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HERBERT M. FISH
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Interviewer: Dr. Ronald E. Marcello
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Caltex Oral History Project

Herbert M. Fish

Interviewer: Dr. Ronald E. Marcello Date of Interview: July 31, 1985

Place of Interview: Fort Myers, Florida

Dr. Marcello: This is Ron Marcello interviewing Herbert Fish for the Caltex Oral History Project. The interview is taking place on July 31, 1985, in Fort Myers, Florida. I'm interviewing Mr. Fish in order to get his experiences and reminiscences concerning his tenure with Caltex.

Mr. Fish, to begin this interview, just very briefly give me a biographical sketch of yourself. Let's start off by having you tell us when you were born, where you were born, and that sort of information. Most of that is part of the record, but maybe someone who reads this transcript will not have read the other information.

Mr. Fish: I was born on August 8, 1907, in Boston, Massachusetts. My family history from Cape Cod goes back several hundred years. There was not much occurring in the early years of my life except a desire to be constantly on the baseball field and to become some day a baseball writer, which never materialized. I graduated from Dartmouth in 1929.

Dr. Marcello: What was your major at Dartmouth?

Fish: Sociology with, you might say, a minor in psychology and without an idea on graduation of what I was to do.

Marcello: From what you have said previously, I thought maybe you had majored in journalism since you wanted to be a sportswriter.

Fish: No, they had no courses in journalism at the liberal arts Ivy League colleges of that time, I guess, except possibly Columbia. I did participate quite actively in sports-- varsity three years in lacrosse and also cross-country, two sports which I had never participated in before.

Upon graduation I went to the University Club in Boston, their employment unit, who referred me during these Depression years of 1929 to the division manager of Shell Oil for New England. Shell Oil at that time was just entering the United States market, having purchased the New England Oil Refinery Company, which had gone bankrupt. Mr. Everson asked me--and this seemed to be the whole content of the interview--did I have guts. When I replied in the affirmative, I was assigned to a service station in Cambridge. I was a grease monkey, and for about six months I was transferred from one service station to another until I finally entered a training course which included two Shell Oil foreign trainees, one being Leonard Asterly-Bell, a Britisher, and the other, John Loudon, whose father was chairman of Royal Dutch Shell and who himself later became chairman.

Marcello: You mentioned a moment ago that you were working in various service stations. Was this standard operating procedure at that time, or was this mainly due to the Depression circumstances that you started here?

Fish: This was Depression circumstances. I was fortunate during the Depression years of not having risen to a position of importance or of income where I might have been the subject of the economy ax.

Instead, I secured this training course and was subsequently assigned to various departments in the head office in New York--Fuel Oil Department, Asphalt Department, Assistant to the President, Division Office Manager for New England, and subsequently manager of the Head Office, Marketing--until the war came, when I volunteered and received a commission in the New York Ordnance Department.

From there I went to Washington and eventually maneuvered myself into a petroleum assignment for the Quartermaster, Fuels and Lubricants Division, as chief of the control branch.

After the war I returned to Shell, and on a brief mission for the military, I settled the reverse Lend Lease petroleum accounts with Great Britain and France in a sixty-day period. Then I decided to enter the Regular Army as a petroleum specialist and was commissioned as a major and assigned to the Area Petroleum Office for the

Far East in Tokyo under General MacArthur.

Marcello: Why did you decide to go the Regular Army?

Fish: It was mostly because I thought that I would have more time to read books, to be with my family, and to play golf and so forth. But as matters turned out, the Regular Army life in Tokyo became pretty much a series of social, shall we say, or cocktail parties with the same group over and over on different days of the week. So I decided to resign from the Regular Army. By a strange coincidence, I received my orders to proceed to Fort Lawton for resignation from the Army the same day I received orders to proceed to Washington to be with the Joint Chiefs of Staff on petroleum planning. I continued my course for resignation, having by that time decided to join Caltex in the Far East.

Marcello: In the meantime, you had severed all relations with Shell Oil Company so far as employment was concerned?

Fish: Yes, I had severed all relations, although I had been offered the number two job with the Shell organization in Japan. But this meant, with four daughters, I would have to accept pound sterling and therefore a British education for the four of them. I might add that when General Doolittle visited Tokyo on a tour as one of the Shell executives, he jokingly reprimanded me as a "renegade."

Marcello: Was this because of the fact that you had left Shell?

Fish: Yes.

Marcello: In our pre-interview conference or remarks, you had spoken at some length about the contributions that had been made by the petroleum experts during World War II. Would you comment a little bit further on that for the record?

Fish: Well, I would say that, firstly, the Army/Navy Petroleum Board was the principal agency within the Army for the organization of all petroleum matters for the Army, the Navy, and the Air Force. They had attracted to the Army/Navy Petroleum Board, and had staffed it almost completely with, individuals from various petroleum companies, major and minor, throughout the country. It was also by coincidence that the chief of the agency was Admiral Carter, who had formerly been president of Shell Oil and for whom I was an assistant for at least a year. After the war he had attempted to persuade me to go with Barber Asphalt, which I declined.

Marcello: With Barber Asphalt?

Fish: Yes. The various services had their own petroleum agencies. For example, for the Army the U.S. Quartermaster Fuels and Lubricants Division did all the estimating of requirements for the Army in the various war zones as well as domestic installations, did all the purchasing and effected the distribution. I might add that it did the procurement of the containers as well as the products themselves. The

Air Force similarly had an agency of its own, and the Navy had the Bureau of Supply and Accounts, Petroleum Division, which did all the procurement for the Navy and set their specifications. Each service set its own specifications. Within most of these agencies--Air Force, Navy and Quartermaster--were petroleum specialists from industry, even though the unit itself might be headed by a Regular Army or Navy career officer.

It is of interest to me personally that after the war --directly after the war--Secretaries Patterson of the Army and Forrestal of the Navy created a committee consisting of an Air Force general, Harry Howes, a Navy admiral, Carter, brother of the Andrew Carter of the Army/Navy Petroleum Board, and General Peckham of the Army Quartermaster Corps. I was commissioned as secretary. The assignment of this committee was to study and formulate a plan for a post-war agency within the military and to decide whether it would have combined specification, procurement, and distribution power for all the services. The obvious reason for this was that it was a success during the war because of the Area Petroleum Offices and the joint coordination that had been effected within the Army/Navy Petroleum Board. This committee came up with a unanimous recommendation for a post-war Army/Navy Procurement Agency with centralized purchasing power for all petroleum products, and subsequently this agency was

formulated and operating, although the planning powers remained with the Joint Chiefs of Staff.

I omitted to mention that in each major war zone, there was an area petroleum officer with staff, as, for example, in Southwest Asia. I've forgotten the individual there. In the Pacific--the Seventh Fleet, headquartered in Hawaii--it was Captain George Shepherd, my wife's brother, by the way. In Tokyo, for the Far East Command, we had a separate office. In London there was a separate office, and, I think, in the China-Burma-India area there was also a separate office. These offices coordinated the requirements for the various services and transmitted them to Washington where they were serviced by the agencies mentioned previously.

As a very personal note, when my brother-in-law, Captain Shepherd, was in the Philippines--in the middle of the war--he sent a message to the Army/Navy Petroleum Board, addressed to me, requesting some special technical information on lubricants. It was about a week later that someone in the corridor asked if I had received a letter from the Philippines, and it developed that this was a communication from my brother-in-law.

Marcello: How did your experience during the war help you with your future career in the oil business? What did you get from it?

Fish: Not too much in the area of expertise as to petroleum. I learned some things with regard to organization and planning. I also learned some things in relation to speech writing for General Peckham, for example, in his presentation to congressional committees of what the petroleum policy should be for the United States during the war. Perhaps I also developed a knack for negotiating with people and securing coordinated results which, if anything, was perhaps the basis of whatever success I may have had in the future years.

Marcello: Okay, so you decided to resign your commission in 1948, and it was at that point that you picked up your connection with Caltex. How did this come about?

Fish: Well, the Area Petroleum Office obviously comprised certain ex-industry people. Another factor was the Japan Oil Storage Company, an Army idea which had been originated in the Philippines by Colonel Anderson, who had then promoted it with me in Washington to establish a similar unit in Tokyo for the Far East. These units--the Philippine one, the Japanese one, and subsequently the Korean one--were staffed with employees from the various companies, most of whom had operated in that particular area before the war and who were therefore familiar with the refinery locations, the depots, pipelines, if any, the methods of distribution, and the civilian requirements in that

particular country. This was of immeasurable help to the Area Petroleum Office and obviously to the headquarters command in Japan. This group of men, mainly from Esso, Shell, and Caltex, worked with the various Japanese governmental agencies such as MITI (Ministry of International Trade and Industry), the fishing industry, the mining industry, the steel industry, and they screened the Japanese requests for petroleum requirements, whether it was fuel oil, critical lube oil, or gasoline supplies, and determined the allocation and rationing methods as well as distribution methods for these petroleum products to the end uses in the economy.

Marcello: Now at this time we're talking about an economy that is in pretty bad shape, isn't that correct?

Fish: There was virtually no economy at that time. It was just springing from the ashes. This made it all the more important to determine what was essential to develop industry, for the fishing fleet to feed the people, whether to initiate the whaling expedition again and fuel it, how much fuel oil would go to the steel industry--in other words, to determine what were the critical--really critical --petroleum needs at that time. These boiled-down needs were then transmitted to the Area Petroleum Office, were discussed with them in meetings, and the Area Petroleum Office then combined them with the military requirements

and forwarded these requirements for procurement and shipment from U.S. sources. So as a result from this contact, almost daily, and including evening parties, I became naturally very familiar with the various petroleum representatives in civilian capacities, although they were attached and had special privileges in the military facilities. It was because of this and my job within the Area Petroleum Office that Shell made this offer, and also that Phil LeFevre and I came to this agreement that I would join Caltex.

Marcello: You mentioned Phil LeFevre many times in our pre-interview conference. Who was he and what role does he play so far as your career with Caltex is concerned?

Fish: Well, you should really talk with Jim Voss concerning Phil LeFevre and Nell, his wife, because they were most intimate friends. But Phil LeFevre was a very respected authority in the Far East, not only within the petroleum industry, but also with the government and military agencies as well. I took a natural liking to Phil LeFevre, as all Caltex employees did, I'm sure, and apparently he reciprocated. So I was subsequently assigned to Japan for training in the Caltex methods and policies, and eventually I went back to Japan where I was of more service.

Marcello: So was LaFevre connected with the Japan Oil Storage Company?

Fish: No, he was independent of any such organizations. He was directly and completely an employee of Caltex, having served with Texaco in China before the war. He was in charge of all Caltex operations and personnel in the Far East and consequently indirectly in charge of Caltex employees within KOSCO (Korea Oil Storage Company), JOSCO (Japan Oil Storage Company), and POSCO (Philippine Oil Storage Company).

Marcello: Okay, so it's through LaFevre that you begin your association with Caltex.

Fish: That's correct.

Marcello: Did you mention that you actually were sent back to the States and that you underwent a period of training there before being resent to Japan?

Fish: Well, I went back to the States in order to effect my resignation from the military at Fort Lawton. As a consequence, Caltex requested that I subsequently come to New York for really an introduction to staff personnel, and I possibly had only about a two-week indoctrination before getting back to Shanghai, where I stayed with Phil LaFevre and Hans Bieling and received further indoctrination in the various departments of the Shanghai office.

Marcello: Now would you essentially have been doing the same kinds of things with Caltex that you previously had been doing with Shell?

Fish: No, they were completely different. What I had been doing with Shell was completely within the domestic market. The foreign operation, especially in China, was a completely different marketing approach. It was almost entirely through Chinese agents and normally only with basic products such as gasoline, more particularly kerosene, lube oil, and some fuel oil.

Marcello: At that time, if you can recall, what differences could you detect relative to Shell's way of doing things and the Caltex way of doing things? Was there anything that immediately stood out as you look back upon that early period?

Fish: It is difficult to make a comparison because, as I mentioned, the one was a domestic operation and the other was a foreign operation. But probably the one thing that would stand out in my mind would be the closeness of the Shell organization, partially because of the geographic situation, but also the intense organization and concentration to marketing, both methods of sales and particularly costs where one measured in terms of tenths of a gallon. I would also say that within Shell there was considerable decentralization of authority to division managers and then to area managers. Also, they were so cost conscious that within my department in New York, for example, we made studies as to which areas to pull out of. For example,

we pulled out of the Philadelphia area and we pulled out of the upper New York state area because we were not in a competitive position as far as delivered costs were concerned. We did not have the pipeline and we did not have the water transportation to a given area, and instead we were competing by truck dispatch. As a consequence, Shell had a program of going over every area in the United States and determining whether it was profitable to remain in that area. Subsequently, it was curious that after the war, when I was in Paris on a petroleum assignment to settle the reverse Lend Lease petroleum accounts, I ran into two former American Shell associates, Henry Schwall and Bill Garbade, who had been assigned to Europe to indoctrinate the Shell European organizations with the same approach.

In retrospect, memory brings something else forward now. There was another aspect that startled me within the Caltex organization in China at that time, and that was the lack of coordination, even teamwork, between the operations group and the marketing group. In Shell the area manager, wherever it might be--Hartford, Connecticut, or Austin, Texas--was responsible for all marketing and all operations in that given area; and the depot managers or the maintenance managers reported to the area manager as well as the sales manager. To my consternation, I noted both in Shanghai and more particularly in the Hankow area when I arrived that

there was virtually no coordination between these two organizations--no planning coordination. In some instances there was barely social intercourse between the two. It was separate lines of communication from the field to Shanghai and a distinct rivalry between the two. I don't know to this day to what to attribute this.

Marcello: What effects did it have upon the operations of the company in that area?

Fish: Well, I wasn't there in China long enough to know, but it was obvious that you just wouldn't make the logical and economical moves that one should to cut costs and effect the most efficient delivery.

Marcello: Describe the situation that you found when you got to China, either Shanghai or Hankow. Of course, at this time the Chinese revolution was in full force.

Fish: At that time in the Shanghai office, there did not appear to be any prevailing concern over the possible occupation of all China by the Communist forces. I'm sure that planning was taking place in a general way, but I was not privy to it and had heard no mention made.

Perhaps the most evident incident to me was the exodus, wherever possible, of White Russians from Shanghai to, for example, Australia. I was in Hans Bieling's office one day when a White Russian came in and offered him a gold bar if he could effect her escape to Australia. It was really

critical for White Russians, but it wasn't such evident concern among the Americans.

On the other hand, on arriving at Hankow, which had been described to me and of which I had read its past history as being sort of a foreign jewel, it was a virtually shutdown foreign community. There were a few heads of major American companies--National City Bank, a tobacco firm, Shell, and Esso--and professors and students at the local university. The staff prior to my arrival, particularly John McCleary as area manager, had made some plans to move stocks from Hankow to a depot near Shanghai, but these had not been fully effected at that time. It was a semi-deserted city, but one really didn't know how close the Communists were.

What was more evident was the plummeting devaluation of the Chinese money and the fact that people were hoarding--desperately hoarding--such commodities as kerosene and lube oil, which were literally liquid gold. As a consequence, my Chinese agent and I each morning would secure by wireless from Shanghai the closing yuan rate at the Shanghai banks and set prices for all commodities for the day.

Only about six weeks after arrival, I was advised strongly by Chinese and foreign friends to take the last train out of Hankow for Canton, which I did, accompanied by crowds of Chinese who were taking their only possessions

with them--a pitiful sight. The possessions were mainly fowl and clothing. This was a several days' journey. We were stopped in the mountains by bandits, but no action was taken against us. Upon arrival at Canton, Tommy Thomas, then the area manager, effected my transfer to a voyage to Hong Kong, and I then proceeded under orders to Tokyo.

Marcello: How extensive were the Caltex interests in China at that time?

Fish: I'll revert for just a minute, if I may, because I omitted to mention that the reason for my departure from Hankow was the almost complete encirclement by the Communist forces. Excuse me. Would you repeat that question?

Marcello: Yes. How extensive were the Caltex interests in China at that time?

Fish: I have never seen any figures as to the percentage of the market. There were no refineries. The principal import storage point was at Shanghai. Caltex's and other companies' storage had been taken over by the Japanese during their occupation of China. Most of the marketing was by drums, and I would venture to say that Caltex was in the third marketing position behind Shell and Esso but probably coming up as a very strong third. Caltex had a substantial chain of stations in Shanghai which were, of course, expropriated by the Communists later. The remaining staff in Shanghai, as you will hear from others, consisting of

Hans Bieling, George Rockoltz, MacMillan, and Marshall, were placed under house arrest in Shanghai, and I believe it was about three years later that they were released. We entertained them and received them in Japan.

Marcello: Even at that time, that is, before the Communists had effected a take-over of China, was it a foregone conclusion that it was going to be difficult, if not impossible, to do business with them? Was it already known at that time?

Fish: That I wouldn't know because I was at too low a level in the chain-of-command, but it would seem pretty obvious that normal commercial relationships were not to be considered as a possibility for some time to come. The question, of course, was how the Communists would operate an economy without petroleum stocks after they had used the confiscated ones. Truly, I don't know the answer to that question, either.

Marcello: At the same time, how would you describe the dealing that you in your limited capacity had there with the Nationalist government? I guess historically, when I think of the Nationalist government, I don't think of the people that were necessarily too honest or above board.

Fish: I had no official dealings with the Chinese government officials. Primarily, those were handled at that time by Hans Hansen and Phil LeFevre. What I did observe, both within Caltex at Shanghai and previously as petroleum

representative from the military in Tokyo on visits to Shanghai, was the indescribable disappearance of aid supplies coming from the United States. It was most discouraging to an American to realize that these supplies, so severely needed by the masses, were being traded from one hand to another in what appeared to be a corrupt manner or just illegitimate bartering between families and friends until the product either did not reach the intended recipient or did at a price beyond his means. This was really pathetic. By contrast this was never allowed to happen by what I consider to have been a very benign occupation by the United States in Japan and similarly in Germany.

Marcello: So as the result of what happened in China, then, you were transferred to Japan, where you became a district manager in 1949. Let me ask you a broad question here, and again I refer to something that you mentioned in our pre-interview conference. You said that your time in Japan was the most fascinating experience in your business life. Expand on that. What did you mean by that?

Fish: Well, I suppose, to begin with, it was partially due to the fact that it was a foreign country, and I had not had a similar experience before; but much beyond that were other factors. To begin with, I don't think one can say enough in tribute to the benign and constructive occupation by the American forces and their successful efforts to aid

the Japanese people and their economy to recovery. This in itself was a constant source of pride to me as an American.

Secondly, and this has nothing to do, I guess, with my having majored in sociology in college, but rather it's my basic interest in people and their behavior, the reasons for the same and the results. The Japanese people offered a marvelous study in themselves because of the traits that they possess to a high degree, most of them meritorious. Although conquered by the Allies, neither I nor my family ever experienced any resentment by individual Japanese, only friendliness and assistance. I'm sure that this was not true of everyone, but I'm equally sure that it was generally true. I admired them for their honesty, for their industry, and for their perseverance, although at times they constituted hardships.

I enjoyed traveling throughout Japan, even with its prevalent devastation at that time, to various dealer meetings. It took some fortitude to attend these meetings. For one thing, I was not very fond of raw fish, but for another thing, there might be anywhere from forty to a hundred dealers at some of these meetings. Arai, who was the sales manager for Nippon Oil, almost invariably was in the group, and it was customary for the dealers, one by one, to come before you as you were kneeling on the tatami before dinner and fill your sake cup, which you

drank; then you filled his, and then there was frequently a return from you to each of the dealers. At the end of the evening, this could be a bit disastrous, particularly when Arai would then suggest that everybody participate in pantomimes, as it were, where individual Japanese go through an act which they have perfected, whether it be imitating a Japanese fisherman or whatever. It was usual for Arai and me to act as contending sumo wrestlers in pantomime. Unfortunately, one time I actually tackled him, and he suffered a ruptured knee for several months, which was not in the best interests of Caltex. But I still receive Christmas cards from him.

Marcello: You mentioned several of the positive qualities that you found in the Japanese, and I assume that this is why you described Japan at that time as a "Phoenix rising from the ashes." I'm using your words. I'm assuming you could see the beginnings of a new Japan even at that early date from what you said.

Fish: That is true, but I had no vision, nor would I venture that any other American had a vision, of Japan emerging as the economic power that it now is. To begin with, Japanese industry at that time was to a large extent a cottage industry, particularly with respect to fabrics and similar things. One didn't buy Japanese products because there were no standard specifications for them and

no uniformity. The strides that they have made have been unbelievable.

Perhaps I should have foreseen this, in a way, as a result of one incident when I was in the military. We had a piano shipped with our household effects from New York to Yokohama with special crating. On arrival at Yokohama, the crane dropped this particular shipment with the result that when the crate was opened at our Tokyo house, all the keys and other basics of the piano came tumbling out. The military put a procurement order on a Japanese company, Yamaha, to reconstruct this piano, which we received back in six months in perfect order. But it was only a few months after that that we saw the same piano in Japanese stores.

The other attribute that stood out to me at that time as regards to Japanese character was not only their industry but their ability to reconstruct. As I mentioned to you, many times our refinery engineers would recommend certain modifications to refinery equipment and would order parts and materials from the States, but in the meantime the Japanese would find a way to make the unit operable, seemingly by the use of wax and baling wire.

There was another difference in management practice that was evident at that time between Japanese and American companies, and that was the loyalty of employees to their

company and, in reverse, of management to the employees. This was evidenced as I recall an incident where for one reason or another Caltex had recommended eliminating certain employee residences at a given refinery. The Japanese management were adamant that this could not and should not be done, that this was an almost an inherent right of the employee. In like manner and contrary to American fashion, they were always reluctant to terminate employees as a cost-cutting measure. Instead, they were prepared to continue their services one way or another with the hope that some other expansion would eventually require their services.

In similar fashion I experienced this type of patronage, if you wish to call it that--and I do not say this term demeaningly--in France, where a company--Remington, if I recall--established a plant in Lyon and sometime later decided, presumably for reasons of profit, that they wished to withdraw and terminate this plant and the employees. The French government intervened and prevented this action as a protection to the employees.

It was this type of relationship, while not a personal one but rather one of loyalty between the employer and employee, that has been responsible in a large part, I am sure, for the Japanese industrial success. It is a team-work operation.

This brings up the question of Japanese loyalties and the fact that some people have stated to me, "Well, you cannot trust them. They'll break their word." I think that the Japanese in general, if they ever break their word, it is the result of a higher commanding loyalty. It has been described to me, of course, that their first loyalty is to the emperor; their second loyalty might be to the family; the third loyalty might be to their employer or to an associate company. I believe, and my experience has been, that they will always honor their word or their contract, but this at times may be countermanded by the demands of a higher loyalty. At least that is a supposition on my part.

Marcello: Now when you get to Japan, are you working with Nippon Oil at this time?

Fish: Nippon Oil and KOA Oil, yes. And when you say area manager, the only area manager was Tokyo because we had no operations of our own, no imports of our own, no storage of our own. Everything was either military or our associate's facilities --either Nippon or KOA--so our relationships and our day-to-day working was solely with Nippon and KOA Oil and also, of course, and particularly in my case, relationships with the occupation authorities, either the Area Petroleum Office as to intended arrivals of supplies or the civilian part of the Far East Command.

Marcello: Awhile ago you were mentioning the importance that trust played in your dealings with the local Japanese staff and with others. Could you expand on that?

Fish: No. It's just a statement that I made, something that I believe in firmly and unequivocally and that is based not on a Boy Scout creed, as you might say, but rather on the success that has always accompanied this method of operation on my part. I'm sure that it has not always been without violations in the experience of others, and perhaps I have just been fortunate--I don't know--but I would live by it again if I were to repeat my civilian experiences.

Marcello: But you did find this to be a trait that was very prevalent among the Japanese and in your dealings with the Japanese.

Fish: Yes. I don't know of a single instance to the contrary, and I would include in this relationships extending from the presidents--Sasaki of Nippon Oil, Naguchi of KOA--down through the ranks and to individual Japanese dealers. It was also true with the Japanese who worked for us on a domestic basis.

Marcello: You were mentioning, too, in your business dealings here that one could go on verbal commitments--things didn't have to be written down. Could you give us some examples about what you were talking about?

Fish: Well, probably a good example would be that in those early days, of course, our New York executives had little or no

dealings personally and directly with the Japanese. Their opinions might have been based on the fact that they had only recently been our direct enemy and also that in their normal business dealings in the United States one relied heavily on written contracts and legal agreements. Well, we had legal agreements with the Japanese on our basic relationships as to company participation and so forth, but perhaps a good example of what I mentioned from an operational point of view would be my ordering of crude requirements for the KOA or Japanese refineries. I never had a signed contract for the tankers that would be involved in this operation, but there never were any difficulties in any way with the Japanese. At least on several occasions, Andy Nielson, then head of OTC, Caltex's tanker division, questioned me in this respect, but he never insisted on it, based on our perfect record.

Marcello: How important is a knowledge of the native culture, in this case the Japanese culture...how important was that knowledge in conducting business there? You mentioned, for example, in our pre-interview conference the importance of golf and baseball in consummating business and so on and so forth-- in carrying out business.

Fish: That's a little difficult to say. The Japanese live to a large degree by tradition and customs, whether it be religious rites or the relative respect given by children within the

family or by grown-ups to one another. For example, a Japanese businessman meeting another in the street will bow only slightly or to an equal degree with the other or to a greater degree base on his idea of their relative status. It is also true that they use slightly different language, that is to say, words and terms, when they are talking with someone socially about equal or below them. With all these conventions and traditions, it is obviously difficult for a foreigner, unless he is steeped in their culture by having lived there for some time, not to break such conventions. What is important, however, is that he does not do this deliberately. The Japanese will accept it if they feel it is an innocent breach. Certainly, the more you know of their customs--the deference in courtesy given one another--the greater their outward acceptance of you.

One can, of course, go to extremes to cite the case of Robinson, an old-time Texas hand in Korea, whom in the prewar period allegedly made it a practice to visit the Korean dealers wearing a tall black silk hat to increase his importance. "Robby," by the way, worked for us, myself in particular, in Tokyo for some time because he was perfectly fluent in Japanese and thoroughly familiar with their customs.

Marcello: Talk a little about the relationship that developed between Caltex and Nippon Oil Company.

Fish: Well, I would like to expand that question by including KOA as well as Nippon Oil. In Japan, Caltex took a 50 percent participation with Nippon Oil Company, locally termed Nisseki, and also with KOA Oil. Nippon Oil at the onset had a refinery at Yokohama, badly damaged by bombing. Also, it had the remains of a simple refinery in Hokkaido and a very, very small refinery in Niigata, northwest of Tokyo, where there was also very minor oil production. KOA possessed a bombed-out refinery on the Inland Sea but had no marketing organization. Nippon Oil obviously was the stronger of the two as far as facilities were concerned and particularly because of its dealer organization.

However, Caltex treated both pretty much as equal partners. For example, when the Tokyo Tanker Company was formed, it included KOA Oil and Nippon Oil as well as Caltex. KOA Oil had strong personalities at the top-- Noguchi, Sr., and sons, a very responsible and trustworthy executive in Jochi, as well as competent refining and administrative personnel. Nippon Oil's management was headed by Sasaki as president and Arai as general sales manager, and again it had a very competent refining and administrative staff.

Marcello: In our earlier conversation, you had mentioned Mr. Shun Nomura. What role does he play?

Fish: Well, Jim Voss will describe him better, I'm sure. I

do not know how Shun Nomura was engaged by Caltex, but before the war he had been, as I recall, a representative of an American petroleum company in Japan and had been a leading golfer and head of the Japanese Golf Association. Whatever his background, he became the essential wheel or hub of the wheel in the Japanese operation. Speaking perfect English and with a forthright approach to our problems, he was never hesitant to present, but always adroitly, the ideas and thinking of the other side. By that, I mean, he not only represented Caltex in their relations to Nippon Oil, KOA, and the government, but he also, and as a true service to Caltex, represented the management thinking of Nippon Oil and KOA to Caltex and, when necessary, to the parent companies, Texaco and Socal. Because of this I believe he was always considered a trusted emissary to carry the word even though it might mean bad news or an opposing view from one company to the other, and he generally managed to successfully negotiate the differences. Aside from that, he was a most personable individual, an extremely good golfer, and he promoted many of the golf matches between our various companies which, in true Japanese fashion, frequently resulted in policy agreements reached on the course.

Marcello: Can you think of a specific policy agreement that stands out in your mind that was reached on the golf course?

- Fish: No, I can't think of a specific one. They might also sometimes be reached at geisha parties, which was the normal Japanese means of reciprocating a commercial or social engagement and which was also used, of course, to impress favorably visiting potentates.
- Marcello: This obviously would have had to been a period of refinery building in Japan during that period after the war. What role did you play in the actual putting together of and expansion of refineries there.
- Fish: Virtually none because my assignment precluded it, and my experience likewise. My contribution would have been limited to the estimating of marketing requirements in forward years upon which the magnitude of refining facilities would have been based. Hal Lewis was the refining manager in Tokyo at that time and was fully familiar with that expansion program, which, as you say, was most important.
- Marcello: Where were you getting most of your crude at that point?
- Fish: Most of it was coming from the Persian Gulf, Saudi Arabian. KOA was importing from us some Minas crude for the lube manufacturing.
- Marcello: As you look back upon your experiences there in Japan, what are you proudest of so far as of what you were personally responsible for? What gave you the most satisfaction?
- Fish: Well, I suppose, several things. First off, by virtue of prior connections within the military and civilian agencies

dealing with petroleum, I was able to forecast--perhaps one should not use the word "influence"--the delivery of petroleum stocks prior to the turnover by the military to the Japanese of the internal distribution and sale of petroleum products. It so happened as a consequence that a large portion of these stocks ended up in Nippon dealers' storage so that they had an immediate advantage when the market broke and they were able to sell commercially. This was of major importance since subsequent replacements to civilian companies was based by MITI on prior months' sales. Nippon Oil was able through their own effectiveness, of course, to continue to maintain this market advantage, which at that time ran 30 to 33 percent of the market, this much to the consternation and dismay of our major competitors who had been the prewar market leaders, Shell and Esso. This, I suppose, was a very minor accomplishment, but it was effective at the time.

To me much more important was what I consider to have been the Japanese respect for my integrity and willingness to make management decisions of a marketing and administrative nature on my recommendations. One of the most difficult tasks during this period, but one from which I derived much satisfaction in what others felt was a job well-done, was to establish monthly, in conjunction generally with Jochi of KOA and Horikoshi of Nippon Oil, the transfer

prices for petroleum products from refinery to marketing. There were inherent conflicts of interest between KOA and Nippon Oil on the subject, and they were basic because they determined the profits of each company to a large degree. In other words, KOA had no marketing organization, only refining. Consequently, they were interested in the largest refinery margin possible--the highest transfer price. Nippon Oil had both the refining and marketing and obviously would benefit most if the marketing margin were large and the refining transfer prices were low. Caltex was in between and had to walk the tight-rope. I believe that I effectively managed to keep both sides relatively happy by negotiating equitable refining and marketing margins. Of course, when the market was good and profits were high, it was much easier to cut up the cake into various slices, but when the market was bad and profits were low, these respective slices became much more critical. Aside from that, I think, I had just a personal reputation for trust and integrity.

Marcello: Is it safe to say that during that pre-OPEC period, there wasn't so much of a wild fluctuation in the price of oil and crude as it was after the formation of OPEC?

Fish: At this period there was probably relatively little fluctuation in the prices of crude. However, in later years, as experienced on the foreign market, the amount of discount

off the posted price of Arabian and Iranian crude, for example, became quite marked and varied from country to country and even customer to customer.

Marcello: In 1955, Mr. Fish, you were transferred. You left Japan. Describe how this move came about and why it came about.

Fish: I don't know. I just assumed that it was a management decision to enlarge my training and experience within the organization. I was assigned as supervisor for the West Mediterranean Area within Europe, but I was only there eight months.

Marcello: This was in New York. The European Division in New York.

Fish: In New York. In fact, the previous day I had asked my supervisor, Dick Wrigley, how long we might be expected to stay on this assignment and would it be worthwhile for me to search out a golf membership--a golf club--near where we were living in Westchester. He said, "Oh, yes." So my wife the next day bought a couple bathing suits, and when she met me at the train that night, I asked her how she thought they would look on the Riviera because I had received notice of transfer to Paris as resident-director. My assignment in New York was very short.

Marcello: What did you do during that eight-month period in New York? What did your duties consist of?

Fish: Well, what I mainly did was to learn from correspondence and research our operations in Western Europe and the

Mediterranean Area. It was primarily correspondence from the field managers inquiring as to policy matters or submitting requests for appropriations for service stations or marketing expansions or reviewing estimates of forward crude and product requirements for coordination with the fiscal and refining departments. It also involved attempting to secure payments for tanker deliveries as promptly as possible to satisfy the financial department.

Marcello: Do you feel that all along Caltex intended to assign you to this position in Europe?

Fish: No, I think this just came along at that time, but they did know from my application that I was fluent in French and that therefore I was a possible candidate for a French assignment, and also that my experience with Shell and their marketing policies was more closely related to European marketing practices than was true in the Orient.

Marcello: For the record, when we speak of the Western Mediterranean Area, what countries are we talking about?

Fish: Well, at that particular time, in 1955, it would've included France, Belgium, Holland, Spain and Switzerland. It did not include Italy and Greece. It did not include the Scandinavian countries--Sweden, Denmark, Norway--nor Great Britain. Subsequently, upon my return from France to the Inner Europe Division and as regional director, that territory expanded to include the Scandinavian countries

and Germany.

Marcello: Now according to the record, this was also the period of rapid refinery expansion in Europe, was it not, from 1955 and onward?

Fish: Yes, that was true.

Marcello: How did that affect your operations?

Fish: Well, it didn't much during the less than one year that I was in New York.

Marcello: When you took this assignment as supervisor for the Western Mediterranean Area and were assigned to Paris, what were the special problems that you encountered when you got there?

Fish: Well, that was in September, 1956, and I was there as resident-director for approximately seven years. I had scarcely landed when I was hit from three sides with, one, a refinery strike, two, a devaluation of the franc and, three, the Suez Canal closure.

Marcello: What did you deal with each of these problems?

Fish: Well, the refinery strike did not become a crisis. We had an American refinery manager, John Creasy, who was a rough-and-ready Texan--not very careful of his language, a practical refinery man from the ground up--who had the surprising ability of cussing the French in English but at the same time slapping them on the butt and getting a joking response as well as maintaining their self-respect. So he was in a position to effect the necessary compromises

between the refinery personnel and management.

The devaluation of the franc was discussed by me in great detail with the Morgan Bank, which were financial advisors and which had representatives on our French board, and our problems were really limited.

The more difficult and lasting problem was the Suez closure. This, however, presented interesting aspects to me. For example, all the European countries, including the Scandinavian ones, were convoked to economic meetings in Paris purely for the purpose of reviewing, screening, and determining the relative critical needs for crude oil and products in each of the countries in order that these demands could then be placed upon the petroleum industry. In attending these meetings in Paris, it was interesting to note the efforts by various countries to lower their statistical inventories, whereas we in the industry had a better idea of the actual inventories, and, in particular, to compare the thorough planning that certain countries had used as compared to others. In particular, I think of Sweden, which at that time was probably the only European country to have established stockpile reserves for emergencies. Subsequently, most of the European countries, at least those with the financial dollar resources to do it, established thirty-day levels. But Sweden was not about to announce its full quantities of stockpiling, and,

of course, other countries made extravagant and emotional appeals. To me the most critical one, of course, was Turkey, which only had two small refineries, limited storage, because of limited dollar resources. Further, they were particularly handicapped because their CIF prices effectively became the highest in Europe because the tanker run from the Persian Gulf around the cape of Africa and then inland to the Eastern Mediterranean was perhaps the most extensive, and therefore the most costly, tanker-wise. It was for this reason Caltex and the parent companies did their utmost to make essential allocations from the limited crude sources from the Eastern Mediterranean pipeline for Turkey.

Marcello: Did you say earlier that Turkey generally always seemed to be suffering from a dollar currency shortage?

Fish: Yes. Of course, I experienced this during my tenure in New York in 1963, 1967, but I suppose it was true before that and after that as well. Turkey with its limited export opportunities and therefore low dollar income was desperate, whenever the requirement came for a tanker shipment, to get up to the necessary dollars, and we were constantly on by cable or by telephone with Ankara up until the virtually last minutes before a crude tanker loading to make sure that telegraphic shipments of the required funds had been made from Turkey and some acknowledgment received by U.S. banks. This situation, of course, must

have been tremendously escalated by the current dollar price of crude not only as regards to Turkey, but, more particularly, by some of the African nations who possess no oil resources of their own.

Marcello: How did the Suez crisis affect Caltex in the countries of Western Europe?

Fish: Not as badly as most other companies because of our pipeline outlet from Saudi Arabia to Sidon and the crude made available by parent companies from the U.S. domestic sources. Of course, some countries, France in particular, regulated the imports by government agencies so that the situation might arise where Caltex had a tanker availability, but another refinery might be in more desperate need, and the government would allocate the Caltex import to a competitor refinery. We, of course, made every effort to minimize this.

Marcello: Now was it during this period...and I'm switching subjects here. Was it during this period that you also were into the problems in France relative to refining limitations?

Fish: Yes. That problem had been inherited from the prewar situation when Texaco operated in France. It was the result of governmental decrees whereby each company and each refinery was given an allocation, you might say, of the market. For Caltex France this allocation was about 4.25 percent so that Caltex could operate the Bordeaux refinery to the extent

of producing 4.25 percent of the French market requirements even though our own marketing outlets only demanded only, say, 3 percent. The balance of the production was picked up by other refineries and marketers which enabled them to meet their market percentage with this added supply. The problem was that with only 4 percent production and 3 percent of the market, this was too costly an operation. There was not enough volume to justify depots, service stations, and distribution throughout France. One either had to concentrate his market in, say, Bordeaux and Paris and attempt to expand there or else to sell out the entire operation to a competitor. A further complication was that you could not expand your marketing of your own free will. You had to secure permits from the government for each service station, so you're at the government's mercy even though you might have decided to commit yourself to a major financial commitment of dollars to acquire and to expand your service station chain. This all appeared on the surface to be an anti-trust violation to an American, but it was the French government's decree and sponsorship. It was a frustrating position to be in, particularly for someone who was aggressive and determined to alter the situation.

Marcello: What was the solution? How was this resolved?

Fish: By the parent companies' decision to sell to a French government agency 50 percent of the Caltex facilities in France, which included tankers, the

Bordeaux refinery, depots, trucks, and service stations.

I do not know who sparked this idea, whether it came from the French or American side, but Alex Singleton, then chairman of Caltex, came to France, appraised me of the situation, and we entered discussions and negotiations with the French delegates.

Marcello: Now were these discussions open meetings, or were they held in secret?

Fish: They were very much held in secret.

Marcello: Why was that?

Fish: I should go back and say that I do recall Gus Long, then chairman of Texaco, coming to Paris unannounced and inviting me on a personal basis for dinner one evening at which this matter was also confidentially mentioned. The reasons for secrecy were because we just did not want the competition to learn of this. Subsequently, there was considerable pressure put upon us by other companies not to sell out to the French government. Representatives came to my office in Paris, and Follis, who was then chairman of Socal, advised me that he had had similar representations made to him. The principal representative at that time on the French side was Minister Goetz, who was also head of a French bank, and at a lower level directly with myself was Collard. Between us we worked out most of the details but were present and contributors as well to the discussions between Goetz

and Alex Singleton, then chairman of Caltex.

Marcello: What were some of the things discussed during those negotiations?

Fish: At times, also, Henri Ballande, assisted on the Caltex side.

Marcello: What were some of the things discussed in those negotiations? Do you recall?

Fish: Primarily, sources of crude, potential supplies from both the American and French side, the organization setup and method of decision-making, procedure for payments, potential for future expansion and how they would be handled and what authorizations would be required, and so forth.

Marcello: Now by this time, were the French beginning to obtain crude oil from Algeria and Gabon? Did that have any effect on these negotiations?

Fish: Yes, it did because de Gaulle was in power, and as in other matters, he was determined that France would be a leader or a major participant in all ventures: nuclear, military, and obviously oil exploration and production as critical to any nation's self-defense. So the French had embarked not only in an expansion of C.F.P. and Sonatrax production in Algeria, but were heavily exploring in Gabon and had plans for other areas as well. I might add that at that time we had a limited production outside of Paris, but it was so limited that we had sold out to other parties.

Marcello: What resulted from those negotiations? What kind of settlement was reached?

Fish: Well, there would be a full 50 percent participation by the French government, which obviously carried with it a 50 percent right to policy-making decisions. But, of course, there was an immediate effect in the marketplace, so to speak, in that doors formerly closed suddenly became open to us; service station permits became available throughout France; requests for depot expansions were quickly authorized; our refinery quota was increased; and there immediately sprang up from the French drawing boards, so to speak, plans for new service sites, also a refinery near Paris; possible buying in Antar a minor French refiner/distributor; introductions to important industrial customers; the turning over of certain government business and many other minor marketing advantages.

Marcello: So all in all, then, it did establish quite a different relationship between Caltex and the French government.

Fish: Well, very much so because whereas we were formerly excluded from the inner circle of French refiners and French government circles, we immediately became privy to government plans, and we were offered partnership opportunities and other participation.

Marcello: How long did those negotiations go on? Can you estimate that?

Fish: Not too long. Probably a period of three months. They

occurred mostly in Paris, but with the concluding one in New York. Of course, once negotiations were concluded, we then had to get down to a day-by-day operating procedure between these two partners. From our Caltex staff in Paris, we had a marketing assistant and a refining assistant who sat in with their French counterparts on respective matters. There were almost daily consultations on the administrative level, the more critical issues being the source and price of crude oil since this was obviously very crucial to the new project's profitability and future cash contributions.

I might say that the operation turned almost overnight from black to white, and we found ourselves astride a tiger in that the French government wished to expand overnight and were prepared to commit unlimited funds to achieve it. Our parent companies, on the other hand, as in American fashion, had always operated on a long-term planning for both projects and cash requirements, and their cash commitments were determined well in advance and were always obviously prudently allocated by determined priorities between countries and, of course, domestic ventures as well. We suddenly found ourselves, or more particularly the parent companies, facing cash demands that just weren't in the budget, so this required constant explanation and negotiation.

Marcello: What was the reaction of your competitors to this deal that

had been worked out?

Fish: As I mentioned, I personally received protestations from other company representatives in Paris, and the parent companies did as well; but by that time the decision had not only been made, and the project was underway before the competitors were aware.

This, of course, was a particularly very interesting period but a difficult one in many ways because of the almost constant divisions of interest between the French government on the one hand and our parent companies on the other, generally not as regards to objectives, but rather as to the timetable and cash requirements to achieve them. While these negotiations were difficult, I must say that our relations with the French management team headed by Jean Meo and Roger Chipeaux contained an underlying current of friendliness. Fortunately, on the Caltex side we had very skilled negotiators from our Caltex Mediterranean board, namely Cliff Drake and Ed Mitchell from Texaco and Fred Boucke from SoCal. Again, although our parent companies' objectives or approaches frequently did not run parallel, we were always able to achieve a compromise solution.

Marcello: Another country that I was curious about was Spain. What kind of a relationship developed between Caltex and Franco's Spain during this period?

Fish: Well, I would say that during the course of my experience,

we were always in what the competition would consider a preferred position. The reason for this probably dated back, or so I'm told, to a pre-World War II situation when allegedly Captain Rieber, then chief executive officer of Texaco, gave preferred attention during certain critical occasions to Spain by diversion of petroleum product supplies. In any event, our local representative, Jose ' Alvarez, had continued this favorable relationship and also was personally very close to government heads. As a consequence, we never had problems receiving dollar payments for crude imports. We had excellent relationships with the Repesa refinery personnel.

Marcello: Do you feel, then, that all this special treatment that had been given to Franco previously by Rieber and perhaps even others was responsible for Caltex developing a preferred position in Spain?

Fish: Certainly it was the basic root of our status, but it had been well preserved by Jose ' Alvarez and by Caltex refinery and administrative personnel thereafter.

Marcello: How closely did you know Mr. Alvarez?

Fish: Well, very closely, indeed.

Marcello: What sort of a man was he?

Fish: He was a gentle man, a true gentleman. He had fought during the Spanish Civil War but evidenced no animosity toward others. He was a very persuasive man and was not prone to

be submissive when presenting Spain's position or interests in a given matter. By that, I mean, he would argue long and hard, as an example, for extra supplies of crude to Spain during the Suez crises or for any plant modernization by the Repesa refinery. He was well-respected by Caltex management in New York as well as by the parent companies. He was rather a private man, sometimes entertaining at home but not on a general basis, at all times displaying Spanish courtesy.

Marcello: It's interesting to me what a key role some of these nationals in other countries play. You've mentioned Mr. Alvarez; you've mentioned Mr. Shun Nomura. Those kinds of people are very important to the success of Caltex in their respective countries.

Fish: Very, very much so. You can import or export American management, well-trained, with expertise from the States to a foreign country, and they can be complete failures. This, of course, depends on the personality of the individual, his willingness and ability to approach any foreign national as an equal, not trying to push willy-nilly American marketing or refining practices upon his foreign counterpart unless there is a very proven need. The individual has to go more than halfway to show trust in the other until it is proven that that trust is not well-founded. Even when the American meets all these qualifications, it is sometimes more prudent

or just better management to select a foreign national to be the chief representative. If that foreign national is well-placed vis-a-vis the government administration, perhaps vis-a-vis the local petroleum industry, although this is not as important, the individual must have integrity, and he must be both diplomatic and flexible in presenting the sentiment and decisions of the foreign government or, in reverse, the sentiment and decisions of the American company of which he is representing. This is by all means, in my opinion, the critical determination. If such an individual is available, even though he may not have full expertise of American organization and management procedures, his choice could be preferable to the placement of an American chief executive in the field.

Marcello: Did you have such a person in France?

Fish: Not in the beginning. During the war years, Albert LeGrand had served as sort of caretaker to the extent of his ability for the Texaco investment and facilities, including the period of the German occupation, but he was too much a gentleman and not an executive. When I arrived the president of Caltex France was Jean Lucet, a lawyer by training, again very much a gentleman, but not forceful enough either vis-a-vis the French government or many times with Caltex in New York when he probably should've been. As a result his French organization showed similar lack of leadership potential.

Admittedly, with these qualifications it was always easy for me as resident manager to coordinate Caltex New York policy with our French organization. Subsequently, we employed a strong general manager for Caltex's own staff in France to deal with the French national organization, namely, Henri Ballande, a former French naval officer, an individual of high integrity, forcefulness, and ability, to make effective representation to French government agencies.

Perhaps I should add here, as an interesting footnote, that not long after my arrival in France as resident manager, the Algerian secession from France became a political bombshell, and literally bombs were thrown every day, some on the Champs Elysees. French gendarmes with automatic machine guns were at street corners. French military officers seceded even from de Gaulle's leadership in an attempt to make Algeria independent. Before matters reached this stage, though in many actions there were evidences of a civil war, the French were badly divided among themselves because so many had Algerian connections.

This could've had serious repercussions for Caltex in one particular incident. When Ben Bella, a noted Algerian rebel, was captured in a boat by French authorities, they claimed that he had in his possession certain papers allegedly promising Caltex support. There was absolutely no truth to these allegations. Despite my repeated protests

to the then American ambassador, Dillon, no explanation or apology was forthcoming from the French government.

Marcello: Who had made this claim?

Fish: The French government made the claim when they arrested him, that they had found the papers on Ben Bella. It was only through Henri Ballande, by virtue of his former military connections with the government, that he was able to penetrate their intelligence sources and secure personal confirmation from them that these reports were only a political smoke screen.

Marcello: To what end? For what purpose?

Fish: Well, they were trying to connect Ben Bella with foreign sources, and the Americans were not in all that good favor at the time, and so this was probably a ploy by certain governmental agencies to imply that American companies were interested in having Algeria become independent, at which time they could then negotiate with the Algerian government for control and operation of the French CPC oilfields in Algeria.

Marcello: And given Caltex's position, it was prime bait.

Fish: Yes. But there never was an official denial or admission from the American embassy, but this is what happened.

Marcello: What steps did Caltex New York take when these allegations surfaced? What backing did you get from home?

Fish: I was led to understand that they made representations to Washington as well, but Dillon wasn't strong enough--in fact,

he was very close to Esso personnel at that time--to come out with a denial.

Marcello: Is this Douglas Dillon?

Fish: Yes.

Marcello: So how did those allegations affect the relationship between Caltex and the French government from that point forward?

Fish: Well, we were not enough of a factor in France to make any real difference as far as the French government was concerned, and as far as Caltex was concerned, there was little we could do in any event except to deny the headlines that were in all the Paris newspapers.

Marcello: But in the meantime, the government is still participating with its 50 percent position in Caltex's activities?

Fish: No, the above Algerian incident preceded the government participation. Subsequent to Henri Ballande, when he retired as Caltex general manager, he was succeeded by Helen DesIsnards ...DesIsnards was a graduate of the French military academy, St. Cyr, and had been the head of a resistance group in southern France reporting to the London British forces and after the war had come up through the ranks pretty much in Caltex France. Aside from the fact that he was extremely well-placed socially, he was well-accepted by our Elf government counterparts, extremely loyal, and was able to make effective representation to the French government of our positions and to our shareholder board of the French positions. He was ably assisted during this critical

period by an outstanding young Frenchman, de Rochochouard, who happened to be an MIT graduate and had been trained by Caltex on refining matters. "Rocky" was able, and had no compunctions, to bitterly contest his French counterparts whenever necessary, particularly over matters of crude pricing and supplies. Because of his competency he also was highly regarded by the French.

You mentioned earlier the importance of certain nationals in Caltex's history and development, such as Shun Nomura and Jose' Alvarez. To be sure, these two are probably the most important examples one could choose. But we in Caltex Mediterranean were also extremely fortunate not only with Jose' Alvarez and Boutello in Spain, but with the representatives I have just named in France and our American representatives --Harriger, Benkiser and Walco--at different time in Turkey.

Naturally, behind and in support of these field representatives, Bud Machin was always forthcoming with technical, managerial, and moral support as my assistant and eventual successor in New York. The duties and problems of these representatives were never ending; so, also, was their consecration and loyalty.

Marcello: Mr. Fish, 1967 seems to be a pivotal year in the history of Caltex, and I'm referring to the decision of Texaco and Social to operate independently in Europe. How did that affect you at that time? I noticed from the record that it was also at that time that you became president of

Caltex Mediterranean. Are the two connected?

Fish: Yes. The one followed the other. The event was a very sad happening, really, to all of us in Caltex, to staff personnel and to many of our trading partners in these countries. Of course, for many months there were various rumors which necessarily created uncertainties and management indecision, but I must say that once the decision were announced and the allocations were made of the assets--tankers, refineries, marketing--country-by-country, the spin-off was successfully concluded.

As a result, of course, I was left without a job, in effect. But the parent companies were not in a position to, or at that time it would have been embarrassing, in any event, to have made a division or to attempt to have made a division of Caltex's assets within Turkey, Spain, and France because effectively we were "in bed" with the national governments. So as a consequence, we made the decision to form a separate company--Caltex Mediterranean--of which I was made president, with a separate board of directors from the two parent companies responsible for the relations and operations within those three countries.

Marcello: Let's back up just a minute. Why was this decision made, that is, for the parent companies to operate independently in the European market?

Fish: I have no idea, truly. Texaco, of course, were marketers

in Ireland, Great Britain, Belgium, France and some of the Scandinavian countries even before the war. And, of course, there is always a natural desire of an American competitor to have his trademark and name in the forefront wherever they may operate. But whether this originated as a desire by Texaco to have their star rise again in Europe or whether it was for expansion reasons of Standard of California or whatever, I'm not privy to such information. Nor have I really heard rumors or allegations. As far as I'm concerned, it just came about, perhaps fortunately for me because I did achieve a position which gave me more managerial scope.

Marcello: On the other hand, I almost detect a bit of sadness in the decision that the parent companies made.

Fish: Yes, and I have, in fact, last night glanced at quite a number of letters from managing directors and trading partners in the Scandinavian countries and other European countries indicating the same sadness. Part of it was natural in that it's easier to live with the known than the unknown. Not having maintained connections since that time, really, I'm not conversant with what has subsequently happened in the European countries. I believe both Texaco and Social have pulled out of France. I don't know to what degree they have interests in Spain and in Turkey by virtue of the original agreement. The Turkish government made their decision at the conclusion of the contract to purchase and

nationalize the Turkish refinery 100 percent. What has happened in Belgium, Holland, Germany, and so forth, I really have no idea.

Marcello: It seems to me I read that a couple years ago Texaco bought Chevron outlets in those countries.

Fish: I think they have in certain countries, anyway. Of course, marked changes have come about now as the result of OPEC, and, of course, I really don't know to what extent that has changed crude supplies and ownerships to the parent companies, but I suspect quite adversely. It must have made operating conditions very difficult for companies such as Texaco and Socal in many countries not excluding European ones. I imagine there is much government-to-government bartering going on between the crude producing countries and the consuming countries which would disrupt and adversely affect American marketing companies because, in general, profits are not made overseas in the marketing area but in the crude and possibly in the refining area.

I did have an interesting experience, which I had completely forgotten about, while I was manager in New York for Europe. That was the negotiations with Hoechst for a polypropylene plant to be built adjacent to our German refinery. It was quite different negotiating with the Germans versus other nationals than I had experienced before. They were all doctors. They were all very precise, all scientifically

minded, and, I must say, in general, not as easy to work with.

Marcello: Did Germany fall within your bailiwick when you were in Europe as such?

Fish: Yes, but MacMillan can tell you more about that because he was the managing director within Germany at that time.

Marcello: Obviously, that split in the organization of Caltex did affect a great many personnel. Were you able to take many of your people with you to Caltex Mediterranean?

Fish: No. This did not become necessary because the Caltex personnel in the field all had local knowledge of the operations and usually local rapport, so along with the division of the physical facilities, there was a division of Caltex personnel. I've forgotten exactly who went where. Of course, in effect, it created vacancies, too, because in Holland, for example, and in Germany it made the necessity for both the Socal and the Texaco manager, whereas we had before only the one.

Marcello: Where were you specifically located when Caltex Mediterranean was established?

Fish: I was in New York.

Marcello: You were in New York at that point.

Fish: Yes, there was a hiatus here...not that's important in my career, but at one point I was in New York. I was the manager of international sales, which meant aviation and bunkers and whatnot.

Marcello: This was back in 1964, I think. I'm still with this Caltex Mediterranean. Now this is when the countries involved were Turkey, Spain and France.

Fish: Yes.

Marcello: I think we did cover some other points. In each of these cases Caltex in essence became a shareholding partner with the respective governments. Isn't that correct?

Fish: Well, they already were.

Marcello: Well, in the case of France...I wasn't sure about Turkey and Spain.

Fish: Yes. We had already existed within those countries as participants with the government. As I recall our participation in Turkey was 40 percent; maybe it was 55 percent with Repesa in Spain. That should be checked. It was 50-50 in France.

Marcello: I was also thinking that at this same time, that is, 1967, there was another Arab-Israeli conflict, and, of course, you get the oil embargo, do you not?

Fish: There were two while I was in that area.

Marcello: How did that affect the Caltex Mediterranean? Do you recall?

Fish: Yes. I think I mentioned the situation vis-a-vis Turkey, that they were in the least favored position. Because of that, Caltex and the shareholders made special efforts to protect them, shall we say, even though they had not been favorites of either parent.

We watched out for Spain very carefully because they had always had a sort of preferred position with the parents even as we had a preferred position with Spain. Spain was in the fortunate position, also, of Repesa having certain tankers of its own, so a hundred percent of their tanker requirements did not have to be paid for in dollars. Also, being close to the Mediterranean ports, it was fairly easy to slip a Spanish tanker over to the eastern Mediterranean.

France made their own strong governmental representation, and we took care of them well. But they also were able through government connections to secure certain quantities of crude.

Going back it's rather interesting as a personal sidelight that when we arrived in France in the first Suez Canal crisis, the first week, Gordon, my predecessor, had found an apartment for us in a big building next to the American Hospital. When the other apartment owners learned that I was with an oil company, they all made representations to me that naturally, being in a preferred position, I would see that I was well taken care of and therefore that they would be well-covered. They were quite surprised when I told them that I was living "by the book." They also were given a choice of having a little extra fuel oil for bathing purposes or to use that extra fuel for heating on Saturdays. Not a one of them voted for bathing

purposes (chuckle).

Marcello: As I look back on your career, it seems to me, as obviously an uninformed person in this business, that it was much easier for you personally to work with the Japanese than it was to work with this multiplicity of national governments in Europe. It just had to be more difficult.

Fish: Yes, it definitely was. The Japanese were all in the same boat, so to speak. Their problems were more in the refinery side than the marketing side.

Marcello: Also, if I may interrupt for a moment, we have to remember that really...it wasn't a relationship of equals. Lip service may have been given to that, but I think maybe psychologically ...you know, this was a country that had been beaten pretty badly in a war. On the other hand, when you're dealing with the French or the British, I think there's more of an attitude or atmosphere of definitely coequals.

Fish: First, I should say that in Japan my job was made so much easier: A. The responsibilities weren't as great. B. We had personnel such as Shun Nomura, who carried a major burden on his shoulders, and, of course, Lyle Stone, Jim Voss, and other general managers, and Phil LeFevre earlier on. What you say is definitely true. The Japanese at this time...you'd expect them all to be antagonistic. Quite the contrary, they would all be pleasant, and since you're the conqueror, well, you're greater, and so we'll go along with you. They respected--

they almost revered--American technology and know-how on the assumption that it was responsible for their being beaten.

Marcello: That's an interesting point.

Fish: On the contrary in France, in particular, you have a very nationalistic and particularly at that time with the "Vive la France" under de Gaulle and his coming even to Quebec to...

Marcello: ...meddle with the internal affairs of Canada.

Fish: Yes, that's right. He tried to create division within Canada. Their very nationalistic feeling, which goes way back, their reluctance to...well, they just won't adopt the English language in any of the international meetings, whether it was the various European countries during the Suez crisis, the NATO meetings, or any other governmental meetings. They were the only ones who spoke in French with the exception of the Turks. In Spain, of course, the people naturally are very proud, and we had an outstanding representative in Jose' Alvarez.

In France the problems were more extensive. They ran the complete gauntlet from exploration, purchase of crude, shipment, tanker operations, refinery operations, distribution, financing, and general administration. All down the line you had controversies to settle with people who by nature adhere to and revere, you might say, logic and strategy. Whereas, in the case of our Elf government counterparts, however clever and personable they were, they were appointed

from on high, and they had no real petroleum expertise, which in itself made things more difficult.

Marcello: Like you mentioned before, you were basically in the marketing end, were you not, so you didn't have too much to do with pipelines, refineries, and that sort of thing in Europe.

Fish: No, only through administration or coordination. I was in New York when the various pipeline proposals came up--the one from Lavera in the south of France, up through Lyon to Switzerland, and the two from Italy. Whereas I personally opted for the one from Lavera to Switzerland on through, it probably made more sense from the shareholders' point of view to move via Italy to Germany and on up. There also may have been political as well as strategic and financial reasons for such a move. It was about that time, for example, that the French and de Gaulle were talking about creating a nuclear force, and Gavin, who had formerly headed up U.S. Army research and development, had been made an ambassador to France. He had made proposals to Washington to make certain nuclear information available to the French. He had been turned down and rebuked by Kennedy. In fact, when the Kennedys came up from Rome to Paris and Gavin had set a reception for the American community in his residence for the Kennedys, the American community were all there, and they waited for two hours beyond the appointed time before the Kennedys came down. It was a personal rebuke

and a very bad one, too. But again, there may have been political decisions and to investing in the pipeline versus the other routes.

Marcello: Now according to the record, you opted for early retirement in 1971. Why was that?

Fish: Well, while in New York, we had been going up to Cape Cod on weekends. Well, we had been there on home leaves before, but we had bought land and had been building this house. It was completed, and I was just ready for retirement (chuckle). So I opted for a lump sum settlement and subsequently took that money and bought various land projects on the Cape and developed them into real estate developments.

Marcello: As you look back on your twenty-three years with Caltex, do you have any regrets?

Fish: No, but I have one complaint...

Marcello: Lay it on (chuckle).

Fish: ...which I've never expressed, and that is (laughter)-- it's a laughable one--that I'm not a member of the Quarter Century Club.

Marcello: That's right.

Fish: And so I never get to any reunions.

Marcello: Well, if you hadn't opted for early retirement, then you wouldn't have had that problem.

Fish: That's right. So I don't get to see any Caltex personnel. Oh, we visited the Voss's a little over a year ago. Other

than Christmas cards from various Caltex people from Sweden to Germany to France to Japan, Hawaii and the States, and the little scribbled notes, I really have no contact.

Marcello: Well, Mr. Fish, that's all the questions that I have. Is there anything else that you would like to add to the record?

Fish: Not that I haven't covered in these notes, I don't think.

Marcello: Well, I want to thank you very much for taking time for having participated, and I'm sure that Mr. Allen and Mr. Monroe are also most appreciative. We'll try to get this transcript back to you as soon as possible for your editing, for accuracy and so on.

Fish: Well, it's been as interesting for me and a pleasureable one to have met you and to work with you. It has caused me to school myself into a little discipline by concentrating on past history, which I have neglected to do, so I had to dredge this information up from the bottom.