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*Truman*

MEMORANDUM

November 5, 1943

To: Mr. Fulton  
From: Mr. Meader  
Subject: Cramp Shipbuilding Company

Rear Admiral E. L. Cochrane told the Subcommittee that he had previously <sup>conally</sup> conducted an investigation and it seemed to him the difficulties could be summarized under three headings:

I. Divided Authority

He found that Admiral DuBose as Chairman of the Executive Committee and Commander Rossell as President and General Manager were both exercising executive authority to the detriment of good management; that the transfer of Admiral DuBose to Washington in Admiral Robinson's office, commencing last Monday, had eliminated the difficulty as far as divided authority was concerned, but that he was not yet convinced that Commander Rossell has the required capacity for good management. He stated that he intended to require Commander Rossell to outline in writing his appraisals of the difficulties at Cramp, and the steps he proposed to take to resolve them, indicating that he intended to follow the matter closely himself and would first insist that Commander Rossell divorce himself from the retired list of the Navy. Commander Rossell is receiving \$25,000 annual salary from the company, plus his retired Navy pay. Admiral Cochrane thought his salary had not been increased as a re-



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sult of added responsibility, but that it might be contemplated that he receive from the Company the equivalent of his retirement salary if he consented to be taken off the Navy payroll.

## II. Supervision

Responsibility for poor Navy supervision falls apparently upon a succession of supervisors, the present one of whom is Admiral Bruce who has been at the plant since January. Admiral Cochrane in an off-the-record statement advocated that he proposed to relieve Admiral Bruce, but not immediately, because he felt that instituting all reforms simultaneously might constitute a shock that would be unwise and he felt Admiral Bruce's removal must be handled diplomatically, apparently in order to avoid repercussions in Navy politics.

He furnished the Committee with a copy of a letter dated October 21, 1943, sent to all supervisors in all shipbuilding yards with whom the Navy had contracts enjoining them to concern themselves with the efficiency of management in the yards under their supervision so as to protect the Navy's and the taxpayer's interests in the huge sums of money being spent on cost-plus contracts, but to do so with a degree of diplomacy which would avoid friction and dissemination in the management which might conceivably be reflected in reduced output. My impression when he read the letter was that it was good but altogether too long delayed.



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### III. Labor Relations

Admiral Cochrane consulted with union leaders and employees both, in Washington, prior to the Committee's hearing and at the plant. He was of the impression that to a degree labor was genuine in its desire for improved efficiency and had a legitimate complaint concerning some of the tactics and treatment used by the foremen, but was inclined to be somewhat skeptical about some of labor's demands and representations. Someone at the meeting indicated that the employees were interested in seeing that the Cramp yard be developed so as not to be a high-cost yard in order that it might continue to operate after the war and furnish employment.

Cochrane indicated that the company was taking steps to employ competent labor relations men, among those a Mr. Ching, and he felt they were on the road to improvement of the labor situation. Apparently, Admiral DuRose's psychology and unfamiliarity with civilian employees and the effective methods of dealing with them had been a substantial contributing factor to the labor unrest at the yard.

Senator Truman requested the Navy to keep the Committee advised of their further progress in cleaning up the Cramp situation. (No definite date for further hearing was set.)

A copy of the news release is attached. I am sending along Part 5 of the hearings for your set, and also returning the other material to you.