, and a Minister for Icelandic Affairs, residing in Reykjavik, was made responsible to the *Althing*. The Act of Union, a 1918 agreement with Denmark, recognized Iceland as a fully sovereign state united with Denmark under a common king. Iceland established its own flag, and asked that Denmark represent Iceland's foreign affairs and defense interests.

The German occupation of Denmark in 1940 severed communications between Iceland and Denmark. In May 1940, Iceland was occupied by British military forces. In July 1941, responsibility for Iceland's defense passed to the

United States under a U.S.-Icelandic defense agreement. Following a plebiscite, the country was formally established as an independent republic on June 17, 1944.

In October 1946, the Icelandic and U.S. Governments agreed to terminate U.S. responsibility for the defense of Iceland, but the United States retained certain rights at Keflavik. In 1949, Iceland became a charter member of the North Atlantic Treaty Organization (NATO). After the outbreak of hostilities in Korea in 1950, and pursuant to the request of NATO military authorities, the United States and Iceland agreed that the United States should be responsible again for Iceland's defense. This agreement, signed on May 5, 1951, is the authority for the U.S. military presence in Iceland. Iceland is the only NATO country with no military forces of its own.

## GOVERNMENT

The president, elected to a 4-year term, has limited powers. The prime minister and the cabinet exercise most executive functions.

The *Althing* (parliament) is composed of 60 members, normally elected every 4 years. After elections, the *Althing* divides itself into upper (20 members) and lower (40 members) houses, but the two houses often meet together. Suffrage for presidential and parliamentary elections is universal and the electoral system combines direct and proportional representation.

The judiciary consists of the Supreme Court, district courts, and various special courts. The constitution protects the judiciary from infringement by the other two branches.

### Principal Government Officials

President—Vigdís Finnbogadóttir  
Prime Minister and Minister of the Statistical Bureau—Gunnar Thoroddsen (IP)

### Ministers

Foreign Affairs—Dr. Ólafur Jóhannesson (PP)  
Fisheries and Communications—Steingrímur Hermannsson (PP)  
Health, Social Security, and Social Affairs—Svavar Gestsson (PA)  
Commerce—Tomas Arnason (PP)  
Justice and Ecclesiastical Affairs—Fridjon Thordarson (IP)  
Agriculture—Palmi Jonsson (IP)

Power and Industry—Hjorleifur Guttormsson (PA)  
Finance—Ragnar Arnalds (PA)  
Culture and Education—Ingvar Gislason (PP)

Ambassador to the United States—Hans G. Andersen  
Ambassador to the United Nations—Tomas Tomasson

Iceland maintains an embassy in the United States at 2022 Connecticut Avenue N.W., Washington, D.C. 20008 (tel. 202-235-6653).

## POLITICAL CONDITIONS

Inability to agree on effective economic policies led to the fall of the 1978-79 leftist coalition government in October 1979. Pending new elections, the Social Democratic Party formed a minority caretaker government but with support in parliament from the Independence Party. Results of the early December elections were inconclusive, and a long period of negotiation culminated in a new coalition government in February 1980. This coalition comprised the Progressive Party, the People's Alliance, and a splinter group of the Independence Party, whose vice chairman became prime minister. The Social Democrats and the main body of the Independence Party are in opposition.

Although the People's Alliance continues to oppose Iceland's membership in NATO and the presence of the American forces at the Keflavik NATO Base, the government has made clear that it does not intend to change existing defense arrangements. The government continues to feel that its most urgent problems concern the economy and the high inflation rate.

### *Althing* seats:

	1974	1978	1980
Independence Party	25	20	22
Progressive Party	17	12	17
People's Alliance	11	14	11
Social Democratic Party	5	14	10
Other	2	—	—

## ECONOMY

Iceland's economy has experienced far-reaching changes since World War II. The gross national product (GNP) rose by an average annual rate of over 5% during the decade 1969-79, although the rate of increase slowed during 1979-80. Iceland's per capita income is higher than the average for Europe.

Fish is Iceland's primary natural resource, although catches are diminishing. Iceland is making attempts to diversify its economy. About 13% of the population depends on fishing and fish processing for a livelihood, 9% on agriculture, and 28% on manufacturing and construction. The United States is the major overseas market for processed fish and fish products.

In 1980, the European Community, the United States, and the European Free Trade Association (EFTA), in that order, were Iceland's most important customers. Other important export markets were the U.S.S.R. and Japan. Trade with the U.S.S.R. in 1980 accounted for about 7% of exports and 11% of imports.

During the last few years the U.S. share of Iceland's imports has been about 7%, although it increased to around 10% in 1980. The principal products of U.S. origin sold to Iceland in 1980 were transportation equipment, road vehicles, tobacco, and cereals and grains.

## TRAVEL NOTES

**Climate and clothing**—The climate in Iceland is similar to that in the US northwest. Woolen or other warm clothing is worn all year.

**Tourist attractions**—The main attraction of Iceland is its scenery, particularly during the late spring and summer. The rugged landscape includes geysers and hot springs in various parts of the country and numerous waterfalls streaming from the glaciers and volcanic fields. The major historic site, now a national park, is Thingvellir, where the world's first parliament convened.

**Telecommunications**—Telephone and telegraph service is state owned and is available to all parts of Iceland and principal points abroad. Washington, DC noon e.s.t. = 5:00 pm Reykjavik.

**Transportation**—Iceland has no railroads or streetcars. Local taxi and bus services are safe and efficient, but taxi fares are higher than on the US east coast. Most roads outside the immediate vicinity of Reykjavik are dirt or gravel and are only of poor to fair quality. Cars or four-wheel-drive vehicles may be rented.

**Health**—Iceland has no endemic health problems. The major cities have adequate medical facilities.



## READING LIST

These titles are provided as a general indication of the material published on this country. The Department of State does not endorse unofficial publications.

- Davis, Morris. *Iceland Extends Its Fisheries*. Oslo: Universitetsforlaget, 1965.
- Gislason, Gylfi Th. *The Problem of Being an Icelander—Past, Present, and Future*. P. K. Karlsson, trans. Reykjavík: Almenna bokafélagid, 1973.
- Griffiths, John C. *Modern Iceland*. Praeger, 1969.
- Grondal, Benedikt. *Iceland: From Neutrality to NATO Membership*. Oslo: Universitetsforlaget, 1971.
- Johnson, Skuli, ed. *Iceland's Thousand Years*. Winnipeg, 1945.
- Scherman, Katherine. *Daughter of Fire, A Portrait of Iceland*. Boston: Little, Brown & Co., 1976.
- Tomasson, Richard F. *Iceland: The First New Society*. Minneapolis: University of Minnesota, 1980.
- Available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402:
- U.S. Department of Commerce. *Foreign Economic Trends—Iceland*.
- U.S. Department of State. *Post Report on Iceland*. March 1980.

Iceland has few proven mineral resources, although deposits of diatomite (skeletal algae) are being developed. Abundant hydroelectric and geothermal power is being harnessed gradually. Seventy percent of the population enjoys geothermal power heating.

An aluminum smelter near Reykjavík has an annual capacity of 74,700 metric tons (MT), and a new ferrosilicon smelter produces about 45,000 MT annually. Both are based on Iceland's wealth of energy and use imported raw materials.

Iceland has no railroads. Organized roadbuilding began about 1900. The present national road system connecting

most of the population centers is largely in the coastal areas and consists of about 12,177 kilometers (7,565 mi.) of dirt and gravel roads and about 200 kilometers (124 mi.) of hard-surface roads. Regular air and sea service connects Reykjavík with the other main urban centers. In addition, airlines operate scheduled flights from Iceland to Europe and North America.

Iceland became a full EFTA member in 1970 and entered into a free-trade agreement with the European Community in 1973.

## FOREIGN RELATIONS

Iceland wishes to maintain and strengthen its economic and political independence and a balanced foreign trade without becoming unduly involved in controversies among other nations. While Iceland maintains diplomatic and commercial relations with the leading nations of the East and West, its ties with the other Nordic nations and with the United States are particularly close.

Within the current government, the People's Alliance Party's opposition to Iceland's NATO membership is counterbalanced by the support for Western cooperation of other ministers from the Independence and Progressive Parties. The fisheries dispute with the United Kingdom strained Iceland's ties with NATO, but despite some residual ill-feeling, most Icelanders continue to support the alliance.

## U.S.-ICELANDIC RELATIONS

U.S. policy aims at maintaining the present close, cooperative relations with Iceland, both as a NATO ally and as a friend interested in the commonly shared objectives of establishing world peace and freedom and encouraging worldwide economic and social development.

The question of whether U.S. defense forces stationed at Keflavik under NATO auspices should be requested to leave the country has periodically surfaced as a major political issue in Iceland. The question was hotly debated in the 1974 general election campaign after the outgoing leftist government had invoked the termination provision of the Iceland-U.S. defense agreement. In October 1974 a Memorandum of Understanding was signed between the two governments. This memorandum ended the review process under the termination clause invoked previously and called for continued use by the United States of defense facilities on mutually acceptable terms.

The present Icelandic Government and the United States have continued the close and friendly relations they have enjoyed since the conclusion of the 1974 agreement.

## Principal U.S. Officials

Ambassador—Marshall Brement  
Deputy Chief of Mission—To be named.  
Political Officer—Elizabeth Spiro  
Economic Officer—Frederick O. Shoup  
Administrative Officer—William Schrock  
Consular Officer—David G. Whittlesey  
Commander, Iceland Defense Force—Adm. Ronald Maryott (USN)

The U.S. Embassy in Iceland is at Laufasvegur 21, Reykjavík (tel. 29100). ■

Published by the United States Department of State • Bureau of Public Affairs • Office of Public Communication • Editorial Division • Washington, D.C. • July 1981  
Editor: Joanne Reppert Reams

Department of State Publication 8227  
Background Notes Series • This material is in the public domain and may be reproduced without permission; citation of this source would be appreciated.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 • Subscription price: \$16 per year; \$20 for foreign mailing. Single copy price varies.

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October 7, 1986

Mr. Ben Jarrett  
165 Old Executive Office Building  
The White House  
Washington, D.C. 20500

Dear Ben:

Attached is a revised draft of the letter we proposed for Presidential signature last June. It is unfortunate that the original effort failed to find its way through the bureaucratic maze, since a letter from Reagan would have been front page news at that time and would have garnered a lot of goodwill for our President. Having said that, I still feel that the effort is worthwhile.

For background, I have included the original package that went forward (which contained a letter to Sveinn's wife, Sigrun, also for Presidential signature) and a note to the Secretariat explaining the Icelandic custom of using first names.

Best regards,

  
Jordan E. Rizer  
Director

Dear Vigdis:

In preparing for my trip to Iceland this week, I learned of the death of Sveinn Eiriksson. I am sorry that I never had an opportunity to meet the legendary chief of the Keflavik Fire Company because he must have been the kind of man about which Viking legends are made. ✓

From Boston, Massachusetts, where he was appointed an honorary citizen for his contributions to fire safety, to Honolulu, Hawaii, where he assisted in a project for cooling and controlling the flow of lava by spraying it with seawater--much as he had done in Heimaey years before--Sveinn's friends mourned his passing. A man honored by both our Governments, we will remember how he labored to bring our countries closer together and will always be grateful for his 35 years of faithful service in the cause of freedom and peace.

The world is a better place because Sveinn Eiriksson lived, and he will be greatly missed.

Sincerely,

Vigdis Finnbogadottir  
President of Iceland  
Skrifstofa Forseta Islands  
Stjornarradshusinu vid Laekjartorg  
Reykjavik, Iceland



*Memorandum*

TO: 1. DIRECTOR FOR MANAGEMENT, OASD(PA)

2.

3.

FROM: DIRECTOR: AFIS Initials \_\_\_\_\_ Date 12 Jun 1986\*ACTION OFFICER/DRAFTER CAPT P.T. Smith, USN Initials \_\_\_\_\_ Telephone X65282  
\*(REQUIRED)Typed by Joan ShineSUBJECT: Letter of sympathy and recognition to the President of Iceland from  
the President upon the death of Sveinn R. EirikssonPROBLEM: To recognize appropriately the contributions of Sveinn  
(Max. 5 lines) Eiriksson to Icelandic Defense Force and other  
accomplishments.DISCUSSION: Sveinn Eiriksson, who died on June 2, 1986, worked for  
(Max. 10 lines) the Icelandic Defense Force for 35 years. He was Chief  
of the U.S. Naval Station Keflavik, Iceland, Fire  
Department from 1963 to his death, and one of the  
greatest proponents of U.S./Islandic cooperation in  
his country. His many awards and accomplishments are  
listed in the attached biography.RECOMMENDATION: That the ASD sign and forward the attached action  
(Max. 5 lines) memorandum to the Executive Secretariat with proposed  
letter of sympathy attached.COORDINATION: BG Drew, JCS J5 DOPMA - 56585  
(As needed..... Mr. Lellenberg, ISA - 40661  
Name, Telephone # CAPT Smith OP60F - 55687  
Position) Ms. Sarah Horsey, State - 647-1774  
Icelandic DeskATTACHMENTS: YES X NO \_\_\_\_\_-----  
-----  
(This portion to be completed by Director of Management)

Disposition/Comments: TO: \_\_\_\_\_



ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, DC 20301

PUBLIC AFFAIRS

MEMORANDUM FOR EXECUTIVE SECRETARIAT

SUBJECT: Letter of sympathy and recognition from the  
President of the United States to the President  
of Iceland--ACTION MEMORANDUM

The Issue

To express officially this country's sympathy, recognition, and appreciation for the personal contributions of Sveinn Eiriksson, who as an employee of the Icelandic Defense Force, did much to enhance friendly relations between the United States and the government and people of Iceland. Sveinn died June 2, 1986, while undergoing heart bypass surgery in the United Kingdom.

The Background

Sveinn Eiriksson was highly decorated by both the United States and the government of Iceland for his work in fire prevention, safety, and rescue efforts. A biography is attached. Among the highlights are:

- Awarded the U.S. Medal of Honor for civilians;
- Participated as a member of the U.S. Government committee on fire prevention;
- Appointed an Honorary Citizen of Boston;
- Awarded the International Grand Prize for Fire Prevention;
- Won "Best U.S. Navy Fire Company" award several times while Chief;
- Commanded rescue operations of 5,500 people in Heimaey during a volcanic eruption and received the Order of the Falcon--highest decoration awarded by the President of Iceland;
- Lecturer and adviser in the United States on fire safety.

Recommendation

That the Secretary approve the dispatch of the memorandum of transmittal to the White House, forwarding proposed letter to the President of Iceland.

Approved: \_\_\_\_\_

Disapproved: \_\_\_\_\_

Prepared by CAPT Peter T. Smith, USN, X65282



PUBLIC AFFAIRS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

MEMORANDUM FOR DIRECTOR, WHITE HOUSE MILITARY OFFICE

SUBJECT: Proposed letter of condolence from the President  
to the President of Iceland

Sveinn Eiriksson, a distinguished employee of the Icelandic Defense Force for 35 years, died June 2, 1986. He had been Chief of the U.S. Naval Station Keflavik, Iceland, Fire Department, since 1963 and one of the greatest proponents of U.S./Icelandic cooperation in his country. Among his accomplishments are:

- Awarded the U.S. Medal of Honor for civilians;
- Participated as a member of the U.S. Government committee on fire prevention;
- Appointed an Honorary Citizen of Boston;
- Awarded the International Grand Prize for Fire Prevention;
- Won "Best U.S. Navy Fire Company" award several times while Chief;
- Commanded rescue operations of 5,500 people in Heimaey during a volcanic eruption and received the Order of the Falcon--highest decoration awarded by the President of Iceland;
- Lecturer and adviser in the United States on fire safety.

A proposed letter from the President is attached.

Recommend approval.

Dear Vigdis:

I want you to know that friends of Sveinn Eiriksson all across the United States were shocked and greatly saddened by his sudden death. From Boston, Massachusetts, where he was appointed an honorary citizen for his contributions to fire safety, to Honolulu, Hawaii, where he assisted in a project for cooling and controlling the flow of lava by spraying it with seawater--much as he had done in Heimaey years before--Sveinn's friends mourn his passing.

A man honored by both our Governments, we will remember how he labored to bring our countries closer together and always be grateful for his 35 years of faithful service in the cause of freedom and peace. The world is a better place because Sveinn Eiriksson lived, and he will be greatly missed.

Sincerely,

Vigdis Finnbogadottir  
President of Iceland  
Skrifstofa Forseta Islands  
Stjornarradshusinu vid Laekjartorg  
Reykjavik, Iceland

Sveinn R. Eiríksson, born in Seyðisfjörður July 30, 1934

died in London June 2, 1986

His parents moved to Njarðvík in 1940. He graduated from Flensburg, a lower secondary school in 1950. Finished flying training in 1957. Attained commercial pilots license in 1958 and navigators license in 1959. Formed an airline company (Viking Airways) which he ran from 1957-1963. Studied Management at the University of Maryland and took a great number of courses abroad related to his work.

Worked for IDF Fire Department from 1951 and as Chief of the Fire Department since 1963. He reorganized the Fire Department with great discipline and new fire fighting techniques. In charge of the Airports snow removal and ice control since 1975 and also formed a special department within the Fire Department responsible for the handling of military cargo. Also responsible for the operation of aircraft's arresting systems.

Gave a great number of lectures in the U.S. on snow removal and ice control and fire safety. Appointed Honorary Citizen of Boston, Mass. for his work on fire safety. A member of a U.S. Government committee on fire prevention. In 1980 the IDF Fire Department was awarded the International Grand Prize for Fire Prevention. This award attests to Fire Chief Sveinn Eiríksson's efforts to have a Fire Department second to none. He was awarded the U.S. Government Medal of Honor for civilians and numerous other recognitions for rescue work and efficient management. He was in command of the rescue of 5500 people and their belongings from Heimaey, one of the Westman Islands in 1973 during a volcanic eruption. For that work he was bestowed with the Order of the Falcon which is the highest decoration awarded by the President of Iceland.

He was in charge of the cooling of the lava on Heimaey with spraying it with seawater. This operation was highly successful and saved the closing of the harbor of the island. Sveinn Eiríksson was therefore invited to Hawaii two years ago as an adviser when a similar operation was planned.

He worked for the U.S. Navy for 35 years and among all the Navy's Fire Chiefs he was the only foreigner to hold that job.

Instrumental as an advisor, confidant and a friend to IDF leaders who wanted to improve and cultivate better relations between Iceland and the United States.

Sveinn Eiríksson was married to Sigrún Sigurjónsdóttir between 1955 - 1975. They had three children, Eafdis, Ómar and Sigrún Lóa. He later lived with Sigrún Sigurðardóttir and his stepdaughter Silvia.

Sveinn Eiríksson had sat on the planning and building committee for the town of Njarðvík since 1978. He was elected to the town council of Njarðvík in 1982 and reelected as the first candidate for the Independence Party two days before he died.

June 30, 1986

**FOOTNOTE FOR THE SECRETARIAT**

Icelanders do not use last names as we do here in the U.S. Wives do not assume husbands' names, and opposite gender siblings do not share the same last name. Even the Icelandic telephone book lists people by their first names.

It would be incorrect and a breach of Icelandic etiquette to address the letter to Mrs. Eiriksson.

In the letter to the President of Iceland, it would be most correct for Mr. Reagan to strike out "Dear Madam President" and write in "Vigdís."

Peter T. Smith

Captain, USN  
Deputy Director



Dear Sigrun:

Nancy and I wish to extend our deepest sympathy over the loss of your husband Sveinn. His reputation as a patriot, a leader, and a man who was willing to do battle with volcanoes is the stuff from which Icelandic sagas are made. Sveinn may be gone, but I am sure that his memory will live on.

The United States has lost a great friend, and Iceland has lost a hero. Both countries will miss him greatly.

Sincerely,

Fru Sigrun Sigurdardottir

Akirbraut #4

230 Keflavik, Iceland



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# UNITED STATES NAVY AND MARINE CORPS BASES, OVERSEAS

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PAOLO E. COLETTA, *Editor*  
K. Jack Bauer, *Associate Editor*



Greenwood Press  
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# K

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**KEFLAVIK, ICELAND, U.S. NAVAL STATION, 1941-** Keflavik, the site of the naval station that forms part of the NATO Base, is located in southwest Iceland on the northwest shore of the Reykjanes Peninsula, Faxa Bay, at 64°N., 22°35'W., and twenty-two miles west-south-west of Reykjavik.

With the outbreak of World War II in Europe in 1939, the days of Iceland's historic isolation were numbered. The Germans had courted Iceland before the war and were planning to establish a base there. On 10 May 1940, about a month after the German occupation of Denmark, Great Britain occupied Iceland and began building two air bases there. The United States had established diplomatic relations with the Danish government in exile a month earlier and in October 1940 sent Lincoln McVeagh as its first minister to Iceland. However, a request by Iceland in December 1940 for military aid was rejected by the United States.

In March 1941, when Germany extended the war zone to Iceland, the United States, Britain, and Canada reached agreement on war strategy in the ABC-1 Staff Paper and on providing aid to Iceland. In April 1941 the U.S. destroyer *Niblack* fired on a U-boat after picking up survivors from a Dutch ship off the coast of Iceland. On 18 April Adm. Ernest J. King, USN, the Commander of the Atlantic Fleet, issued an order defining the Western Hemisphere to include western Iceland. British troops were urgently needed elsewhere, but President F. D. Roosevelt was reluctant to have Americans relieve British troops in Iceland without a request from the Icelandic government. Even so, preparations for a landing were secretly under way in the United States.

By 22 June 1941 the First Marine Brigade (Provisional), Brig. Gen. John Marston, commanding, had sailed from Charleston, S.C., with orders to aid the British in defending Iceland. The brigade was delayed in Placentia Bay, Newfoundland, while an invitation was extracted from Prime Minister Herman Jonasson of Iceland. The invitation, offered on 1 July, was accepted that very day, and the Marines arrived at Reykjavik on the seventh. President Roosevelt then told Congress that three German threats had prompted the occupation: the threat

to Greenland and to North America itself, the threat to Atlantic shipping, and the threat to the already considerable flow of American munitions to Britain.

While the first Marine base camp was near Alafoss, twelve miles from Reykjavik, the Marines were spread over 300 square miles, building bases of Nissen huts and patrolling the coast. With the arrival of U.S. Army troops in August, the Marines were unwillingly attached to the command of Maj. Gen. C. H. Bonesteel. After the Marines were firmly established and the United States had entered the war, they were needed elsewhere, and by March 1942 they had left Iceland.

Meanwhile a Navy contract had been signed on 25 September for civilian personnel to go to Iceland from Newfoundland and Quonset Point, R.I., to build a fleet air base near Reykjavik and also a fuel storage tank farm at Hvalfjörður. On 8 November 1941 Naval Operating Base Iceland was established under the control of the Commander in Chief, Atlantic Fleet, with Rear Adm. J. L. Kauffman named as the commandant. Kauffman did not set up headquarters on the beach until 23 December, in the meantime using as headquarters the USS *Williamsburg* (ex-yacht *Aras*), anchored at Hvalfjörður with seventy-five officers and men on board. Despite severe damage to the base by a 130 mph hurricane, it was commissioned on 21 January 1942.

On 22 April 1942 the U.S. Army officially took over control of Iceland Base Command from the British, most of whose troops had been withdrawn. At the same time the United States, despite General Bonesteel's counterproposal of a U.S. military government in the event of an attack, assured Iceland that all facilities would revert to Icelandic control after the war, with landing rights to be decided upon later. Because Icelanders had had no military forces or wars for centuries and were not accustomed to having foreigners occupy their country, the presence of the British and American troops caused much resentment among the populace. For their part, the troops were thrown into a tedious and often boring tour of duty in a harsh and isolated setting. They behaved as soldiers often do in similar situations and created some ugly incidents, especially in 1941 and 1942. As early as 4 October 1941 the Icelandic government sent Secretary of the Navy Frank Knox a list of twenty grievances against U.S. policies and American misbehavior toward Icelanders; most of these were attributable to the Army, however, rather than to the Marines or the Navy.

On 16 May 1942 Naval Operating Base Iceland (NOBI) moved ashore when Camp Knox, near Reykjavik, was commissioned. The base had already become an important link in the convoy system set up in 1941 between the United States and the Newfoundland-Greenland-Iceland passage to Britain. Ships, and later aircraft, served the convoys as escorts and for search and rescue purposes. NOBI also maintained a Port Director's Office.

In August 1942 Seabee (Construction Battalion) units of the Navy began to arrive in Iceland to take over from contractor personnel the duty of building the facilities. Their duties included building the Naval Operating Base, including a 100-bed hospital, two airfields, a tank farm, and an ammunition depot at Hvalfjör-

ður and recreational facilities at Falcon Camp, in the same area. They unloaded many of the supply ships themselves and worked under extreme weather conditions and severe logistical problems. Despite their numerous difficulties, the first American aircraft landed at Meeks Field, the Army's air base, on 26 March 1943. Meeks became one of the most important fields of the European War and later the Keflavik International Airport, around which the current NATO base has grown. Meeks and the Navy's Patterson Field were useably complete by August 1943, and by October the Seabees began to leave Iceland.

Escort of convoys from Iceland continued to be important not only for the passage to Britain but also for the Murmansk run, which furnished supplies to the Soviet Union under Lend-Lease after Hitler invaded Russia. While periodic small-scale German strafing and bombing raids occurred on or near Iceland, a major attack was never launched. In the spring of 1943 British and Canadian ships took over the escort of convoy function, and U.S. naval strength began to dwindle; in April 1943 it was down to 4,428 men, while the Army still had 38,000 troops there.

In the Hvalfjörður area, British salvage and fuel depots dwarfed similar American installations, and with American naval functions being whittled down Rear Adm. A. C. Bennett, commander, NOBI, recommended to Adm. Royal E. Ingersoll, Commander in Chief of the Atlantic Fleet, that most of the U.S. facilities be closed, maintained in caretaker status, or turned over to the British. He reckoned without the British, who particularly did not want to lose the service of the American long-range PBY *Catalina* flying boat squadron based there.

On 13 June 1943 Admiral King directed Admiral Ingersoll to proceed with the reduction of NOBI but to maintain the Fleet Air Base until at least October and in addition to keep Falcon Camp ammunition storage facility ready for use if needed. Two days later, however, a new base commander, Commo. R. S. Wentworth, was ordered to turn the salvage and fuel depots over to the British, to withdraw the two American tankers there, to place Falcon Camp in caretaker status, and to proceed to turn over the Fleet Air Base to the British. The Joint Chiefs of Staff approved this process despite an increase of U-boat activity in the Iceland area, and on 20 December 1943 Admiral King decided to close the Naval Air Facility.

NOBI did not change much until May 1944, when a new reduction was ordered. Falcon Camp was dismantled, while Camp Knox was consolidated and maintained as a supply depot. Some personnel from "Project 719," supporting the High-Frequency Radio Direction Finding Station on Jan Mayen Island, about 300 miles to the northeast, were held over at NOBI.

By November 1944 NOBI had become Naval Operating Facility Iceland, the token American presence commanded by a commander in grade. Camp Knox still had several Quonset huts, a few barges, and the Port Director's Office, but American personnel numbered merely 40 officers and 330 enlisted men. For the rest of the war the Navy's responsibility would be to supply the Army. Yet the air-sea rescue provided for the Iceland-Greenland-Newfoundland route kept mo-



rale high on the ships and aircraft carrying troops from Europe both before and after VE-Day. On VJ-Day, 2 September 1945, only 17 U.S. naval officers and 190 enlisted men, many of them Seabees, remained in Iceland.

Fortunately, relations between the American military forces and Icelanders improved despite disputes between them over the American censorship of mail and the prices charged by the Navy when selling American oil to them. The Icelandic government, still under the Danish king in 1940, had declared itself independent when Germany occupied Denmark in 1940, and it was determined to remain independent when the Act of Union expired in 1944. On 17 June 1944, when Iceland officially became a republic, the United States was the first country to extend recognition to it.

Although many Icelanders realized that they could not return to the isolation and "cultural purity" of prewar days, most of them expected the United States to honor the 1941 Defense Agreement and withdraw from the island after the war. The U.S. Navy was still involved there, however, because in November 1945 the British turned their naval air station, fuel depot, and naval ammunition depot back to the United States, and in October 1945 the U.S. State Department had petitioned Iceland for the lease of some bases. When the Icelandic government stalled, a political struggle ensued. Finally, on 7 October 1946, the Keflavik Agreement gave U.S. military aircraft the right to use the Keflavik airfield to help maintain American occupation forces in Germany. In return, the 1941 Defense Agreement was allowed to expire, which meant that the American occupation had to end within six months. The last American troops left Iceland in April 1947.

During the tensions of the Cold War, Iceland was persuaded to join the North Atlantic Treaty Organization, in 1949, but was required neither to establish native military forces nor to harbor foreign troops during peacetime. Within the NATO framework a new defense agreement between Iceland and the United States was signed on 5 May 1951. On 6 July the Iceland Defense Force became a NATO command under the control of the U.S. Air Force, with Naval Station Keflavik established as part of that command.

After the Korean War ended in 1953, antimilitary feeling and economic disputes with the United States caused Iceland to start reevaluating the NATO base. On 28 March 1956 the Icelandic Althing passed a resolution calling for the withdrawal of American forces, but the Middle East War and the Soviet Union's reaction to the Hungarian Revolution of that year prevented the carrying out of the resolution. The North Atlantic Council also recommended that Iceland not deprive itself of NATO and U.S. protection. However, this time Iceland and the United States bypassed NATO and reached a new agreement on 6 December 1956. In 1959 a series of incidents involving American military men and Icelanders led to more anti-American sentiment and more diplomatic disputes. In 1960 the U.S. Army withdrew from Iceland. On 1 July 1961 the U.S. Navy took over the host role of the Iceland Defense Force from the U.S. Air Force

and shifted a number of early warning aircraft from Argentina, Newfoundland (q.v.), to Keflavik.

Periodic cultural and political disputes have prompted movements in Iceland for the removal of the Americans. Between 1971 and 1973 a review of the defense agreement was fueled by a protest in 1972 against U.S. involvement in Vietnam. Under the terms of the 1951 agreement, after either government requests NATO review, failure to reach a new accord can lead to termination of the 1951 agreement a year later. Such a termination could have occurred in January 1974, but a petition signed by half of the eligible voters in Iceland requested the government not to terminate it.

A memorandum of understanding signed on 22 October 1974 provided for a lower American military profile in Iceland and more attention to Iceland's domestic interests. In consequence, the number of U.S. personnel was reduced, the Marine guards at Keflavik Airport were detached, and since then all U.S. military personnel have had to live on base. Moreover, all enlisted men of E-5 rank or below have to obey a curfew beginning at 2300 hours in Reykjavik. The United States has installed a cable television system to stop the old Icelandic complaint of the corrupting influence of American TV. It has also taken steps to upgrade the facilities of Keflavik Airport and to separate them from the NATO Base. On the other hand, in 1974 Iceland agreed to sell geothermal heat to the United States—the process being completed in 1982—and cooperation between the Iceland Defense Force and the Icelandic Coast Guard, civil defense, and civil aviation personnel has greatly improved.

The U.S. Navy's role in Iceland now includes coordination of the Iceland Defense Force activities, which are headed by a flag officer, support services, and ASW. The commanding office of Naval Station Keflavik is also Commander, Naval Forces Iceland. A major feature is the patrol squadron of nine P-3C *Orion* aircraft for ASW operations, one of the twenty-four such squadrons in the U.S. Navy. The squadron has 58 officers and 280 enlisted men under Fleet Air Keflavik. Other naval units are the Naval Oceanography Command Detachment, Naval Communications Station, Marine Barracks, Naval Security Group Activity, Naval Investigative Service Resident Agency, Navy Broadcasting Service Detachment Eight, and Resident Officer in Charge of Construction. The NATO Base includes 920 family housing units and 15 buildings for unaccompanied military personnel. The total base population is about 5,000, of which 2,000 are dependents. As of 31 March 1982 the actual count, by military service, of those on active duty in Iceland was: Navy, 1,712; Marine Corps, 122; Air Force, 1,119; and Army, 2—for a total of 2,955.

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WILLIAM MCQUADE

**KIEN AN, REPUBLIC OF VIETNAM, U.S. AND REPUBLIC OF VIETNAM RIVER FORCES OPERATING BASE, 1969-1970** Situated on the Cai Lon River in South Vietnam's Mekong Delta, Kien An served as an operating base for U.S. and Vietnamese river forces during the Southeast Asian Conflict. Developed during 1969, the base was turned over to the Vietnamese Navy in December 1970 when American forces began withdrawing from the war.

Remarks on Central America and El Salvador at the Annual Meeting of the National Association of Manufacturers  
March 10, 1983

Thank you, Bernie, for your kind introduction, and all of you for your warm welcome. Madam Secretary and distinguished guests here at the head table and you ladies and gentlemen:

I'm delighted to be here. I know that you and your president, Sandy Trowbridge, and the entire NAM organization have been an enormous help during the last 2 years, not only with advice and counsel but with a roll-up-your-sleeves effort to help pass the economic recovery programs that are ending this recession. And with your assistance, we also were able to negotiate a bipartisan compromise solution to save our social security system.

You know, we didn't come to Washington at an ideal time—[laughter]—and we've certainly had our share of problems. But the signs of recovery are springing up all around us, and there's no mistaking the fact that at long last America is on the mend. And the courage and the vision of the people and institutions that are represented here today deserve a big share of the credit for this hard-earned but inflation-free recovery. So, on behalf of all your fellow citizens who've been freed from the ravages of runaway inflation and can look again to a future of better times and then new opportunity, I thank you.

America is meeting her challenge here at home. But there are other challenges, equally important, that we must face. And today, I'd like to talk to you about one of them.

Late last year, I visited Central America. Just a few weeks ago, our Ambassador, Jeane Kirkpatrick, also toured the area. And in the last few days, I have met with leaders of the Congress to discuss recent events in Central America and our policies in that troubled part of the world. So, today I'd like to report to you on these consultations and why they're important to all of us.

The nations of Central America are among our nearest neighbors. El Salvador, for example, is nearer to Texas than Texas

is to Massachusetts. Central America is simply too close, and the strategic stakes are too high, for us to ignore the danger of governments seizing power there with ideological and military ties to the Soviet Union.

Now, let me just show you how important Central America is. Here—[referring to a map]—and you can't see it from over there because I'm in the way—but here at the base of Central America is the Panama Canal. Half of all the foreign trade of the United States passes through either the canal—[laughter].<sup>1</sup> I've been dying to give you all an economic lesson, and you show up for geography. [Laughter and applause] But as I say, half of that trade passes either through the canal or the other Caribbean searoutes on its way to or from our ports.

And, of course, to the north, as you can see, is Mexico, a country of enormous human and material importance with which we share 1,800 miles of peaceful frontier.

And between Mexico and the canal lies Central America. As I speak to you today, its countries are in the midst of the gravest crisis in their history. Accumulated grievances and social and economic change are challenging traditional ways. New leaders with new aspirations have emerged who want a new and better deal for their peoples. And that is good.

The problem is that an aggressive minority has thrown in its lot with the Communists, looking to the Soviets and their own Cuban henchmen to help them pursue political change through violence. Nicaragua, right here, has become their base. And these extremists make no secret of their goal. They preach the doctrine of a "revolution without frontiers." Their first target is El Salvador.

Important? Well, to begin with, there's

<sup>1</sup> The laughter was a reaction of the audience to the rushing of photographers from one side of the podium to the other in order to photograph the President and the map.



the sheer human tragedy. Thousands of people have already died and, unless the conflict is ended democratically, millions more could be affected throughout the hemisphere. The people of El Salvador have proved they want democracy. But if guerrilla violence succeeds, they won't get it. El Salvador will join Cuba and Nicaragua as a base for spreading fresh violence to Guatemala, Honduras, Costa Rica—probably the most democratic country in the world today. The killing will increase and so will the threat to Panama, the canal and, ultimately, Mexico. In the process, vast numbers of men, women, and children will lose their homes, their countries, and their lives.

Make no mistake. We want the same thing the people of Central America want—an end to the killing. We want to see freedom preserved where it now exists and its rebirth where it does not. The Communist agenda, on the other hand, is to exploit human suffering in Central America to strike at the heart of the Western Hemisphere. By preventing reform and instilling their own brand of totalitarianism, they can threaten freedom and peace and weaken our national security.

I know a good many people wonder why we should care about whether Communist governments come into power in Nicaragua, El Salvador, or other such countries as Costa Rica and Honduras, Guatemala, and the islands of the Caribbean. One columnist argued last week that we shouldn't care, because their products are not that vital to our economy. That's like the argument of another so-called expert that we shouldn't worry about Castro's control over the island of Grenada—their only important product is nutmeg.

Well, let me just interject right here. Grenada, that tiny little island—with Cuba at the west end of the Caribbean, Grenada at the east end—that tiny little island is building now, or having built for it, on its soil and shores, a naval base, a superior air base, storage bases and facilities for the storage of munitions, barracks, and training grounds for the military. I'm sure all of that is simply to encourage the export of nutmeg.

People who make these arguments haven't taken a good look at a map lately or followed the extraordinary buildup of Soviet

and Cuban military power in the region or read the Soviets' discussions about why the region is important to them and how they intend to use it.

It isn't nutmeg that's at stake in the Caribbean and Central America; it is the United States national security.

Soviet military theorists want to destroy our capacity to resupply Western Europe in case of an emergency. They want to tie down our attention and forces on our own southern border and so limit our capacity to act in more distant places, such as Europe, the Persian Gulf, the Indian Ocean, the Sea of Japan.

Those Soviet theorists noticed what we failed to notice: that the Caribbean Sea and Central America constitute this nation's fourth border. If we must defend ourselves against large, hostile military presence on our border, our freedom to act elsewhere to help others and to protect strategically vital sealanes and resources has been drastically diminished. They know this; they've written about this.

We've been slow to understand that the defense of the Caribbean and Central America against Marxist-Leninist takeover is vital to our national security in ways we're not accustomed to thinking about.

For the past 3 years, under two Presidents, the United States has been engaged in an effort to stop the advance of communism in Central America by doing what we do best—by supporting democracy. For 3 years, our goal has been to support fundamental change in this region, to replace poverty with development and dictatorship with democracy.

These objectives are not easy to obtain. We're on the right track. Costa Rica continues to set a democratic example, even in the midst of economic crises and Nicaraguan intimidation. Honduras has gone from military rule to a freely elected civilian government. Despite incredible obstacles, the democratic center is holding in El Salvador, implementing land reform and working to replace the politics of death with a life of democracy.

So, the good news is that our new policies have begun to work. Democracy, with free elections, free labor unions, freedom of reli-

gion and respect for the integrity of the individual, is the clear choice of the overwhelming majority of Central Americans. In fact, except for Cuba and its followers, no government and no significant sector of the public anywhere in this hemisphere wants to see the guerrillas seize power in El Salvador.

The bad news is that the struggle for democracy is still far from over. Despite their success in largely eliminating guerrilla political influence in populated areas, and despite some improvements in military armaments and mobility, El Salvador's people remain under strong pressure from armed guerrillas controlled by extremists with Cuban-Soviet support.

The military capability of these guerrillas—and I would like to stress *military* capability, for these are not peasant irregulars; they are trained, military forces. This has kept political and economic progress from being turned into the peace the Salvadoran people so obviously want.

Part of the trouble is internal to El Salvador, but an important part is external—the availability of training, tactical guidance, and military supplies coming into El Salvador from Marxist Nicaragua. I'm sure you've read about the guerrillas capturing rifles from government national guard units. And recently, this has happened. But much more critical to guerrilla operations are the supplies and munitions that are infiltrated into El Salvador by land, sea, and air—by pack mules, by small boats, and by small aircraft.

These pipelines fuel the guerrilla offensives and keep alive the conviction of their extremist leaders that power will ultimately come from the barrels of their guns. Now, all this is happening in El Salvador just as a constitution is being written, as open Presidential elections are being prepared, and as a peace commission—named last week—has begun to work on amnesty and national reconciliation to bring all social and political groups into the democratic process.

It is the guerrilla militants who have so far refused to use democratic means, have ignored the voice of the people of El Salvador, and have resorted to terror, sabotage, and bullets, instead of the ballot box.

During the past week, we've discussed all

of these issues and more with leaders and Members of the Congress. Their views have helped shape our own thinking. And I believe that we've developed a common course to follow.

Now, here are some of the questions that are raised most often.

First, how bad is the military situation? It is not good. Salvadoran soldiers have proved that when they're well trained, led, and supplied, they can protect the people from guerrilla attacks. But so far, U.S. trainers have been able to train only one soldier in ten. There's a shortage of experienced officers. Supplies are unsure. The guerrillas have taken advantage of these shortcomings. For the moment, at least, they have taken the tactical initiative just when the sharply limited funding Congress has so far approved is running out.

A second vital question is: Are we going to send American soldiers into combat? And the answer to that is a flat no.

A third question: Are we going to Americanize the war with a lot of U.S. combat advisers? And again, the answer is no.

Only Salvadorans can fight this war, just as only Salvadorans can decide El Salvador's future. What we can do is help to give them the skills and supplies they need to do the job for themselves. That, mostly, means training. Without playing a combat role themselves and without accompanying Salvadoran units into combat, American specialists can help the Salvadoran Army improve its operations.

Over the last year, despite manifest needs for more training, we have scrupulously kept our training activities well below our self-imposed numerical limit on numbers of trainers. We're currently reviewing what we can do to provide the most effective training possible, to determine the minimum level of trainers needed, and where the training should best take place. We think the best way is to provide training outside of El Salvador, in the United States or elsewhere, but that costs a lot more. So, the number of U.S. trainers in El Salvador will depend upon the resources available.

Question four: Are we seeking a political or a military solution? Well, despite all I and others have said, some people still seem

to think that our concern for security assistance means that all we care about is a military solution. That's nonsense. Bullets are no answer to economic inequities, social tensions, or political disagreements. Democracy is what we want, and what we want is to enable Salvadorans to stop the killing and sabotage so that economic and political reforms can take root. The real solution can only be a political one.

Now, this reality leads directly to a fifth question: Why not stop the killings and start talking? Why not negotiate? Well, negotiations are already a key part of our policy. We support negotiations among all the nations of the region to strengthen democracy, to halt subversion, to stop the flow of arms, to respect borders, and to remove all the foreign military advisers—the Soviets, the Cubans, the East Germans, the PLO, as well as our own from the region.

A regional peace initiative is now emerging. We've been in close touch with its sponsors and wish it well. And we support negotiations within nations aimed at expanding participation in democratic institutions, at getting all parties to participate in free and nonviolent elections.

What we oppose are negotiations that would be used as a cynical device for dividing up power behind the people's back. We cannot support negotiations which, instead of expanding democracy, try to destroy it; negotiations which would simply distribute power among armed groups without the consent of the people of El Salvador.

We made that mistake some years ago—in Laos—when we pressed and pressured the Laotian Government to form a government, a co-op, with the Pathet Lao, the armed guerrillas who'd been doing what the guerrillas are doing in El Salvador. And once they had that tripartite government, they didn't rest until those guerrillas, the Pathet Lao, had seized total control of the Government of Laos.

The thousands of Salvadorans who risked their lives to vote last year should not have their ballots thrown into the trash heap this year by letting a tiny minority on the fringe of a wide and diverse political spectrum shoot its way into power. No, the only legitimate road to power, the only road we can support, is through the voting booth, so

that the people can choose for themselves; choose, as His Holiness the Pope said Sunday, "far from terror and in a climate of democratic conviviality." This is fundamental, and it is a moral as well as a practical belief that all free people of the Americas share.

Having consulted with the Congress, let me tell you where we are now and what we'll be doing in the days ahead. We welcome all the help we can get. We will be submitting a comprehensive, integrated economic and military assistance plan for Central America.

First, we will bridge the existing gap in military assistance. Our projections of the amount of military assistance needed for El Salvador have remained relatively stable over the past 2 years. However, the continuing resolution budget procedure in the Congress last December led to a level of U.S. security assistance for El Salvador in 1983 below what we'd requested, below that provided in 1982, and below that requested for 1984. I'm proposing that \$60 million of the moneys already appropriated for our worldwide military assistance programs be immediately reallocated to El Salvador.

Further, to build the kind of disciplined, skilled army that can take and hold the initiative while respecting the rights of its people, I will be amending my supplemental that is currently before the Congress to reallocate \$50 million to El Salvador. And these funds will be sought without increasing the overall amount of the supplemental that we have already presented to the Congress. And, as I've said, the focus of this assistance will remain the same—to train Salvadorans so that they can defend themselves.

Because El Salvador's problems are not unique in this region, I will also be asking for an additional \$20 million for regional security assistance. These funds will be used to help neighboring states to maintain their national security and will, of course, be subject to full congressional review.

Secondly, we will work hard to support reform, human rights, and democracy in El Salvador. Last Thursday, the Salvadoran Government extended the land reform pro-



gram which has already distributed 20 percent of all the arable land in the country and transformed more than 65,000 farm workers into farm owners. What they ask is our continued economic support while the reform is completed. And we will provide it. With our support, we expect that the steady progress toward more equitable distribution of wealth and power in El Salvador will continue.

And third, we will, I repeat, continue to work for human rights. Progress in this area has been slow, sometimes disappointing. But human rights means working at problems, not walking away from them. To make more progress, we must continue our support, advice, and help to El Salvador's people and democratic leaders. Lawbreakers must be brought to justice, and the rule of law must supplant violence in settling disputes. The key to ending violations to human rights is to build a stable, working democracy. Democracies are accountable to their citizens, and when abuses occur in a democracy, they cannot be covered up. With our support, we expect the Government of El Salvador to be able to move ahead in prosecuting the accused and in building a criminal justice system applicable to all and, ultimately, accountable to the elected representatives of the people.

And I hope you've noticed that I was speaking in millions, not billions. And that, after 2 years in Federal office, is hard to do. [Laughter] In fact, there are some areas of government where I think they spill as much as I've talked about here over a weekend.

Fourth, the El Salvador Government proposes to solve its problems the only way they can be solved fairly—by having the people decide. President Magaña had just announced nationwide elections moved up to this year, calling on all to participate, adversaries as well as friends. To help political adversaries participate in the elections, he has appointed a Peace Commission, including a Roman Catholic bishop and two independents. And he has called on the Organization of American States and the international community to help. We were proud to participate, along with representatives of other democratic nations, as observers in last March's constituent assembly

elections. We would be equally pleased to contribute again to an international effort, perhaps in conjunction with the Organization of American States, to help the government ensure the broadest possible participation in the upcoming elections, with guarantees that all, including critics and adversaries, can be protected as they participate.

Let me just say a word about those elections last March. A great worldwide propaganda campaign had, for more than a year, portrayed the guerrillas as somehow representative of the people of El Salvador. We were told over and over again that the government was the oppressor of the people. Came the elections, and suddenly it was the guerrilla force threatening death to any who would attempt to vote. More than 200 buses and trucks were attacked and burned and bombed in an effort to keep the people from going to the polls. But they went to the polls; they walked miles to do so. They stood in long lines for hours and hours. Our own congressional observers came back and reported of one incident that they saw themselves—of a woman who had been shot by the guerrillas for trying to get to the polls, standing in the line, refusing medical attention until she had had her opportunity to go in and vote.

More than 80 percent of the electorate voted. I don't believe here in our land, where voting is so easy, that we've had a turnout that great in the last half century. They elected the present government, and they voted for order, peace, and democratic rule.

Finally, we must continue to help the people of El Salvador and the rest of Central America and the Caribbean to make economic progress. More than three-quarters of our assistance to this region has been economic. Because of the importance of economic development to that region, I will ask the Congress for \$65 million in new moneys and the reprogramming of \$103 million from already appropriated worldwide funds, for a total of \$168 million in increased economic assistance for Central America. And to make sure that this assistance is as productive as possible, I'll continue to work with the Congress for the urgent enactment of the long-term opportu-

nities for trade and free initiative that are contained in the Caribbean Basin Initiative.

In El Salvador and in the rest of Central America, there are today thousands of small businessmen, farmers, and workers who have kept up their productivity as well as their spirits in the face of personal danger, guerrilla sabotage, and adverse economic conditions. With them stand countless national and local officials, military and civic leaders, and priests, who have refused to give up on democracy. Their struggle for a better future deserves our help. We should be proud to offer it. For in the last analysis, they're fighting for us, too.

By acting responsibly and avoiding illusory shortcuts, we can be both loyal to our friends and true to our peaceful democratic principles. A nation's character is measured by the relations it has with its neighbors. We need strong, stable neighbors with whom we can cooperate. And we will not let them down. Our neighbors are risking life and limb to better their lives, to improve their lands, and to build democracy. All they ask is our help and understanding as they face dangerous armed enemies of liberty and that our help be as sustained as their own commitment.

Now, none of this will work if we tire or falter in our support. I don't think that's what the American people want or what our traditions and faith require. Our neighbors struggle for a better future, and that struggle deserves our help and we should be proud to offer it.

We would, in truth, be opening a two-way street. We have never, I believe, fully realized the great potential of this Western Hemisphere. Oh, yes, I know in the past we've talked of plans. We've gone down there every once in a while with a great plan, somehow, for our neighbors to the south. But it was always a plan in which we, the big colossus of the north would impose on them. It was our idea.

Well, on my trip to Central and South

America, I asked for their ideas. I pointed out that we had a common heritage. We'd all come as pioneers to these two great continents. We worship the same God. And we'd lived at peace with each other longer than most people in other parts of the world. There are more than 600 million of us calling ourselves Americans—North, Central, and South. We haven't really begun to tap the vast resources of these two great continents.

Without sacrificing our national sovereignties, our own individual cultures or national pride, we could, as neighbors, make this Western Hemisphere, our hemisphere, a force for good such as the Old World has never seen. But it starts with the word "neighbor." And that is what I talked about down there and sought their partnership, their equal partnership in we of the Western Hemisphere coming together to truly develop, fully, the potential this hemisphere has.

Last Sunday, His Holiness Pope John Paul II prayed that the measures announced by President Magaña would "contribute to orderly and peaceful progress" in El Salvador, progress "founded on the respect," he said, "for the rights of all, and that all have the possibility to cooperate in a climate of true democracy for the promotion of the common good."

My fellow Americans, we in the United States join in that prayer for democracy and peace in El Salvador, and we pledge our moral and material support to help the Salvadoran people achieve a more just and peaceful future. And in doing so, we stand true to both the highest values of our free society and our own vital interests.

Thank you, and God bless you.

*Note: The President spoke at 12 noon in the International Ballroom at the Washington Hilton Hotel after an introduction by Bernard J. O'Keefe, chairman of the National Association of Manufacturers.*

*Former Naval Person to President Roosevelt*

10 March 41

I must now tell you what we have resolved about Greece. Although it was no doubt tempting to try to push on from Benghazi to Tripoli, and we may still use considerable forces in this direction, we have felt it our duty to stand with the Greeks, who have declared to us their resolve, even alone, to resist the German invader. Our Generals Wavell and Dill, who accompanied Mr. Eden to Cairo, after heart-searching discussions with us, believe we have a good fighting chance. We are therefore sending the greater part of the Army of the Nile to Greece, and are reinforcing to the utmost possible in the air. Smuts is sending the South Africans to the Delta. Mr. President, you can judge these hazards for yourself.

*At this juncture the action of Yugoslavia is cardinal. No country ever had such a military chance. If they will fall on the Italian rear in Albania there is no measuring what might happen in a few weeks.* The whole situation might be transformed, and the action of Turkey also decided in our favour. One has the feeling that Russia, though actuated mainly by fear, might at least give some reassurance to Turkey about not pressing her in the Caucasus or turning against her in the Black Sea. I need scarcely say that the concerted influence of your Ambassadors in Turkey, Russia, and above all in Yugoslavia, would be of enormous value at the moment, and indeed might possibly turn the scales.

In this connection I must thank you for magnificent work done by Donovan in his prolonged tour of Balkans and Middle East. He has carried with him throughout an animating, heart-warming flame.

# 7

## The Battle of the Atlantic, 1941

### The Western Approaches

*A Supreme Anxiety — Combination of U-Boats and Aircraft — Strain on the Western Approaches — Our Counter-Measures — A Struggle to Breathe — Landed Cargoes Drop by Half — Damage to Shipping and Congestion at the Ports — Formation of the Import Executive, January — The Work of the Lord President's Committee — My Minute of January 28 — And of February 22 — Move of the Command of the Western Approaches from Plymouth to Liverpool, February 17 — Storm Havoc Among Our Older Ships — Hitler's Menace of January 30 — The Admiralty Salvage Organisation — Sorties by German Cruisers — The "Scheer" in the South Atlantic — The "Scharnhorst" and "Gneisenau" Break Out — Eighty Thousand Tons of Shipping Sunk in Two Days, March 15-16 — Raiders Take Refuge in Brest, March 22 — Hitler's Error — The Battle of the Atlantic — The Battle of the Atlantic Committee — My Directive of March 6 — The U-Boats in "Wolf-Packs" — Tactical Problems — Help from the United States, March 11 — Passing of the Lend-Lease Bill — The Imports Budget, March 26 — Close Relations with the United States — The "Dunkerque" Incident — Pressure by President Roosevelt on Vichy.*

**A**MID THE TORRENT of violent events one anxiety reigned supreme. Battles might be won or lost, enterprises might succeed or miscarry, territories might be gained or quitted, but dominating all our power to carry on the war, or even keep ourselves alive, lay our mastery of the ocean routes and the free



approach and entry to our ports. I have described in the previous volume the perils which the German occupation of the coast of Europe from the North Cape to the Pyrenees brought upon us. ~~From any port or inlet along this coast from the North Cape to the Pyrenees, Germany's U-boats, submarines, and raiding craft could sail to destroy our sea-borne food and trade. Their main task was to destroy our sea-borne food and trade. Their main task was to destroy our sea-borne food and trade.~~ production of foodstuffs at the rate of ~~one million tons~~ afterward increased to eighteen a month. These included the so-called 500-ton and 740-ton types, the first with a cruising range of 11,000 miles and the latter of 15,000 miles.

To the U-boat scourge was now added air attack far out on the ocean by long-range aircraft. Of these the Focke-Wulf 200, known as the Condor, was the most formidable, though happily at the beginning there were few of them. They could start from Brest or Bordeaux, fly right round the British Island, refuel in Norway, and then make a return journey next day. On their way they would see far below them the very large convoys of forty or fifty ships to which scarcity of escort had forced us to resort, moving inward or outward on their voyages. They could attack these convoys, or individual ships, with destructive bombs, or they could signal the positions to which the waiting U-boats should be directed in order to make interceptions. Already in December we had begun preparations for the desperate expedient of an underwater dynamite carpet from the mouths of the Mersey and the Clyde to the hundred-fathom line northwest of Ireland.<sup>1</sup>

Meanwhile we had ordered the expansion and redeployment of the Air Coastal Command, giving it high priority in pilots and machines. We planned to increase this command by fifteen squadrons by June, 1941, and these reinforcements were to include all the fifty-seven American long-range Catalinas which we expected to receive by the end of April. The denial to us of all facilities in Southern Ireland again exerted its baleful influence on our plans. We pressed forward with the construc-

<sup>1</sup> A proposed mine barrier which was never laid. See Volume II, Book II, Chapter 30, page 607.

## THE BATTLE OF THE ATLANTIC

### Merchant Ships sunk by U-boat in the Atlantic

#### PHASE I

##### From the Outbreak of War to the Invasion of Norway

September 3rd. 1939 - April 9th. 1940

#### Summary of Losses

	Gross Tons
British	339,000
Others	349,000
Total	688,000

SHB.

tion of new airfields in Ulster as well as in Scotland and the Hebrides.

The evil conditions thus described continued, some in an aggravated form. The stranglehold of the magnetic mine was only loosened and kept from closing by triumphs of British science and ingenuity, carried into effect by the ceaseless toil of twenty thousand devoted men in a thousand small craft with many strange varieties of apparatus. All our traffic along the east coast of Britain was under constant menace from German light bombers or fighter aircraft, and was in consequence severely restricted and reduced. The port of London, which in the First World War had been deemed vital to our existence, had been cut down to a quarter of its capacity. The Channel was an actual war area. Bombing raids on the Mersey, the Clyde, and Bristol gravely hampered these sole remaining major commercial ports. The Irish and Bristol Channels were closed or grievously obstructed. Every expert authority, if presented a year earlier with the conditions now prevailing, would have pronounced our plight hopeless beforehand. It was a struggle to breathe.

The very magnitude and refinement of our protective measures — convoy, diversion, degaussing, mine-clearance, the avoidance of the Mediterranean — the lengthening of most voyages in time and distance and the delays at the ports through bombing and the black-out, all reduced the operative fertility of our shipping to an extent even more serious than the actual losses. At the outset the Admiralty naturally thought first of bringing the ships safely to port, and judged their success by a minimum of sinkings. But now this was no longer the test. We all realised that the life and war effort of the country depended equally upon the weight of imports safely landed. "*I see,*" I minuted to the First Lord in the middle of February, "*that entrances of ships with cargo in January were less than half of what they were last January.*"

The pressure grew unceasingly, and our shipping losses were fearfully above our new construction. The vast resources of the United States were only slowly coming into action. We

could not expect any further large windfalls of vessels such as those which had followed the overrunning of Norway, Denmark, and the Low Countries in the spring of 1940. Moreover, damaged shipping far exceeded our repairing resources, and every week our ports became more congested and we fell further behind. At the beginning of March over 2,600,000 tons of damaged shipping had accumulated, of which about 930,000 tons were ships undergoing repair while loading cargoes, and nearly 1,700,000 tons were immobilised by the need of repairs. Indeed, it was to me almost a relief to turn from these deadly undertides to the ill-starred but spirited enterprises in the military sphere. How willingly would I have exchanged a full-scale attempt at invasion for this shapeless, measureless peril, expressed in charts, curves, and statistics!

\* \* \* \* \*

Early in January, 1941, we had formed the Import Executive, consisting of the principal importing departments, under the chairmanship of the Minister of Supply, and the parallel body, the Production Executive, under the Minister of Labour. The principal object of the first of these bodies was to grapple with the import situation, to improve the organisation of shipping and transport, and to solve the many intricate problems of labour and organisation arising at the ports. I now worked closely with these powerful bodies, which often sat together, and I sought to concert their action.

*Prime Minister to Minister of Shipping*

4 Jan. 41

The Import Executive will explore the whole of this situation, the development of which was one of the reasons for calling the said Executive into being. I shall myself keep in the closest touch with the Import Executive, and will endeavour to give the necessary decisions. It is hoped that by the more efficient use of our shipping, its turn-round, port and labour resources, the tonnage available may be increased beyond the 33,000,000 tons which is all you can at present foresee. The Ministry of Shipping and the Ministry of Transport, together with the Ministry of Labour, will co-operate actively with the Import Executive, and their work will



be effectively concerted by that Executive. In addition to this, the Admiralty will be asked to concentrate more effort upon the repair of ships, even to some extent to the detriment of new merchant shipbuilding. We hope American aid will be forthcoming, and that greater security will be achieved by our convoys as the nights shorten and our main reinforcements of escorting craft come into service.

*Prime Minister to Import Executive*

23 Jan. 41

I request that you will not consider yourselves bound by the estimate of losses put forward by the Ministry of Shipping, or take that as the foundation for future calculations. The Ministry of Shipping have reached a total of 5,250,000 tons per annum by taking as their basis the period since the collapse of France, including the quite exceptional losses of the Norwegian and French evacuations. A better alternative method of calculation would be to take the monthly rate for the whole year 1940, which is 4,250,000 tons; or, again, for the whole war, which is between 3,750,000 and 4,000,000 tons, provided the extraordinary evacuation losses are deducted.

2. It is probably prudent to assume that this rate will continue. It does not follow, however, that it will not be reduced as our improved methods come into play and the additional destroyers reach the Fleet. Bearing this in mind, I think it would be safe to work on the monthly average since the beginning of the war.

My estimate was fully justified by events in the year 1941.

\* \* \* \* \*

At the beginning of the year, I asked Sir John Anderson, the Lord President of the Council, to make it his particular task to grip and drive forward the plans for harnessing to our war-making machine the full economic resources of the nation.

*Prime Minister to Lord President of the Council*

28 Jan. 41

While the Import and Production Executives necessarily are concerned with the practical handling of the business committed to them, it is essential that the larger issues of economic policy should be dealt with by your committee, and primarily by you. This is in accordance with the drift of well-informed public opinion. You should, therefore, not hesitate to take the initiative over the whole

field. You should summon economists like Keynes to give their views to you personally. You should ask for any assistance or staff you require, utilising, of course, the Statistical Department. Professor Lindemann and his branch will assist you in any way you wish, and will also act as liaison between you and me. I wish you to take the lead prominently and vigorously in this committee, and it should certainly meet at least once a week, if not more often.

Will you consult with Sir Edward Bridges on the above, and let me know how you propose to implement it.

Anderson bent to this task his energy, mature judgment, and skill in administration. His long experience as a civil servant at home, and as Governor of Bengal, had given him a wide knowledge of Government departments and of the official machine. He soon gained the confidence of his Ministerial colleagues, and shaped the Lord President's committee into a powerful instrument for concerting departmental plans over the whole range of wartime economic policy. As time went on this committee came to exercise on behalf of the War Cabinet a large measure of authority and power of decision in this and other spheres. Its sure control over economic policy and Home Front problems helped to free me for the military field.

\* \* \* \* \*

*Prime Minister to Sir Andrew Duncan,  
Minister of Supply*

22 Feb. 41

The Prime Minister would be glad if you would bring the attached notes and diagrams to the attention of the Import Executive. They have been prepared under the Prime Minister's personal direction by Professor Lindemann. They disclose a most grave and as yet unexplained tendency, which, if it is not corrected, will hazard the life of Britain and paralyse her war effort.

The Prime Minister does not understand how it is that, when the sinkings are less (although very serious) and the volume of tonnage (apart from its routing) very little diminished, there should be such a frightful fall in imports.

He is very glad to see that there is a sharp recovery in the last two weeks, and he hopes this may be the first fruits of the Import Executive.

The Prime Minister will be glad to see the Import Executive Committee at 5 P.M. on Tuesday, with a view to learning from them whether they have any further measures to propose to avert a potentially mortal danger.

\* \* \* \*

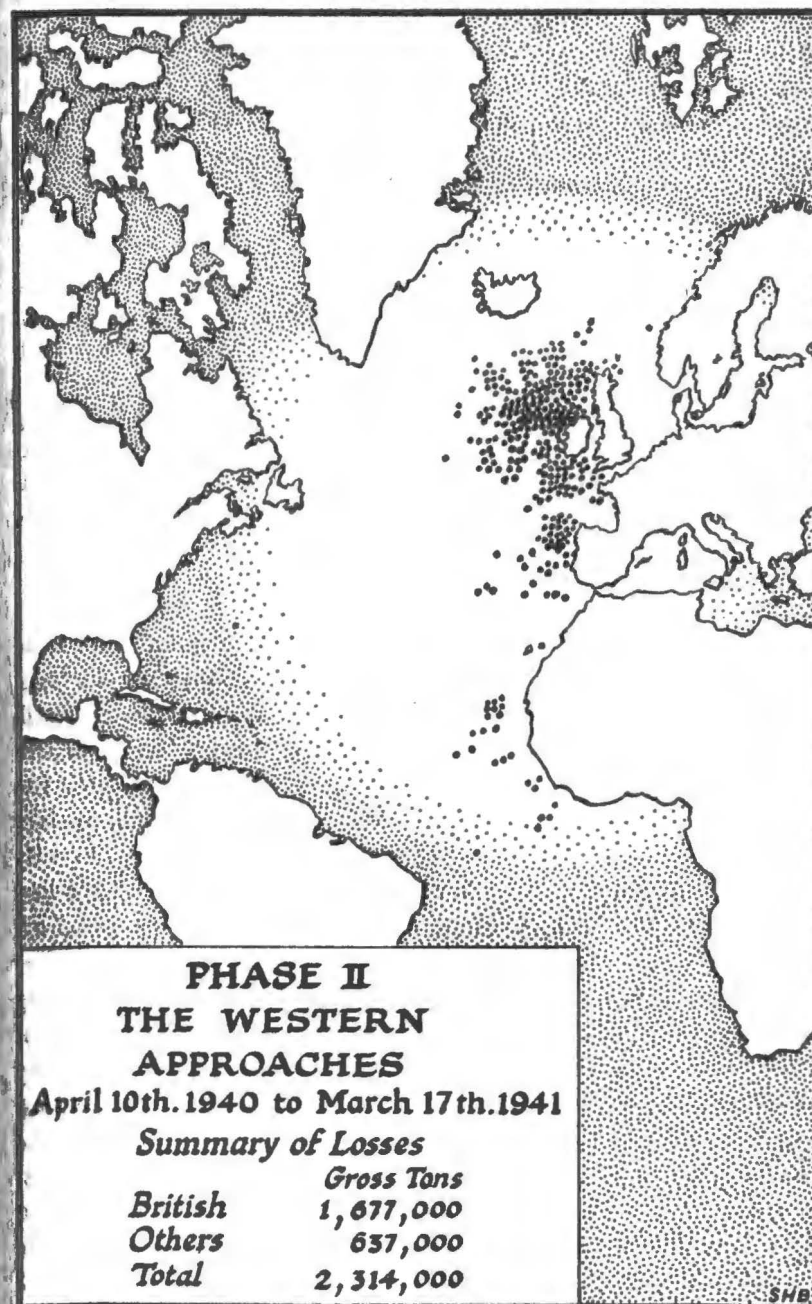
As early as August 4, 1940, I had asked the Admiralty to move the controlling centre of the western approaches from Plymouth to the Clyde.<sup>2</sup> This proposal had encountered resistance, and it was not until February, 1941, that the increasing pressure of events produced Admiralty compliance. The move to the north was agreed. The Mersey was rightly chosen instead of the Clyde, and on February 17 Admiral Noble was installed at Liverpool as Commander-in-Chief of the western approaches. Air Chief Marshal Bowhill, commanding the Coastal Command, worked with him in the closest intimacy. The new joint headquarters was soon operating, and from April 15 the two commands were forged into a single highly tempered weapon under the operational control of the Admiralty.

\* \* \* \*

The new year opened with violent and almost continuous storms, causing much havoc among the older ships which, despite their age and infirmity, we had been compelled to use on the ocean routes. Presently, in Berlin, on January 30, 1941, Hitler made a speech threatening us with ruin and pointing with confidence to that combination of air and sea power lapping us about on all sides by which he hoped to bring about our starvation and surrender. "In the spring," he said, "our U-boat war will begin at sea, and they will notice that we have not been sleeping [shouts and cheers]. And the air force will play its part, and the entire armed forces will force a decision by hook or by crook."

<sup>2</sup> Volume II, Book II, Chapter 30, page 601.

\* \* \* \*



*Prime Minister to Import Executive*

25 Feb. 41

I learn that the Admiralty salvage organisation has recently made as great a contribution to the maintenance of our shipping capacity as new construction, about 370,000 gross tons having been salvaged in the last five months of 1940, as against 340,000 tons built, while the number of ships being dealt with by the salvage organisation has increased very rapidly, from ten in August to about thirty now.

They are to be congratulated on this, and I feel sure that if anything can be done to assist in the expansion of their equipment and finding of suitable officers your Executive will see that such measures are taken.

Meanwhile we cannot take full advantage of these results owing to shortage of repairing capacity. I have no doubt that your Executive is planning an increase of this capacity, and meanwhile is making use of facilities overseas in the case of all vessels capable of doing one more voyage before repair.

\* \* \* \* \*

Apart from the U-boat war upon us, we were at this time seriously affected by the sorties of powerful German cruisers. The attack on a convoy by the *Scheer* in November, 1940, when she sank the noble *Jervis Bay*, has already been recorded. In January she was in the South Atlantic, moving towards the Indian Ocean. In three months she destroyed ten ships, of sixty thousand tons in all, and then succeeded in making her way back to Germany, where she arrived on April 1, 1941. We had not been able to deploy against her the powerful forces which a year before had tracked down the *Graf Spee*. The cruiser *Hipper*, which had broken into the Atlantic at the beginning of December, 1940, was sheltering in Brest. At the end of January the battle-cruisers *Scharnhorst* and *Gneisenau*, having at length repaired the damage inflicted upon them in Norway, were ordered to make a sortie into the North Atlantic, while the *Hipper* raided the route from Sierra Leone. In their first attempt to break out, these battle-cruisers, under the command of Admiral Lutjens, narrowly escaped destruction by the Home Fleet. They were saved by persistent fogs, and on February 3 successfully passed through the Denmark Strait unobserved.

At the same time the *Hipper* had left Brest for the southward.

On February 8 the two German battle-cruisers, astride the Halifax route, sighted an approaching British convoy. The German ships separated so as to attack from different angles. Suddenly, to their surprise, they perceived that the convoy was escorted by the battleship *Ramillies*. Admiral Lutjens at once broke off the engagement. In his basic instructions he had been ordered to avoid action with an equal opponent, which he was to interpret as meaning any one British fifteen-inch-gun battleship. His prudence was rewarded, and on February 22, he sank five ships, dispersed from an outward-bound convoy. Fearing our reactions, he then moved to an area farther south, and on March 8 he met a convoy from Freetown. But here again he found a battleship, the *Malaya*, in company, and he could do no more than call for U-boats to converge and attack. The U-boats sank five ships. Having shown himself in this area, he once more returned to the West Atlantic, where he now achieved his biggest success. On March 15 he intercepted six empty tankers, dispersed from an outward-bound convoy, and sank or captured them all. The next day he sank ten more ships, mostly from the same convoy. Thus in these two days alone he destroyed or captured over eighty thousand tons of shipping.

But the *Rodney*, escorting a Halifax convoy, was drawing near. Admiral Lutjens had run risks enough and had much to show. Early on March 22 he entered Brest. During their cruise of two months the *Scharnhorst* and *Gneisenau* had sunk or captured twenty-two ships, amounting to 115,000 tons. Meanwhile the *Hipper* had fallen upon a homeward-bound Sierra Leone convoy near the Azores which had not yet been joined by an escort. In a savage attack lasting an hour she destroyed seven out of nineteen ships, making no attempt to rescue survivors, and regained Brest two days later. These were heavy losses for us, additional to the toll of the U-boat war. Moreover, the presence of these strong hostile vessels compelled the employment on convoy duty of nearly every available



British capital ship. At one period the Commander-in-Chief of the Home Fleet had only one battleship in hand.

The *Bismarck* was not yet on the active list. The German Admiralty should have waited for her completion and for that of her consort, the *Tirpitz*. In no way could Hitler have used his two giant battleships more effectively than by keeping them both in full readiness in the Baltic and allow rumours of an impending sortie to leak out from time to time. We should thus have been compelled to keep concentrated at Scapa Flow or thereabouts practically every new ship we had, and he would have had all the advantages of a selected moment without the strain of being always ready. As ships have to go for periodic refits, it would have been almost beyond our power to maintain a reasonable margin of superiority. Any serious accident would have destroyed that power.

\* \* \* \* \*

My thought had rested day and night upon this awe-striking problem. At this time my sole and sure hope of victory depended upon our ability to wage a long and indefinite war until overwhelming air superiority was gained and probably other Great Powers were drawn in on our side. But this mortal danger to our life-lines gnawed my bowels. Early in March exceptionally heavy sinkings were reported by Admiral Pound to the War Cabinet. I had already seen the figures, and after our meeting, which was in the Prime Minister's room at the House of Commons, I said to Pound, "We have got to lift this business to the highest plane, over everything else. I am going to proclaim 'the Battle of the Atlantic.'" This, like featuring "the Battle of Britain" nine months earlier, was a signal intended to concentrate all minds and all departments concerned upon the U-boat war.

In order to follow this matter with the closest personal attention, and to give timely directions which would clear away difficulties and obstructions and force action upon the great number of departments and branches involved, I brought into being the Battle of the Atlantic Committee. The meetings

of this committee were held weekly, and were attended by all Ministers and high functionaries concerned, both from the fighting services and from the civil side. They usually lasted not less than two and a half hours. The whole field was gone over and everything thrashed out; nothing was held up for want of decision. An illustration of the tempo of the Battle of the Atlantic in 1941 is afforded by the meetings of this committee. It met weekly without fail during the period March 19 to May 8. It then met fortnightly for a spell, and finally much less frequently. The last meeting was on October 22.

Throughout the wide circles of our war machine, embracing thousands of able, devoted men, a new proportion was set, and from a hundred angles the gaze of searching eyes was concentrated. March 6, as the preceding chapter may have shown, was an exacting day, when the decision about sending the Army to Greece hung in the balance. Nevertheless, before it ended my directive entitled "The Battle of the Atlantic" was achieved. I read this to the House in the Secret Session of June 25, 1941, but it is necessary to the story to reprint it here.

#### THE BATTLE OF THE ATLANTIC

*Directive by the Minister of Defence, March 6, 1941*

In view of various German statements, we must assume that the Battle of the Atlantic has begun.

The next four months should enable us to defeat the attempt to strangle our food supplies and our connection with the United States. For this purpose—

1. We must take the offensive against the U-boat and the Focke-Wulf wherever we can and whenever we can. The U-boat at sea must be hunted, the U-boat in the building yard or in dock must be bombed. The Focke-Wulf and other bombers employed against our shipping must be attacked in the air and in their nests.

2. Extreme priority will be given to fitting out ships to catapult or otherwise launch fighter aircraft against bombers attacking our shipping. Proposals should be made within a week.

3. All the measures approved and now in train for the concentration of the main strength of the Coastal Command upon the northwestern approaches, and their assistance on the East Coast by

Fighter and Bomber Commands, will be pressed forward. It may be hoped that, with the growing daylight and the new routes to be followed, the U-boat menace will soon be reduced. All the more important is it that the Focke-Wulf, and, if it comes, the Junkers 88, should be effectively grappled with.

4. In view of the great need for larger numbers of escorting destroyers, it is for consideration whether the American destroyers now in service should go into dock for their second scale of improvements until the critical period of this new battle has been passed.

5. The Admiralty will re-examine, in conjunction with the Ministry of Shipping, the question of liberating from convoys ships between thirteen and twelve knots, and also whether this might not be tried experimentally for a while.

6. The Admiralty will have the first claim on all the short-range A.A. guns and other weapons that they can mount upon suitable merchant ships plying in the danger zone. Already two hundred Bofors or their equivalents have been ordered to be made available by Air Defence Great Britain and the factories. But these should be followed by a constant flow of guns, together with crews or nucleus crews, as and when they can be taken over by the Admiralty. A programme for three months should be made.

7. We must be ready to meet concentrated air attacks on the ports on which we specially rely (Mersey, Clyde, and Bristol Channel). They must, therefore, be provided with a maximum defence. A report of what is being done should be made in a week.

8. A concerted attack by all departments involved must be made upon the immense mass of damaged shipping now accumulated in our ports. By the end of June this mass must be reduced by not less than 400,000 tons net. For this purpose a short view may for the time being be taken both on merchant and naval shipbuilding. Labour should be transferred from new merchant shipbuilding which cannot finish before September, 1941, to repairs. The Admiralty have undertaken to provide from long-distance projects of warship building or warship repairs up to five thousand men at the earliest moment, and another five thousand should be transferred from long-distance merchant shipbuilding.

9. Every form of simplification and acceleration of repairs and degaussing, even at some risk, must be applied in order to reduce the terrible slowness of the turn-round of ships in British ports. A

saving of fifteen days in this process would in itself be equivalent to 5,000,000 tons of imports, or a tonnage [equal to] 1,250,000 of the importing fleet saved. The Admiralty have already instructed their officers in all ports to aid this process, in which is involved the process of repairs, to the utmost. Further injunctions should be given from time to time, and the port officers should be asked to report what they have done and whether they have any recommendations to make. It might be desirable to have a conference of port officers, where all difficulties could be exposed and ideas interchanged.

10. The Minister of Labour has achieved agreement in his conference with employers and employed about the interchangeability of labour at the ports. This should result in a substantially effective addition to the total labour force. In one way or another, at least another forty thousand men must be drawn into ship-repairing, shipbuilding, and dock labour at the earliest moment. Strong propaganda should be run locally at the ports and yards, in order that all engaged may realise the vital consequences of their work. At the same time, it is not desirable that the press or the broadcast should be used unduly, since this would only encourage the enemy to further exertions.

11. The Ministry of Transport will ensure that there is no congestion at the quays, and that all goods landed are immediately removed. For this purpose the Minister will ask the Chairman of the Import Executive for any further assistance required. He should also report weekly to the Import Executive upon the progress made in improving the ports on which we specially rely by transference of cranes, etc., from other ports. He should also report on the progress made in preparing new facilities at minor ports, and whether further use can be made of lighterage to have more rapid loading or unloading.

12. A Standing Committee has been set up of representatives from the Admiralty Transport Department, the Ministry of Shipping, and the Ministry of Transport, which will meet daily and report all hitches or difficulties encountered to the Chairman of the Import Executive. The Import Executive will concert the whole of these measures and report upon them to me every week, in order that I may seek Cabinet authority for any further steps.

13. In addition to what is being done at home, every effort must be made to ensure a rapid turn-round at ports abroad. All con-

cerned should receive special instructions on this point, and should be asked to report on the measures which they are taking to implement these instructions, and on any difficulties that may be encountered.

\* \* \* \* \*

On this same busy March 6 I also produced a memorandum on the strength of the Army in the light of all I had learnt about the import situation. This will be found among the Appendices.<sup>3</sup>

\* \* \* \* \*

The U-boats now began to use new methods, which became known as "wolf-pack" tactics. These consisted of attacks from different directions by several U-boats working together. Attacks were at this time usually made by night, the U-boats operating on the surface at full speed unless detected in the approach. Under these conditions only the destroyers could rapidly overhaul them.

These tactics, which formed the keynote of the conflict for the next year or more, presented us with two problems. First, how to defend our convoys against this high-speed night attack, in which the Asdic was virtually impotent. The solution lay not only in the multiplication of fast escorts, but still more in the development of effective radar.

The small scale of the earlier onslaughts of the U-boats, against which we had been relatively successful, had created an undue sense of security. Now, when the full fury of the storm broke, we lacked the scientific equipment equal to our needs. We addressed ourselves vigorously to this problem, and by the unsparing efforts of the scientists, supported by the solid teamwork of sailors and airmen, good progress was made. The results came slowly, and meanwhile grave anxiety and heavy losses continued.

The second need was to exploit the vulnerability to air attack of the surfaced U-boat. Only when we could afford to court attack in the knowledge that we were masters would the long-

<sup>3</sup> See Appendix D, Book One.

drawn battle be won. For this we needed an air weapon which would kill, and also time to train both our sea and air forces in its use. When eventually both these problems were solved the U-boat was once more driven back to the submerged attack, in which it could be dealt with by the older and well-tried methods. This vital relief was not achieved for another two years.

Meanwhile the new "wolf-pack" tactics, inspired by Admiral Doenitz, the head of the U-boat service, and himself a U-boat captain of the previous war, were vigorously applied by the redoubtable Prien and the other tiptop U-boat commanders. Swift retribution followed. On March 8 Prien's U-47 was sunk with himself and all hands by the destroyer *Wolverine*, and nine days later U-99 and U-100 were sunk while engaged in a combined attack on a convoy. Both were commanded by outstanding officers, and the elimination of these three able men had a marked effect on the progress of the struggle. Few U-boat commanders who followed them were their equals in ruthless ability and daring. Five U-boats were sunk in March in the western approaches, and though we suffered grievous losses, amounting to 243,000 tons, by U-boat, and a further 113,000 tons by air attack, the first round in the Battle of the Atlantic may be said to have ended in a draw.

\* \* \* \* \*

An all-important event now impended upon the other side of the Atlantic. I was in close touch with Hopkins in these days. After thanking him for the "packet of 250,000 rifles and ammunition, which has safely arrived," I cabled on February 28:

I am, however, increasingly anxious about the high rate of shipping losses in northwestern approaches and the shrinkage in tonnage entering Britain. This has darkened since I saw you. Let me know when the [Lend-Lease] Bill will be through. The strain is growing here.

Presently came good tidings from the United States. The Lend-Lease Bill had passed Congress, and on March 11 received the eager assent of the President. Hopkins sent me the earliest



intimation. This was at once a comfort and a spur. The stuff was coming. It was for us to get it over.

*Prime Minister to Mr. Hopkins*

9 March 41

Thank God for your news. Strain is serious. Kindest regards.

*To President Roosevelt from Former Naval Person* 9 March 41

Our blessings from the whole British Empire go out to you and the American nation for this very present help in time of trouble.

In my broadcast of February 9 I had already said, "Give us the tools and we will finish the job." This could only be an interim pronouncement. Far more was needed, but we did our best.

\* \* \* \* \*

We had now to make our budget of imports for the U-boat year 1941, exactly like a Chancellor of the Exchequer in finance. By the end of March all the studies and discussions of our ways and means were completed, and I could submit to the War Cabinet my final proposals for the size and character of the three branches of the fighting services, and also the quantity and character of the imports for which we should strive.

#### THE IMPORT PROGRAMMES

*Memorandum by the Prime Minister, March 26, 1941*

We should assume an import of not less than 31,000,000 tons in 1941. On this basis food cannot be cut lower than 15,000,000 tons, and 1,000,000 is required for the Board of Trade. This leaves 15,000,000 for the Ministry of Supply, as against 19,000,000 to which they were working on the 35,000,000 programme. A cut of 4,000,000 has therefore to be made by the Ministry of Supply, for which a revised programme should be framed. Ferrous metals, timber, and pulp seem to offer the main field of reduction. As we can now buy steel freely in the United States, the keeping in being of the whole of the existing steel industry cannot be accepted as an indispensable factor. We must try to import in the most concentrated forms and over the shortest routes. This principle must also influence food imports.

2. Should our total imports fall below 31,000,000, the deficit

should for the present be met by the Ministry of Food and the Ministry of Supply on the basis of one ton cut in food to two tons in supply. Should the imports exceed 31,000,000, the benefit will be shared in the same proportion. The position will be reviewed in the autumn, when this year's harvest is known.

3. I have received from the War Office a reply to my notes about Army Scales, which they have had under consideration for three weeks.<sup>4</sup> My notes do not look farther ahead than 1942, and must be subject to review in the light of events. My figure of "about two millions" may be interpreted as desired by the War Office at "2,195,000 [men]," for which the arrangements are completed. The War Office proposal to substitute for my figure of fifteen armoured divisions twelve armoured divisions and nine army tank brigades may be approved, and the target figure for the grand total of the Imperial Army in March, 1942, of fifty-nine and one third "equivalent divisions" may be accepted. The resultant saving on manpower intake from now to the end of 1942 is about 475,000. This saving, and the increase in armoured forces at the expense of infantry and artillery, should afford an important relief to the Ministry of Supply in hutments, clothing, and projectiles.

4. The Purvis Programme, which was submitted to President Roosevelt in January to give him the general scale, may now be more precisely defined as the Ministry of Supply desire, and in so doing, if convenient, the adjustment may be made to cover the change in the proportion of armoured forces. However, it is important that no diminution should be made in anything we need and are likely to get from the United States; in particular, the equipment for the ten extra divisions should stand.

5. The Naval Programme is the subject of a separate note,<sup>5</sup> but the following principles which have a bearing on imports may be stated here.

The remaining three *King George V* class battleships must be completed at full speed. The construction of *Vanguard*, which is the only capital ship which can reach us in 1943 and before 1945, is most desirable. One new monitor is also needed. No other heavy ships can be proceeded with at present, and no more armour-plate can be provided for other naval purposes for the next six months; nor should new armour-plate factories be laid down. This

<sup>4</sup> See Appendix F, Book One.

<sup>5</sup> See Appendix G, Book Two.

position will be reviewed on September 1 in the light of (a) the Battle of the Atlantic, (b) the relationship of the United States to the war.

The requirements of the Admiralty for armour-plate must not exceed the 16,500 tons provided for 1941, nor the 25,000 tons for 1942. If these limits are observed, the Ministry of Supply should be able to execute the increased tank programme.

6. The Ministries of Food and Agriculture should, upon the basis of 15,000,000 tons import in 1941, concert an eighteen months' programme, drawing as may be necessary upon our meat reserves on the hoof to cover the next six months, but endeavouring to provide by concentrated imports the most varied dietary possible for the nation at war. By taking a period as long as eighteen months it should be possible to avoid hurried changes in policy, to use reserves as balancing factors, and to make the best use of the assigned tonnage.

7. The British air power will continue to be developed to the utmost within the above limits and with the present priorities and assignments.

When these precise instructions received the assent of the War Cabinet they were obeyed without demur by all concerned.

\* \* \* \* \*

From the time of the passing of the Lend-Lease Bill our relations with the United States grew steadily closer. Under our pressures we adopted a stronger attitude towards Vichy France. The recent depredations of the German battle-cruisers had shown the mischief of these powerful ships, soon to be reinforced by the *Bismarck*. There was also the fear that the Germans might gain control over the French Fleet and bring the fast battleship *Dunkerque* into their service.

I cabled to President Roosevelt:

Former Naval Person to President Roosevelt

2 April 41

We have entirely trustworthy information that Vichy Government received "permission" from Armistice Commission to transfer the battleship *Dunkerque*, with escort protection of the whole *Strasbourg* group, from Oran to Toulon for "disarmament."

2. It seems certain that object of transfer is to effect repairs, and we must, of course, assume it is being done on German orders.

3. I do not need to point out to you the grave danger to which this exposes us. The menace from German surface raiders is already great enough. The addition of such a vessel to the raiding fleet would set us a hard problem indeed. If any value were to be attached to Admiral Darlan's word, it might be hoped that he would in the last resort order out of French metropolitan ports naval units ready for sea. But if *Dunkerque* is docked and immobilised for repairs, that gives the Germans time to swoop and gain possession of her.

4. I fear this is a sinister confirmation of our worst suspicions of Darlan.

5. You have already, through your Ambassador in Vichy, indicated to the French Government that negotiations for the supply of grain to unoccupied France would be greatly facilitated if French warships in metropolitan ports were gradually transferred to North African Atlantic ports. Here we have Darlan not merely failing to comply with your wishes, but deliberately flying in the face of them.

6. I earnestly hope that you may at once indicate to Marshal Pétain that if Darlan persists in this action he will be cutting off relief from his country and finally forfeiting American sympathy. We ourselves in this situation could, of course, lend no assistance to the revictualling of France. There may be just a chance that Marshal Pétain may deter him from this action, but if not the matter for us is so vital that we may, even in spite of all the dangerous implications, have to make an effort to intercept and sink this vessel. I should like to hear from you that you would understand the necessity for such a step.

7. It is, of course, of first importance that neither the French nor their masters should be made aware that we might take the drastic action mentioned in paragraph 6.

Urgent as was the matter, I would not take action till I knew what the President felt and wished.

Prime Minister to First Lord

3 April 41

No attack should be made upon the *Dunkerque* unless or until an answer is received from President Roosevelt which ex-



presses no objection. Absence of any reference to the topic in his answer may be taken as consent.

2. On this reply being received, the First Lord should, if possible, consult the Lord Privy Seal in my absence, and decide.

3. Personally, my bias is strongly in favour of making the attack. Alas, we cannot be sure of success. Perhaps it is ten to one against a successful attack on a ship properly escorted by destroyers.

4. The reaction on Vichy would not, in my opinion, be serious. They would know they were found out doing a pro-Hun trick. So far as the French people are concerned, nothing would be easier than by repeated broadcasts to explain that this ship was being delivered over in a helpless condition into the German power, as in the event of a German descent she could not get away from the dock at Toulon like the immobile units of the French Fleet.

\* \* \* \* \*

The next days we learned from the President that there would be at least a pause, because the *Dunkerque* would not be leaving Oran within the next ten days. On April 6 he told us that Mr. Matthews, the American Counsellor at Vichy, had asked Marshal Pétain for an urgent appointment. This was granted, but as soon as Matthews told Pétain that he wished to discuss the *Dunkerque* the Marshal, who was obviously not informed upon the situation, sent for Darlan. Darlan arrived and said that, of course, this information came from the English, and complained that they wanted theirs to be the only fleet in the Mediterranean. He admitted that he was bringing the battleship to Toulon because he could not have it repaired at Oran, and anyway he was not going to leave it there. The Marshal and he had pledged their word of honour that French ships would not fall into German hands, and he repeated this assurance. The *Dunkerque* would not be moved immediately, and would not be ready for ten days or more. The American Embassy at Vichy believed that this was true, and thought that even if the ship were brought to Toulon she could not be put into service before the end of August. Darlan had then made a series of anti-British statements, and the Marshal had promised Mr. Matthews a formal reply. The President said

that Pétain apparently grasped the written word better than he trusted his memory, and might upon closer study give us the promise for which we asked.

I expressed my thanks and continuing concern.

*Former Naval Person to President Roosevelt*

6 April 41

Most grateful for your spirited intervention about *Dunkerque*. It is quite true that Toulon could not repair her for from three to six months, but why do we want that hanging over our head anyway? Darlan's honour about her never falling into German hands is rooted in dishonour. A ship in dry dock or under heavy repair could not possibly get away before the Germans could lay hold of Toulon. Their officers and agents are on the spot all the time, and remember how easy we found it to cop the French ships at Portsmouth and Plymouth. We ought to stick to our settled policy of resisting all transfers of French ships from African to German-controlled or potentially German-controlled French ports, and encourage all movement the other way. If Darlan gets *Dunkerque* to Toulon, why should he not ask for *Jean Bart* from Casablanca or *Richelieu* from Dakar? Therefore, I urge strong and stern continuance of utmost pressure you can exert. Evidently this is most powerful, as we have certain knowledge that they were to sail morning fourth and all preparations made. Pétain does not know half what this dirty Darlan does. It would be far better if your pressure deterred Darlan, as it has already, than that we should have to take rough action, with all its dangers.

2. Question is whether timely publicity might not help deter. Do you mind if I say something like this on Wednesday in Commons: "There was always the risk that Darlan might bring *Dunkerque* from Oran to Toulon in order to prepare her for war purposes. Such an act would affect the balances of naval power throughout the world, and would affect American interests besides our own. Representations have been made to Marshal Pétain by the United States Government which should have shown Vichy Government how undesirable this step would be from the point of view of French interests. His Majesty's Government would certainly be bound to regard it as a menacing act done at Hitler's instigation and as a step in Admiral Darlan's schemes for gaining personal control of France as the Germans' trusted agent. In these circumstances His Majesty's Government would hold themselves

free to take any action which was suitable against this ship, either in passage or while under repair in Toulon Harbour. They would greatly regret if such a situation arose, as they have no wish or policy towards France other than her liberation from the German yoke and the maintenance of the integrity of the French Empire." Please let me know what you think of this, or whether you can get the matter settled behind the scenes.

On April 9 I used these words to the House of Commons, and the *Dunkerque* incident was finally settled by the submission of the Vichy Government to President Roosevelt's pressure.

*President Roosevelt to Former Naval Person* 11 April 41

I have received the following [note] from Vichy, dated April 8:

"By a memorandum handed to Marshal Pétain on April 4, the American Chargé d'Affaires called attention to a report according to which the French Government, 'authorised by the Wiesbaden Armistice Commission,' was preparing to transfer the *Dunkerque* from Oran to Toulon, at the very moment when the Government of the United States was expressing its interest in an opposite movement of naval forces. 'Should such a transfer take place,' adds the memorandum, 'the Government of the United States could no longer envisage the continuation of the policy which it desired to pursue for the supplying, as far as possible, of its indispensable aid to unoccupied France, to say nothing of the other acts of co-operation envisaged.'

"The Marshal's Government loyally admits without any embarrassment that it had in fact intended to have the *Dunkerque* made ready for transfer to Toulon in the near future. But this measure had been envisaged with full sovereignty, without any foreign pressure whatsoever, and solely for technical reasons.

"The Government of the United States is fully aware that the *Dunkerque* was severely damaged in the month of July, 1940, as the result of an odious assault in which numerous Frenchmen were killed.

"The ship is today in condition to move; but its final repairs require a stay in dry dock, which can only be made in Toulon, the only arsenal of either North Africa or the unoccupied zone able to accommodate it. This is the sole reason why the transfer of the

*Dunkerque* was envisaged and remains necessary. Nevertheless, in view of the political significance which the Government of the United States seems disposed to attach to this transfer, the French Government agrees to delay the preparation of the ship until the conclusion of an agreement on this subject. It desires thus to show the Federal Government its will to pursue loyally, for its part, as far as its means will permit, the policy undertaken with a view to assuring the supplying of French Africa and the unoccupied zone.

"But by postponing putting into final shape one of its most precious war vessels the French Government is making a heavy sacrifice of self-respect and interest which affects its possibilities of defending its Empire as well as its means of protecting French maritime traffic.

"The French Government thus expects the American Government to use its good offices in London in order to obtain from the British Government the guarantee that as long as the *Dunkerque* remains in North Africa no further capture will be exercised against our legitimate commercial traffic between the French colonies, French Africa, and the unoccupied zone. It is evident in fact that a country as threatened with famine as France is cannot be asked to renounce the utilisation of all its means of defence if the commercial maritime traffic for the protection of which guarantees have been offered continues to be pursued and attacked."

Of course no such guarantee was given by us, and the powerful intervention of President Roosevelt at this time enabled our relations with Vichy France to become somewhat less hostile.

# 8

## The Battle of the Atlantic: 1941

### The American Intervention

*Armed Aid from the United States — Secret Staff Discussions in Washington — Development of American Naval Bases — The U-boats Move Westward — Importance of Iceland — The Halifax Route — Growth of the Royal Canadian Navy — Advanced Escort Base at St. John's, Newfoundland — Losses Continue to Mount — More Than Eight Hundred Thousand Tons Sunk in Three Months — Further American Aid — Extension of the Security Zone, April 11 — The Sea Frontier of the United States — The Azores — My Telegram of April 24 — Admiralty Talks with Admiral Ghormley — President Roosevelt Declares an Unlimited National Emergency, May 27 — Hitler's Dread of War with the United States — U-Boat Difficulties — A Dangerous Combination Disrupted — We Begin to Gain the Upper Hand, June — Our Need for More and Faster Escorts — And Long-Range Aircraft — And Good Radar — Catapulting of Fighters Against the Focke-Wulf — Publication of the Weekly Sinkings Discontinued — Achievements of Our Combined Headquarters at Liverpool — The United States Occupy Iceland, July 7 — The Threat from Brest — The Unified Direction of the War Machine — Our Losses and Intense Efforts — Appointment of Lord Leathers — Mr. Lewis Douglas — Improvement in Clearance of Goods from Our Ports.*

IMPORTANT CHANGES now took place in the U-boat war. The elimination of the three German "aces" in March and the improvement in our defence measures had their effect on

U-boat tactics. Finding the western approaches too hot, they moved farther west into waters where, since the Southern Irish ports were denied us, only a few of our flotilla escorts could reach them and where air protection was impossible. From our bases in the United Kingdom our escorts could only provide effective protection to our convoys over about a quarter of the route to Halifax. Early in April a wolf-pack struck a convoy in longitude 28° West before the escort had joined it. In a protracted action ten ships were sunk out of a total of twenty-two, one U-boat also being destroyed. Somehow we had to contrive to extend our reach or our days would be numbered.

Hitherto help from across the ocean had been confined to supplies; but now in this growing tension the President, acting with all the powers accorded to him as Commander-in-Chief of the armed forces and enshrined in the American Constitution, began to give us armed aid. He resolved not to allow the German U-boat and raider war to come near the American coast, and to make sure that the munitions he was sending Britain at least got nearly halfway across. As early as July, 1940, he had sent a naval and military mission to England for "exploratory conversations." Admiral Ghormley, the United States Naval Observer, was soon satisfied that Britain was inflexibly resolved, and could hold out against any immediate threat. His task, in collaboration with the Admiralty, was to determine how the power of the United States could best be brought to bear, first under the existing policy of "all aid short of war," and secondly in conjunction with the British armed forces if and when the United States should be drawn into war.

From these early beginnings sprang the broad design for the joint defence of the Atlantic Ocean by the two English-speaking Powers. In January, 1941, secret Staff discussions began in Washington covering the whole scene, and framing a combined world strategy. The United States war chiefs agreed that should the war spread to America and to the Pacific the Atlantic and European theatre should be regarded as decisive. Hitler must



be defeated first, and on this conception American aid in the Battle of the Atlantic was planned. Preparations were started to meet the needs of joint ocean convoy in the Atlantic. In March, 1941, American officers visited Great Britain to select bases for their naval escorts and air forces. Work on these was at once begun. Meanwhile the development of American bases in British territory in the West Atlantic, which had begun in 1940, was proceeding rapidly. The most important for the North Atlantic convoys was Argentia, in Newfoundland. With this and with harbours in the United Kingdom American forces could play their fullest permissible part in the battle, or so it seemed when these measures were planned.

Between Canada and Great Britain are the islands of Newfoundland, Greenland, and Iceland. All these lie near the flank of the shortest, or great-circle, track between Halifax and Scotland. Forces based on these "stepping-stones" could control the whole route by sectors. Greenland was entirely devoid of resources, but the other two islands could be quickly turned to good account. It has been said, "Whoever possesses Iceland holds a pistol firmly pointed at England, America, and Canada." ~~Upon this thought, when the conference~~  
~~we had occupied Iceland which Denmark was~~  
~~1940. Newfoundland, Greenland, Iceland, and~~  
~~the use of our~~  
escort groups and aircraft. Iceland became a separate command, and thence we extended the range of the surface escorts to 35° West. Even so there remained an ominous gap to the westward which for the time being could not be bridged. In May a Halifax convoy was heavily attacked in 41° West and lost nine ships before our anti-U-boat escort could join it.

Meanwhile the strength of the Royal Canadian Navy was increasing, and their new corvettes were beginning to emerge in good numbers from the building yards. At this crucial moment Canada was ready to play a conspicuous part in the deadly struggle. The losses in the Halifax convoy made it quite clear that nothing less than end-to-end escort from

Canada to Britain would suffice, and on May 23 the Admiralty invited the Governments of Canada and Newfoundland to use St. John's, Newfoundland, as an advanced base for our joint escort forces. The response was immediate, and by the end of the month continuous escort over the whole route was at last a reality. Thereafter the Royal Canadian Navy accepted responsibility for the protection, out of its own resources, of convoys on the western section of the ocean route. From Great Britain and from Iceland we were able to give protection over the remainder of the passage. Even so the strength available remained perilously small for the task to be performed. Meanwhile our losses had been mounting steeply. In the three months ending with May U-boats alone sank 142 ships, of 818,000 tons. Of these, 99 ships, of about 600,000 tons, were British. To achieve these results the Germans maintained continuously about a dozen U-boats in the North Atlantic, and in addition endeavoured to spread-eagle our defence by determined attacks in the Freetown area, where six U-boats in May alone sank thirty-two ships.

\* \* \* \* \*

In the United States the President was moving step by step ever more closely with us, and his powerful intervention soon became decisive. As we had found it necessary to develop bases in Iceland, so he in the same month took steps to establish an air base for his own use in Greenland. It was known that the Germans had already installed weather-reporting stations on the Greenland east coast and opposite Iceland. The President's action was therefore timely. Furthermore, by other decisions not only our merchant ships but our warships, damaged in the heavy fighting in the Mediterranean and elsewhere, could be repaired in American shipyards, thus giving instant and much-needed relief to our heavily strained resources at home. The President confirmed this in a telegram of April 4, which also stated that he had allotted funds to build another fifty-eight launching yards and two hundred more ships.

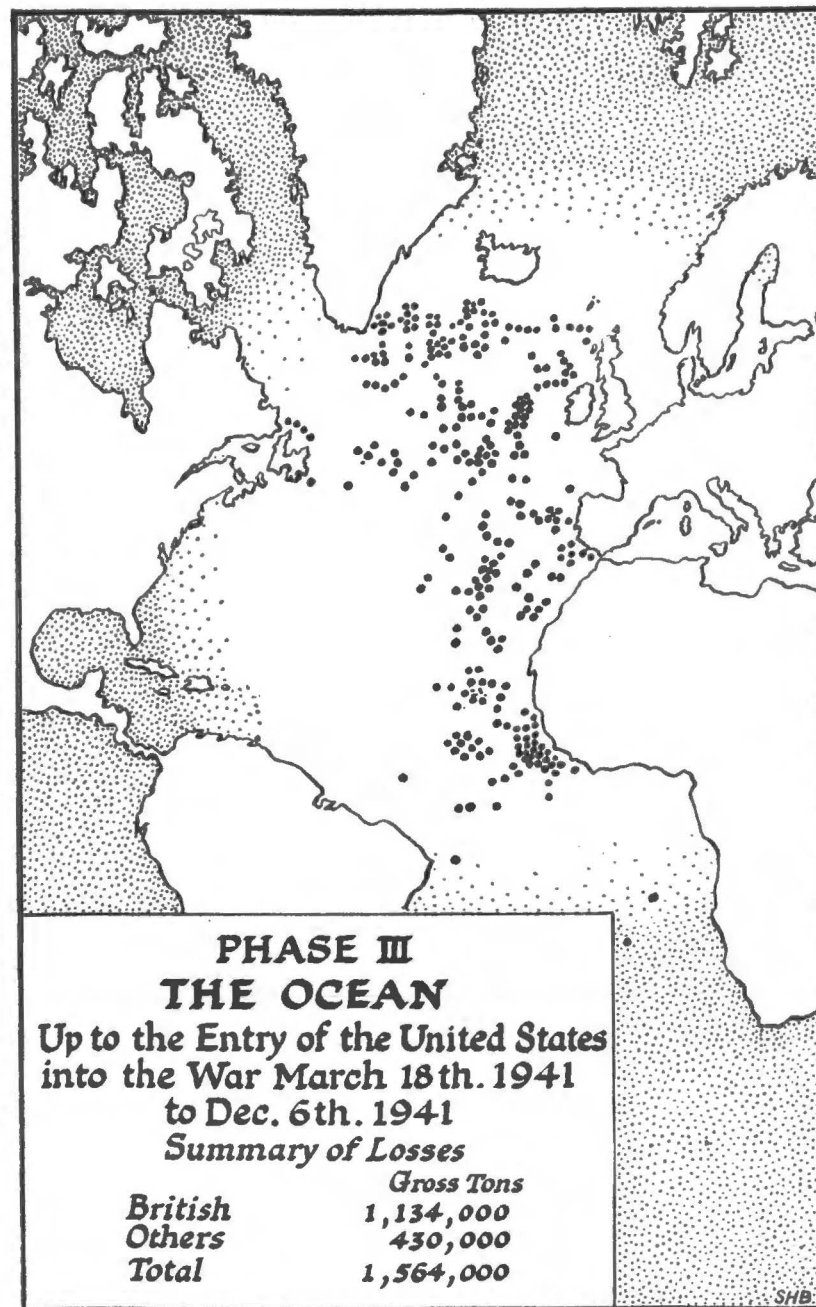
*Former Naval Person to President Roosevelt*

4 April 41

I am most grateful for your message just received through the Ambassador about the shipping.

2. During the last few weeks we have been able to strengthen our escorts in home northwestern approaches, and in consequence have hit the U-boats hard. They have now moved farther west, and this morning (April 3) sank four ships on the twenty-ninth meridian one day before our escort could meet them. Beating the U-boat is simply a question of destroyers and escorts, but we are so strained that to fill one gap is to open another. If we could get your ten cutters taken over and manned we would base them on Iceland, where their good radius would give protection to convoys right up to where they meet our British-based escorts. Another important factor in northwestern approaches is long-distance aircraft. These are now coming in. Meanwhile, though our losses are increasingly serious, I hope we shall lessen the air menace when in a month or six weeks' time we have a good number of Hurricane fighters flying off merchant ships patrolling or escorting in the danger zone.

Great news arrived a week later. The President cabled me on April 11 that the United States Government proposed to extend their so-called security zone and patrol areas, which had been in effect since very early in the war, to a line covering all North Atlantic waters west of about West Longitude 26°. For this purpose the President proposed to use aircraft and naval vessels working from Greenland, Newfoundland, Nova Scotia, the United States, Bermuda, and the West Indies, with possibly a later extension to Brazil. He invited us to notify him in great secrecy of the movement of our convoys, "so that our patrol units can seek out any ships or planes of aggressor nations operating west of the new line of the security zones." The Americans for their part would immediately publish the position of possible aggressor ships or planes when located in the American patrol area, "It is not certain," the President ended, "that I would make a specific announcement. I may decide to issue the necessary naval operative orders and let time bring out the existence of the new patrol area."



I transmitted this telegram to the Admiralty with a deep sense of relief.

*Former Naval Person to President Roosevelt*

16 April 41

I had intended to cable you more fully on your momentous message about the Atlantic. Admiralty received the news with the greatest relief and satisfaction, and have prepared a technical paper. They wonder whether, since Admiral Ghormley arrives here in about two days, it would be better to discuss this with him before dispatch. I do not know whether he is apprised or not. The matter is certainly of highest urgency and consequence. There are about fifteen U-boats now operating on the thirtieth meridian, and of course United States flying-boats working from Greenland would be a most useful immediate measure.

Two days later, on April 18, the United States Government announced the line of demarcation between the Eastern and Western Hemispheres to which the President had referred in his message of April 11. This line, drawn along the meridian of 26° West, became thereafter the virtual sea frontier of the United States. It included within the United States' sphere all British territory in or near the American continent, Greenland, and the Azores, and was soon afterward extended eastward to include Iceland. Under this declaration United States warships would patrol the waters of the Western Hemisphere, and would incidentally keep us informed of any enemy activities therein. The United States, however, remained non-belligerent and could not at this stage provide direct protection for our convoys. This remained solely a British responsibility over the whole route.

Both the British and American naval chiefs were at this time anxious about the Azores. We strongly suspected that the enemy were planning to seize them as a base for U-boats and aircraft. These islands, lying near the centre of the North Atlantic, would in enemy hands have proved as great a menace to our shipping movements in the south as Iceland in the north. The British Government for its part could not tolerate such a situation arising, and in response to urgent calls from the Portuguese Government, who were fully alive to the danger

to their own country, we planned and prepared an expedition to forestall such a German move. We had also made plans to occupy Grand Canary and the Cape Verde Islands, should Hitler move into Spain. The urgency of these expeditions vanished once it became clear that Hitler had shifted his eyes towards Russia.

*Former Naval Person to President Roosevelt*

24 April 41

I now reply in detail to your message of April 11. The delay has been caused by waiting for Admiral Ghormley, whose arrival was uncertain. The First Sea Lord has had long discussions with Ghormley, as the result of which I am advised as follows:

2. In the Battle of the Atlantic we have two main problems to deal with in addition to the menace from aircraft round our coast. These problems are those of the U-boats and the raiders.

3. As regards the U-boats, we have had considerable success in dealing with these pests when they were working somewhere in the longitude of 22° West in the northwestern approaches. Whether it was because of our success or for some other reason, they are now working in about 30° West.

4. We have, however, been able gradually to strengthen our escorting forces, thanks to the United States destroyers which were sent us, and by the use of Iceland as a refuelling base for the escorts.

5. It may be expected that the enemy's reaction to this will be to send his U-boats still farther west, and as most of them are based on either L'Orient or Bordeaux they can do this without operating farther from their bases than they are at the present time.

6. It is quite likely therefore that the area to the westward of 35° West and to the southward of Greenland will be the next danger area, and it is one which it is difficult for us to deal with. Aerial reconnaissance which could be carried out from Greenland to cover this area would therefore be of the greatest value, as if a U-boat were located we should be able to reroute our convoys by signal so as to pass clear of the danger.

7. Another area in which we are having considerable trouble is that from Freetown up through the Cape Verdes to the Azores. We cannot route our convoys very far to the west owing to the [limited] endurance of the vessels on this run. In fact, it is only by reducing their cargo and taking in extra fuel that they can make



the passage. We are providing such escort for these convoys as we are able, but it is quite inadequate, and it would be of the greatest help if air reconnaissance by one of the United States carriers would cover the water some distance in advance of the convoys.

8. There will be no difficulty in giving the American naval authorities notification of the movements of convoys.

9. As regards raiders, one great danger point is off Newfoundland, as we have a very large amount of shipping proceeding independently through this area. This was the area in which the *Scharnhorst* and *Gneisenau* made such a bag. Any additional long-range air reconnaissance which could be carried out from Newfoundland or Nova Scotia would be of the greatest assistance.

10. We hope to station a powerful capital ship in either Nova Scotia or Newfoundland, which would be able to take advantage of any information which we receive regarding the activities of raiders.

11. There are various areas on our trade routes in which the enemy is liable to operate and which are west of the longitude 26° West. There are also certain areas in the North and South Atlantic off the trade routes in which the enemy maintain their supply ships and where they go to refuel. Up to the present time we have been unable to search out these seas, as we have not had the ships to do it with. If we knew that reconnaissance was going to take place over any given area we would endeavour to have in the vicinity a force which would be capable of dealing with any raider which was located. Apart from any information which your ships were able to broadcast, the mere fact of air reconnaissance taking place over these areas would give the enemy a great feeling of uneasiness.

12. It is understood that arrangements have already been made for secret intercommunication between British and United States warships.

13. For yourself alone. There is another matter closely connected with the above which is causing me and the Naval Staff increasing anxiety. The capacity of Spain and Portugal to resist the increasing German pressure may at any time collapse, and the anchorage at Gibraltar be rendered unusable. To effect this the Germans would not need to move a large army through Spain, but merely to get hold of the batteries which may molest the anchorage, for which a few thousand artillerymen and technicians might be sufficient. They have already done some of their usual prelim-

inary penetration into Tangier, and thus both sides of the Straits might quickly pass into the hands of expert hostile gunners.

14. Of course, the moment Spain gives way or is attacked we shall dispatch two expeditions which we have long been holding in readiness, one from Britain to one of the islands in the Azores, and subsequently to a second island, and the second expedition to do the same in the Cape Verdes. But these operations will take eight days from the signal being given, and one can never tell that the Germans may not have forestalling plans on foot. With our other naval burdens we have not the forces to maintain a continuous watch. It would be a very great advantage if you could send an American squadron for a friendly cruise in these regions at the earliest moment. This would probably warn Nazi raiders off, and would keep the place warm for us as well as giving us invaluable information.

15. I have had long talks with Mr. Forrestal, and am taking him and Harriman with me tomorrow night to study the position in the Mersey area, so important to the northwestern approaches.

\* \* \* \* \*

Meanwhile, as a result of the Admiralty talks with Admiral Ghormley, a detailed plan for helping us in the Atlantic had been arranged with the United States.

*Former Naval Person to President Roosevelt*

24 April 41

Greatly cheered by the news about "Navy Western Hemisphere Defence Plan No. 2." It almost entirely covers the points made in my cable to you, which crossed the official communication. We are deeply impressed by the rapidity with which it is being brought into play. We have just received a report which indicates that a surface raider is operating in a position about three hundred miles southeast of Bermuda. Everything will be done to tell the Commander-in-Chief of the United States Fleet about our convoys and other matters. Admiral Ghormley is in closest touch with the Admiralty, and the necessary Staff arrangements will be perfected.

2. The route taken by British shipping to and from the Cape is dependent on the areas in which U-boats are suspected, but a route west of 26° West is being used at the present time, and will be used whenever possible.

3. We welcome the energetic steps the United States Navy are taking to prepare the bases in the northwestern approaches. . . . The action you have taken may well decide the Battle of the Atlantic in a favourable sense.

We are, of course, observing the strictest secrecy. You will, I am sure, however, realise that if it were possible for you to make any kind of disclosure or declaration on these lines, it might powerfully influence the attitude both of Turkey and Spain at a cardinal moment.

The effects of the President's policy were far-reaching, and we continued our struggle with important parts of our load taken off our backs by the Royal Canadian and the United States Navies. The United States was moving ever nearer to war, and this world-tide was still further speeded by the irruption of the *Bismarck* into the Atlantic towards the end of May. This episode will be described in due course. In a broadcast on May 27, the very day that the *Bismarck* was sunk, the President declared, "The war is approaching the brink of the Western Hemisphere itself. . . . The Battle of the Atlantic now extends from the icy waters of the North Pole to the frozen continent of the Antarctic." He went on, "It would be suicide to wait until they [the enemy] are in our front yard. . . . We have accordingly extended our patrols in North and South Atlantic waters." At the conclusion of this speech the President declared an "Unlimited National Emergency."

\* \* \* \* \*

There is ample evidence to show that the Germans were greatly disturbed at this extension of American activity, and Admirals Raeder and Doenitz besought the Fuehrer to grant greater latitude to the U-boats and permit them to operate towards the American coast as well as against American ships if convoyed or if proceeding without lights. Hitler, however, remained adamant. He always dreaded the consequences of war with the United States, and insisted that German forces should avoid provocative action against her.

\* \* \* \* \*

The expansion of the enemy's efforts also brought its own correctives. By June he had, apart from those training, about thirty-five U-boats at sea, but the manning of the numbers of new craft now coming forward outstripped his resources in highly trained crews, and above all in experienced captains. The "diluted" crews of the new U-boats, largely composed of young and unpractised men, showed a decline in pertinacity and skill. Furthermore, the extension of the battle into the remoter expanses of the ocean disrupted the dangerous combination of the U-boats and the air. German aircraft in large numbers had not been equipped or trained for operations over the sea. None the less, in the same three months of March, April, and May 179 ships, of 545,000 tons, were sunk by air attack, mainly in the coastal regions. Of this total 40,000 tons were destroyed, as has been described in an earlier chapter, in two fierce attacks on the Liverpool docks early in May. I was thankful the Germans did not persevere on this tormented target. All the while the stealthy, insidious menace of the magnetic mine had continued around our coasts, with varying success; but our counter-measures remained dominant, and by 1941 sinkings by mines were greatly diminishing.

By June the steady growth of our defence measures both in home waters and in the Atlantic, aided by Canada and America, began once more to gain the upper hand. The utmost exertions were being made both to improve the organisation of our convoy escorts and to develop new weapons and devices to aid them in their task. The chief needs were for more and faster escorts with greater fuel endurance, for more long-range aircraft, and above all for good radar. Shore-based aircraft alone were not enough, and every convoy needed ship-borne airplanes to detect any U-boat within striking distance in daylight, and by forcing it to dive prevent it making contact, or making a report which would draw others to the scene. Even so, the value of the air arm at this stage was still chiefly for reconnaissance. Aircraft could observe U-boats and force them down, but the power to kill was not yet developed, and at night their



value was greatly limited. The lethal power of the air in U-boat warfare was yet to come.

Against the Focke-Wulf assailant, however, the air weapon could be quickly turned to good account. By the use of fighter aircraft discharged from catapults mounted in ordinary merchant ships, as well as in converted ships manned by the Royal Navy, we soon met this thrust. The fighter pilot, having been tossed like a falcon against his prey, had at first to rely for his life on being retrieved from the sea by one of the escorts.

The Focke-Wulf, being challenged itself in the air, was no longer able to give the same assistance to the U-boats, and gradually became the hunted rather than the hunter.

\* \* \* \* \*

Our losses from enemy action during the fateful months show the stresses of this life-and-death struggle:

	Gross Tons		Gross Tons
January	320,000	April	654,000
February	402,000	May	500,000
March	537,000	June	431,000

The April figures, of course, include the exceptional losses in the fighting around Greece.

\* \* \* \* \*

I watched the process with constant attention.

*Prime Minister to Minister of Information*

14 April 41

The publication of the weekly sinkings is to be discontinued henceforward — that is, no more, no publication next Tuesday. When the press ask why have the week's figures not come out, the answer will be they are to be published monthly instead of weekly. When the comment is made that we are afraid to publish weekly because, as you say, we "desire to cover up the size of our most recent shipping losses," the answer should be, "Well, that is what we are going to do anyway." Friends and enemies will no doubt put on their own interpretation. But only the facts will decide. We shall have a lot of worse things than that to put up with in the near future.

I will answer any questions on the subject myself in the House.

*Prime Minister to Sir Edward Bridges, General Ismay, 28 April 41 and other members of Atlantic Committee concerned*

It is not intended to use the catapult ships as ordinary freighters; nor can a number like two hundred, which has been mentioned, be at any time contemplated.

2. There are at present five catapult patrol vessels working like the *Pegasus*. These should be joined at the earliest moment by the first ten catapult-fitted merchant ships, and from these fifteen vessels there must be found a regular patrol covering or accompanying the convoys in the Focke-Wulf zone.

3. As some of these vessels are probably heavier, faster, and more valuable merchant vessels than are required for this patrolling service, they are to be replaced at earliest by other smaller vessels which the Ministry of Shipping can better spare. The large ones already fitted, having been relieved, may ply on the Freetown-Britain route, as they will have the opportunity of going through two danger zones in each voyage, and the catapult Hurricanes will thus have adequate opportunities of fighting.

4. If the fifteen ships devoted to the northwestern approaches patrol are proved to be a success and it is thought necessary to increase their numbers, a proposal should be put forward. At the same time the Beaufighter aircraft now employed on patrol duties should be returned to Fighter Command, where they are most urgently needed for night fighting.

\* \* \* \* \*

We developed and expanded our bases in Canada and Iceland with all possible speed, and planned our convoys accordingly. We increased the fuel capacity of our older destroyers and their consequent radius. The newly formed Combined Headquarters at Liverpool threw itself heart and soul into the struggle. As more escorts came into service and the personnel gained experience, Admiral Noble formed them into permanent groups under group commanders. Thus the essential team spirit was fostered and men became accustomed to working in unison with a clear understanding of their commander's methods. These escort groups became ever more efficient, and as their power grew that of the U-boats declined.

\* \* \* \* \*

Meanwhile in June President Roosevelt made an important move. He decided to establish a base in Iceland. It was agreed that United States forces should relieve the British garrison. They reached Iceland on July 7, and this island was included in the defence system of the Western Hemisphere. Thereafter American convoys escorted by American warships ran regularly to Reykjavik, and although the United States were still not at war they admitted foreign ships to the protection of their convoys.

Throughout these critical months the two German battle-cruisers remained poised in Brest. At any moment it seemed that they might again break out, to cause further havoc in the Atlantic. It was due to the Royal Air Force that they continued inactive. Repeated air attacks were made on them in port, with such good effect that they remained idle through the year. The enemy's concern soon became to get them home; but even this they were unable to do until 1942. Hitler's plan for the invasion of Russia soon brought us much-needed respite in the air. For this new enterprise the German Air Force had to be re-deployed in strength, and thus from May onward the scale of air attack against our shipping fell.

\* \* \* \* \*

It is worth while at this point to anticipate some of the results which were gained in the Battle of the Atlantic by the intensive study which we made of all the knowable factors at work. It was a great advantage that the whole process of our many decisions could be passed continuously through a single mind, and that, as Prime Minister, I received in so full a measure from my colleagues the authority necessary to give a unified direction throughout this vast administrative sphere. The war machine over which I presided as Minister of Defence was capable of enforcing all decisions with precision.

At the end of June I reported, on the authority of the Admiralty, to the House of Commons a decisive decline in British losses by aircraft attack in the North Atlantic:

February	86,000 tons
March	69,000
April	59,000
May	21,000
June (to date)	18,000 <sup>1</sup>

In my directive of March 6 I had aimed at reducing the 1,700,000 tons of shipping immobilised by the need for repairs by 400,000 tons by July 1. Later on we became more ambitious and set ourselves as a target a reduction of 750,000 tons by the same date. Actually we achieved a reduction of 700,000 tons. This was accomplished in the teeth of the air attacks made on the Mersey and the Clyde at the beginning of May. The welcome addition of a large number of ships, hitherto given up as hopeless, which were rescued by our splendid Salvage Service and added to the repair list, was another gain. A substantial saving in the turn-round of ships was also effected by various processes, and every day's saving in the turn-round was worth a quarter of a million tons in effective imports during a year.

There were many complications in all this. We could not always arrange to discharge a ship at the most convenient port. One carrying a mixed cargo might have to visit several ports during the process of discharge, with added risk of destruction by air or mine during coastal passages; and all the time the ports themselves, particularly those on the East Coast, were subject to attack which might temporarily paralyse them. London, by far our main port, was largely immobilised owing to the risk of sending large vessels round to the East Coast in the face of attacks by air, by E-boats, and by mines. Thus the East Coast ports could not take their full

<sup>1</sup> The total losses in the undermentioned five months in 1941 from air attack, including Allied and neutral shipping, and the losses in Greece, are now known to be as follows:

Month	British	Allied	Neutral	Total
February	51,865	34,243	3,197	89,305
March	70,266	36,780	5,731	112,777
April	122,503	164,006	9,909	296,418
May	115,131	21,004	125	136,260
June	39,301	18,449	3,664	61,414
Totals	399,066	274,482	22,626	696,174

share of the load, and the greater burden fell upon the ports in the west — Liverpool, the Clyde, and the Bristol Channel. None the less, by intense efforts London, the Humber, and the more northerly ports on the East Coast remained open to coastal and a certain amount of ocean-going traffic throughout these harassing times.

\* \* \* \* \*

At the height of this struggle I made one of the most important and fortunate appointments of my war administration. In 1930, when I was out of office, I accepted for the first and only time in my life a directorship. It was in one of the subsidiary companies of Lord Inchcape's far-spreading organisation of the Peninsular and Oriental shipping lines. For eight years I regularly attended the monthly board meetings and discharged my duties with care. At these meetings I gradually became aware of a very remarkable man. He presided over thirty or forty companies, of which the one with which I was connected was a small unit. I soon perceived that Frederick Leathers was the central brain and controlling power of this combination. He knew everything and commanded absolute confidence. Year after year I watched him from my small position at close quarters. I said to myself, "If ever there is another war, here is a man who will play the same kind of part as the great business leaders who served under me at the Ministry of Munitions in 1917 and 1918."

Leathers volunteered his services to the Ministry of Shipping on the outbreak in 1939. We did not come much into contact while I was at the Admiralty, because his functions were specialised and subordinate. But now in 1941, in the stresses of the Battle of the Atlantic, and with the need for combining the management of our shipping with all the movements of our supplies by rail and road from our harried ports, he came more and more into my mind. On May 8 I turned to him. After much discussion I remodelled the Ministries of Shipping and Transport into one integral machine. I placed Leathers at its head. To give him the necessary authority I created the office of Minister of War Transport. I was always shy of bringing

people into high Ministerial positions in the House of Commons if they had not been brought up there for a good many years. Experienced Members out of office may badger the newcomer, and he will always be unduly worried by the speeches he has to prepare and deliver. I therefore made a submission to the Crown that a peerage should be conferred upon the new Minister.

Henceforward to the end of the war Lord Leathers remained in complete control of the Ministry of War Transport, and his reputation grew with every one of the four years that passed. He won the confidence of the Chiefs of Staff and of all departments at home, and established intimate and excellent relations with the leading Americans in this vital sphere. With none was he more closely in harmony than with Mr. Lewis Douglas, of the United States Shipping Board, and later Ambassador in London. Leathers was an immense help to me in the conduct of the war. It was very rarely that he was unable to accomplish the hard tasks I set. Several times when all staff and departmental processes had failed to solve the problems of moving an extra division or transshipping it from British to American ships, or of meeting some other need, I made a personal appeal to him, and the difficulties seemed to disappear as if by magic.

\* \* \* \* \*

I was able to tell the House in secret session on June 25 some encouraging facts about the clearance of goods from our ports.

I have never allowed the excuse to be pleaded of congestion at our ports, because, in spite of all our difficulties, we are in fact only handling and budgeting to handle about half the prewar traffic. Nonetheless, a great effort is being made. Inland sorting depots which enable the goods to be got away quickly from the air-raided quaysides into the country are recommended by the Select Committee. Six of these are in process of construction to serve our West Coast ports. The first will come into partial operation in September. To get the best out of the South Wales ports we are quadrupling the railway line from Newport to the Severn Tunnel;

part of the quadrupled line is already in operation. Some of the transport bottlenecks are found at inland junctions on the western side of the Island, because a greater strain is being cast upon them than they were constructed to bear. These are being opened up. A considerable development of overside discharge at suitable anchorages has been organised, not only as a relief but as an alternative in case of very heavy attack.

A large expansion in our crane facilities is on foot, both to equip new emergency ports and to make existing port facilities more flexible under attack. In May alone a hundred and fifty mobile cranes were delivered from British factories and from the United States, as compared with the previous average of fifty in the last four months.

On all this I felt able to ask the House to approve stopping, as already ordered, the weekly publication of our tonnage losses, which had been of so much assistance to the enemy, but to which the press and Parliament attached fictitious importance. As has been mentioned, I had already given directions to this effect in April. "I have no doubt," I now said, "there will be a howl, not only from the Germans, but from some well-meaning patriots of this Island. Let them howl. We have got to think of our sailors and merchant seamen, the lives of our countrymen and of the life of our country, now quivering in the balance of mortal peril."

The House seemed greatly reassured by all this account, and gave me a full measure of support.

If we can resist [I said] or deter actual invasion this autumn, we ought to be able, on the present undertaking of the United States, to come through the year 1941. In 1942 we hope to be possessed of very definite air ascendancy, and to be able not only to carry our offensive bombing very heavily into Germany, but to redress to some extent the frightful strategic disadvantages we suffer from the present German control of the Atlantic seaports of Europe. If we can deny to the enemy or at least markedly neutralise the enemy-held Atlantic ports and airfields, there is no reason why the year 1942, in which the enormous American new building comes to hand, should not present us with less anxious ordeals than those we must now endure and come through.

I ended thus:

I will add only one other word. Let us not forget that the enemy has difficulties of his own; that some of these difficulties are obvious; that there may be others which are more apparent to him than to us; and that all the great struggles of history have been won by superior will-power wresting victory in the teeth of odds or upon the narrowest of margins. ♦

*The Second World War*

★ ★ ★

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Los Angeles Times

October 6, 1986, Monday, Home Edition

SECTION: Part 1; Page 1; Column 5; Foreign Desk

LENGTH: 1759 words

HEADLINE: OLD TOUCHES KEPT;  
REYKJAVIK A HOMEY SETTING FOR CONFERENCE

BYLINE: By STANLEY MEISLER, Times Staff Writer

DATELINE: REYKJAVIK, Iceland

BODY:

Reykjavik, set among the snow-streaked fiords of Iceland and under the ice-blue northern skies of the Atlantic, is a small, modern capital where people speak softly, hang on to old homey ways and impress visitors with prideful accounts of old Icelandic history and culture.

Icelanders were surprised that President Reagan and Soviet leader Mikhail S. Gorbachev suddenly settled on Reykjavik as the site of their summit conference next weekend. But no Icelanders seem awed by the selection. They feel sure that Reykjavik, small as it is, can cope and that Iceland, rich as it is in both antique and modern achievement, can make itself better known throughout the world.

A little more than 130,000 people live in Reykjavik and its suburbs -- 55% of the total population of Iceland -- but most of the capital's population is relatively new. Reykjavik has grown by five times or more since World War II.

'Was Like a Fishing Village'

"When I was a boy, and I am 56 years old now, Reykjavik was like a fishing village," said editor Matthias Johannessen at his offices in the daily newspaper Morgunbladid. "Life was something like the way Isaac Bashevis Singer describes life in his little villages."

As a result, despite the cars that crowd the streets in the hunt for scarce parking slots and the modern concrete apartment blocks going up by the seafont, Reykjavik still keeps touches from a bygone time.

At tea on a recent afternoon, lawyer Gudjon Strykarsson, and his wife, Agusta, a schoolteacher, talked about the increase in crime in the last few years. Gudjon believed that they should lock the door of their home when go to work each day, but Agusta did not like the idea. They already locked their door when they slept at night and that seemed sufficient to her.

"Years ago," she said, "our doors did not even have locks."

Images of smallness and tranquility and old ways abound. For 20 years, ever since television began in Iceland, there has been no telecasting on Thursdays, giving Icelanders at least one free night to attend meetings, converse with

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friends and family, go to the movies, or read.

The phone book lists almost everyone alphabetically by first name rather than last. This follows standard Icelandic practice, for most people do not use family names the way Americans or Scandinavians or other Europeans do. Instead, Icelanders use their father's first name as a second name, adding "son" if male or "dottir" if female. Vigdis Finnbogadottir, the former professor of French who is president of Iceland, is thus known by everyone as Vigdis, her second name indicating only that she is the daughter of Finnboga.

Television announcements have appealed for all Icelanders to stay away from Reykjavik restaurants this week, making room at tables for the 3,000 or so journalists and officials coming for the Reagan-Gorbachev summit. The appeal reflects how few facilities there are in Reykjavik to take care of so many visitors. The town has fewer than 1,000 hotel beds and only 10 restaurants that are listed in the official hotel and restaurant guide as those with "full service international menu."

#### Site for Previous Summits

Reykjavik has hosted a major international event twice before -- the world championship chess match between American Bobby Fischer and Russian Boris Spassky in 1972 and the summit conference between President Richard M. Nixon and French President Georges Pompidou in 1973 -- but neither event required as much organization and security or attracted as many journalists as the impending Reagan-Gorbachev summit.

The U.S. government had to postpone a trip by an advance team of American officials for one day last week while U.S. Embassy staff telephoned frantically throughout Reykjavik for housing. The shortage in housing is being made up by Reykjavik residents who, in response to government appeals, are renting private rooms and apartments to visitors. Children at two schools have been given a week's holiday so the school buildings can be fashioned into press centers.

Icelanders are confident that the job will be done. "If they had given us three months," said Bjarni Sigtryggsson, the assistant manager of the Saga Hotel, with a smile, "we could not have done it. But since we only have ten days, we are doing it, because we have to."

Icelanders are also proud of their climate. Despite the name of their country and its location just south of the Arctic Circle, Reykjavik residents like to make the point that their winter climate is not much different from that of New York. Reykjavik, which is warmed by the Gulf Stream, has only 52 days of snow a year. It takes record cold levels to bring temperatures below zero.

Yet an unseasonal snow began to fall last Thursday, and it has been chilling, wet and nasty most of the time since. "Perhaps Iceland," said an office secretary, "decided to really look like Ice-land when the two great men meet here."

#### Chilled Relations

The conference will be held at a rather chilling time in U.S.-Icelandic relations as well. Although some opposition parties have complained about it in the past, the American-run North Atlantic Treaty Organization anti-submarine

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base at Keflavik with its 4,000 American servicemen and dependents is not an issue. But whaling is.

Under pressure from the U.S. government, Iceland, which had been catching 400 whales a year, announced that it would abide by an international moratorium on whaling. But Iceland nevertheless killed 120 whales this year, proclaiming it part of a scientific research program to determine whether the stocks of whales are really dwindling.

Both the U.S. government and the environmental organization Greenpeace have denounced the continued killing, and there has been a good deal of bickering. Although it only has a population of 240,000, Iceland does not like to behave like a people only one-tenth of 1% the size of the United States.

"Iceland refuses to accept that Washington is the capital of Iceland," said Matthias Johannessen, the editor. "We are united against the United States on this issue. You know, we were quarreling among ourselves about the whaling at first. But the United States and Greenpeace have put us all in the same boat."

As part of their expression of solidarity, some Icelanders are beginning to eat more whale meat, as if to prove that whaling is a national necessity and not just a way of earning money from Japan, the main purchaser of Icelandic whale meat.

Icelanders, in fact, possess an extraordinary homogeneity, almost every one Lutheran and almost every one descended from Norwegian Vikings who settled in Iceland more than a thousand years ago. Early islanders created the world's first Parliament and the long sagas that are regarded as some of the finest medieval writing in the world.

Iceland, under Norwegian and then Danish rule, went through a dark period in which the population sometimes came close to extinction, but it somehow managed to survive over centuries with its medieval language, literacy and culture intact. But the Icelanders were too weak and poor to leave great structures behind.

"We did not build cathedrals," said Matthias Johannessen. "Books were our cathedrals."

Books are still prized. Publishers produce 300 new Icelandic books a year for a population that is nearly 100% literate.

Although a handful of refugees like Vietnamese boat people have come from time to time, Iceland has hardly any immigrant population.

#### Homogenous Society

"There is no deliberate policy to keep foreigners out," said Sveinn Eldonn, a Foreign Ministry official. "We are not hostile to foreigners. People have not given their homogeneity much thought. We are such a similar population that everyone knows everyone else and who their parents are. They can trace their roots rather easily. But there is no racist element here."

Until World War II, Iceland was a land of fishermen and farmers with its capital, Reykjavik, an administrative and commercial center of perhaps 30,000.

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The island itself was then a self-governing country under the Danish crown much like Canada was a self-governing dominion of the British Empire. When Denmark fell to Nazi Germany, Britain seized Iceland to prevent a German takeover.

American forces followed a year later to build an airport, drawing Icelandic labor from the countryside with high wages and precipitating the modernization of Iceland and the enormous growth of Reykjavik. With support from the wartime allies, the full independence of Iceland from Denmark was declared in 1944.

The city reflects this history. There is a small pocket of its past -- quaint, red and green corrugated iron homes; a few small but stately buildings used by Parliament, the president and prime minister; old Lutheran churches with stark spires -- in the few downtown streets and the old residential quarter built around a lake. But this old town is overwhelmed by a procession of ugly, functional blocks of apartments built to house the Icelanders who continue to move to Reykjavik.

In fact, the town, like many American cities, is beginning to lose its downtown as a center. Many new institutions like the university, the museum, and hotels are built in newer neighborhoods farther out. Some of the ugly structures mar the beauty of the breathtaking scenery around the town, but there is no pollution. The entire city is heated by hot mineral springs that are piped from underground into the central heating plants of almost every building.

#### Haunted House

Despite the newness of the city, Icelanders cannot help talking about their past. The government has offered Reagan and Gorbachev use of a large white house by the sea as a meeting place. This house, known as the Hofdi, serves as the site for government ceremonial banquets and other occasions these days, but it has a past.

It was built in 1909 by the French consul but later bought by Einar Benediktsson, an Icelandic poet and lawyer. Editor Matthias Johannessen said that Benediktsson, acting in a legal case, uncovered the fact that a young woman in another part of the country had unknowingly committed incest with her brother and bore him a child. When she was told that her lover was a long lost brother, she killed herself and then, according to Icelandic legend, came back to haunt the poet in his Reykjavik home. The legend insists that she still moves through the house.

"Icelanders say," reported Johannessen, "that if Reagan and Gorbachev meet in that house, someone will be looking over their shoulders."

GRAPHIC: Photo, View of Reykjavik, with the Saga Hotel in the foreground; the town has fewer than 1,000 hotel beds. Associated Press; Map, ICELAND, Los Angeles Times

SUBJECT: REYKJAVIK ( ICELAND ) ; SUMMIT CONFERENCES; UNITED STATES -- FOREIGN RELATIONS -- USSR