

MEMORANDUM

November 6, 1943.

*Truman
Com*

To: Senator Kilgore

From: Mr. Meader

Subject: Philadelphia Record, November 5, 1943, article by Windsor
Booth on Cramp Shipyard hearing.

Analytical comparison of article paragraph by paragraph with
the Committee's news release:

Headline: CRAMP'S TO GET NEW MANAGER, NAVY PROMISES.

Comment: There is no statement in the news release concerning
the Navy's promise of new management. The news release does
report the removal of Admiral DuBose, and ^{obviously} ~~specifically~~ it would
be a fair inference that a new management would be appointed.
Upon consideration, it was determined to make no reference to
the position of Commander Rossell who has heretofore been Presi-
dent and General Manager and is continuing in that position tem-
porarily. The reason for omitting such reference being that the
Committee felt that the Navy was approaching this problem correct-
ly and thru public comment did not desire to impede or embarrass
its efforts.

Sub-
Headline: Truman Group Member Assails Poor Record of Shipyard

Comment: This is certainly a fair characterization of the

following comment in the news release:

"There seems to be no question but that the management was not equal to that of our better Naval Shipyards."

Paragraph
III:

"The Navy Department is installing a new management at Cramp's shipyard, Rear Admiral Edward L. Cochrane, chief of the Bureau of Ships, told the Truman Committee in a private hearing today."

Comment:

It is not true that Admiral Cochrane told the Committee that the Navy was installing new management and no statement to that effect can be found in the news release. It is true as pointed out with reference to Item I above that the removal of Admiral DuBose gives rise to the inference that new management was promised. While the record is not yet available, my recollection is that Admiral Cochrane indicated that Commander Rossell might be continued in charge of the company if he could satisfy the Navy that he had adequate managerial capacity, as to which Admiral Cochrane was doubtful but open-minded.

Paragraph
IV:

"The new general manager, whose identity was not revealed, will be a man who will have the confidence of labor and management as well as the Navy, Cochrane said."

Comment:

This statement is likewise unsupported by the news release and as a matter of fact, I do not recall any similar statement made by Admiral Cochrane, although it is obvious that the manager should have the confidence of labor, management and the Navy.

Paragraph V: "The first step in the reorganization, Cochrane told the Committee, was removal of Rear Admiral William G. DuBose from the executive staff of the company."

Comment: It is true that Admiral Cochrane told the Committee of the removal of Admiral DuBose from the executive staff of the company, but is not true that Admiral Cochrane indicated that it was the "first step in the reorganization" nor did Admiral Cochrane indicate any particular order in which the Navy proposed to take steps to correct the situation.

Paragraph VI: "The next step was appointment to the board of directors of Cyrus Ching, former member of the War Labor Board and vice chairman of the U. S. Rubber Company."

Comment: Although the mimeographed release contains no reference to the association of a labor relations expert with the company, Senator Kilgore authorized the report to state that the Committee had been advised that a labor relations man was being appointed to the board of directors - not naming the man. The reporter accurately deduced that the man referred to was Cyrus Ching.

Paragraph VII: "Senator Harley M. Kilgore (D., W. Va.), chairman of the Truman subcommittee on shipbuilding, complimented the Bureau of Ships 'for having taken prompt action to investigate Cramp's and to make the necessary changes.'"

Comment: This is practically a direct quote.

Paragraph VIII: "But in a prepared statement Kilgore scathingly denounced the Cramp management for its poor record and the high profit taken on Navy cost-plus contracts.

Comment: This paragraph is probably a fair characterization of comments made in the release.

Paragraph IX: "The Government was extremely liberal in this case and had a right to expect good management," Kilgore said. "There seems to be no question that the management was not equal to that of our better naval shipyards."

Comment: Direct quote.

Paragraph X: "The removal of DuBose, Kilgore said, came as a result of an investigation by Cochrane."

Comment: Direct quote.

Paragraph XI: "Previously, the subcommittee held a private hearing at which a number of representatives of Industrial Union of Marine and Shipbuilding Workers discussed a walkout at Cramp's on October 15."

Comment: Direct Quote.

Paragraph XII: "The walkout," Kilgore said, "was not authorized by the union, but came about because of alleged grievances and wasteful and inefficient production in the construction of cruisers and submarines."

Comment: Direct Quote.

Paragraph XIII: "The Cramp Shipyard is an old line shipyard which once had a great reputation for shipbuilding and ceased operations in 1927. After this war broke out a group headed by Rear Admiral DuBose, who was a former chief of the bureau of construction and repair in the Navy Department, reorganized the company and obtained contracts on a cost-plus basis to build cruisers and submarines for the Navy."

Comment: Direct quote.

Paragraph XIV: "These contracts totaled nearly \$300,000,000, of which \$65,000,000 has been completed. They also obtained approximately \$20,000,000 of Government funds with which to construct facilities. Even on the basis of their own valuation of the real estate and other assets of Cramp's, the Government was contributing four-fifths of the investment in the project."

Comment: Direct Quote.

Paragraph "Under these cost-plus contracts the new management
XV: would have obtained as fixed fees \$13,584,741 on an investment
valued by them at \$4,442,937.79. The Government was extremely
liberal in this case and had a right to expect good management."

Comment: Direct quote.