TRANSCRIPT OF ADMIRAL VICKERY'S CONFERENCE WITH MISS BASS OF INS
OCTOBER 23, 1943 - 5:00 P.M.

Admiral Vickery: I believe you have some questions here.

Miss Bass: I don't know how you want to answer these questions or what you want to say about it, but I figured it would be a good "come-on."

Admiral Vickery: Do you think I want to fight with you?

Miss Bass: No I don't. Any way you want to take them —

Admiral Vickery: Honestly, there isn't a whole lot that I can add.

Miss Bass: I'm wondering whether you will expand on your statement about American cooperation in post-war shipping?

Admiral Vickery: You mean how they will cooperate?

Miss Bass: Well, I see my questions were edited somewhat—that isn't how I phrased the question.

Mr. Richards: I was simply helping you out. The questions have the same sense, but I tried to state a little more clearly just what you wanted.

Miss Bass: First of all, you were accused, not you but the Maritime Commission, was accused at the New York Conference recently—whether facetiously or with meaning behind it—that it was "slipping," and I was wondering what that meant regarding current production—whether there is any truth to that?

Admiral Vickery: That wasn't what was meant on that. Henry brought the thing down here and read it to me before he went up to the Conference and said, "Do you mind if I say this?" We always argue back and forth. (Note - Henry, referring to Henry J. Kaiser).

Miss Bass: It was really a facetious comment?

Admiral Vickery: What Henry was trying to do was to stir up discussion on post-war shipping—all right, it's your ball, you carry it for a while—what are you going to do? He was just taking a prod at me to see what I would do.

Actually, there are many steps being taken, but it is just like all of these things -- the time you think about the plans of a ship somebody immediately says you are going to build a ship, and a lot of people expect to see the ship sailing down loaded with cargo. But it doesn't move that rapidly.

There are a lot of problems involved in the transition from war shipping back to peacetime shipping, and we are studying them and we are studying them very aggressively in this post-war thing. We don't have as much time as we'd like to have to spend on it. The people who are hired to do that spend a lot of time on it, but in the policy making part of it we don't have much time, and it takes time. We don't have enough time to really put as much time on the transition and the post-war period as could be well spent on it.

Miss Bass: I had wanted to know what some of the problems were that have to be considered.

Admiral Vickery: There is the problem of the different wage level that U. S. shipping has, the problem of areas, the problem of the Axis shipping--what is going to be done with that--and the trade that they were in. There is the problem of who is going to pay the inflated cost of ships in war time for peacetime operation. After all, we know that everything is costing more -- on everything you buy there is a wartime price, which isn't a peacetime price. Needless to say, there are things you do to a ship in wartime that are quite expensive that don't carry on a peacetime ship. Are those things to be charged off to war cost when you put it down to what a ship would have cost on a peacetime level? Because a ship has got to earn its way by what comes out from under its hatches for the next 20 years. And in speaking of 20 years you get into operation of post-war ships.

Everybody has let us go ahead on that, and, while we will probably take care of it with the shipping we have, they will be able to build on a new peacetime basis. And if the costs are more then you have crippled your operators by having to charge off all war costs to them; whereas, the other operator comes in and buys on a peacetime basis, and he gets a much lower invested cost to start with.

Miss Bass: Then, actually, from what I gather, those are the problems that have to be considered. They are not problems that this country can work out for itself?

Admiral Vickery: Part of them we can work out for ourselves and part of them we cannot, because you take areas and trade conferences and things of that sort -- after all, trade is international and must be worked out between the various countries that are involved.

Miss Bass: I had also asked along with this -- you have one set of questions and I have another set of questions -- whether you will explain how you are now working on these post-war plans. Do you anticipate when they will be ready for publication?

Admiral Vickery: I don't think we will have a complete plan that will come out like a blueprint. I think there will be partial stages where parts will be taken care of and will be submitted to Congress; part of them will have administrative action; and part of them will go into conferences. When those various steps will take place I would be the last one to guess.

Miss Bass: Would you want to repudiate critics who claim that the post-war plans are not being made and that you don't have any?

Admiral Vickery: We had post-war plans before the war was a week old, but whether they are any good today I don't know. But we are actually considering a

serious subject very seriously and doing a good deal of work on it. I won't repudiate critics -- I welcome them. By having criticism you can get something done.

Miss Bass: It isn't actually criticism that most people are directing but fear. I mean the American people are quite worried about what is going to happen about all these things.

Admiral Vickery: That is true.

Miss Bass: It bothers them. Of course, maybe the newspapers drum it up somewhat, but it still bothers the public.

I had asked the question, which I think you sort of touched, but I guess it becomes a post-war problem of cheap foreign labor seriously affecting post-war American shipping?

Admiral Vickery: That is right. Of course it will do that, but there are some ways to overcome some of it. Efficiency is one way, but I don't think you will overcome all of it by efficiency -- we have never been able to do it yet.

Miss Bass: But we still have the problem of facing that in the post-war period?

Admiral Vickery: No question about it.

Miss Bass: Before the war I understand we were subsidizing the industry more or less.

Admiral Vickery: We were subsidizing two things. We were selling to operators ships at what they could go abroad and buy a ship for. They had two markets -- they could go abroad and buy a ship and have it built in Britain, or Denmark, or anywhere else, and the law provided that if we built a ship over here we would sell it at the price they could go abroad and buy it for.

That didn't help the ship operator any, because he could have gone abroad and done his buying at any time. You can call that subsidizing -- that subsidized the American laboring man, but the ship operator never got anything out of it. All that we did was to sell him the ship at a cost at which he could go abroad and buy it for. And it induced him to use American shipbuilding.

On the other side of the question, he got the ship, and when he was operating it we paid our seamen more than the foreign countries did. We paid the difference between what the seaman got and what the other people got. We paid the man -- we didn't pay the operators. It was audited, and all he got was the differential on wages.

He got better food. We paid the difference in the cost of food, and we also paid the difference in the cost of repairing a vessel in this country and what it would cost to go over and get any foreign country to repair it. Say a ship ran between San Francisco and Shanghai, and it was cheaper for him to have his ship repaired in Shanghai, but to get him to repair that ship in the United States and pay the United States wages on it we paid the difference between what it would cost to do it in Shanghai and what it would cost in American yards. We actually paid the laboring man -- we didn't pay the ship owners.

Miss Bass: Naturally we would eliminate the so-called subsidy if we could bring the rest of the world in line with our standard of living, or bring our standard of living to meet the rest.

Admiral Vickery: If we could raise everybody up to our standard of living and simply put it on an efficiency basis that would be fine.

Miss Bass: Also, there has been talk about the conversion of Victory Ships into peacetime use, and I was wondering (I'm not quite clear on that), but I was wondering if actually when the war is over, will we have such a surplus of ships

that we will stop building production, or will we continue shipbuilding production on a different basis, and if so on what basis?

Admiral Vickery: It will be a very reduced scale. It is provided under the law that the life of a ship is 20 years. You should have an orderly replacement program, and therefore, one twentieth of your fleet ought to go out every year. And then you set the size of the fleet that industry is capable of supporting in American commerce.

Shipping in itself is just a service, actually. The big value of shipping is the trade and the economic good to the country it brings, and the shipbuilding is just a service.

Now, whatever the amount of shipping is at a certain time, you take one twentieth of that amount, and that should be your building program for any year. If you set your fleet at 15 million tons, then you should have, roughly, about 800,000 deadweight tons a year. If it is set at 20 million tons, you should have about a million tons of building a year. Every country ought to renew itself -- for obsolescence and for an orderly process of keeping shipbuilding facilities and shipping.

Miss Bass: Which leads me to one of the questions -- what you would estimate to be a good-sized standing fleet?

Admiral Vickery: The Chairman has made an estimate and I'll take his figures - anywhere from 15 to 20 million tons. The biggest hole in the whole merchant fleet when this war is over is going to be combination ships, which carry a certain amount of passengers. There are some being built here and some abroad.

Miss Bass: You estimate that this so-called 15 or 20 million maritime fleet would be combination?

Admiral Vickery: The greatest part of it would be straight cargo vessels and tankers, and part of it would be combination vessels.

Miss Bass: At that rate, on that basis, do you estimate that there would be five million tons of shipping, all things being equal, in the post-war period, or where did I get that figure?

Admiral Vickery: You left off a cipher -- it would be 50 million. That is, if we went through next year with the same building program, you would have about 50 million tons, depending upon the sinkings. There are an awful lot of factors involved. If we went to straight cargo tonnage we would have 50 million.

Miss Bass: Actually, on this sort of a hypothetical question, we would have left around 30 million tons of ships after the war, for which we would actually have no use ourselves?

Admiral Vickery: There, again, you have got to sit down and divide your fleet. A certain part of the fleet has economic value. You take the Liberty which does a good job in wartime, it is not a good ship for peacetime rates. You had the same thing after the last war -- they practically covered the earth until we got shipbuilding into line, and then we just licked the pants off of them.

Miss Bass: Is that why we had the experience in the last post-war period of ships rotting? Some of them in the Hudson River?

Admiral Vickery: That is part of the reason.

Miss Bass: How can we prevent that from happening?

Admiral Vickery: We are trying to do it by providing a higher percentage of fast ships, which weren't built in the last war. That is the whole thing -- we are in a better position because we have continued the production of fast vessels up to the limit of the machinery available for fast ships. The only reason we brought the Liberty into production is because we get the tonnage and get the ships built. We couldn't get the equipment and we immediately

went to work to expand and now we are going to catch up. We are gradually shifting into the faster ships, a gradual shift all the time.

Miss Bass: You actually, hope, then, that at the end of the war the number of slow ships will be a comparatively small percentage of the total?

Admiral Vickery: Yes, of the ones we are building at that time, but after all, there are going to be Libertys -- we will have built 1700 of them by the end of next year. And that is no small figure in any language.

Miss Bass: Is there any use those ships could be converted to by other nations?

Admiral Vickery: There are certain things, but not in any quantity.

Mr. Richards: They have to be considered in the same category as tanks, planes and all those things that we are building.

Admiral Vickery: That is right.

Miss Bass: I have a couple of other points, they are not very important ones, but I was wondering if you anticipated a surge of passenger shipping after the war as a result of it?

Admiral Vickery: Well, that is anybody's guess. I think there will be a lot of people who want to travel, yes. And that is why I am talking the combination ships that aren't being built at the present time.

Miss Bass: There are no plans to build those now -- those will be post-war?

Admiral Vickery: Yes, there will be quite a lot of conversions. We are building some combination ships now. They are coming out as troop transports, but they were designed as combination ships, and we are building some. But the dearth is going to be in the combination trade. And you asked whether we have any post-war plans. We have, very definitely. I have some of my design people getting ready; just as soon as the manhour pressure for tonnage lets up

we will start on those. Now if the war ends next year they will finish up as cargo or troop ships, but if it doesn't they will finish up as passenger ships when that time comes. I don't know when we will be able to do it.

Miss Bass: What do you think of all this talk going on about air shipping being a threat to maritime shipping?

Admiral Vickery: I think it is a complement. When I say that I mean one complements the other. Somebody put out the best one on that when he said, "I haven't time to travel by air, by the time I sit around four days in an airport and wait for a plane." But don't put that in.

It will take a great deal of fast business man travel, and that is why I don't believe -- another reason why I don't believe in the super-liners. But there is an awful lot of transport that will be taken by ships.

Miss Bass: Do you think the day of super-liners is over?

Admiral Vickery: I don't think it ever began. If you will notice, we have never built any.

Miss Bass: Well, that sort of clears me up, but I would be very glad to have you answer some more of those questions. That first one just about overwhelmed me. But I think it is probably very timely because that was one of the things that came up at your last press conference, and everybody got very much confused about what you meant. I gathered at the press conference that you said that you told the English shipbuilders that America had become a maritime nation once again and you intended it to stay that way, and that if they were ready to cooperate you would accept that cooperation, and if not we intended to stay a maritime nation anyway.

Admiral Vickery: That is almost exactly what I said, except that I didn't say we would accept their cooperation. I think it would be a whole lot better if we cooperate than if we start a wrangle about it.

Miss Bass: Actually, is England's shipbuilding program much of a threat to us right now?

Admiral Vickery: No, it is not a terrible threat to us, but they are building ships and they will have a dearth in their fleet, but there are a lot of ways that one can sell the other down the river. I don't expect them to. It is more a question concerning the ship operators.

Miss Bass: That is a bigger problem?

Admiral Vickery: After all, shipbuilding is just a hand-maiden of ship operation, and that is the problem in ship operation. It really isn't ship operation, it is trade. It is the trade of a country that counts, and ship operation and shipbuilding are simply tools of trade. What we really have to get after -- what we are really talking about is the United States trade, and we are talking about providing the tools for a proper United States trade.

Miss Bass: In other words, that would actually be your big post-war job -- doing whatever you can in the best way to protect United States trade?

Admiral Vickery: Our best job is to give the business men of this country a tool with which they can develop their trade, the tool being shipping, and it is for the development of the overseas trade of this country. And trade is a two-way street; it means imports as well as exports.

Miss Bass: I wish you would tell me some things that I haven't asked.

Admiral Vickery: I don't know myself.

Miss Bass: They told me you were a very well-informed man.

Admiral Vickery: No.

Miss Bass: That sort of clears up what I had in mind, but I wish you would tell the people in your own words something -- tell them to stop worrying.

Admiral Vickery: I don't think it would be good for them to stop worrying.

Every dog has a certain amount of fleas — it does him good.

Miss Bass: I mean about whether you are working for them.

Admiral Vickery: I don't believe that they think I'm not working for them. I have never taken that seriously, because they would go out and hire somebody else if they didn't think I was working for them. After all, I am only a hired hand.

Miss Bass: You just refuse to comment!

Admiral Vickery: After all, the people hired who they wanted to do a job of this sort. Now, if they are not smart enough to hire somebody to look after their interests, they ought to hire somebody else. On the whole you get about the service that you are clever enough to hire.

Miss Bass: Here is one other question that has bothered me, and that is the post-war — well, what we are going to do about all these people who have gone to work in the shipbuilding industry.

Admiral Vickery: I thought I was going to be very clever and try to get my ships built before the end of the war, and everybody would still be yelling for manpower and I wouldn't have them on my hands.

Miss Bass: By the end of 1944 you will have obtained the shipbuilding program that you were after?

Admiral Vickery: Well, as a matter of fact I think so, yes, depending on what comes out of the joint Chiefs of Staff as to the war effort. I find every day the requirements get more. If it was just a matter of building ships for the merchant shipping, yes, provided the submarine sinkings didn't get any worse, I would be over the hump before then and tapering off my program. The serious

part of my program is that I have been doing more and more for the Army and Navy. and each day I am asked to do more. So the result is that my own merchant shipping is getting in a more favorable position, but instead of being able to cut down I am asked to do more and more which is purely military, and I don't ever get to the point where I am able to cut back the program. Eventually I will be building more ships for the Army and Navy than I do for the Merchant Marine in converting more and more of my building capacities into those ships which have particularly war purposes. That makes a problem at the end. After all, we have 600,000 workers in the yards and a great many more people in the manufacturing concerns.

Miss Bass: It is all very vague, but I guess it will be.

Admiral Vickery: It is going to be a problem. It is part of the whole economic problem of the country. Can anything be done to cushion the blow?

After all, what are we going to do about repatriating the Chinese? They have always had a considerable coastwise, port to port, trade. Are we going to rehabilitate it? I don't know but it is a possibility. There's something that we can do in the shipyards, which we will be able to do very well for repatriation. That is an enormous field. Instead of just taking losses we would be doing something. The same thing is true in a great many other places. And if somebody could answer that my end of the problem would be simple.

Miss Bass: There is just one more question I had. There has been all this talk about more or less competition from England, but there are other seafaring nations in the world who will be less crippled by war effort than England.

Admiral Vickery: Which ones?

Miss Bass: Norway, Sweden.

Admiral Vickery: Sweden possibly, but Norway has taken a terrible beating, and Norway isn't having any new building — except what is being given to her.

They can't rehabilitate at all through this period. And they were not a major factor. The Norwegians had a good fleet, yes, but it was a part of their economic set-up. After all, there are only three million people in Norway, and I forget what percentage is dependent upon their maritime commerce, but they are not repatriating their fleet.

You are worrying about the Japanese. I'm not. You are worrying about the Germans. I'm not. And the Italians. I'm not. If you want to add the French to that you can as far as I'm concerned, but not publicly. They had to give everybody back the trade that they had.

The trade that the Axis powers have I have no interest in rehabilitating. If we just divided that up that would meet every requirement that we have broken down. If we just took, or utilized and divided up between us, the amount that the Japanese and the Germans have washed out, and the Italians, we could accomplish our position, and everybody else could accomplish their post-war positions.

Miss Bass: You mean you and the rest of our Allies?

Admiral Vickery: The rest of the Allies could get what they had before.

The unknown quantity is Russia. Russia never had a merchant marine, but if they really turned to they could be a maritime nation. But Russia is going to turn to internal development, like we did in this country when we moved westward, and they are going to concentrate on that development. So for some years there may not be any problem from Russia. Eventually, they will come around to maritime development.

I think the Pacific is going to have a tremendous amount of expansion. I think China is coming out of the war, and there is going to be a great deal of industrial development there. The same thing is true of Siberia. There will be a tremendous flow of materials that way, and that is going to stimulate

shipping. You take off the Japanese and we ought to be somewhere in that Pacific picture, and a pretty prominent part of it. China can't develop a merchant marine -- they never have.

It is not an easy problem. There is no simple solution, and I would be stupid if I said there is an answer either one way or the other. We are cognizant of the problem and we are thinking about it. We aren't thinking fast enough according to Henry.

Miss Bass: Your post-war plans in any event are inter-related with the post-war plans of the rest of the war agencies in the Government?

Admiral Vickery: Yes, we have been cooperating with them. But I think we probably know more about shipping than anybody else, including the State Department, but that's off the record.

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