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# **Ship Shaping: How Congress and Industry Influenced U.S. Naval Acquisitions from 1933–1938**

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## **Abstract**

Past studies of naval acquisitions during the late interwar period often focus on how President Franklin Delano Roosevelt and the Navy Department prepared the nation for the beginning of World War II. However, Congress and the shipbuilding industry played an often-overlooked role in creating the political support needed to expand the Navy during this tumultuous period. Self-interested domestic actors were the essential connectors of the parochial needs of local communities to the country's national interests and ultimately to the geopolitical situation of the interwar years. Studying shipbuilding politics across time can yield key insights into present-day shipbuilding acquisition issues, such as the effects of naval industry consolidation and potential “ally-shoring” of warship production on domestic political support for future naval funding.

## **Introduction**

In the mid-to-late 1930s, the United States faced dueling realities as geopolitical tensions steadily rose while the American public remained resolutely opposed to rearmament. To square this circle, President Franklin Delano Roosevelt, a brilliant strategist with an understanding of the dangers soon to be facing his nation, needed to build the political will to rearm the country's military. The United States Navy, critically important given the nation's position behind two oceans, had few ships, and many of them were outdated. Historians have traditionally focused on FDR's indispensable role in preparing the nation for a second world war. However, Congress and the shipbuilding industry played an often-overlooked role in creating the political support needed to expand the Navy during the tumultuous late interwar period. By injecting domestic politics and parochial concerns into what is often considered a solely geopolitical issue, this legislative-industrial alliance helped prepare the nation and the Navy for World War II.

The geopolitical environment of the 1930s was precarious. The United States was faced with the aggressive actions of Germany and Japan, from the militaristic speeches of Hitler to the Japanese invasion of Manchuria. FDR was forced to confront the possibility of war with adversaries across both the Atlantic and the Pacific. At the same time, Britain and France, America's allies from World War I, were still exhausted from the previous conflict and were barely clinging to their empires. Italy seemed increasingly likely to align itself with Germany and Japan. American interwar naval planning was therefore an exercise in trying to achieve grand, ocean-spanning objectives with highly constrained domestic resources and few international partners.

Despite the looming dangers, many in the United States embraced isolationism and pacifism. After World War I and the protracted fight over membership in the League of Nations, Americans became much more suspicious of the world at large and more skeptical of the need to fight wars to defeat foreign militarism. In step with public opinion, presidents Harding, Coolidge, and Hoover all made abstention from European affairs a core principle of their administrations (Kagan, 2023, p. 262). A 1936 Gallup poll found that 82% of Americans from across party lines supported banning the manufacture of war material for private profit (Wilson,



2016, p. 32). The public's pacifism contributed to years of military decline, leaving the U.S. Navy in stark need of many improvements. Nevertheless, the Navy was able to rise to the challenge. From fiscal year (FY) 1932 to FY 1939, the Navy would more than double from a force of 114 surface ships and 55 submarines to 242 ships and 125 submarines, with another 105 combatants under construction (Nofi, 2010, p. 41). This success in the face of political headwinds deserves close consideration.

This paper will explore how domestic political factors influenced U.S. naval acquisitions before World War II. Military policies in a democracy are the results of chaotic processes. The acquisition process during the interwar years was not the product of strategists operating in a vacuum to produce a theoretical "military ideal" solution, but rather it reflected complex interactions between rational actors in industry and Congress who were able to translate the grand concepts of American strategy into everyday political compromises.

Unlike what some historians have argued, Congress played a constructive role in building the interwar navy. It was neither a roadblock to action nor a passive receiver of policy. Congress did not just shape overall naval appropriations—as was its constitutional role—it also influenced what kind of ships were funded and where they were built, thereby playing an important role in the nation's strategic planning. Individual congressmen connected the parochial needs of local communities to the United States' national interests and ultimately to the geopolitical situation of the interwar years. All politics, even naval politics, are fundamentally local.

The role played by the shipbuilding industry has also been overlooked or misunderstood. Private shipbuilders have often been presented as either warmongers or war heroes. This paper aims to demonstrate the constructive role that the industry played in national defense policymaking. Through its interactions with regulators and Congress, it helped make clear the local benefits of greater military spending and ensured the survival of necessary defense production capacity. The domestic interests of congressmen in protecting and increasing employment in their districts dovetailed with the desire of the Navy and shipbuilding industry to construct ships, creating a Navy-Congress-industry alliance that was an essential component of the United States' preparation for World War II.

## **FDR's Navy? The National Industrial Recovery Act**

The need for additional naval spending was painfully clear by the start of FDR's first term in 1933. In the previous administrations' search for efficiency, funding for fleet operations and maintenance had stagnated even as the Navy's needs had increased. Only in 1933 did the money spent on fleet maintenance and operation begin to approach its 1922 levels of \$192 million (Marolda, 1998, p. 77). A Navy memo to FDR from April 1933 notes that without sufficient maintenance funding "the material condition [of the fleet] steadily goes down" (*Expenditure* 1934, 1933, p. 2). Shipbuilding orders also plunged during the interwar years. The Washington and London Naval Treaties—international naval arms control agreements signed in 1922 and 1930 in response to global anti-war sentiment—put in place nation-specific limits on naval tonnage in certain warship categories and a 15-year freeze on new battleship construction (Kennedy, 2022, p. 21). However, in 1933 the United States was not close to its treaty tonnage maximums across many ship classes (Kennedy, 2022, p. 20).

Due to reduced orders, the shipyards which built and repaired the fleet suffered. The peacetime Navy relied heavily on both private and government-owned shipyards, which had to compete for contracts and their survival (Heinrich, 2020, p. 7). This competition led to many political disputes, which will be explored in detail later. Intense competition for a limited number of contracts forced many shipbuilders to take contracts at a loss, and many did not survive the interwar years. Only six out of 54 of the shipyards that had started up to meet the increased



demands of WWI would remain active in the interwar period. Even shipyards established before WWI suffered. Half ceased building new ships or closed during the interwar years (Heinrich, 2020, p. 11). Though many naval contractors also built civilian vessels, demand for these collapsed during the Great Depression. Unemployment at private concerns soared and shipbuilding capacity withered away as yards closed or converted to other industries like railcar manufacturing to survive (Heinrich, 2020, p. 13). The public shipyards were also under pressure. The aforementioned Navy memo to FDR stated that without major shipbuilding activities there is “no justification for the great number of Navy stations and yards now kept open” (*Expenditure 1934*, 1933, p. 3). By 1933, the nation’s shipyards were in desperate need of support.

High unemployment, common across the country during the Great Depression, was especially dangerous in shipyards as it compromised American defense capacity. Building warships is a specialized art that requires highly skilled workers and management teams (Heinrich, 2020, p. 8). The dearth of orders during the interwar years made it difficult for yards to retain their painstakingly assembled workforces. This was an issue of national security—without an existing shipyard industrial base, the nation could not be effectively mobilized for naval warfare.

In the face of this shipbuilding crisis, domestic politics impacted the foreign and military policies FDR was willing to support. FDR had campaigned for president in 1932 as no more of an internationalist than his Republican predecessors, but he had a clear vision of the geopolitical situation facing the United States and was aware of the need for the United States to be strong in a dangerous world (Gaddis, 2018, p. 281). Yet despite FDR’s internationalist instincts, many of the senators that Roosevelt relied on for his congressional coalition in his first term were progressive Republicans—and dedicated anti-internationalists (Kagan, 2023, p. 355). As a result, FDR was reluctant to appear too militaristic by pushing for increased spending and risk losing support for his legislative priority of domestic economic recovery (Kagan, 2023, p. 357).

FDR was nonetheless deeply involved in Navy affairs, a carryover from his years as President Woodrow Wilson’s Assistant Secretary of the Navy (Marolda, 1998, p. 4). FDR’s hands-on micromanagement was enabled by dysfunction at the top levels of military and civilian leadership in the Navy. FDR called himself “my own Secretary of the Navy” and selected a sickly 70-year-old, Claude Swanson, to ostensibly run the Department as the official Secretary (Heinrich, 2020, p. 31). FDR appointed Henry Roosevelt, a distant cousin who was also in poor health, to be Assistant Secretary of the Navy (Levine, 1988, p. 70). FDR worked closely with senior officers in the Navy Department, going so far as to order Rear Admiral Emory “Jerry” Land, the Chief Constructor of the Navy, to confer with the president before awarding any major shipbuilding contract (Land, 1958, p. 160).

FDR’s micromanagement dovetailed with macro concerns as he incorporated naval shipbuilding into his New Deal recovery plan. In May 1933, FDR submitted the legislation that would become the National Industrial Recovery Act (NIRA) to Congress. It stipulated, among other economic relief efforts, that public works funding could be used for the construction of naval vessels for the purposes of reducing unemployment in areas around shipyards (McGrath, 2019, p. 88). On June 17, 1933, the day after NIRA’s passage, FDR allocated \$238 million for the construction of 32 warships, including 22 destroyers and two aircraft carriers, with a later additional allocation of a further \$40 million for more shipbuilding (Marolda, 1998, p. 78). Some historians credit FDR’s use of NIRA funding as the key impetus behind the rebuilding of the Navy in the interwar period (McGrath, 2019, p. 89). Supporting a major naval buildup was FDR’s most controversial first-term foreign policy move, but his support for the Navy undoubtedly



enhanced its ability to rebuild its readiness and was an act of political bravery in an isolationist political environment.

However, the idea to classify naval shipbuilding as public works did not originate in FDR's administration but instead with pro-shipbuilding members of the Navy Department and Congress. As early as 1932, Navy officers had begun discussing shipbuilding as unemployment relief, but the Hoover Administration rejected this initiative (Heinrich, 2020, p. 32). After FDR assumed office in 1933, the shipbuilding-as-public-works idea was revived by ADM. Land and his congressional allies. ADM. Land worried that private shipyards were at the "starvation point" and that east coast yards would fall apart leading to a loss of precious shipbuilding expertise and a rise in unemployment (Heinrich, 2020, p. 32). In his memoir, ADM. Land claims that he was "directly responsible" for FDR's allocating the \$238 million of NIRA funding to the Navy for ship construction. He notes that he, other naval personnel, and the Chief Clerk of the House Naval Affairs Committee, were responsible for having the words "ships and aircraft" written into the public works bills of the New Deal, thereby authorizing the money to be used for naval construction (Land, 1958, p. 145). The Navy Department was not particularly unified in the 1930s, which allowed for individual activism from officers who were not always speaking for the Department at large.

The main legislative advocate for the Navy was Representative Carl Vinson (D-GA), the chairman of the House Naval Affairs Committee. A longtime advocate of naval spending, Vinson folded the argument about the defense necessity of giving the shipyards work into the prevailing political movement for economic recovery (Cook, 2004, p. 63). In December 1932, he lobbied FDR to consider shipbuilding as a form of public works, arguing that extending the public works program to include shipbuilding would help stimulate the economy and create new jobs. He urged FDR to build the Navy up to treaty strength, championed keeping private shipyards active by awarding them most of the contracts, and called for retaining the east coast navy yards in at least an "active by minimum" state of commission as he argued that "unproductive overhead" should be considered part of the cost of defense (Levine, 1988, p. 371).

This joint Navy-Congress push led FDR's New Deal to include significant funding for shipbuilding. With Vinson's help, both the Economy Act for 1934 and the Credit Act for 1934—parts of the New Deal reform package—classified ships and aircraft as public works (Levine, 1988, p. 75). Furthermore, the Navy Department leveraged its personal relationships with FDR to push for pro-Navy positions within the Executive Branch (Levine, 1988, p. 72). ADM. Land knew FDR well from FDR's time as Assistant Secretary of the Navy in WWI (Land, 1958, p. 4). Personal appeals allowed the Navy to skirt the president's gatekeepers, and combined with FDR's own personal inclinations, ensured that FDR allocated a significant chunk of the NIRA funding to the Navy. Before any other NIRA allocations had been made, and before the economy-minded Director of the Budget Lewis Douglas could intervene, pro-shipbuilding figures from the Navy Department and Congress convinced FDR to give the Navy the aforementioned \$238 million to build 32 naval vessels (Levine, 1988, p. 93). Thus, while FDR obviously played a critical role in funding the Navy via NIRA, the pro-Navy alliance deserves more credit than it often receives for coming up with the idea, laying the legislative and political groundwork for its implementation, and pushing FDR to support it once in office.

### **Congress' s Formal Influence: The Vinson-Trammel Act**

Congress had a large degree of constitutionally granted influence over the levels of naval funding. In practice, the precise amounts authorized to be spent on the Navy's various expenses were decided by the House and Senate Naval Affairs Committees (Marolda, 1998, p. 78). The funding authorized by Naval Affairs Committees then had to be appropriated by the appropriations committees (Marolda, 1998, p. 78). The whole of Congress subsequently voted





on authorization and appropriation bills. The legislature served as a conduit for public opinion to affect shipbuilding funding levels. Often in the interwar period this meant keeping spending down. The impact of the complex currents of public opinion on naval spending can best be seen in the almost simultaneous passage of the Vinson-Trammell Act and the commencement of the Special Committee on Investigation of the Munitions Industry, often called the Nye Committee.

The Vinson-Trammell Act of 1934 was the critical naval funding legislation of FDR's first term. Sponsored by Vinson and introduced in January 1934, the bill provided a blanket and long-term authorization for the Navy to build up to the Washington Naval Treaty limits—well above the Navy's then-current levels—and replace the fleet's rapidly ageing ships with newer vessels (H.R. 6604, 1934). The Vinson-Trammell Act did not technically fund these new ships, but as Vinson said "this act is not a mere piece of paper. It means real fighting ships" (Cook, 2004, p. 84).

Much like the NIRA shipbuilding funding, the Vinson-Trammell Act was the creation of Vinson, his congressional allies, and high-ranking members of the Navy Department. Vinson and ADM. Land, supported by Chief of Naval Operations Admiral William H. Standley, worked closely together to capitalize on the momentum created by the NIRA funding. There has been some historical dispute over the original source of the bill. Did Vinson's staff write it with ADM. Land's help, as ADM. Land claimed, or was it crafted by Navy Department staff for CNO Standley and then co-opted by Vinson, as CNO Standley maintained (West, 1980, p. 349)? The weight of evidence, including an analysis in a recent biography of Vinson, supports CNO Standley's claim that the Navy wrote the entire bill (Cook, 2004, p. 87). Regardless, it certainly originated out of an alliance between pro-Navy congressmen and the Navy's top brass. There is some irony, therefore, in the remarks with which Vinson introduced the Vinson-Trammell Act: "In this country the Army and Navy have practically nothing to do with shaping our national policies" (78 Cong. Rec. 1598, 1934).

Vinson introduced the bill instead of the Navy Department to maneuver around anti-naval spending officials within FDR's administration. These officials were led by Budget Bureau Director Douglas, who was opposed to any additional spending that might damage the administration's financial footing. In practice, any legislative proposal from the Department had to first be approved by Douglas. The Navy circumvented that requirement by encouraging Vinson to submit the bill as his own. Vinson, as chairman of the House Naval Affairs Committee, duly submitted the bill to Congress and then requested a Budget Bureau review, which forced the administration to stop prevaricating and announce its approval of the shipbuilding authorization (West, 1980, p. 372).

FDR generally declined to intervene in factional disputes within his administration until absolutely required. He did not support the Navy Department when they pushed for additional appropriations to be placed within the draft of the Vinson-Trammell Act to fund the authorized ships. Roosevelt was wary of the strength of the isolationist and anti-armaments factions in Congress and the anti-spending personalities within his own administration. Douglas wanted a balanced budget for FY 1935 and so opposed supplemental funding. The Budget Bureau suggested delaying the start of some ships or reducing the overall ship numbers while the Navy wanted to start all the ships immediately (Levine, 1988, p. 240). FDR let the bureaucracies clash while the bill was being considered until finally siding with the budget-conscious faction to avoid being seen as a warmonger (West, 1980, p. 373).

FDR played a passive role in the creation of the Vinson-Trammell Act. In addition to staying above the factional disputes in the writing of the bill, he also declined to offer much public support for the legislation during its consideration. When asked about the legislation right before it was introduced, FDR responded that "I never heard of it at all, except what I read in the



papers. The Secretary of the Navy said nothing, the Assistant Secretary said nothing, and neither did the Chief of Operations” (*Press Conference #82*, 1933, p. 592). This was quite close to an outright lie, as FDR knew that legislation was being developed. In private, FDR played both sides and expressed approval for authorizing new funding, but he stayed silent on new appropriations and a shipbuilding schedule (West, 1980, p. 372). FDR stressed that the bill was just an authorization to mollify isolationists. He simultaneously reiterated his commitment to arms control by expressing hope for a naval conference to be held in 1935 to extend existing limitations and create new ones (Heinrich, 2020, p. 41).

FDR wanted Vinson to lead the charge on the shipbuilding bill because the early investigations of the Nye Committee into the activities of arms manufacturers were already underway. The 1934 publication of the best-selling book *Merchants of Death*, which argued that the private arms industry were warmongers who caused WWI, had stoked isolationist and anti-armaments attitudes (Kagan, 2023, p. 353). A drumbeat of findings of corporate malfeasance in the shipbuilding industry were made public, leading Senator Gerald Nye (R-ND) to ask the Senate on February 8, 1934, to investigate the role of the armaments industry in causing WWI and other conflicts. The Senate authorized this committee, with Nye as its chairman, on April 12, 1934—a mere two weeks after Vinson-Trammell Act was signed into law by the president (78 Cong. Rec. 6476, 1934; Levine, 1988, p. 233). FDR did not want to be seen as a booster of the military in this political climate. Historian Mark Wilson convincingly argues in *Destructive Creation* that the Nye Committee was not the creation of naïve isolationism but rather a concerted effort to rein in private industry’s role in defense production with the goal of the nationalization of the defense industry, including private naval shipbuilding (Wilson, 2016, p. 41).

The revelations that would spur the Nye Committee galvanized congressional opposition to the Vinson-Trammell Act amongst isolationists and congressmen whose districts were inland and did not contain maritime industries. As the bill was being considered, it became public knowledge that major private shipbuilders had coordinated their bids on NIRA naval contracts to increase their profits (West, 1980, p. 413). During debates on the Vinson-Trammell Act, opponents repeatedly referred to the discovery of a shipbuilding cartel that dated back to the 1928 heavy cruiser contracts (78 Cong. Rec. 3814, 1934). Nye and his allies built on this momentum by amending the Vinson-Trammel Act. Nye reinstated a clause from earlier shipbuilding measures which forced the Navy to order half of its warships from government shipyards (Levine, 1988, p. 234). Representative Charles W. Tobey (R-NH) introduced an amendment to cap private shipbuilder profits on government contracts at 10%, a number which he seems to have pulled from thin air (West, 1980, p. 403). Tobey’s 2nd District was not within commuting range of any naval shipyard.<sup>1</sup> Other anti-private industry amendments and verbal attacks came from Nye’s congressional allies from Oklahoma, Illinois, and Iowa, all areas which were unconnected to naval industries (78 Cong. Rec. 1602, 1934). One exception was Senator Homer T. Bone (D-WA) who argued to adopt an amendment guaranteeing a 50-50 split between private and government shipyards. Senator Bone’s district was home to a government yard, Puget Sound Naval Shipyard, which incentivized him to elbow the private yards out of his district’s way (*Hearings on S. 2493*, 1934, p. 12).

By contrast, the proponents of the Vinson-Trammel Act were largely connected to the Navy or naval industries. A key supporter was Representative Patrick H. Drewry (D-VA) whose interests were aligned with the nearby private shipyard, Newport News. Congressmen representing shipyards would cross party lines to support key employers in their districts.

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<sup>1</sup> See map “Congressional Districts and Commuting Distance to Shipyard (Northeast)” in a later section. While Tobey’s 2nd district was not within commuting distance of any major shipyard, New Hampshire’s 1st district was close to Bath Iron Works in Maine and its representatives often supported naval acquisitions funding.





Charles Wolverton (R-NJ) gave an impassioned speech in favor of the bill that explicitly mentioned that New York Shipyard in Camden, New Jersey lay within his district (78 Cong. Rec. 1612, 1934). Politicians unconnected to naval industries also supported the Vinson-Trammell Act for ideological (pro-Navy) or party alignment reasons. The most prominent of these was Vinson himself. His district in Georgia had few ties to the Navy, but he nevertheless was the Navy's most prominent supporter because of his belief in the importance of military preparedness (Cook, 2004, p. 26).

The passage of the Vinson-Trammell Act was also facilitated by path-dependency. Advocates of shipbuilding benefitted greatly from shipbuilding's ability to create its own momentum. The Navy had already started construction on new ships in 1933 with NIRA funding, creating around 20,000 jobs in shipbuilding districts (West, 1980, p. 445). The Vinson-Trammell Act was designed to supersede and expand upon this program. If the Vinson-Trammell Act did not pass to authorize the construction of even more ships, these newly created jobs would vanish and congressmen seeking reelection in these districts would face unhappy constituents.

Geopolitical concerns also influenced congressional debates on the Act. Opponents repeatedly demanded to know who exactly the United States intended to fight with an enlarged navy (78 Cong. Rec. 3812, 1934). Japan was the focus of both sides of the debate. Many congressmen worried that a naval buildup would provoke an arms race (78 Cong. Rec. 1620, 1934). Others—including some isolationists and pacifists—insisted that parity with Japan was the best way to ensure peace (Kagan, 2023, p. 359). Supporters of the bill argued that Japan's de facto near-parity with the U.S. Navy would encourage aggression in the Pacific (78 Cong. Rec. 1615, 1934). The Washington and London Treaties loomed large over these geopolitical discussions, with many Congressmen expressing both frustration with limits on American naval power and others supporting the principles of disarmament (78 Cong. Rec. 1610, 1934).

The Vinson-Trammell Act curtailed the powers of Vinson's own House Naval Affairs Committee (HNAC). The bill gave a blanket authorization for shipbuilding up to treaty limits, which meant that HNAC would no longer need to propose new shipbuilding authorizations annually. Only the naval subcommittees of the appropriations committees of the House and Senate would have any direct say on naval shipbuilding via the power of the purse. Historian Michael Allen West argues that HNAC took itself out of the annual congressional review process because it wanted decisive action on naval spending, it expected that the basic conservatism of appropriations would ensure authorizations were mostly funded each year, and because Vinson thought removing HNAC from the process would give him greater personal sway in the legislative implementation of the Vinson-Trammell Act (West, 1980, p. 488).

In addition to West's analysis, Vinson was arguably making a calculated decision to move naval appropriations out of an unfavorable political environment in Congress. Abrogating HNAC's authorizing prerogative sidelined the general membership of the House, who not need to vote annually on new shipbuilding authorizations. The general membership was less inclined to support the Navy than the members of the naval or appropriation committees, especially after the Nye Committee's revelations. Vinson could well have been trying to maximize his gains while he still had support for shipbuilding. Moreover, Congress had already approved the use of NIRA funds for shipbuilding, and FDR's allotment of \$238 million of public works funding for shipbuilding was controlled by the executive branch. Some naval appropriations were therefore outside of Congress's direct control—at least until new funding for public works programs was needed (Levine, 1988, p. 160). Taken together, the Vinson-Trammell Act and NIRA funding were able to remove some elements of shipbuilding authorization and appropriation from Congress's control—at least for a while. This allowed the Navy and its congressional backers to minimize public scrutiny of the naval buildup to treaty limits, which had been an issue in the past and was looking troublesome again (Levine, 1988, p. 163).



The passage of the Vinson-Trammell Act would be the high point of congressional involvement with the Navy for the next several years. Through 1936, funding from regular appropriations for naval construction would take second place to funding from NIRA. Immediately after the bill's passage, Congress would appropriate a mere \$11.7 million for Navy's Bureau of Construction & Repair for FY 1935. This was less than half of FDR's request, less than the previous year's appropriation, and far less than the funding from NIRA (McGrath, 2019, p. 91; United States. Bureau of the Budget and United States. Office of Management and Budget, 1934, p. 432).

**Table 1. Navy Expenditures on Fleet Replacement and Expansion, FY 1934 to FY 1937, in Dollars<sup>2</sup>**

	FY 1934	FY 1935	FY 1936	FY 1937
Regular Funding	42,999,865	38,909,527	78,878, 274	152,815,953
Emergency Funding	28,457,056	98,829,106	108,017,106	35,094,576

Skeptics of the military understood the impact of the pro-Navy faction's maneuvers. During the debate over the Vinson-Trammell Act, Rep. Gerald Boileau (R-WI) declared that if the bill passed, "Congress at least will never again have anything to say about the number of ships that shall be in the Navy" (78 Cong. Rec. 1622, 1934). Rep. Wirt Hastings (D-OK) made an explicit appeal to the Western progressives who were both key Roosevelt supporters and staunch isolationists, saying that if the Act were to pass there would be "no further need of a legislative Naval Affairs Committee" (78 Cong. Rec. 1622, 1934). Both accusations were slight exaggerations, but Vinson did acknowledge that his bill would mean the "legislative committee is delegating its authority to the President to make his recommendation to the Bureau of the Budget" (78 Cong. Rec. 1622, 1934).

### **The NIRA Navy: Free From Congress but Not Politics**

NIRA and the Vinson-Trammell Act may have altered where shipbuilding funding decisions were made, but they did not take the politics out of the process of appropriations. Shipbuilding and other kinds of big-ticket military spending are inherently political questions as policymakers' choices create winners and losers. Politics will inevitably occur when a limited resource must be divided across different groups. The pro-Navy faction thought that the new political environment would be more sympathetic to naval construction after much of the Navy's shipbuilding funding stream moved out of Congress and into the hands of the NIRA public works administrators (Levine, 1988, p. 94). However, this optimism did not last long.

The unshackling of Navy funding from congressional oversight did not free the Navy from skeptical paymasters. It just switched their antagonists. The overseeing entity of the Navy's new NIRA funding stream was the Public Works Administration (PWA). FDR had personally approved the \$238 million allocation to the Navy before he installed the Permanent Administrator for Public Works, Secretary of the Interior Harold Ickes. That turned out to be a

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<sup>2</sup> The underlying data for this chart comes from the FY 39 budget (United States. Bureau of the Budget and United States. Office of Management and Budget, 1938, p. 859). This line item is alternatively called Increase of the Navy or later Replacement of Naval Vessels. It was the main line for funding to build the Navy up to the strength authorized by the Vinson-Trammell Act, though it did not capture all funding spent on naval construction during these years. Additionally, some of these figures may not align with other noted shipbuilding appropriations in this paper as the table tracks expenditures by their original funding type, which can be slightly out of sync with appropriations for the same fiscal year as funding is not always instantaneously spent.



good thing, because Ickes did not want to give the PWA's money to the armed forces; he felt that doing so did not solve the unemployment problem and unfairly favored the civilian workers of the military over everyone else (Ickes, 1953, p. 217). In his memoir, ADM. Land states that he felt that Ickes simply hated giving money to the Navy (Land, 1958, p. 145).

Robert H. Levine's *Politics of American Naval Rearmament, 1930–1938* masterfully illuminates the many problems the Navy faced in trying to squeeze money from the PWA. The parsimonious Ickes and the administrators of the various work relief programs—the PWA was just one of the many “alphabet soup” work relief agencies—were reluctant to grant money for naval construction as they felt it did not do enough to alleviate unemployment in the general population. The Navy and PWA addressed different kinds of unemployment: the former wanted to keep its skilled workers employed and the latter wanted to employ as much of the public as possible. Shipbuilding is an especially capital-intensive industry and requires its workers to have a high degree of skill which cannot be attained overnight. The work relief agencies generally sought to fund work programs which could employ a lot of people quickly and were labor, not capital, intensive (Levine, 1988, p. 205). Where the agencies did allocate funding to the Navy, it was typically for labor intensive but relatively low military value efforts like clearing the grass on naval bases or painting dormitories (Levine, 1988, p. 191).

FDR's influence on naval spending during this era is most visible in his direct interventions with the PWA over naval construction funding. After FDR allocated that first burst of \$238 million for ships in the FY34 program, the Navy repeatedly asked FDR to intercede with the PWA. As a result, the next major round of PWA funding to go to shipbuilding was again approved directly by FDR, not the reluctant Ickes. On June 29, 1934, FDR allocated \$40 million for naval shipbuilding in FY 35 from the public works funding in the FY 35 emergency budget (Cook, 2004, p. 102). These funds paid for the commencement of construction of the first 20 ships and 225 aircraft authorized in the Vinson-Trammell Act (West, 1980, p. 440). These contracts were awarded by November 1934, with nine going to private yards and 11 going to government yards (Claude Swanson to FDR, 1934; McGrath, 2019, p. 90). FDR had promised this additional funding to the Navy during the consideration of the Vinson-Trammell Act and announced it a month after the bill's passage (*Press Conference #121*, 1934, p. 347). The funding was compensation for FDR's not having backed the Navy in the dispute with Budget Director Lewis over including new appropriations in the Vinson-Trammell Act (Levine, 1988, p. 240). The Navy would continue to ask for FDR to intercede with the PWA, though without much success after the first two allotments. A typical request of this kind is the Navy's January 1935 memo to FDR asking for his help getting the PWA to allocate funding for an expansion of the Mare Island Naval Shipyard (Henry Roosevelt to FDR, 1935).

## The Congress-Industry Symbiosis

Having directly allocated money for the major elements of the naval construction programs of FY 34 and FY 35, FDR was a major reason for the initial naval buildup of 1933–1934, but he hardly accomplished this alone. Congressmen actively influenced acquisitions that occurred under NIRA's auspices, even though these acquisitions were under the executive branch's authority. Congressmen with an economic or ideological interest in naval affairs routinely lobbied the PWA and Navy officials to get their desired policy outcomes. They might have had no formal control over NIRA allocations, but congressmen could credibly tie Navy or PWA actions on shipbuilding to their votes on other legislative issues.

Congressmen were keenly aware of how specific appropriations and regulations could benefit their districts' shipyards and workers. Past studies of shipbuilding politics have presented qualitative anecdotes of how the presence of a shipyard in a congressman's district might have led them to use their influence to support naval bills. This paper argues that these shipyard-



linked congressmen exerted influence on naval shipbuilding policy with a degree of precision that has been previously overlooked. They used informal influence methods such as lobbying Navy and PWA officials that have not been fully explored. One kind of decision that would influence congressmen's behavior was the class of ship being funded. Because shipyard sizes varied, districts would benefit only if the ships ordered by Congress could be built in their yards. If the shipyard in a member's district was too small to construct heavy cruisers or battleships, they would therefore be far more willing to support funding for destroyers, for example. Funding clauses that determined if a contract would go to a private or government shipyard also incentivized congressional interventions. Spending issues like these distorted the composition of the fleet and where U.S. shipbuilding capacity was located. However, they also ensured that higher levels of naval funding could pass through the penny-pinching Congress by widening shipbuilding's base of political support.

Congressional lobbying was particularly pronounced regarding the Boston and Charleston Navy Yards. The Navy Department believed it had too much shipbuilding capacity on the east coast and viewed these two shipyards as excess to its requirements (*Expenditure* 1934, 1933, p. 3). However, both shipyards were championed by powerful congressional delegations. These congressmen lobbied the Navy to get more shipbuilding assigned to their local yards to keep high-paying jobs in their districts, and the Navy responded by asking them to help with the Navy's problems with the uncooperative PWA. Rep. John McCormick (D-MA) wrote to the Navy Department in 1933 asking for additional shipbuilding work for the Boston Navy Yard, which was in his district (Levine, 1988, p. 166). McCormick was a powerful Democratic congressman on the House Ways and Means committee, and his request carried the weight of a congressman who would vote on all future Navy appropriations. Even if allocating NIRA funding was not technically under his jurisdiction, he could still throw his weight around. The Navy told McCormick that he could help obtain work for the Boston Navy Yard by pressuring the PWA to approve funds for shipbuilding projects there (Levine, 1988, p. 167).

The Charleston Navy Yard is a particularly striking example of the influence of powerful congressmen. Charleston Navy Yard had not constructed many ships since WWI (Carroll, 2023).<sup>3</sup> However, both of South Carolina's senators were Democrats with influential committee positions. Senator Ellison Smith was the chairman of the Agriculture and Forestry Committee and was a committed pro-Navy member of Congress. He had pushed for PWA funding for the construction of additional shipways in Charleston over both Navy and Budget Bureau objections (Levine, 1988, p. 375). Senator James Byrnes was the chairman of the naval subcommittee of the Appropriations Committee, which was hugely influential over the Navy's regular budget. Byrnes was also a close congressional ally of Vinson (West, 1980, p. 496). As a result of the senators' influence, NIRA funding was allocated to be spent at the Charleston yard (Levine, 1988, p. 376). At the time, Charleston Navy Yard was unable to build ships larger than destroyers, even with the improvements Senator Smith forced through the PWA (Carroll, 2023). As a result, to satisfy its political supporters, the Navy ordered the construction of a gunboat, a type of ship it had generally turned away from since the turn of the 20th century and which would be of little use in a Pacific war (Caiella, 2020). From 1933 to 1937, the Navy would allocate contracts for six destroyers and additional small craft to be constructed at the yard (Carroll, 2023).

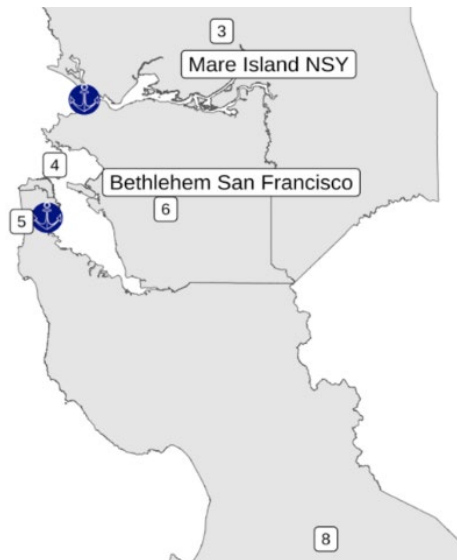
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<sup>3</sup> The author compiled and validated a dataset that includes all major surface combatants acquired by the U.S. Navy from 1930–1940, as well as the locations and ownership status of all active naval shipyards during this period. The original data source for the shipbuilding information is <http://shipbuildinghistory.com/navalships.htm>. The data was validated using primary sources from the FDR Library. For more detailed information on data sources and methods, see the ReadMe file in the linked GitHub repository.





Congressmen were attentive to the minute differences in funding bills which could determine whether contracts went to the shipyards in their districts or not. In addition to the above examples of congressmen supporting the government-owned yards in their districts, congressmen also fought to promote local private shipyards, occasionally at the expense of government yards. In January 1934, during the HNAC hearing on the Vinson-Trammell Act, Rep. John McGrath (D-CA) expressed his displeasure that private shipyards near his district, especially the Hunter Point plant of Bethlehem Shipbuilding Corporation, had not received NIRA naval contracts. “Why should the two yards in San Francisco be left idle?” he repeatedly asked the testifying Navy officials (*Hearings on H.R. 6604*, 1934, p. 184). Vinson tried to placate McGrath by reminding him that the Navy had allocated several ships to Mare Island Naval Shipyard, which was also in San Francisco (*Hearings on H.R. 6604*, 1934, p. 184). McGrath was not swayed. He represented California’s 8th district, which comprised the counties to the south of San Francisco. Mare Island was in Vallejo, north of San Francisco, out of his district and not within commutable distance.<sup>4</sup> The attention paid by congressmen to naval shipbuilding policy could be refined down to a matter of mere miles, and it paid off.



**Figure 1. Shipyards Building U.S. Naval Vessels in California, 1930–1939<sup>5</sup>**

In the same HNAC hearing, Vinson would later say “I think, Mr. McGrath, we can trust the Navy Department to try to allocate whatever building is done in a fair and in a liberal manner” (*Hearings on H.R. 6604*, 1934, p. 184). Given McGrath’s prominent role on HNAC, and

<sup>4</sup> Bethlehem’s San Francisco plant was not actually located in Rep. McGrath’s 8th district, but rather the nearby 5th district. Given its proximity to the 8th district, workers from Rep. McGrath’s district would have been able to easily commute to Bethlehem San Francisco. On the other hand, Mare Island Naval Shipyard was in the 3rd district, on the opposite side of the bay from the 8th district and out of the typical commuting distance of a worker at the time. This paper has assessed the influence of shipyards by examining commuting radii, rather than purely along district lines, because work patterns do not neatly align with district borders. Congressmen at the time also thought about political influence in terms of their constituents’ jobs, not district lines. Rep. William P. Connery Jr. (D-MA), responding to a comment that he supported public shipyards because he had one in his district, said “I have many constituents who work in the Charlestown Navy Yard at Boston. The Charlestown Navy Yard is in the district of my friend and colleague, Mr. Douglass” (78 Cong. Rec. 1626, 1934).

<sup>5</sup> This map was generated by the author using congressional district data from Jeffrey B. Lewis (Lewis et al., 2013).



Vinson's prodding, it is perhaps unsurprising that Bethlehem San Francisco received contracts for two destroyers, DD-400 *McCall* and DD-401 *Maury*, in 1936—the next possible appropriations cycle (Carroll, 2023). This is all the more remarkable given that Navy Secretary Claude Swanson had argued in early 1934 that “there are very few private shipbuilding plants on the west coast capable of doing satisfactory work” (Claude Swanson to FDR, 1934, pp. 2–3). Other west coast congressmen tried to direct naval contracts to the private shipyards in their districts by introducing a legislative measure in the spring of 1936 to permit Pacific coast private shipyards to add 6% to their Navy bids to “account for transportation costs”—another blatant attempt at local favoritism (Levine, 1988, p. 395).

Domestic politics impacted the implementation of American geostrategic goals by, at least on the margins, forcing the Navy to purchase ships it did not need in yards it did not want to operate just to keep its political supporters happy. Keeping these yards open and active and distributing production across the country led to inherently higher cost per ship, a fact that the Navy was aware of at the time (Charles Edison to FDR, 1937). However, much as modern defense contracts are spread across the country to ensure congressional buy-in, this cost inefficiency was not necessarily a negative nor was it unintended. Distributing expenditures across a wider area may have sacrificed the benefits of economies of scale, but it also ensured that the political environment was permissive of funding a larger, albeit more expensive, navy. Another key side effect of distributing contracts across more shipyards than would have been optimal for purchasing costs was the preservation of those yards, which could then be mobilized for surging wartime production. Pork-barrel politics in the interwar years were cost inefficient but politically necessary for implementing an American grand strategy that anticipated a two-ocean war.

### **Private Shipbuilders and the Effects of Lobbying**

The shipbuilding industry also played a major role in determining the distribution of naval contracts. The shipbuilding industry's interest in manipulating contracts was driven by market conditions. Unlike gun and ammunition manufacturers, which sold mostly abroad, shipbuilders were especially reliant on the government as their primary customer (Koistinen, 2015, p. 258). The government had also played a key role in shaping the creation of the shipbuilding industry in the 19th and 20th centuries, and the industry remained overwhelmingly intertwined with the federal government (Pedisich, 2016, p. 4). Shipbuilders therefore leveraged their connections with local politicians to shape legislation and pressured the Navy to adopt favorable regulations.

Private shipbuilders had a vested interest in lobbying for ship construction because of the product-driven nature of the market at the time. Product-driven markets are distinct from sustainment-driven markets, in which industry contractors have lucrative, long-term contracts to support a product once it is sold. While the modern defense industry derives much of its profit from long-run sustainment contracts, and therefore has an incentive to support existing systems with contracts for upgrades and routine maintenance, the interwar naval industry was not able to benefit from sustainment sales (Lofgren, 2020). From 1920 to 1939, the volume of naval repair work across all private yards was a mere \$1,870,000—around 0.3% of the shipyards' total commercial and naval repair work (Smith & Brown, 1948, p. 105). The Washington Naval Treaty created a premium on modernization programs as new battleship construction was impossible. However, the funds allocated to modernization programs were minor. Furthermore, the Navy's own yards took on most of the naval repair and modernization work during the interwar period (Levine, 1988, p. 373). Because of a lack of other forms of military sales, private yards in the interwar years continually lobbied for new ship construction.

Major shipbuilders played an outsized role in this lobbying effort thanks to their dominance of the naval construction market and their powerful industry association. The largest



of the contractors were known as the “Big Three” of Fore River, Newport News, and New York Ship. The next largest set of yards were the “Little Three” of Bath Iron Works, Federal Shipbuilding, and United Shipyard (later Bethlehem Staten Island after its acquisition). These six, along with a small handful of other major shipbuilders, were the core members of the National Council of American Shipbuilders (NCAS; Levine, 1988, p. 96). The actions of this industry association, alongside individual lobbying efforts by shipyards, played a major role in shaping naval procurement from 1933–1938. Major shipbuilders worked to get new shipbuilding contracts created and allocated to the private sector. They also made concerted efforts to discourage the Navy from branching out and working with new, upstart shipbuilders (Levine, 1988, p. 96).

Shipyards were supported by local groups at all levels of politics. New York Ship’s response to its 1938 financial crisis is a prime example of the multi-pronged lobbying approach taken by private shipyards. Having failed to secure several commercial shipbuilding contracts in 1936 and 1937, New York Ship was in dire financial straits (Heinrich, 2020, p. 44). The firm had not received a major surface combatant order from the Navy since it was assigned the two cruisers CL-43 *Nashville* and CL-46 *Phoenix* in 1933. Construction on these ships lasted from keel laying in 1935 until their launches in 1937 and 1938, respectively (Carroll, 2023). Facing a dearth of orders and with its expensive and well-trained workforce about to be scattered, New York Ship leaned on the entire political and civic establishment of its hometown of Camden, New Jersey. Senator Harry Moore (D-NJ) wrote to FDR stressing that New York Ship employed 5300 workers and was in danger of closing without getting new business from the government (Heinrich, 2020, p. 44). New York Ship also got local groups involved in shipyard politics. The Camden County Chamber of Commerce wrote to FDR blaming New York Ship’s troubles on the federal government’s alleged hatred of private enterprise. New York Ship even sponsored a petition from Camden school children asking for a Navy contract for the company (Heinrich, 2020, p. 44). Eventually, though not necessarily solely because of this lobbying, New York Ship was allocated the lead ship of the *South Dakota* class of battleships in FY39, which improved its economic prospects before it entered the boom period of World War II (Carroll, 2023).

In addition to relying on favorable political dynamics with local congressmen, the National Council of American Shipbuilders conducted sustained public relations campaigns to make the advantages of shipbuilding clear to those who might not normally understand the benefits it could bring them, like Midwesterners and the general population of workers. The goal of these campaigns, like many modern lobbying efforts, was to shape public and expert opinion to influence policy outcomes in Congress or at regulatory bodies to encourage naval rearmament. NCAS officials gave interviews and advocated for their policy positions in major newspapers like *The New York Times*. On January 19, 1932, *The Times* published an article based on an interview with NCAS president, H. Gerrish Smith, which noted NCAS’s endorsement of Vinson’s naval appropriations bill (“Steady Aid Urged for Shipbuilders,” 1932). A subsequent January 1933 article quoted Smith sounding an alarmist note about the future of the shipbuilding industry if there were no further government spending. The campaign came as the pressure grew to include naval construction in NIRA, which was being considered at the time (“Increase Unlikely in Shipbuilding,” 1933). After NIRA had been signed into law and funding had started to flow to private yards, Smith underscored the impact of the bill on jobs in *The Times* in August 1933, stating that “\$105,000,000 of the of \$130,000,000 to be received by the private yards would be expended for labor . . . every State in the Union eventually would received [sic] a share of the income” (“Jobs for 30,000 on New War Ships,” 1933).

NCAS also defended the reputation of the private shipbuilders. After the Nye Commission revealed the cartel-like behavior of the Big Three shipbuilders, Smith was cited in a *New York Times* article disputing the accuracy of the Nye Commission’s figures, trying to cast



doubt on the anti-Navy politicians in the public sphere and reinforce the perception of private shipbuilders as honest and effective contractors (“Costs Seen Higher in U.S. Shipyards,” 1936). In 1937, NCAS self-published a book, *Commercial Shipyards and the Navy*, that cast doubt on the Nye Committee’s methodology and impartiality and attacked its recommendation of government ownership of all naval construction facilities (Shipbuilders Council of America, 1937, p. 7). Some of NCAS’s claims stretched credulity, especially its assertion that NCAS “has never, in fact, urged upon Congress the construction of a single naval vessel” (Shipbuilders Council of America, 1937, p. 9).

The major shipbuilders also relied on their close relationships with Navy officials to ensure the Department represented their interests in intragovernmental fights over contract terms, regulation, and legislation. The Nye Committee argued that concerns about the welfare of shipbuilding corporations were given undue weight in the Navy Department’s decision-making process for deciding its fleet architecture—in terms of ship count and location of construction (Koistinen, 2015, p. 258). The Committee found that the Big Three’s cartel coordination on the 1928 cruisers had been done with the knowledge and even encouragement of the officials of the Navy Department who were more interested in preserving shipbuilding capacity than keeping costs honest and low (Koistinen, 2015, p. 259). Navy officials also had a revolving-door relationship with figures at the top of the shipbuilding industry. The interwar president of Newport News, Homer L. Ferguson, was a former naval officer (Koistinen, 2015, p. 261).

The Navy Department’s exceptionally cooperative attitude towards the major shipbuilders is clearest in the fight that erupted over labor rights in shipyards. Title I of NIRA allowed the administration to require that federal contractors adhere to labor codes which regulated worker hours and pay. In May 1935, Title I was declared unconstitutional by the Supreme Court (Levine, 1988, p. 434). Labor advocates within the FDR administration, alongside union activists in the shipbuilding industry, pressured the Navy to implement new labor codes in the 1935 contracting cycle (Levine, 1988, p. 437). A subsequent labor bill, the Walsh-Healey Government Contracts Act, passed in June 1936 and permitted the government to mandate that its contractors adopt 40-hour workweeks and pay minimum prevailing wages (Government Contracts Act, 1936). Shipbuilders vehemently opposed such labor codes as they believed they would raise labor costs and introduce regulatory difficulties. NCAS stated that none of its members would submit bids that agreed to new contract terms which demanded a commitment to arbitration for certain labor issues and adherence to future federal labor laws (Levine, 1988, p. 443).

The private shipbuilders tried to subvert labor regulations by appealing to Navy officials. They submitted bids conditioned on their being exempted from the Walsh-Healey Act, or dual bids with prices estimated with and without labor code enforcement. In some cases, they simply notified the Navy that they would not submit any bids at all (Levine, 1988, p. 455). In *The New York Times*, H. Gerrish Smith attributed the need for dual bids in 1936 to higher labor costs and the costs of new worker regulations (“Navy Opens Bids for 9 New Craft,” 1936). For its part, the Navy was not pleased with the labor advocates’ meddling and used shipbuilder complaints as a cudgel against labor advocates in the FDR administration. ADM. Land called the Walsh-Healey Act “a labor racket,” and ADM. William D. Leahy, an influential naval officer who would eventually replace Standley as CNO, called it “radicalism” (Levine, 1988, p. 459). The Navy’s geopolitical focus and industry’s profit motive to get as many ships built as quickly as possible conflicted with labor’s interest in worker compensation. The Navy Department conducted a long-running campaign against implementing labor regulations in the defense industry. The Navy complained to the Labor Department and other administration officials about the difficulty of contracting to build ships and the resultant decline of defense readiness. The labor conflict was eventually solved by an agreement with the unions (Levine, 1988, p. 466). The incident showed



how successful the shipbuilders could be in lobbying the Navy, as they effectively mobilized one department of the government against another.

The Navy's willingness to cater to the desires of the major shipbuilders arose from the indisputable value these firms provided for national defense. While the major shipbuilders were reliant on the government for much of their business, without these contractors the Navy could not build its warships. The more ships the Navy ordered at any given time, the more that the major contractors could charge because of the Navy's dependence on such a limited number of firms (Koistinen, 2015, p. 259). Shipbuilders had an additional source of leverage when dealing with the federal government in times of relative economic prosperity. Shipyards' appetite for government contracts was inversely related to overall economic conditions. In times of economic upheaval like the Great Depression, businesses sought out government contracts for a source of income. In boom times, however, shipbuilders preferred to supply the needs of the private sector and would avoid taking government contracts due to onerous requirements like labor regulations and profit caps (Levine, 1988, p. 450). The 1935–1936 labor fight coincided with a general economic recovery and resurgent commercial shipbuilding demand. Shipbuilders could afford to submit dual bids rejecting the labor regulations or not bid at all. Shipbuilders claimed that industrial activity had flooded their shops with orders, so they had no capacity for naval shipbuilding (Levine, 1988, p. 451). But the economic mini-boom was over by 1937, and it was followed by a deep recession in the spring—derisively called the “Roosevelt recession” (Kagan, 2023, p. 364). FDR then announced that both planned *North Carolina*-class battleships would be built in government yards, triggering the crisis at New York Ship mentioned above. The Navy would eventually revert to its usual 50-50 arrangement, but private shipbuilders had seen the power of government contracting during an economic downturn when they had limited commercial options (Wilson, 2016, p. 42).

In addition to direct lobbying, and broad public relations efforts, NCAS also sought to shape the opinions of Navy officials by more narrowly targeting the tenor of discourse in tight Navy circles. NCAS leveraged its favorable relations with Navy officials to get into *Proceedings*, where it could influence a readership primarily composed of Navy officers. In 1938, H. Gerrish Smith authored “The Necessity for a Definite Shipping Replacement Program,” which argued for a program of continuous replacement of aged commercial shipping vessels. Smith notes the importance of maintaining a nucleus of trained shipbuilding workers and argues that “a shipbuilding boom that would bring into the industry a large number of employees that could not be continuously employed is most undesirable” (Smith, 1938). NCAS advocated for policies that favored existing shipbuilders over newcomers.

NCAS made use of its superior industry knowledge and data to lobby more effectively. NCAS had better information on shipbuilding statistics than any other public group thanks to its data collection from its member shipyards.<sup>6</sup> NCAS had state-by-state data on the materials, machinery, or services produced by each state that were purchased by the shipbuilding industry. This data covered a wide range of goods from major elements like “machinery” and “structural iron and steel” to items as minute as “gallery and pantry outfit” and “bedding linen and drapes” (Smith & Brown, 1948, p. 106). State-by-state data enabled NCAS to more effectively lobby

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<sup>6</sup> The extent of this information asymmetry is clear in *The Shipbuilding Industry of the United States*, a 1948 publication compiling chapters on the history and business dynamics of shipbuilding from prominent figures within the industry. H. Gerrish Smith, who was still of president of what had by then been renamed the Shipbuilders Council of America, wrote a chapter aptly titled “Shipyards Statistics.” While much of NCAS's data is from government bodies such as the U.S. Maritime Commission, a substantial portion is from their own independent research and surveys of their member firms. NCAS's data captures production and consumption of naval industries on a state-by-state basis, as opposed to the government data which shows only overall production levels.



congressmen by making clear the connections between their state industries—in places as far from the sea as South Dakota, which produced brass, lead, zinc, paint, and interior decorations for ships—and the construction of more naval vessels (Smith & Brown, 1948, p. 106). The Navy Department's information on the production supporting shipbuilding was far less advanced.

NCAS also made use of its information asymmetry to shape the information space of debates over shipbuilding in Congress. NCAS provided its shipbuilding statistics to the Navy informally and via publication in *Proceedings* and other industry-aligned journals (Smith, 1938). The Nye Committee found that the Navy, in turn, made little to no effort to collect its own information. This lack of interest was especially pronounced regarding the costs and profits of the shipbuilders. Instead of calculating its own profit estimates, the Navy provided NCAS's figures to Congress. These figures were far from neutral—one set of NCAS statistics estimated private shipyard profits at one third of the level that the Nye Committee found using its own sources (Koistinen, 2015, p. 260). By shaping the information on which shipbuilding debates were based, NCAS was able to subtly advance its members' pro-construction agenda.

### **NIRA Funding is Dead, Long Live Congressional Funding**

The era of the NIRA navy ended not long after it began. Shifting political winds and adverse Supreme Court decisions after 1936 had dismantled much of the First New Deal and the primacy of the PWA as a source of funding for naval shipbuilding along with it. In the end, the Navy was not terribly sad to see the public works funding vehicle go (Levine, 1988, p. 490). Although initially appreciative of being unshackled from Congress, the Navy soon chafed under its new unfriendly paymasters at the PWA, as well as the continued informal influence from congressmen, and constant pressure from industry. Regular congressional budget appropriations returned to the center stage of naval acquisitions.

Between 1934 and 1938, a basic pattern emerged for the regular budget: the Navy would present its requests for building new ships in keeping with its long-range plan to hit treaty limits by 1942, the Budget Bureau would lop some substantial but survivable amount off the top for the sake of demonstrating FDR's commitment to fiscal probity, and the appropriations committees would knock off another small amount to show they too were serious about economizing (West, 1980, p. 489). As Vinson had predicted in 1934, once Congress had authorized building up to the treaty limits, the appropriations committees would prove unwilling to rock the institutional boat and would regularly provide most of the needed funding (West, 1980, p. 490). From 1934 to 1938, the Navy's shipbuilding budget requests steadily increased and were—albeit at a slightly reduced level—consistently approved by the appropriations committees.

The speed of U.S. rearmament and exceeding of treaty limits was spurred by the aggressive actions and major naval rearmament programs of Japan, Italy, and Germany. Senior naval officials including ADM. Leahy warned in January 1938 that these nations were “engaged in an extravagant naval building program . . . which must be taken into consideration by American's sea defense” (*Hearings on H.R. 9218*, 1938, p. 1942). FDR had been growing more concerned himself. On October 5, 1937 he denounced—without naming—the future Axis powers in his so-called “three bandit nations” speech (Kagan, 2023, p. 371). Nevertheless, FDR remained concerned about presenting himself as too aggressive. For example, after Japanese planes attacked the U.S. gunboat *Panay* in China during a broader attack on Chinese Nationalist forces, FDR resisted senior cabinet officials' calls to respond forcefully (Kagan, 2023, p. 372).

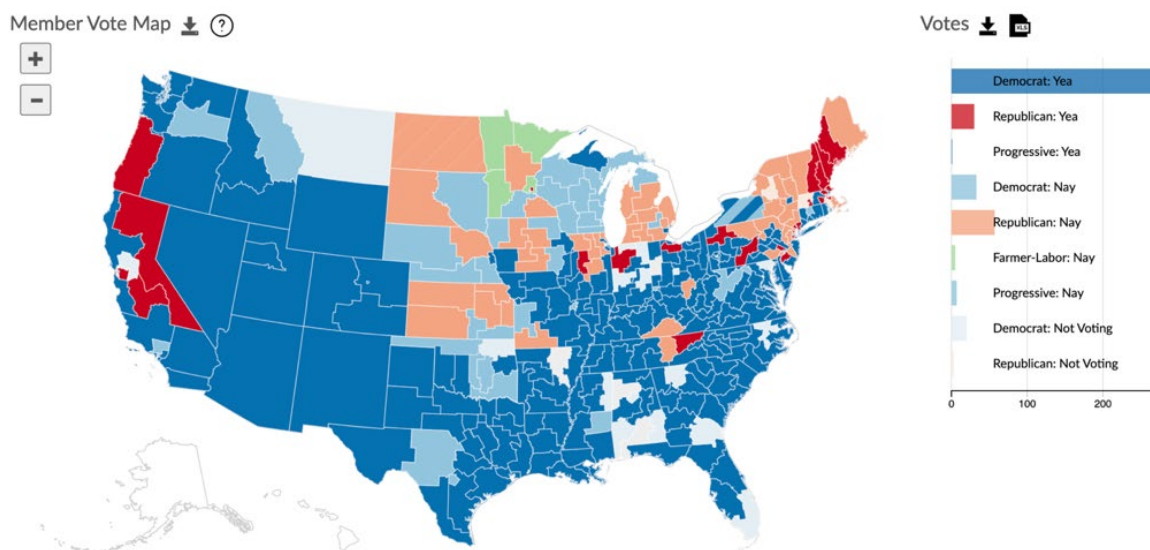
Vinson again took the lead in pushing forward naval shipbuilding. After steering the regular FY 1939 budget through Congress in January 1938 to provide funding for an overall Navy budget of \$553 million, Vinson began to call for “a Navy second to none” (83 Cong. Rec.





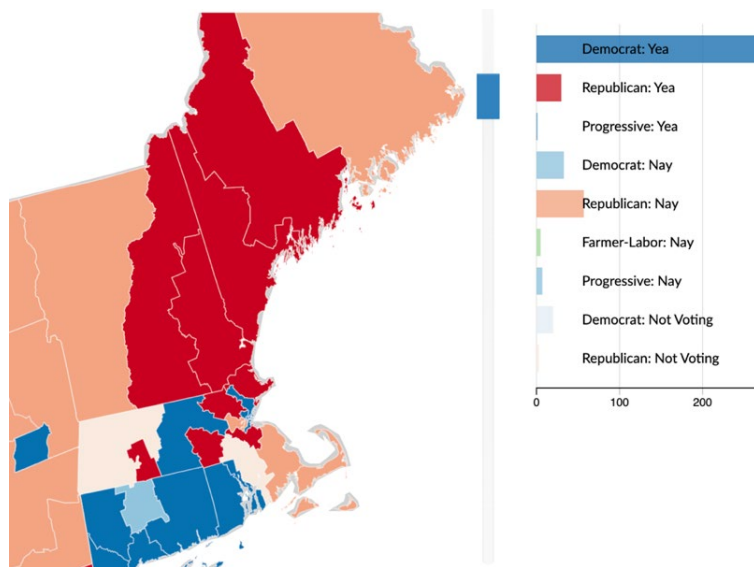
780, 1938). The Second Vinson Bill originated in a conference on January 28 with FDR and congressional leaders. FDR went to Congress to ask for a 20% increase in authorized tonnage above the treaty levels authorized by the Vinson-Trammell Act (Heinrich, 2020, p. 46). The U.S. naval program had been unhampered by the treaties since the collapse of the 1935–36 London Naval Conference due to Japanese intransigence (Levine, 1988, p. 364). By 1938, the treaty system was a relic of the past and its limits had been breached by almost all major navies. FDR's direct involvement was nonetheless a marked change from his distance from the Vinson-Trammell Act of 1934. After FDR's call to action, Vinson immediately introduced H.R. 9218, the Second Vinson Bill. Vinson bulldozed through his committee hearings on the bill and brought the bill to the floor with the help of sympathetic House leadership. Despite impassioned speeches against the bill from liberal Democrats and isolationist Republicans, the bill passed 294-100 (Cook, 2004, p. 138).

Much as with the Vinson-Trammell Bill, voting on the Second Vinson Bill reflected the political influence wielded by shipyards. As the first map below shows, supporters of the bill included both Democratic and Republican congressmen. The bill's Democratic support came from across the country and was in keeping with FDR's influence over his own party. But the few Democratic naysayers were concentrated in the isolationist and land-locked Midwest. The bill's Republican supporters were highly concentrated on the coasts. Looking at the second and third maps which focus on the Northeast, it emerges that proximity to a naval shipyard is a reliable indicator of congressmen crossing party lines to support the bill. The Republican congressmen in New Hampshire and Massachusetts who voted in favor of naval spending were almost universally representing districts that were within commuting range of shipyards, while the Republicans opposing the bill were generally outside of shipyard commuting range. While this dynamic has been described before in anecdotal terms by Levine, the below maps show visually and on a national scale the power of naval shipyards to influence their congressional representation's voting patterns.

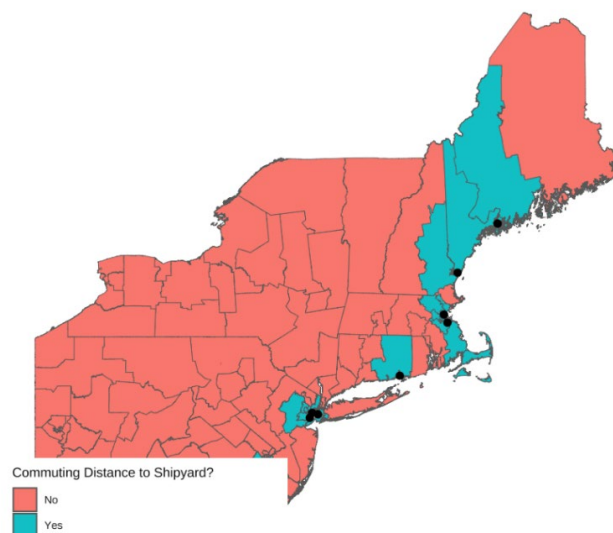


**Figure 2. Voting on the Second Vinson Bill (H.R. 9218)<sup>7</sup>**

<sup>7</sup> This map records the House vote on the Second Vinson Bill and was generated by Voteview.com (Lewis, 2016).



**Figure 3. Voting on the H.R. 9218 (Northeast)<sup>8</sup>**



**Figure 4. Commuting Distance to Shipyard (Northeast)<sup>9</sup>**

The Second Vinson Bill was arguably the final major shipbuilding legislation of the resource-constrained era of the interwar years. The bill authorized 46 ships, 22 auxiliaries, and 950 airplanes. It was the largest U.S. peacetime naval shipbuilding program to date, and the last major surface combatant authorization before the outbreak of World War II in Europe (Cook, 2004, p. 142). While subsequent major shipbuilding bills were signed while the United States itself was at peace, these were signed after the resource constraints that typify the 1933–1938

<sup>8</sup> This is a subset of the prior map, focused on the Northeast region (Lewis, 2016).

<sup>9</sup> This map was generated by the author using congressional district data from Jeffrey B. Lewis (Lewis et al., 2013). The black dots show the locations of the shipyards in the Northeast that built naval vessels from 1930–1939. The map colors blue any congressional district within commuting distance of these shipyards.

era had ended. By November 1938, polls showed that 88% of Americans thought the United States needed a larger navy and 53% said they would support raising taxes to pay for a larger military (Cook, 2004, p. 142). The 1938 midterm elections further strengthened congressional support for an interventionist foreign policy that included major military spending (Kagan, 2023, p. 395). The era of resource constraints and political squabbling over limited shipbuilding funds was over, replaced by whole-of-nation efforts to prepare for wartime. The foundation for these preparations was laid by the political compromises forged by the Navy, Congress, and industry from 1933 to 1938.

## Conclusion

The conventional view of history portrays President Roosevelt as a great leader guiding the United States through one of the most turbulent times in its history. This perception has in turn influenced how historians have written about naval shipbuilding policy. However, studying the politics of shipbuilding provides evidence that this leader-driven portrayal of policy formation is incomplete. Self-interested domestic actors like congressmen and industry executives profoundly shaped U.S. interwar naval shipbuilding. In this messy, contentious, and occasionally even corrupt process of backroom wheeling and dealing they distorted the composition of the U.S. fleet and manipulated where Navy ships were produced. All of this pushed the Navy away from what could be thought of as the “military ideal” policy that the Navy might have preferred.

This is the frustration and promise of democratic politics. The Navy welcomed and worked with these special interests via the loose Navy-Congress-industry alliance because these domestic actors provided key information and support which enabled a sustainable naval strategy. Grand strategy is the adaptation of inherently limited means to accomplish potentially unlimited ends (Gaddis, 2018, p. 21). The Navy accommodated these domestic influences to forge a realistic, if not theoretically ideal, strategic position. Naval shipbuilding in the interwar years is a story of disparate actors making rational choices, using all available information, to build toward their ambitious goal of creating a navy second to none. In the end, the self-interested behavior of these players—naval officers, congressmen, and business executives—worked together to produce something greater than the sum of its parts. By tying geostrategy to parochial interests, they were able to build political support in Congress and across the country for massively expanding the Navy. Thanks to these efforts, the United States entered World War II with the nucleus of what would become a world-beating navy.

The story of interwar shipbuilding remains relevant today. The United States is again facing an increasingly dangerous geopolitical climate, with rival naval powers like China challenging its control of the seas. In the past few decades, the United States has lost much of its remaining commercial and military shipbuilding capacity. The timeless dynamics of shipbuilding politics, as illuminated by the interwar years, can guide decisionmakers in thinking about whole-of-economy maritime mobilization in the event of great power conflict. Currently, policymakers are considering radical solutions such as off-shoring naval production to low-production-cost allies like South Korea and Japan. Naval advocates during the interwar period struggled to build a domestic political environment favorable to shipbuilding by spreading its economic and political benefits across the country. Modern efforts to consolidate shipbuilding capabilities have had the opposite effect by eroding the geographic reach of shipbuilding’s remaining political base. Offshoring naval production would accelerate this loss of political buy-in as shipyards in yet more districts lose their production contracts and become defunct. Shipbuilding can build its own political momentum—or it can fall apart when this momentum is squandered or given away. The world has changed since 1933, but it is worth remembering the lessons of the past.



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