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University of California Source of Community Leaders Series

Robert L. Bridges

SIXTY YEARS OF LEGAL ADVICE TO INTERNATIONAL CONSTRUCTION FIRMS;  
THELEN, MARRIN, JOHNSON AND BRIDGES, 1933-1997

With an Introduction by  
William V. Power

Interviews Conducted by  
Germaine LaBerge  
in 1997

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Cataloging information

BRIDGES, Robert Lysle (b. 1909)

Attorney

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Family background, Arkansas and southern California; UC Berkeley, B.A., and J.D., 1933; reflections on WWI and WWII, the Depression, and the Revenue Act of 1932; Thelen, Marrin, Johnson and Bridges law firm, 1933-1986: tax work for the Six Companies, contracts for Kaiser Company, Bechtel-McCone, J.F. Shea Company, Morrison-Knudsen; postwar international negotiations for Bechtel Corporation and others; UC Berkeley Foundation.

Introduction by William V. Power, UC Berkeley classmate, Class of 1930.

Interviewed 1997 by Germaine LaBerge for the University of California Source of Community Leaders Oral History Series, Regional Oral History Office, The Bancroft Library, University of California, Berkeley.



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## PREFACE

On the occasion of the 50th anniversary of our graduation from the University of California at Berkeley, the Class of 1931 made the decision to present its alma mater with an endowment for an oral history series to be titled "The University of California, Source of Community Leaders." The Class of 1931 Oral History Endowment provides a permanent source of funding for an ongoing series of interviews by the Regional Oral History Office of The Bancroft Library.

The commitment of the endowment is to carry out interviews with persons related to the University who have made outstanding contributions to the community, by which is meant the state or the nation, or to a particular field of endeavor. The memoirists, selected by a committee set up by the class, are to come from Cal alumni, faculty, and administrators. The men and women chosen will comprise an historic honor list in the rolls of the University.

To have the ability to make a major educational endowment is a privilege enjoyed by only a few individuals. Where a group joins together in a spirit of gratitude and admiration for their alma mater, dedicating their gift to one cause, they can affect the history of that institution greatly.

The oral histories illustrate the strength and skills the University of California has given to its sons and daughters, and the diversity of ways that they have passed those gifts on to the wider community. We envision a lengthening list of University-inspired community leaders whose accounts, preserved in this University of California, Source of Community Leaders Series, will serve to guide students and scholars in the decades to come.

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## INTRODUCTION by William V. Power

Bob Bridges and I met as college freshmen in 1926. Cal (UC Berkeley) was a small place then, so it mattered not that I was pursuing a B.S. in Business Administration, and Bob a B.A. in History. We made fast and enduring friendships in the Class of 1930, lasting more than sixty years. As we graduated in 1930, Bob was elected Permanent Class President and what a job he has done!

What I have always admired in Bob is his tremendous talent for friendships. It has characterized his whole life. I also know his ability to encourage and persuade people to surpass their own expectations of themselves. These qualities have manifested themselves as Bob went on to pursue a law degree at Boalt Hall (J.D. 1933), and later practice at the firm of Thelen, Marrin, Johnson & Bridges. He advised what is now called the Bechtel Group over fifty years as well as many other internationally known construction firms. His keen legal mind and his ethics of business stood many in good stead, including me. Another classmate, Jim Dalziel, and I established Power & Dalziel Insurance Brokerage which later merged into Marsh & McLennan, Inc. Bob has been beside me every step of the way, and he is now the trustee of my living trust of which Cal is the primary beneficiary.

As class president it was Bob's concept that each class should make a major contribution to our university. He and Gene Trefethen said to me, "The university sorely needs endowed chairs, so let's start a practice of our class endowing a chair." We did so, and Bob, Edgar Kaiser, Gene Trefethen and I were principal donors. Our chair was for the Latin American Studies' Group and is now in excess of \$420,000. At our reunion when we established the chair, the chancellor spoke to us, saying, "You are the first class to endow a chair and have set an excellent example for those who follow."

Four of us from the Class of 1930--Gene Trefethen, Edgar Kaiser, Bob, and myself--organized all the reunions. Our twentieth reunion was held at the newly opened Stanford Court. Pleased to host us, the management offered quite a reasonable price for the luncheon. However, we needed to bring our own wine and liquor, for which there was a steep corkage fee. Bob still loves to tell the story of how I poured all the wine into six-gallon bottles to save the class a little money--which we did--but not without loud complaints from the hotel!

Bob is chairman emeritus of the University of California Foundation, and its primary fund raiser. He was co-organizer of the Chancellor's Circle, a group of prime givers to raise discretionary funds for the chancellor--it was sorely needed and was a smashing success. This was when Bob sealed my financial relations with Cal.

Bob has personally assisted the law school (endowed chair) and the library in pursuing funds. As an undergraduate he worked at the library--65 cents an hour.

He is one of the few individuals who have personally given Cal funds in the seven figures.

Bob is a strong family man and has been rewarded by a jewel of a wife, Alice, and three outstanding children. It gives me great pleasure to introduce the oral history which follows--the reflections and reminiscences of my bright and thoughtful friend Bob Bridges.

William V. Power  
Classmate, Class of 1930

August 1998  
San Francisco

## INTERVIEW HISTORY--Robert L. Bridges

Several years ago, Ann Flinn, chair of the Council of the Friends of The Bancroft Library (and friend extraordinaire to the Regional Oral History Office) suggested we interview attorney Robert Bridges. So it was with great pleasure that we welcomed, in 1997, the assignment from Cal's Class of 1931 to invite Mr. Bridges to record his oral history as part of their class's series: the University of California, Source of Community Leaders. Mr. Bridges needed some convincing. His legal work and community service activities occupy his time, and he characteristically downplays the value of his contributions to the legal and the business field.

The interview is an excellent addition to the Class of 1931 series. Robert Bridges has been a loyal alumnus of UC Berkeley, from which he obtained his B.A. in 1930, and his J.D. in 1933. For many years the class president, Mr. Bridges organized reunions and fundraising campaigns along with classmates Gene Trefethen, Bill Power, and Edgar Kaiser. An active member of the Chancellor's Circle and the UC Berkeley Foundation, Bob and his beloved wife Alice have been generous supporters of the university. In 1980, the Bechtel Engineering Center Lounge was named the Bridges Lounge in his honor. He received the Chancellor's Award in 1983, was presented with a Hearst medallion in 1992, the Alumni Citation in 1994, and is a Berkeley Fellow. In addition, he has served on the boards of John Muir Hospital in Walnut Creek, the Wells Fargo Bank, and the Bechtel Corporation, among others.

Seven interview sessions (ten and a half tape hours) were recorded on March 19, 26, April 2, 9, 16, 30, and May 7, 1997. We met in the law offices of Thelen, Marrin, Johnson and Bridges at Embarcadero Two in San Francisco. The tapes were transcribed at the Regional Oral History Office and lightly edited for clarity and continuity. Mr. Bridges made a thorough and careful review of the transcript, clarifying some passages, adding names and dates and providing further information where needed. The corrected text was proofed and indexed in our office.

A very snappy dresser and gracious gentleman, Mr. Bridges often sipped on tea while thoughtfully considering the questions posed. His manner is affable, optimistic, considerate. The oral history which follows traces Robert Lysle Bridges from his birth in Altus, Arkansas, in 1909, to the railroad town of Colton, California, to UC Berkeley, to the Thelen, Marrin law firm from whence he advised the Bechtels, the Kaisers, and the Sheas, among others. As a third-year law student at Boalt Hall in 1933, the young Bob Bridges happened to take a class on the Revenue Act of 1932. The course was taught by Roger Traynor (later Chief Justice of the California Supreme Court) who had helped craft this landmark legislation. The knowledge gleaned made the fledgling lawyer

an expert in the new tax law, and therefore, very useful to his law firm and their principal client, the Six Companies.

The memoir elucidates other unique capabilities of Robert Bridges. His adaptability to different places and situations, whether it be New York or Panama or Saudi Arabia, is apparent.

"It was very interesting, in that Trans-Alpine Pipeline...Austria wanted an Austrian company for it, and Switzerland a Swiss company, and so on. So that we had all these companies that were going to own all of parts of a pipeline, but we had to have a separate contract for each country because each country had a variation of a turnover tax. It ended up, finally, a total of thirteen contracts..."

His ability to negotiate contracts for international pipelines in English or Spanish or French with ease and enjoyment also is evident.

"...if I went to Bogota--which I did--well, Bogota was high up in the mountains and very few speak English there. So if you're going to deal with them, you've got to be able to understand and speak Spanish. Well, after the second week, I could negotiate in Spanish, but I couldn't the first week. Well, the same thing in France."

What the transcript cannot capture is the engaging voice, the sparkle in the eye, the infectious laugh. This interviewer is the lucky witness. For example, when describing how he met Alice Rodenberger, the future Mrs. Robert Bridges, there was an indescribable wistfulness and depth of emotion when he said: "She was pretty wonderful." Or the loyalty exuded in explaining the leadership and charisma of his client and friend Steve Bechtel. Or the mutual admiration and teasing tone when relaying escapades of the six Bridges brothers and sisters. Evident throughout, however, are integrity and generosity, the hallmark of Robert Bridges.

Thanks to Simone Pfeiffer, assistant to Mr. Bridges, who checked spellings and helped in the editing process. Thanks also to Ann Flinn, Dick Erickson, and Adrian Kragen who were informal consultants in guiding the direction of the interview. We are grateful to William V. Power, UC classmate and dear friend of Bob Bridges, for writing the introduction to the volume. And of course, to the Class of 1931 for providing the means of capturing this valuable chronicle of twentieth century business and legal history. Researchers in those fields will find this memoir rich in historical documentation of the Six Companies and the Bechtel Group in particular.

The Regional Oral History Office was established in 1954 to augment through tape-recorded memoirs the Library's materials on the history of California and the West. Copies of all interviews are available for research use in The Bancroft Library and in the UCLA Department of Special Collections. The office is under the direction of Willa K. Baum, Division Head, and the administrative direction of Charles B. Faulhaber, James D. Hart Director of The Bancroft Library, University of California, Berkeley.

Germaine LaBerge  
Interviewer/Editor

July 23, 1998  
Regional Oral History Office  
The Bancroft Library  
University of California, Berkeley



Regional Oral History Office  
Room 486 The Bancroft Library

University of California  
Berkeley, California 94720

BIOGRAPHICAL INFORMATION

(Please write clearly. Use black ink.)

Your full name Robert Lyle Bridges

Date of birth May 12, 1909 Birthplace Altus, Arkansas

Father's full name Joseph Manning Bridges

Occupation Inspector Birthplace Arkansas

Mother's full name Jeffa Lee Alice Morrison

Occupation Housewife Birthplace Altus, Arkansas

Your spouse Alice Marian Bridges

Occupation Housewife Birthplace San Francisco

Your children David Manning Bridges  
James R. Bridges  
Linda B. Ingham

Where did you grow up? Colton, California; later Alhambra, California.

Present community Lafayette, California

Education B.A. '30; J.D. '33 from U.C. Berkeley

Occupation(s) Retired Attorney at Law

Areas of expertise \_\_\_\_\_

Other interests or activities \_\_\_\_\_

Organizations in which you are active U.C. Berkelev Foundation,  
John Muir Hospital





## I FAMILY BACKGROUND, CHILDHOOD, AND EDUCATION

[Interview 1: March 19, 1997] ##<sup>1</sup>  
[Law Offices of Thelen, Marrin, Johnson and Bridges, San  
Francisco, California]

### Family Background, Arkansas

- LaBerge: Well, we always like to start at the beginning, so why don't we start in Arkansas, and tell me about the circumstances of your birth?
- Bridges: Yes. I was born in Altus, Arkansas on May 12, 1909. Other than weighing twelve pounds, I--.
- LaBerge: Twelve pounds?
- Bridges: Yes, I think in those days they had a little scale you handled like this that jingled. I imagine that many of those would be ten and a half or eleven pounds, today.
- LaBerge: That's still quite a big baby for those years.
- Bridges: Yes. Other than that, I was the third youngster in our family. My older brother, Gerald, being born in 1904; my sister, Gwendolyn in 1906; and I in 1909. Subsequently, my younger sister, Evelyn, was born in 1913; my younger brother, James, was born in 1915; and my youngest brother, Claude, in 1917.
- LaBerge: So there's quite a jump between you and the next youngest?
- Bridges: Well, an extra year.

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<sup>1</sup>## This symbol indicates that a tape or tape segment has begun or ended. A guide to the tapes follows the transcript.

LaBerge: Yes.

Bridges: Which served to make it rather three on three, although we were a close family. It was all of us and our parents. My paternal grandmother's maiden name was Cason.

LaBerge: Can you spell that?

Bridges: C-A-S-O-N: Sophia Sapphire Cason. Her people lived in Mississippi, and went into the Ozarks and into Arkansas to escape the carpetbaggers who flooded the state of Mississippi, and all over the South, in the period following the close of the Civil War. There's very little in the Ozarks, so the carpetbaggers didn't bother to pursue anyone in that area. My mother's maiden name was Morrison.

LaBerge: And what was your mother's first name?

Bridges: Jeffa, J-E-F-F-A, Lee Alice Morrison. Her eldest brother was William Jefferson Morrison. So you can see that Jefferson Davis, the president of the Confederacy, was very much in their mind.

LaBerge: Did you know your grandparents?

Bridges: Yes, my paternal grandmother--yes. She lived until the late twenties and was a tremendous help. She spent most of the time living with her daughter, Iva, who was the youngest member of her family. My father, I believe, was either second or third of five brothers.

Returning to my mother's mother--she died fairly early of--well, it couldn't have been too early: she had, I think, five children--but she died of what was then called consumption.

LaBerge: Did you know her?

Bridges: No, she had died, probably before I was born. However, her mother and her mother's mother both stayed with us at different times in California when I was very young. One's name was Grandma Gray, and the other was Grandma White. Another of her forbears was named Brown, so they stuck pretty well to basic colors. [laughter]

As a matter of fact, many years later when I was applying to the local branch of the Daughters of the Confederacy for a scholarship to go to college, one had to show that one's forbears--one or more of them--had fought for the Confederacy. Well, I asked my mother for help on that, and she gave me about twelve or thirteen, right away. [laughter]

One time when I was in grammar school, each student was asked to name the country or countries from which his or her forbears came. I hoped to find that mine were Scotch, Irish, or French, or something interesting--not English. However, they were English, English, English all the way back. [laughter]

LaBerge: Did you get the scholarship?

Bridges: No, as one might expect, it was awarded to the son of the chairwoman of that particular group. [laughter] The daughter of my Aunt Iva--my father's youngest sister--did work pretty hard at tracing lineage back through the Bridges, and the earliest she got was to a Lanc Bridges, who was in Kentucky or Tennessee in 1820. The family lore was that they had come to this country in Virginia, but, as yet, there's nothing to prove that, one way or another.

LaBerge: And what's your cousin's name who did this?

Bridges: I don't remember her name.

In the South, second and third cousins were considered pretty close to you. In California, that wasn't the case; and other than the children of my mother's eldest brother, we really didn't know our cousins all that much.

Interestingly enough, around the sixties, I was somewhere in the South, negotiating on behalf of Bechtel [Corporation] for the construction of a refinery, and one of the executives on the other side was named Thomas Bridges. During the interval between working on the negotiations, he and I compared notes, and it appears that we had the same great grandfather.

LaBerge: Wow.

Bridges: [laughter] So, you see, a second cousin. That didn't help on the contract, at all, but it was interesting.

### Move to Colton, California

LaBerge: Well, also, you came to California so young in your life.

Bridges: Yes, I believe I was eleven months old when we came to California. In thinking about it, I don't really know why we came. I think, in part, it was because of the good schools in California, which were much better than those in our home state;

and, more likely, some of either my mother's or father's relatives--probably my mother's--had come to California, and wrote back describing the promised land here and we followed them. My father's two youngest brothers came to California, but none of the older ones did. Neither of the two had any children, so that explains why we had so few close cousins on my father's side. Only one of my mother's relatives who came to California had children. The other two did not. So there's only the three cousins on my mother's side.

We were all located, initially, in Colton, California--about three miles from San Bernardino in San Bernardino County. Colton was, at that time, a railroad junction, and the greatest number of the citizens of the area worked, one way or another, for the railroad.

LaBerge: The Southern Pacific?

Bridges: Well, yes, it was various branches of the Southern Pacific. One was the Pacific Fruit Express, which, I believe, was a subsidiary of Southern Pacific, or perhaps, owned by more than one company. Colton was where they manufactured or built their refrigerator cars; and also, there was an accompanying icing plant, where they produced the three-hundred-pound cakes of ice that would go into the refrigerator part of the rail cars. These came in a production line, and as they were moved forward, one would occasionally fall off and break into smaller pieces, and we youngsters would be there to pick up a twenty-five-pound piece of ice to put in our own refrigerators.

We were very fortunate, in that we went to the Lincoln Grammar School in Colton, which was an extraordinarily excellent grammar school, judging from what we saw in other schools, and what we have since seen at schools that our children have gone to. So I think we were most lucky. Being on the desert and so close to Mexico, about half the town was of Mexican descent and about half of European descent. There was a school which was more heavily for the Mexican children which was in a different part of town, so we didn't fit into it. There were about 150 total in the high school, so you can see it was a very small area, so it was unusual to have as small an area as that with as good teachers as we did have.

Interlude on an Oklahoma Farm, 1918

Bridges: In 1918, for some reason--. Well, my mother's oldest brother had gone back to Oklahoma and had been very successful in raising cotton. We went back to join him and got a profit-sharing farm. The owner got half the crop--one of those kinds of things. It was not a particularly fertile area, but we lived.

We went to school. It was one room--a big room--for all the grades. I had been in the third grade when we went back there, and I ended up in the fifth grade, there. My sister, who had been, I think, in the fifth or sixth grade, ended up in the seventh or eighth grade. Well, we were lucky it was as good as it was. [laughs] I guess you learned as much about life as we did in additional knowledge, because when we returned to California--after not more than a year--I think that I went into the fifth grade, there.

LaBerge: Back in Colton?

Bridges: Yes. It was an interesting period on a farm which I think helped us later to have gone through it. It was a much more simple life. We raised chickens and milk cows, as well as cotton. I was about nine years old at that time. We had ten cows, and in the morning and at night, I--theoretically--milked three of them and my elder brother milked seven. Well, usually there were only nine that were fresh at the time. Really, I think I can say that I habitually finished two of the cows, and my brother finished--did all the rest. [laughter] It was winter; both in the morning and at night it would be dark--pitch black by the time you finished milking, or by the time you started in the morning. I think the barn where we milked them was lit by a lantern. We also had chickens, and after you've had chicken every day [laughter], you'd kind of like something else. I can recall my father going into--I think that Shawnee was the nearest big town. It might have had ten thousand people--five to ten. He brought back some sow belly--"white lightning" they called it. Well, we just thought it was wonderful, you see. [laughter] After about two days, we'd had enough, and chicken tasted awfully good after that. It just goes to show how whatever you have, something else is better for a while.

LaBerge: So all of you really pitched in and took part of the farm work?

Bridges: Oh, no. The three little ones really didn't. They weren't really big enough. I must say, when I hoed cotton, it could have been done better, I'm sure. Also, I would get really interested in the ants along the way. I would watch their culture and

whatnot when I should be hoeing and getting the weeds out. My only clear recollection of that is when a cyclone came near us and my father told us all to run for the storm cellar. So we were going along, and the wind was at quite a velocity, so my father took my hand and we were running to a gate, and the wind took me right over the fence. But my father had hold of my hand, so while we stumbled, we made it to the storm cellar. Luckily, it didn't do any great damage to our area. We were just on the edges of it, but having it lift one off the ground, it was--.

LaBerge: Wow.

Bridges: Well, after all, I probably was a pretty skinny kid. It might have been before my ninth birthday. I don't know. We got back in time to--we must have got there late in 1917, because we got back in time to--. We were still having victory gardens at the grammar school, and each of us had--. It's amazing how radishes and other things could grow in the awful places we had them planted.

My memories of Colton in the early days: One thing, when we were first there, the fire engine was drawn by horses, and several of them. There must have been two or three, maybe four. But to see them come dashing through, bringing the water along after them was really quite something. I think when I was probably five years old or something like that, it was a great day because they were getting the first automotive fire engine. So it was quite an affair, and they had an election to choose the queen. Well, my mother's youngest sister--that doesn't sound right--but at any event, some aunt or cousin was second to the queen, and was able to ride on the right-hand fender of this fire engine as it came through town. Oh, a great day--you can imagine that the whole town was out there.

It was a wonderful place to grow up--right on the edge of the Mojave Desert, and there was a little river--Warm Springs--that ran through it. So two or three of my friends and I would wander around there during the summers. Being a railroad junction, it was a great place for hoboes. This, now, would be before we went back to Oklahoma. There were a great many hoboes, and we would get to know them. They would be, obviously--. Well, one day or another, a chap would come to the door and want to do some work for breakfast, so my mother would have them chop wood or something like that and give them a breakfast. Obviously, there was some communication between them, because there was always someone coming for breakfast. My mother never turned them away. Others living nearby weren't so afflicted because evidently they had been more hard-hearted to start with. Actually, while we talked to many of them, they weren't--well, I

suppose that they stole chickens and whatnot--but they were really pretty good chaps.

We were really fortunate not to have any bad experiences, but on the desert, there was little you could do to hurt yourself. The river wasn't really deep enough. Well, I suppose there were pools where you could have drowned, but we all were able to swim and whatnot, so it was a nice place to be reared.

### Father's Employment

LaBerge: And your dad worked for the railroads? Or what did he do?

Bridges: Well, as I mentioned, in Arkansas he'd worked in the mines. It was lousy coal, but it was all there was. He only had schooling through the fifth grade, but he went--ICS, International Correspondence School--through them, he got books and studied to become an engineer. Now, obviously, reading a book is one thing and taking engineering is another thing, but I think he ultimately became a good engineer.

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Bridges: Between what he knew and what he picked up, he worked as an engineer at the local cement plant. However, this was a relatively small deposit, while the whole small mountain would probably make cement, but by the time we left Colton, it was flat ground. Long before that, all of the ore that could profitably be mined and used had been done. There was very little employment there in the later years.

LaBerge: Is that why you went back to Oklahoma?

Bridges: No. Well, it might have been.

Anyhow, at first he worked as a car knocker, which was a carpenter that helped to build the refrigerator cars. I don't think I've heard that word, "car knocker," since I was a little boy.

LaBerge: I haven't heard it either.

Bridges: Still later, he became an inspector for the railroad--inspecting to see if there was a hot box or whatnot as the trains came through. I recall that he was on the swing shift on that, which

was from three until eleven at night. Our meals were governed a good deal by his availability.

Then, another fact which influenced us a good deal: my younger sister had a small ball bearing in her mouth and swallowed it. Unfortunately, she coughed as she swallowed it, and years later we found that it had gone into the lung. She was ill with the lung trouble; they didn't know what it was. She was very ill indeed--close to death. My father finally took her to a doctor in Los Angeles. I think his name was Jeffcote. He found that the ball bearing had caused the infection in the lung, and he devised an instrument and had it made with which he extricated it from her lung. By that time that lung was calcified--.

Well, to go on, this was over a two- or three-year period, and to be closer to Jeffcote and his treatment, we moved to Alhambra, which is--or was then--eight or nine miles from downtown Los Angeles. My father and my mother's brother-in-law opened an electric shop where we sold bulbs and so on, and they wired houses, factories, or whatnot and did very well. As a matter of fact, summers in high school, I worked on wiring houses and learned a good deal about electricity, which helped me work around the house in later years. Unfortunately, he [my father] was caught in the building depression around 19--well, there were two of them--in 1923 and 1925, and being a strong union man, he continued to pay the two men who worked for him, even when there was not work for them to do, and lost everything.

I graduated from high school when I was sixteen--just sixteen--and in the meantime, my elder brother had gone to the University of California at Berkeley and was working his way through. My elder sister had likewise gone to Berkeley, and I, of course, expected to, but I stayed out for a year to make enough money to get started in college.

#### Young Bob's Work: Electrical Store and Army-Navy Surplus

LaBerge: What did you do?

Bridges: Well, my father's brother--younger than him--had gotten a job at the Army-Navy department store. You checked invoices, made sure that everything was received before the invoice was paid, and made sure it was correct and whatnot. When he left for some other employment, he convinced the office manager at the Army-Navy department store that I would be able to do parts of what he was doing and I was employed. I got \$110 a month, which



was very good money in those days. So I had a little desk where I would go over the invoices and I would go down to the warehouse to check if things had come in, and if they hadn't gone through the warehouse, then I would have to contact departments in the store that had gotten them out of kilter, because you're supposed to go through the warehouse--and check them. If I found that it was correct, I would initial it and it would go on to the people who paid it. I commuted on the electric trains from Alhambra to Los Angeles, and I learned a good deal about business. It was interesting. As a matter of fact, in the summer after my first year at UC, I went back and worked there again. They were very nice to have me back.

### UC Berkeley, 1926-1930

#### Trip by Train

Bridges: In the fall of 1926, I came to Berkeley, and I came up on the Daylight. You'll recall, the Southern Pacific had two trains: the Daylight and the Lark. The Lark was overnight.

LaBerge: Had you been to visit your brother and sister before?

Bridges: No, no. Oh, heavens, no.

LaBerge: So you'd never seen it?

Bridges: I'd never traveled that far. Goodness sakes no. Well, when we--let's see. Well, from Colton to Los Angeles was fifty miles, and I think a fifty-mile-radius would take care of all my traveling, other than that one trip to Oklahoma. On that Oklahoma trip--it was on the train--of course, my brother and I had an upper, and I don't know how the others went. My younger brother had just been born, so he was very young, and I doubt he was with--. Well, I can still remember those upper berths.  
[laughter]

When I arrived at San Francisco, my brother and a friend of his met me, and they said, "Now, Bob, we've come to get you because you'd get lost if you went--." So we went down and caught the ferry to go across the Bay. When we got there, we found we were in Alameda. They had gotten us on the wrong ferry. [laughter] And, just getting across the estuary was a problem because the trains weren't running then. I don't remember how we got across, but we did. We finally got to the boarding house,

and of course I was letting them know all along that it was very nice of them not to let me get lost. [laughter]

### Housing and Jobs

Bridges: I got a room in the same boarding house, which was on Dana Street, right next to the campus. Logie's was its name. Probably there were about a dozen students living there, because we had one table where we were fed. I can remember because the potatoes were all--they were boiled. I can recall the, "Pass the potatoes!" One would be taken on the fork and thrown down, [laughter] and they'd be ready for it. Stupid things like that.

Well, the chap who had come with my brother to meet me had also come from Colton to Berkeley. He worked at the Doe Library, or had worked at the library, and his girlfriend was an assistant at the loan desk. So he had arranged a job for me at the library, paging books. A little slip would come in, I would take it, and there were nine floors of stacks. They had an elevator that you could use for remote floors of the stacks. I didn't think the elevators were a good idea; it took so much time and whatnot. So I got pretty adept at going up and down the stairs running. The starting wage was thirty-five cents an hour, but I made enough to pay the boarding house for the board and room. As a sophomore I made fifty-five dollars a month and averaged between thirty-five and forty hours work per week.

I joined a fraternity--Alpha Chi Rho, I think at either the end of my freshman year or the beginning of my sophomore year. Their house bill normally was fifty-five dollars a month, so I just took my library check and gave it to them each month. [laughter] And I told them, or should have told them, "Well, that pays me up now. If it isn't enough, either I don't stay here, or you take it. I'm not going to go on credit." That's the way it worked out, my check took care of everything--unless there was a dance or something like that that we got assessed for. I had to make those up.

But I also had several hundred dollars from the year I'd worked. My sister [Gwendolyn] was elected to Phi Beta Kappa, and she had to buy the key and so on, so I gave her whatever that took, and my brother was elected to Scabbard and Blade honor society, and I gave him the money to pay the initiation fee. But if they had money and I needed it, it was the same way.

There was one thing I hadn't thought of for years. My brother and this friend and I all roomed in one room, but there was a sleeping porch there or something.

LaBerge: This is at Logie's?

Bridges: At Logie's. And my brother and his friend had their law books on a shelf--they were both in law school at that time--and behind those books, they had a bottle of gin. [laughter] Well, I didn't like gin. But oftentimes, I had to be at work at eight o'clock--had to be there at eight--and at night, I worked until ten o'clock. Of course, you get home and you have to do a little studying and whatnot--and it didn't seem to me to be quite enough sleep, so that I would oversleep. I would get up and only have about ten minutes to get dressed and get to the library. So they didn't know it, but I took a little nip of that gin. [laughter] Well, I got over to the library, and boy, I could go up and down those stairs and no problem at all. Oh dear.

LaBerge: And they never knew it?

Bridges: Oh, yes. They ultimately found out and gave me hell. [laughter] I took more than one little nip--but never more than one at a time.

As a matter of fact, in the next year--yes, I was in the fraternity house at the time--my brother was elected--. The law school at that time, Boalt Hall, had a separate student body and they had a president of the student body. Well, my brother was elected president of the student body. So they had a big party for him--the whole legal fraternity did, you see. I got there, and--I'm trying to remember a name of--well--

LaBerge: Is this faculty?

Bridges: Yes.

LaBerge: Barbara Armstrong?

Bridges: No, it was the chap who wrote books for us--the textbooks--Ray Peters.

LaBerge: Oh, yes.

Bridges: Well, he was a very nice enough guy. But anyhow, as I got to this party--I was here, he was here, and there was a door that came down like this. People would come in and pass, and Ray would greet everybody and have a drink with them--and he would

hand me one. Well, by the time everybody had gotten there, it was quite a night. [laughter]

I remember going back to my fraternity house, and it seemed to me that I was only hitting the sidewalk about every six feet, you know, and I'd go--. It just was wonderful because I was going pretty fast, and so on. We had sleeping porches, also, in the fraternity house, and the upperclassman would have the lower bunk and the freshman and sophomores would have the upper bunk. Well, it was a bad night for the lower bunk, I'll tell you. [laughter] Oh, dear.

LaBerge: Where was your fraternity house?

Bridges: On Channing--2809 Channing--just above College. It was a real good location. It was just a few blocks to the campus--but that end of the campus hadn't yet been built up, and the Zeta [Psi] House was just across the street from the southwest corner. They just had to go across the street. And the Fiji House was on Bancroft, also just across the street. Well, both of those--well, after I graduated, the university expanded, and both fraternities had to relocate much further away from the campus.

But, as I say, we had to walk down to Wheeler Hall. There weren't classrooms where Boalt Hall is now, at all. There wasn't anything then, so you had to walk down to Telegraph Avenue. Well, as I say, I worked a maximum of fifty hours a week, but more often in the low forties. We had fifteen hours for classes and one had to eat meals--well, that didn't leave an awful lot of time. So I worked 'til ten, and then I would have to do my housework at the fraternity and all that--sweep out the dining room, that sort of thing--and I'd usually do that around midnight. Then the seniors would be coming in from their dates and whatnot, and of course, many of them feeling no pain--so I had to greet them and talk to them. It wasn't the time you'd choose to visit, because however good a party they'd had didn't help me. Anyhow, it was an experience.

LaBerge: So did you live in the fraternity for the rest of your undergraduate years?

Bridges: No. I lived there until my senior year. In the middle of my senior year, my cousin, Andy Wilkerson, and I moved out and got an apartment of our own, and I don't remember why.

I did pretty good on my grades, and--.

LaBerge: And your major was political--?

Bridges: History. And I had scholarships after my first year, each year.

LaBerge: From the Alumni Association?

Bridges: Well, one was from--goodness' sakes, it begins with B--it had been--

LaBerge: Oh, Bonheim?

Bridges: Bonheim--yes, a Bonheim scholarship, which was thirty dollars a month, which was pretty good. Then, they also had a business where they took all the scholarship holders over to a play in San Francisco or to something like that. The scholarship gave one a little spending money.

At the end of my sophomore year, I got a little caught up in politics, and we headed a group that elected the junior class president--a member of our class. I was sort of the chairman of the group--which took a lot of time that I should have been studying, but anyhow, it was a good experience.

LaBerge: And then, were you, yourself, senior class president?

Bridges: No. I was elected president of the class when we graduated--which became a permanent president, because every time I'd try to get somebody else, I couldn't get anybody's attention.  
[laughter]

On the class--[Eugene E.] Gene Trefethen and Edgar Kaiser were members of our class--and Bill Power. They were all good friends, so we've shared class chores ever since. We had our sixty-fifth year reunion in 1995. The four of us, originally--then Edgar died too soon--and the other three of us would sort of subsidize the class reunions. It worked out pretty well over the years.

### Classes

LaBerge: Do you have any memorable classes that you took? Or professors? This is undergraduate.

Bridges: Yes. All of the history professors and I got along very well. They were very good. McCormick was one in U.S. history, and Morris in English history. I did like English, itself, pretty well. I had a teaching fellow--I guess he was an associate prof --named Cline, and he required each member of the class to write

little vignettes. So I wrote one starting, "The devil lighted his pipe with the glowing tip of his tail and blew five round smoke rings at the charred ceiling of hell's courtroom." He's musing, see, and you bring in Lucretia Borgia and a few others, and whatnot. Then I said to my sister, "How do I end this thing?" I'd told her about it. She said, "Well, just like you started it. So saying, 'The devil relighted his pipe with the glowing tip of his tail.'" Well, Jimmy Cline gave me an A+ and read it to the class. I got an A in the course--but I don't know whether I deserved it or not, but it helped. That one little thing stuck in his mind. [laughs] Well, as a matter of fact, I've told my own children when they were in college, "Now, look, when you have something like that, don't do this, but do something like it."

I needed that A in my sophomore year because, because of the politics, I had a lousy spring semester grade wise. [laughter] Well, lousy, and I got a couple of C's and barely qualified for a scholarship for the next year.

#### Sophomore Hop Chairman ##

Bridges: Well, there are two things that strike me. One was on the sophomore hop. I was the chairman of some committee, and a gal was my vice-chairman. Well, anyhow, somehow or other in 1928 we were going to hire this airplane for publicity purposes, and we were talking to the pilot, and he said, "Well, why don't you and your partner"--the gal--"take a ride?" I'd never been in a plane in my life; I'd never been that close to a plane. [laughter] Anyhow, we got in the front seat and he got in the backseat and took off and flew around. That guy scared the life out of us-- [telephone interruption]

He dived like this [motions], and of course our hearts and our stomachs went right up to the ceiling. Well, it was memorable, and the reason it stuck in my mind was that about four or five years later while I was in law school, my wife and I and my cousin, Andy, were playing tennis--the two of us playing her--and this plane, which I recognized, was flying overhead. Then as we were watching it, it took a dive like we had taken years before, but when it came out of the dive, the wings came off. The wings came off and he hurtled down to his death, you see. It could have done that when I was in it. Well, for that reason--and we had stopped playing tennis and were all looking at it. That poor chap.

LaBerge: Was that the end of the sophomore hop? Was there more on that?

#### Student Affairs Committee

Bridges: Well, no. We had a good hop. We worked it successfully.

I was appointed to the Student Affairs Committee in my junior year, and I served on it in the junior-senior years. It was the student court. My new friend, Lynn Rountree, was likewise--well, I was chairman of the Student Affairs Committee in my senior year, and she was chairman of the girls' Student Affairs Committee.

LaBerge: And who appoints you?

Bridges: Well, the president of the ASUC appointed us, but probably cleared it with the president of the university. That was interesting, but took a great deal of time. We were pretty rough on people who were convicted of cheating. Looking back on it, I'm not sure that I would be as rough as we were.

LaBerge: And was that the only thing you were judging on? Or was it--?

Bridges: Oh, we'd take evidence. We never convicted them unless it was obvious from the papers which they had both turned in and whatnot it was clear, and others who saw them cheating. It kind of irritates you if you see somebody cheating, and--"Godammit, they shouldn't."

At the beginning of our senior year, President [William W.] Campbell called Lynn and me in. When he was nervous he would twirl his eyeglasses like this, and he was twirling them to beat the devil as we were greeted and all that sort of thing. Sometime earlier--I think around 1924--there had been a sex case involving a girl they called "Hamburger" and whatnot. In any event, as a result of that, they had taken sex cases away from the student affairs committees, and the president had to handle them--but he didn't want to handle them. He wanted us to handle them. Getting it out of him was difficult. He was a real nice guy--a nice fellow--I liked him, but it was hard to deal with him. I can still recall talking to Lynn when we came out of there: "Did you have trouble listening to what he was saying?" [laughter] She said indeed she did.

Well, we were fortunate in that there weren't any memorable sex cases the following year. I don't know what happened in

subsequent student affairs. They've changed the name of that, now.

LaBerge: I'm sure they have. I don't know what it is.

Bridges: I don't recall it now. I had worked on the Daily Cal in my freshman year and in my sophomore year, but I stopped after the first semester of the sophomore year, because it got mixed in with other things. I had a lot of friends from the work on Daily Cal who were friends until they died. Unfortunately, most of them are dead now. It was a good way to make friendships.

LaBerge: And did your brother or sister work on it also?

Bridges: My sister worked on it--my older sister worked on it--and she was one of the editors. I guess that's when I was a sophomore.

As you know, our class was one that never saw Cal win a Big Game. And it was our class--well, we were one of the four classes there at the time--that saw Stanford beat us--they scored forty-one points against us. Cotton Warburton was out of USC--USC beat us seventy-four to nothing. It was a bloody time for Nibs Price; however, we didn't miss a game. [laughter] And we did go to the Rose Bowl one year. As a matter of fact, Roy Riegels was a good friend. No one was more surprised than he when all the publicity--all the letters he got after that Rose Bowl game when he ran the wrong way. He knew he'd just gotten confused, but some of the letters excoriated him, others were consoling. It was interesting to see.

#### Chancellors and Presidents

Bridges: There was one thing that I recall. The president of the university customarily had a tea or an affair for the senior class before graduation, and Dean [Monroe] Deutsch scheduled an affair for Robert Gordon Sproul at exactly the same time. Well, I was very fond of Deutsch, but that was a hell of a thing to do. President Campbell may have been difficult to work with for the faculty, but nevertheless, some of us in the class deliberately went to Campbell's tea first. But it was pitiful showing for him. They shouldn't have done it that way.

LaBerge: Being head of a university has to be such a pressure job for anybody, whether they're liked or not.



Bridges: Oh, yes, indeed, it does. I must say, we're losing an awfully good man in Chancellor [Chang-Lin] Tien. I found him a great chap to work with, and if ever he asks you to work with him, you know he'll do his part twice over. I hope we get a good man, and I hope we can all help him, because after Tien, it's going to be a tough go.

LaBerge: Tough to follow, right.

Bridges: That's right. Exactly, exactly. You know, quite a number of people who have been very busy in their lifetimes and who initiated things and so on, but too often, they didn't perform up to the way they talked. Tien is a chap who has outperformed whatever he said. He did a great job.

I was a director of Wells Fargo for several years, and they have the former directors back for a dinner just before the annual meeting. I hadn't gone the preceding year because I'd been ill or something--or out of the country, I guess. So I went, and Chancellor Tien had gone on the Wells Fargo board that year, and he was so [laughs] considerate of me. He got me a drink and insisted on doing it and so on. It was just very nice of him.

#### Education and the Family Influence

LaBerge: Well, what I wanted to go back to is your family--I mean, just a little bit more about your family life. You were such a close family. It's so obvious in different things you've said. What message did you get from your parents about education? I mean the fact that all of you--.

Bridges: Well, from both our father and our mother, it was a given that we were going to go to college.

LaBerge: So all through your life you knew?

Bridges: Yes, and there was never any question about it. After about 1922--maybe '21, '22--there was no question but it was going to be Berkeley--because we all wanted to go to Berkeley. I guess that my elder brother imbued us with that. That's when Cal had the wonder teams and whatnot.

Looking back on it, when my father was going with those International Correspondence School things, he was--obviously he had a full family. He was working all the time. Think of what

it must have taken out of him, you know--even in his later years, as he read, he would form words with his lips. But for a chap who had not had the opportunity to go to school, to have so fully understood the necessity and desirability of it--well, we would have been ingrates if we had not realized what he and my mother had planned for us.

We often--as we were growing up, we played a lot of games. Well, a lot of the games we played helped to acquire knowledge of various things. As a matter of fact, I thought of them around our own dinner table. When the kids were quite small, we would get first the capitols of all the states--the ones beginning with B, the ones with C, and so on. Then we would bound states. If I remember correctly, thirteen other states touched Tennessee, which made it the most difficult to bound. So all our kids were very good in geography. My younger son even followed all the political changes in Africa. You know there were so many little new countries popping up there, that it was a problem.

My mother always encouraged us in reading. My goodness, I think before I was ten, I had read the history of the United States all the way through. Of course, it was written in the South, so it was some years later that I realized that the South hadn't won the war. [laughter] But you know, when I took U.S. history in college, it was a breeze, because I still knew those things--I still remembered from having read before.

LaBerge: And did you read a lot as a child?

Bridges: Oh, yes. We had one of the Carnegie libraries--was it Carnegie? Yes. Anyhow, the library always knew the Bridges family, because we all read a great deal, and nothing pleases a librarian more than to see somebody who likes to read--and particularly if we wanted to read more about a particular thing, they would break their necks to help us. So it was very good. How it comes back now, I can recall in grammar school reading about the Rover Boys. That was very interesting to me at that time--I must have been nine or something.

Many years later, I was with [G.G.] Sherwood, the treasurer of the Henry J. Kaiser Company, and we were in seeing Mario Giannini--who was then chairman of Bank of America--and as we were talking I saw he had these leather bound books, all looked the same and beautiful: he had the whole Rover Boys series. He had--I counted them--there were thirty-four or something like that. I thought, "Well, he's a pretty good guy!" [laughter] But it was interesting that he would have in his office all of those books on the Rover Boys. I can think back--tell you the truth, after the first two or three, I thought, "This is a little

bit of a formula." [laughter]. I must say that I thought, any guy that read thirty-four of the Rover Boys--he should have gotten something else to read too. [laughter] That was a little bit too much.

It's a little bit like Georgette Heyer and the regency romances. The regency period was about 1805-1820, and when Prince George, who was later to become George IV, became regent for his mad father, that was the peak of many things in England. Georgette Heyer did a wonderful job of research, and she wrote, oh, I guess about thirty or forty books. She had different plots. Well, there must be thousands of regency romances written each year, now. I read some of them, and I like them very much. I like that period and now have a better understanding of it.

#### Values, and Political and Religious Background

[Interview 2: March 26, 1997] ##

LaBerge: Last time, we had gotten you through your undergraduate education at Cal, but I wanted to go back and do just a little bit more on your family. I think I have your grandparents' names, but I didn't get your parents' full names.

Bridges: My father's full name is Joseph Manning Bridges, and my mother's name was Jeffa Alice Lee Morrison.

LaBerge: So it's four names?

Bridges: Yes.

LaBerge: Okay. Actually, we did get her name, but I wasn't sure if that was your grandmother or your mother.

And then just a little bit more on your family. It's very obvious what a close family you were, just from the way you talk about your brothers and sisters.

Bridges: Oh, yes.

LaBerge: How do you think that came about? What did your parents do to foster that?

Bridges: Well, it must have been a lot of little things because there's nothing that stands out. They were, as you gather, wonderful parents, and both working very hard, but taking adequate care of

us--not only health-wise, but what we were thinking and what we were doing. Well, we never had very palatial homes. All the space was used, so [laughs] we were together a lot. When you rub against each other often, each learns to put up with the other's idiosyncrasies, you just get used to each other. I think that has a great deal to do with it.

And, from the teaching of our parents, we all had much the same objectives in life, and the same view of life. That wasn't true as we grew older. Well, all my extended family were Democrats, as everybody in this house was. As a matter of fact, my paternal grandfather stayed with us for a while, but he got into trouble because he would go to the Colton town square, where older people gathered, and if a chap admitted to being a Republican, he caned him, because that's what he had done in the South. [laughs]

The fact is that after voting for Mr. [Franklin D.] Roosevelt once, I voted against him three times, in atonement. My older brother and I were both ardent Republicans. My elder sister was an ardent Democrat, and [laughs] we had many arguments. Both of my boys, in particular my younger son, are ardent Republicans, so they would have arguments with their aunt when she was down [from Davis], but it was all in a good spirit.

LaBerge: But you grew up with parents who were Democrats? I remember you said your dad was a union man?

Bridges: Yes, he was, and--I told you--unfortunately, he was a union man when it hurt--in the sense that when he was the employer he paid his last cent out to the employees. The ironic thing was that as soon as--shortly thereafter--the Depression was over, his former employees got jobs with another electrical contractor, and my father was out of business. If he had been less concerned with his employees, he wouldn't have paid them when there was no work, and would have then, in turn, employed them or others later. It brought home to me, I can tell you, as several things have--that being too warm-hearted can be inadvisable. You have to have common sense, and it seems to me that the least thing we have in politics is common sense. If we had more of that and less argument, we could get better results.

LaBerge: Well, you'd be interested: we have a whole oral history series on state government and we've done one part of Ronald Reagan's governorship. We're right now getting started on one of his presidency.

Bridges: Yes, good.

LaBerge: Did you have a religious background, growing up?

Bridges: Well, at least we three older children were baptized in the Christian church. Evidently the Christian church was very strong in Arkansas, because all of--as far as I knew--my parents, my uncles, my aunts, etcetera, were members of the Christian church. At that time, in Colton, many of the services were conducted by one of the laymen. Whether that was because of the size of the congregation, I don't know. By the time we were in Alhambra, the Christian church there was well established with a nice new church and so on, but in Colton it was smaller. I don't know. It may be that when members of the congregation do some of the preaching, I'd say, that you're a little closer to the lesson. [laughter] I don't know. I don't really remember much about that.

I have, over my lifetime, gone to many churches--Methodist churches; for a while we went to a Lutheran church; we now go to a Presbyterian church because we have high regard for the senior pastor--but we have never joined another church. We have contributed to others, but not joined.

#### World War I and School Recitations

LaBerge: Well, what other memories do you have of World War I? You said something about the victory garden at your school.

Bridges: Oh, yes.

LaBerge: What else was going on?

Bridges: Oh, yes, the one thing, of course, one remembers is the flu epidemic, because we--even the children--for periods, wore masks to school.

LaBerge: Oh, really?

Bridges: And my recollection is that all of us got the flu, seriatim. Luckily, in our case, it was not extra serious. However, as the records show, quite a number died of it in those days. I hadn't thought about that, but really it was one of those things that did impress me at the time, and particularly those masks we had to wear to school.

LaBerge: And you kept them on all day long?

Bridges: Well, I guess we did. We were trying to protect each other. I was going to say I think there was a period when they suspended school, but I don't think that's right. I think they continued grammar school right on. I guess the use of the masks may have helped.

It was, as it was in the Second World War, a period of shortages. Even though it was a shorter time in 1918. The government was directing most things to the armed forces. Luckily, living on the desert, as we did, we normally went barefoot from April to October, and maybe even earlier than April. October, I say, because I think that I've mentioned before that that was always a red-letter month, in that we all bought our shoes in October, and had to get used to those high heels, you know. [motioning an inch] [laughter] Obviously, they had to be pretty sturdy to hold us 'til the next year. I still remember being asked to give an oral report, particularly when there were visitors to the class, in my bare feet. All I had on was a shirt and a pair of overalls. [laughter]

LaBerge: Were you asked because you were a good orator?

Bridges: Well, I was asked because the teacher usually thought I was more apt to know the subject, but [laughter] the fact was that because she expected that, sometimes, it wasn't the sequence that you would expect. It was only because there was someone there that I would be called on. Well, sometimes I wasn't really prepared, so that I had to extemporize, and I think that actually helped in the long run. It was a good thing to get used to thinking on your feet at unexpected times. Of course, I'm awfully glad that those weren't recorded. [laughter]

#### Negotiations Abroad during Legal Career

LaBerge: But you think it stood you in good stead when you had to go to the courtroom?

Bridges: Well, it stood me in good stead when I had to think on my feet. I never was, after the first few years, in the courtroom much. I went on probates and things like that. I think I tried one case in 1935 down in San Jose, and it was my first experience in a courtroom--my first experience with outright perjury. I had just talked to the chap the day before, and at the trial he denied everything that he had admitted then. It helped very much, really, in negotiations. If you were negotiating for the engineering and construction of a nuclear power plant,

particularly in the early days of that industry, it was essential to be able to think on one's feet.

During the fifties and sixties and early seventies, I did a great deal of negotiating in foreign countries for my various clients, and particularly Bechtel. I recall that, at one time, Bechtel had been asked by sixteen different oil companies in Europe, as to the best-- . Well, let me try it again. Europe was changing from a coal economy to an oil economy. Before that, all the refineries were on tidewater. Then the refined products were barged or taken by rail inland, but that's quite expensive. And if the oil is transported by pipeline to a refinery built in the area of use, great economies are possible. To go to an oil economy, you needed to have refineries with a delivery area of, let's say, a few hundred-mile radius where you could deliver things fast and cheap. So they wanted to know what the best pipeline system would be. Each company had a different idea. There were the five majors: Exxon, Shell, Caltex--which was really Chevron and Texaco--British Petroleum, Socony Vacuum, the French company, and a lot of others.

Well, we came up with this report that didn't satisfy any of them. We had a pipeline coming down from Wilhelmshaven, Germany, down to the Ruhr; we had one leg coming in from Rotterdam; one coming in from Marseilles; and one coming in from Trieste on the Adriatic--and all meeting in southern Germany.

They were asking questions, each in their language. I could understand French pretty well, and Spanish, but I couldn't get the German--and the different dialects of German. The interpreter would interpret the question, and then we would have to give the answer. Well, when the question was in German, until you got the translation you were stuck. Of course, if it was in English or if it was in French and you would get a smattering of it, you could be thinking while the translation was going on. It was good to be able to think on your feet. It was essential.

#### Fertilizer Plant in India?

Bridges: This, now, would be in the late sixties, early seventies. A group, led by Steve Bechtel and General Lucius Clay, had recognized that India needed fertilizer in the worst way. So the original thought was to build five large fertilizer plants there, costing maybe a hundred million dollars each. I had to do some of the negotiating for the project, and of course it required a lot of work with the Indian government.

This particular time, I had flown out from Europe, from somewhere in Germany (actually Stuttgart is where I started) and got in--all the planes, at least all the planes I ever went on [laughter] would get into New Delhi about three or four in the morning. Then you'd drive in to the hotel and wash your eyes and have breakfast, and then you would be ready to go start work at nine o'clock. Well, this particular morning, we had to meet with a joint committee of the two houses of parliament on this fertilizer plan, you see, and that required--in other words, there were several oil companies in our group at that time, and obviously they wanted to sell their products, and particularly they wanted to sell naphtha. Furnishing a naphtha market was a great prize in international trade. Well, India didn't want to agree to buy from particular oil companies.

LaBerge: Is naphtha a product?

Bridges: Yes.

LaBerge: Like Fell's Naphtha? Something like--?

Bridges: No, naphtha becomes gasoline in an oil plant. It comes from refining oil into naphtha, and then on.

LaBerge: Okay.

Bridges: Well, one thing about it: they all did ask questions in English. As a matter of fact, they had to have it in English because they had so many different dialects. Well, it reminded me so of meeting with some extremely intelligent high school students who had little common sense, and who didn't have any concept of the time value of money, for example, and many other things, that are just a part of real life, if you're going to produce something, you just have to realize. Well, obviously, if you're going to finance it, you've got to realize the time value of money, and take it into consideration. If they reached a decision, then in the mind of the legislators, it was built, you see, nothing more to do! Well, obviously, everybody knows that's just when the troubles begin.

It was helpful to be able to answer their questions. Oftentimes, you would have to rephrase their questions because there was no answer to the question they had proposed. [laughter]

Well, it was an interesting experience. I only mention it because that was one time--those are two of the times when it was taxing. Normally, you are here, and you and I are talking, and we are maybe arguing, or maybe explaining things, and whatnot.



Well, that's easy, but when there's a mass of people asking questions, and all they're doing is asking questions, and all you're doing is answering, it's a wholly different--. I'm glad to have gone through it, but certainly it's not a position you would seek.

LaBerge: And did you end up completing the negotiations so that they did, in fact, build a fertilizer plant?

Bridges: No. The method of negotiating with the Indians, at that time, was that you'd go along until you came to a shuddering confrontation. So, you would end the discussions that day, and we might even go back to the U.S., but soon they would call and want us to come back. They would concede that point, or concede it to the extent necessary to have the negotiations continue. You'd go along, and sooner or later--usually not more than three or four days--you'd come to another shuddering confrontation, and you'd leave but expecting to come back.

Well, while this was all going on, and, incidentally, as we got into it and saw the volume of work that was required, we narrowed the plan down from five to three plants. And the three came down to one, because unless you started with one, you'd never get to three, if you see what I mean. There were a number of things we had to do. For one thing, they didn't have a credit system that was adequate to service the volume of sales for this, so that we talked to the U.S. embassy. The U.S. government had a lot of Cooley funds. The U.S. would lend dollars to India which could be repaid in Indian rupee. So one government had a great many Indian rupee it couldn't use.

So the appropriate individuals in the embassy agreed that for each of the fertilizer plants it would establish a credit in Indian rupee equal to seventy-five or a hundred million U.S. dollars. This would be available to lend to purchasers to pay for the fertilizer they bought.

LaBerge: What are Cooley funds?

Bridges: Well, Cooley was the name of a U.S. congressman [Harold Dunbar Cooley], one of the legislators who had introduced the bill, which permitted the United States to lend money to a foreign country, repayable in the currency of that country.

LaBerge: Okay.

Bridges: It was a way of disguising aid, because very little was actually realized in the way of repayment. I don't know that it was a good idea. In this case it would have helped if it had served

its purpose, but we also found that if we were successful, we would disrupt a centuries-old custom in the country. In cases like this, the money lenders would lend the money to purchasers of fertilizer at relatively high rates. Our proposed use of Cooley funds would put thousands of money lenders out of business, you see, because the volume of a thing like this--and the money lender had a strangle hold on financing. So all the money lenders strenuously opposed our project and, as a group, they were very powerful.

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Bridges: At this time our friends at Chevron Oil Company were trying to build a fertilizer plant in India and were telling us stories of the unbelievable number of difficulties they were encountering.

LaBerge: Where was this?

Bridges: Down in the south of India, I think near Madras. Well, they were telling us all their problems. An example was that if you wanted to, let's say, ship fertilizer two hundred miles, you might find that within that distance, their railroads changed gauges, and they would be at different gauges. So, unless you could take the car off and put it on a different bunch of wheels, you'd have to trans-ship it. Well, that's a hell of a thing with something like fertilizer, which is like cement, you know, in volume.  
[laughs]

Well, that was just one of hundreds of the problems, and it seemed obvious that if we were successful, we were going to be caught by the leg and spend a decade getting that darn plant built. The time and effort to build that plant, over a decade, would--. You could do dozens of other things in countries where it was possible to do business. So our people decided to stand on our present offer and tell the Indians that this was our final offer and if they rejected it there would be no further negotiations. That was a rough position to be in. We'd had a shuddering confrontation, and I had come back. But that had happened at least two or three times before, in the course of negotiations, so when I told the Indians, "Now, look. This is different. Either you take this as it is and you do it now, or we're through." [pounding fist] Well, they heard me, and didn't believe me no matter how many times I said it. They refused to agree, and so we went home and just didn't come back. Well, my goodness, the fact that this wasn't going forward caused a big disruption there, and they had to have scapegoats and whatnot, and Indian chaps who were only doing their duty as they should have done, got caught up in it and were unfairly penalized.

LaBerge: This is politically?

Bridges: Yes. Well, that was long ago. I shouldn't have digressed as far as I did on that. But you know, oftentimes, some of the most interesting things that you worked on are things that were never built.

LaBerge: Yes.

### Building Trans-Alpine Pipeline in the Fifties

LaBerge: This is exactly the kind of thing we want, because I don't know everything you worked on, so you need to tell me. This is wonderful.

Bridges: Well, getting back to 1954--that study we made on the oil pipeline system. For probably a year, they all said, "That wouldn't work." They couldn't agree on anything. Finally, Shell and Caltex said to Bechtel, "You do the engineering and manage the construction of a pipeline from Rotterdam to the Rhine."

That pipeline was built and it went quite well, and it was interesting to work on.

Shortly thereafter, the oil companies in France said, "Well, we're going to build that line from Marseilles up." So Bechtel built the South European pipeline from Marseilles through France into Germany. Then for one reason or another, a group of them decided to build a pipeline from the Rhine to the Danube. So again Bechtel built a pipeline from the Rhine to the Danube. Still later, the entire group agreed to build the pipeline from Trieste through Italy, Austria, Switzerland and into Germany. Bechtel was the engineer manager. When all of the pipelines were built and in operation, the owner then had all of the pipelines connected. The unified system, when completed, was quite similar to the pipeline system recommended in Bechtel's 1954 study. So it took two decades, or at least a decade and a half, to see it come through. It worked and is working fine today.

It was very interesting, in that Trans-Alpine Pipeline--each company, each country--wanted the section of pipeline built in that country to be in a--. Well, Austria wanted an Austrian company for it, and Switzerland a Swiss company, and so on. So that we had all these companies that were going to own all of parts of a pipeline, but we had to have a separate contract for each country because each country had a variation of a turnover

tax. It ended up, finally, a total of thirteen contracts--well, twelve--and then we, Bechtel, was going to manage all of this, the building of it--so we insisted on a thirteenth contract, which would tie together all the twelve.

One reason for this, too, was each of these countries had a turnover tax, which taxed every transaction, you see. So, if you were in a country, and you subcontracted to another company, then you had two transactions. That was the reason why they wanted a separate corporation, which would do everything in Austria, and so on and so on. On the other hand, they might claim--this is later on--that you did this from one office and so on, in Stuttgart or someplace like that, so you might have to pay more turnover tax. So we wanted this thirteenth contract to provide for reimbursement if any country--rightly or wrongly--compelled us to pay additional turnover tax. Well, it obviously was a very complicated thing, so it was interesting--annoying but interesting [laughter]--to figure out how the devil one could meet all those requirements and whatnot.

LaBerge: Did you have people working with you on this?

Bridges: Oh, well, yes. I was only one of the negotiators for Bechtel, who were the managers of the system. As a matter of fact, after that line was completed, as in all countries, the benefits--the utilidades: similar to our old age pensions and welfare and so on--each of these countries had similar laws, and you find that for a decade you have got to carefully monitor them. The result was that I had quite a few of our lawyers working with me, so I told a chap--"Now you work with these people in Rome, and be sure that you take care of all the Italian taxes, and somebody else will take care of the Austrian taxes and so on." It just was penny ante stuff, but somebody had to do it.

As a matter of fact, we'd gotten in and knew how serious it was in Venezuela many years before. It looked like it would be a straightforward contract. We went in and completed it and whatnot, but then for goodness' sakes, for really a decade, you had to work on the utilidades, and either you or the client had to have a deposit of money, which you could have lost if you hadn't.

Language Proficiency

LaBerge: Now, before you started doing all the foreign negotiating, did you already know how to speak French and Spanish? Or did you learn along--?

Bridges: I had taken French in college, and in Colton, half the town was Mexican.

LaBerge: That's right.

Bridges: So we took Spanish, I think, starting in the seventh or eighth grade, and then took Spanish in high school, in our first year or two of high school, so that I knew Spanish pretty well. Well, I didn't know Spanish well enough to negotiate in Spanish; however, if I went to Bogota--which I did--well, Bogota was high up in the mountains and very few speak English there. So if you're going to deal with them, you've got to be able to understand and speak Spanish. Well, after the second week, I could negotiate in Spanish, but I couldn't the first week. Well, the same thing in France. You come home, and you're here for three or four months until you go back. Well, you don't use it every day, so it takes about a week to two weeks to get to the point where you can negotiate in French.

As a matter of fact, the first contract in North Africa was to build a pipeline for the French from Hassi R mel in the southern Sahara to the Mediterranean. In 1958, we had negotiated that contract and signed it. I mean, negotiated it in French; we used French lawyers and the oil companies used French lawyers. Well, we worked under it in 1959. In December of 1959, we renegotiated the contract with the French with no lawyers so that it said what we really meant. They didn't have any French lawyers and we didn't have any French lawyers, and from then on it worked fine. It worked fine. As a matter of fact, it was humorous and fun.

We had one conference--it happened in Vienna with the Austrian oil company. It was for a pipeline which was going to go from Vienna down and really connect with the Trans-Alpine terminal. Well, it got down to a choice between Bechtel and an Italian company, I think, had we joined with them, but at that time, they didn't want to join with anybody. Well, we couldn't speak German; the Italians couldn't speak English--it was some prince that they had--anyhow, he couldn't speak English. It got down to the point where the whole conference was carried on in French, but it was no one's native language. So the big trouble with negotiating in French was the other side would use an idiom

while we couldn't understand and there would be a halt in negotiations. [phone interruption]

The French have so many idioms, you see, and an idiom where the lips twitch one way, for one meaning and differently for another. Well, you get thrown off going around the curves with an idiom, and then it would be hard to get back on. Well, no idioms, you see. French was nobody's native language. It went the whole day, and it was--. I turned around and said it was the only time I really enjoyed negotiating in French. It was interesting, because everybody spoke slowly and distinctly, and were thinking hard as--. [laughter]

LaBerge: Oh, that's very funny. Now it's almost eleven. What do you think?

Bridges: If I'm not imposing on you too much, I'd kind of like to stop.

LaBerge: Fine, that's fine.

## II BOALT HALL SCHOOL OF LAW, 1930-1933, AND FAMILY

[Interview 3: April 2, 1997] ##

Undergrad Class with Roger Traynor

LaBerge: We've covered, for the most part, your undergraduate work, but we didn't cover Boalt Hall--except for the class you took with Roger Traynor--was that undergrad? The one where you got the C.

Bridges: Oh, yes.

LaBerge: You told me that, but not on tape, so could you tell me about that class?

Bridges: [laughs] That was a class in commercial law, and it came at eight o'clock in the morning. I was a sophomore, and took the course.

LaBerge: And why were you taking commercial law?

Bridges: Well, I was interested in the law and it came at the right time with the other things that were available. Obviously, it was of the essence that I find the right slots for classes, because otherwise it would interfere with my job. As I mentioned to you, in my sophomore year, I was concerned with class politics, and also, I was still working on the Daily Cal--particularly some nights. In any event, I wasn't getting too much sleep. And further, the class was held clear across the campus, just down from the chancellor's house. I lived on Channing. So, all those things resulted in that I didn't attend too many of the classes.

He had, as I recall, one final, and that was your whole grade for the course. I did get a copy of notes from others--some of my friends who were in class--but in any event, I boned up for the final and thought I did pretty good. So my brother, who was in his last year up at Boalt Hall, happened to see Roger,

who was a good friend of his and said, "Roger, how's the kid doing?" And Roger told him that I had gotten an A on the final, but, "No son of a bitch that comes to his class only five times over the course of the year was going to get better than a C." [laughter] So I got a C.

LaBerge: But it didn't deter you from taking another class from him later, right?

Bridges: No. Oh, no. As a matter of fact, he was laughing but firm when he said that to my brother, and I always got along well with him. As a matter of fact, when I was on law review, he was the faculty member who took care of law review. So I saw him often there. As a matter of fact, I was late getting my articles in, but he knew what my hours were, and was very understanding, shall we say. He gave me an A in the law review, and he gave me an A in the tax course, but I tell you, I attended every meeting of that class. [laughter]

LaBerge: Well, tell me how you decided to go to law school.

Bridges: Well, I think the biggest reason was that my elder brother had gone to--or was going to--law school, and I thought a great deal of him and had high respect for him, and I knew from him what law school was like, what they were learning and whatnot. I had also--during high school, as I told you--worked summers for my father, who was an electrical contractor. While the work was okay, it wasn't for me. I had come to that conclusion. So I would guess, about the start of my junior year, I decided that I was going to go to law school--not that I hadn't considered it before. I mean, I made a firm decision. I think, as I also mentioned to you, I talked to my parents. By this time, my mother had told me that it was my father's dream to have "J.M. Bridges and Son," with me being the particular son, but both of them were entirely in accord with my decision, and that was it. I never looked back.

#### Decision to Practice Business Law

LaBerge: Did you know what kind of law you wanted to practice?

Bridges: Yes, I knew what I didn't want to practice--that was criminal law. Nor did I want to get mixed up with marriage and divorce for two reasons: seldom did those particular branches of law come up with knotty legal problems--they depended so much on the facts--that it seemed to me to be more interesting in business



law. Also, I enjoyed negotiations, and I was interested in business. That was the reason why I went into those branches of the law, and I'm fortunate that I did, because I've been drawn into the other fields sometimes when clients got divorces, but I find that type of law distasteful, and from the brushes I've had with criminal law--I find it also distasteful.

As a matter of fact, Gordon's twin brother--Gordon Johnson, with whom I worked at the library, and with whom I worked at the firm--his brother, Gardiner, in the early years did quite a bit of criminal work because, unless you're working for a company, you had to do what you could get. We went to his cases as he tried them. We were with him when he talked to his clients and to his clients' friends. Well, they weren't my kind of people. [laughter] Nice enough--I mean to say, probably, perhaps good-hearted and whatnot--but not for me. Also, some of my classmates had gone into personal relations--marriage, divorce, and whatnot --and I found that, too often, it was very distressing to work with those people because, for the time being, they had great animosity--oftentimes great animosity--and it was the exception to find people who were good-natured towards each other in a divorce, and if they were, that the slightest little thing would throw them off into a controversy.

Working under Paul Marrin and working with the clients I did, as they grew, it was an adventure for them, and it was an adventure for me to help them make companies grow and to enlarge their business. As I think I mentioned to you, I told them that if their goals were not "malum in se," that I'd help them reach them. Oftentimes, the things the law said you couldn't do were not designed to prohibit the goals you had, so then you had to find a way around that was within the law, and recognized to be so, which would allow you to reach the goals and to accomplish those things that you wanted to do.

#### Non-convertible Currencies

Bridges: Particularly that was so during those years because in the thirties, forties, and fifties--and sixties and seventies, as a matter of fact--when I was working so much overseas, the big problem was working in non-convertible currencies. It was illegal in each of the countries to convert their currencies without approval, but in every case that I came upon, the country with the weak currency had some country with whom they had multiple dealings--a considerable part of its trade--but which had stronger currencies. When you're geographically close to a

strong currency, you find a lot of people that don't care. On the border in Washington, they don't particularly care whether you have to pay them in Canadian money or in U.S. money--even in the days when Canadian currency wasn't as convertible as it now is.

So, if you're doing work in riyals--that happens to be a strong currency, so it's a poor example, but in some of the nearby countries--let's take Zambia--if you're working in Zambia, you'd have to accept pay, so much in Zambian currency, and so much--. They would get loans from some country or another for all the things that you had to buy for their account, but obviously, the estimate of currency needs would depend a lot on the conditions at the site. If it required more excavation--which is unskilled--there you would use more of the local currency.

On the other hand, if it had to do with the acquisition of new pieces of machinery or of timber or things like that which fluctuated in price--. It was seldom that anyone could be far-seeing enough to start with, on a large project which would involve millions of dollars. If at the end of it, you found that you had a number of currencies which were not transferrable, then you had two alternatives. One was to get additional work in the country where you had the currency; the other was to get work in a country which had a stronger currency, but because of its trade, would accept the other currency.

An example of this, in those days, was Kuwait, where the Kuwait oil company was the biggest--the production of oil was the biggest industry, of course, and it was paid for in dollars. Internationally, it was paid for in dollars so that they had dollars coming out their ears. On the other hand, they had to buy food. They had to buy a host of other things from the Sudan, for example, or from Pakistan--and also they had a lot of Pakistani people who came to work for them. The Pakistanis would accept rupees or whatever.

So if at Point A you had a problem, you could solve it at Point B, even though it was in a different country and different currency. The problem, then, was to find what you could buy in that country which would help you to do a contract in country C. To do that, obviously you had to have a pretty good seat-of-the-pants knowledge of what the currencies were, how they stood at a particular time, and the contractual limitations that would be imposed on you because you didn't want to violate those anymore than violating the law. I almost said, "even less," but that's not true.

It was very interesting. As a matter of fact, at that time, about fifty years ago, in East Africa, Maria Theresa dollars were still currency--a primary currency. Well, heavens, I had never seen them. I can recall, I was in Damascus, and Alice [Bridges] and I went through the souks and went down one whole line where there were money changers. Well, they all had a variety of money, but each one of them had Maria Theresa dollars. It was really helpful, because [laughs] if you saw that there were places where a currency that hadn't been minted for a hundred or two hundred years was still acceptable--it was just a question of ingenuity and figuring in your mind how and when you could accept so much of this currency and get rid of it over here without prohibitive risks.

Obviously, at times, things didn't come out right, and you would still wind up in the hole for several years, but if it was such a marginal amount--. My goodness, you had to take risks on every contract, and that's just an additional risk that you kept within bearable limits. Actually, you were helped by the officials in charge of the weaker business and weaker currency, because it was helpful to them. Oftentimes, you could have lunch with them and talk about the mix of currencies and whatnot and find out how you could help them and help yourself. Obviously, when you can help them and help yourself, you're a welcome visitor any time you go there, and any time that you are negotiating with them. No part of this was breaking the law, it was just going into a different jurisdiction where it was permissible to exchange. For example, the Indian rupee used to be hard to get rid of--at this time, at least.

LaBerge: Are we talking, maybe, the fifties?

Bridges: Oh, no, this is really in the seventies, but the Indian rupee never had been--. It's been too plentiful too often. [laughter] However, we had been negotiating--I mean, Alice had been with me --and we were negotiating in India over a period of time, so we as individuals ended up with quite a few rupee notes. Then we--with some people in the firm and Bechtel--we went to Nepal for a couple of trips and were very gratified to find there that the sherpas--well, all of the traders in Nepal--liked the Indian rupees better than the Nepalese rupee. Luckily, I had brought along a reasonable amount of them because I thought we would go back through India, and how I'd use them all I didn't know. [laughter] Well, it is just an example I'm discussing.

LaBerge: You can find a market for them somewhere?

Bridges: Right.

LaBerge: Well, in doing all of this, you needed to learn the law of those countries, too, is that correct?

Bridges: Yes, well, as far as it involved currency: yes, obviously. You had to know quite a bit about the laws of the country, but in most countries we had--our firm had, and I did most of it--found a counsel in the country who were reputable, who were excellent people, and who were well thought of and knew the law in the country. We used them, and it was very good, because when their clients had problems in the United States, they would use our firm. It was commonplace.

As I mentioned to you earlier, we had a very good firm I was very fond of, in Paris, in France. And with them representing us, and the French counsel representing the oil company, we had entered into a contract which seemed all right, but after we'd operated under a year, we without our French counsel, and the oil company without its counsel, renegotiated the contract at the end of the year, and from there on, it went fine. So we seldom used them for negotiation purposes--for the legal end, yes. After you've spent two or three years visiting and working in a country, you get a pretty good working knowledge of the law and what the amounts--what the withholding taxes--and all that sort of thing.

#### Professors of Law

LaBerge: Let's go back to law school. What were some of your favorite classes, before we get to Roger Traynor's?

Bridges: Well, when we went the first semester, we took contracts from a chap named [George P.] Costigan, who told us at the start of the year that there were, if not too many lawyers, there was a hell of a lot of them, and he was there to be damned sure that none of us got through that weren't good enough to be lawyers. Having one semester for a year course, we took six units of it, which is a heck of a lot of contracts. I was very fond of him because he would rattle along and then pounce on some one particular student and say, "How about So-and-so and So-and-so?" If you could answer him back, he'd keep pouncing until you got to where you couldn't answer back. [laughter] And I was one that he pounced on. We had a good relationship, but his endeavor was to show you that you weren't really as smart as you thought you were, and he did a good job of it. [laughter]

LaBerge: Have you ever seen that movie, The Paper Chase?

Bridges: No, I haven't.

LaBerge: If you have not, I think you can rent it. It's about Harvard Law School, and the professor who does just that.

Bridges: Well, at the end of the semester, he gave no A's. As a matter of fact, as I told you, during law school, I worked at the Doe Library until ten o'clock, and I worked at the Boalt Library from ten 'til eleven. Obviously, I'd put away the books--you went by all the professors' offices, so just coincidentally, I usually saw the blue books after they were graded. Well, another chap that I was very fond of was a fellow named [James P.] McBain, who taught evidence, but then was teaching common law pleading. He would have the blue books listed, with the top A there and the lowest grade at the bottom. While I was very fond of him and worked hard for him, every course I took from him, my blue book was the highest B. [laughter] I never got an A from him. We were fortunate because it was a much smaller school, but we had very good law professors--Captain Kidd--

LaBerge: Oh yes, I've heard.

Bridges: --gave us criminal law, and once in a while he would get provoked with us and slam out of class, but he was really a pretty nice guy, and we all knew that--I don't know if it was our class or the one ahead of us--some fellow found himself in the slammer or the jail, the Captain had come down and gotten him out. So we all liked him, even though he would get pretty mad at us. If he wanted something he would say, "Ah ah ah," and you were supposed to read his mind, you see. [laughter] Then, when you wouldn't answer, why, he would get--. He was very irascible, but lovable, and a pretty darn good teacher.

The dean was Orrin McMurray. He taught constitutional law, and we didn't have him until second or third year. Barbara Armstrong was the only woman teacher, but she taught--. I didn't take the courses that she taught because it dealt with fields of law I didn't like.

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LaBerge: And Bernie [Bernard] Witkin? Was he teaching then or not?

Bridges: No, Bernie wasn't teaching then. He hadn't been out of law school too long. I knew him from my brother. He had known my brother very well. He and I had a good relationship. He was a member of the Berkeley Fellows, and I became a member. So we would--. One of the pleasures of the annual dinner was for both of us to get caught up-to-date with each other, and whatnot. I

missed him like everything this last year and the preceding year. I think he lived to ninety-one, but he was a good man. He married late but well, happily.

Secretary Rose Parma: Scholarships and Recommendations

Bridges: Well, getting back to law school, Rose Parma was the secretary, and I think she--I don't know whether she gave a course or not.

LaBerge: Was she a lawyer?

Bridges: I don't know that she was a lawyer, but she sure ran things. [laughter] And, as I think I mentioned to you earlier, she had almost complete say on the award of scholarships.

LaBerge: Well, you told me this earlier, but not on tape. I want to hear the first story.

Bridges: She was averse to law students marrying, and she said that those who had provided the money for scholarships weren't trying to support "some woman."

In law school, you pretty well know who you are. You might be a first or might be thirty-second or so on. So, after the whole, say, by the second year, you knew pretty well. It was customary, then, for three or four students to go together, and one would take the responsibility of briefing the cases that would come up at the next session of the class, and make two copies or three copies--depending on how many in the group--for the others. So, each took their turn. When it was my turn, I got the use of one of the typewriters at the library, and typed it so that I had carbons for--there were three of us in my case--Charlie Harding and Bert Hugill. They were very good men, and at the end of the--. Well, we were in the top ten each time, but by the--.

LaBerge: All three of you were in the top ten?

Bridges: Yes, by the middle of the second year, I was third, and Charlie was either fourth or fifth, and Bert was sixth or seventh. Charlie and I were the only two, at the start, that were married. I was third, and when he graduated, he was fourth and neither of us ever got a scholarship.

LaBerge: Were there any women in your class?

Bridges: Yes, there were three: three swell gals. As a matter of fact, they had come to the fiftieth reunion, back in 1983. They were all three there. I don't think any of them were married in law school. They were good gals, and we all liked them, and they liked most all the men. So we couldn't have asked for three better.

LaBerge: I wondered how Rose felt about them. [laughs]

Bridges: Well, Catherine Gehrels had (G-E-H-R-E-L-S, I guess) had quite a good career, and she might have been in their first fifteen; I don't think so. Virginia Augustus married just a year or two out of law school. She was the cutest of the bunch. She remained a good friend. She lived, some of the time, in Rossmoor with her husband. I knew her well, and Marjorie Handy married a swell guy, and they lived in Happy Valley, where we lived, after 1947, so that we saw them often. By this time, Marjorie was a housewife only, and not in the law. I was fond of all three of them, and I think all the men were.

In the third year, each one had a desk in the attic at Boalt Hall. You could hear people six or seven cubicles away, and they might enter into your conversation. You kept yelling over, you see. As a matter of fact, at that time, Alice and I had a little Chevrolet coupe that had something wrong with the bumper, and it jingled, so that getting close to eleven o'clock, they would hear the jingle, and they'd, "Here comes Ali." [laughter]. You could hear it up in the attic, which is well-- [laughter]

LaBerge: You were telling me about Rose Parma and the scholarships. So you ended up third.

Bridges: Well, neither Charlie or I ever got a scholarship, and people that were down as low as twenty got a scholarship. In the top group, Rowan Gaither--whose father was quite wealthy, who was number two--didn't need it. I imagine that Marion Plant, who was number one, got one. All the unmarried men on the first ten did get one. Well, it was probably a good thing for us because it all worked out.

As I told you, when we graduated, we--as everybody else did --we went up to Rose to get letters of introduction to lawyers; and as I also told you, Charlie and I had decided that we weren't going to compete with each other. So Rose gave me a letter to Paul Marrin, and then later gave Charlie a letter to Max Thelen. Neither of us realized that it was the same firm.

I was lucky enough to be chosen, which was partly because Paul Marrin was an extraordinary chap to work with and one

learned a great deal from him. Then, the top three--Plant, Gaither, and I--got jobs in May, when we got out of law school. No one else got a paying job until September. Charlie Harding and Bert Hugill were hired by the legal department of Shell Oil Company. My god, I think they got--it was tremendous. I think they got \$175 a month or something like that. Oh, it couldn't have been that high. Anyhow, it was twice what I was getting at --. Well, I got fifty dollars a month until I took the bar ex [California Bar Exam].

### California Bar Exam

Bridges: At the bar ex--that was no problem--but the third day I had gone in, and evidently, I hadn't realized the pressure we were under. But I started writing in my blue book, and then I got these terrible pains in my--just pains in the front somewhere. I told myself, "Just dismiss that from your mind." Then pretty soon, something started gurgling. I thought, "My god--better to be a live layman than a dead lawyer." [laughter]

So, I went up and asked whoever was monitoring the examination, "If I get 100 percent for the first two days and this morning, could I pass?"

He said, "No, there's too much left here."

So I went back and sat down, but then after a while it became more apparent that--at least it seemed to be so--that I wasn't going to last through. So I went out and handed in my paper. Then I went up to find out where the nearest doctor was, and it wasn't too far away, and I went there.

LaBerge: You just walked down?

Bridges: Yes. I went down holding my side. If it had ruptured, I didn't want to have it go all over, you see. So I got there, and this chap was sitting in the office, and just next to it was a gurney. He let me sit there for a while, and I told him what the problem was, and he said, "Well, you'd better go up and get on that gurney."

So I went over and got on the gurney and laid down, and about four or five minutes later, he came in and started pressing my stomach, "Does that hurt? Does that hurt?"



I said, "No, it doesn't hurt other than your pressing down." Anyhow, after ten or fifteen minutes, he said, "Well, there's not a damn thing wrong with you, Son. You'd better go back to that examination. You're in perfect health." [laughter]

Well, I ran all the way back, just as fast as I could run, you see. I got there, I went up to the chap, and said, "Let me have my blue book." He said, "I can't give you back your blue book. I don't know where you've been. You might have been up at the law library for all I know."

I said, "Well, what do I have to do to get my book back?" He said, "Well, you have to get an affidavit from the doctor that you've been there to see him."

So I rushed out, and when I got to the doctor, he said, "Well, you have to get a notary." So I had to find a notary, and I rushed around and finally got a notary that would come with me, and went over to the doctor and wrote up this thing--or he wrote it out. I wanted to have it in his handwriting. Then he signed it before the notary, and of course, the time was ticking by.

Then, again, I ran all the way back--I was breathless by the time I got there--and gave him the affidavit, and got the book back. It had been well over an hour for all this to take place. So, I sat down, and on all the problems--I knew I couldn't write about them--so I put down what the legal problems were, and that this would be controlled by this case, this would be controlled by this case or this case, and this one--just outlining, you see.

LaBerge: Not a real essay?

Bridges: Oh, hell no. Even then, they picked up the--. They were supposed to pick them up at one o'clock, and, well, whatever the time was--the time they started around--I kept doing my writing, and it was about fifteen minutes before they took it away from me.

Well, I went back to the office the next day--to work--and it happened to be pay day, and, instead of getting fifty dollars, I got a hundred dollars. I raised my eyes up, and he said, "I know you're going to pass the bar ex." I thought, "Oh my god. [laughter] Damned fool that I was, I'm probably not going to pass the bar ex." Well, it took sixty days until I knew that I had passed.

LaBerge: You did pass?

Bridges: Oh, yes.

LaBerge: That's fantastic!

Bridges: I passed [laughs] but, oh dear.

LaBerge: And you never found out what was wrong? You think it was stress?

Bridges: It was gas pains, and it was stress.

LaBerge: I thought you were going to tell me you had a ruptured appendix.

Bridges: Oh, I was sure of it. You could just hear it. I realized later what I was doing, but after all, as I said, it's better to be--. So you can see why, when I got a 100 percent raise, why I was shocked.

### Law School Classmates

Bridges: Well, shortly--that was in August--in September, Charlie and Bert got their jobs, and I think they got \$250 a month for Shell. Well, hell's fire, that was 250 percent--five times what I got to start. [laughter] Oh, I realize that sometimes it's better to work for them. On the other hand, Charlie told me, "Bob, I'll change with you." [laughter] We, of course, were both laughing.

It was a wonderful relationship with them and I kept it up--well, Bert and I still correspond. With Charlie, he became both a businessman and a lawyer and he went with what was then Socony Vacuum; it's now Mobil. He was in charge--I'm talking now about the forties--of their work in Saudi Arabia. They were one of the five companies there.

He was on the board of directors. When I'd go to New York, I would go in and see Charlie, and then he'd take me down to lunch. The board met at a big, round table in a room about this size--a big, round table--so I got to know them all on a first name basis, you see, the directors of Socony Vacuum, which was good because Bechtel was doing quite a bit of work for them. So it was nice to be able to go in to talk to any of them and say, "Now John, this is what the problem is here," and so on.

Well, we would discuss our investments. Gordon Johnson and I had started about 1950, and we'd buy ten shares of this at eighteen dollars a share, and five shares of that--generally, little insurance companies. Charlie told me about that. He said, "Now, Bob, I can't tell you about my company, but I know about the joint ventures we've got, and here's--. I think this

company here," and so on and so on and so on. One of them was a company--Belridge Oil Company. So I went back and talked to Gordon. I said, "Look, Charlie told me that Belridge Oil is pretty good. So I'm going to buy some stock in it." So I bought 200 shares at eighteen dollars a share. That was kind of--\$3,600 was quite a lot of money to pay out. Gordon bought 100 shares. Well, that would be about 1951, or somewhere around there, '52. By 1960, that stock had gone up to \$100 a share. So I gave it to my foundation, because I could take a deduction of \$100 a share, and the taxes were in the 77 percent bracket. So it was better to give it away than to sell it, because if you sold it, you have to pay 25 percent in tax.

LaBerge: Because of capital gains?

Bridges: Yes. You would really have more money left if you gave it away because you would save seventy-seven cents. My foundation got about three-quarters of a million dollars on the stock that cost me \$3,600, you see. Well, that was Charlie Harding. Luckily, the things I recommended to him came out profitably. Unfortunately, at about age forty-six, he got cancer and died. He would have been the next president of his company at that time. He was always wanting to know about the firm because he thought a lot of it even though he hadn't gotten the job.

### Meeting Alice

LaBerge: Let's go back, because we just keep hitting on the fact that you were one of the only ones married in law school. Tell me how you met your wife?

Bridges: Well, I had a roommate who was two classes ahead of me, and he had gone to Knox in Illinois--quite a fellow, chap--Joe Coss was his name. Well, he was going with a gal named Irma David, and she had a sister who was about three or four years younger than her. So he said, "Why don't you go along with me, and you can talk to the sister and get her out of my way while I talk with Irma." I said, "Fine." So I went out, and her sister--the younger one--was Marion David. So we were getting along reasonably good, then about nine-thirty or ten, which was pretty late, this gal looked around the corner, and it was Ali, and she had been teaching ballet. She was a dancer. She had just been teaching a class.

LaBerge: So where were you?

Bridges: We were at the Davids' home. They lived about a block and a half from Alice, and she was on her way home from a studio where she had been either teaching a class or rehearsing them for a dance or whatever. So she came in, and she was pretty wonderful. By the end of the evening, we were both sitting in one chair. She has told me since, that when she saw me she hadn't thought about marriage at all until then, but that she decided--Well, in any event, I didn't see her, I didn't have many nights I could go out. I didn't see her, but with Joe and Irma we did start going out. My wife was always, in addition to being a ballet dancer, was an excellent ballroom dancer.

LaBerge: So she did that full time?

Bridges: Well, she had gone to Cal, but had gotten ear trouble--couldn't hear--so she had dropped out. So she was dancing and teaching dance--ballet. Even though--. I invited her, of course, to the house dance--the fraternity dance--and she put up with my inability to go out as often as I would have liked to.

She had, at that time--I knew from Joe and others--three boyfriends, shall we say, all of whom were extraordinary dancers. Well, I didn't know how. I just mowed around. I just really didn't know how to dance. So I thought, "The hell with this dancing. I'm not going to be compared with people like that." So I steered away from dancing whenever I could just for that reason.

In any event, we were engaged about the middle of my senior year, and then I graduated in May, and we were married on June 10 of that year. We had a little garden cottage at, I think, 3905 Dwight Way. Well, it was a garden cottage. I still remember the rent: \$41.50. Well, \$41.50 in rent--that was--. You could get an apartment with that--a two-bedroom apartment for thirty dollars a month, but that little garden cottage was wonderful.

All during law school--well, until the end of the first semester in our third year of law school--we lived there, and when we were studying for finals, the three of us--Hugill and Harding and I--would be working there. I remember we were studying for common law pleading, and we had to get all the cases. So we got to where we couldn't think of one, and Alice spoke up here. She said, "Well, wasn't that one Quare Clausem Fregit?" And it was Quare Clausem Fregit. [laughter] She had listened. Well, it was wonderful. She was a pretty good lawyer herself, because of putting up with the three of us for three years of--.

Alice's Dancing Career and Study in France

Bridges: Well, in my second year of law school, she was teaching at the studio most of the time--well, when she wasn't dancing herself. When the Ballet Moderne, I think it was, when it would perform, she was the prima ballerina. So I would go--this is after we were married--I would go with them, and she danced. Also, she danced adagio.

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Bridges: [They were dancing "Afternoon of the Faun."]

Well, the faun was damn loving, you could see, and they were intertwined and whatnot. The first time, I thought I was just as jealous as I could be. Well, the next place we went to, there was no place for me to sit. So I'm in the dressing room with the male dancers. Well, after that I wasn't jealous anymore. [laughter] I could enjoy adagio very well. I told my wife, "It's a shame that boy is not out for track, because he'd probably break the world's high jump record," he was so good. [laughter] But anyway, it was much better.

But what I was going to say was that while I was in law school, my younger sister--my second year--came up to Cal.

LaBerge: Is this Gwendolyn?

Bridges: No, my sister Evelyn. I had gotten her a job as librarian, and she came up with me to our cottage each day, and Alice had cooked lunch for us, you see. She had bought bottles of milk--big, heavy bottles--and that's a high hill going up to 2905 Dwight Way, just higher than the stadium at UC. Well, she carried that stuff up there, and then she'd go back and teach dancing in the afternoon.

Well, during the second year, about half the time or more, she wouldn't get paid. The owner of the school was having trouble. Well, in the middle of our third year, the one died--was killed--and her insurance allowed her estate to pay all this back pay--all that she owed to Alice--so that she got, oh, I don't know, \$1,500, something like that, which in 1933 was all this and heaven too.

LaBerge: Yes.

Bridges: So we discussed it, and she decided to go to France to study ballet. We worked it out. She went on a freighter that left San

Francisco, went down and picked up bananas in South America, went through the canal, and on to Le Havre.

When she got to Le Havre, the captain and the chief engineer both went off the ship with her and took her to the railroad station and carried her bags and put her on the train to Paris to be sure of it. Well, she had a compartment, and those you have for about six people--three on each side. Well, this chap had gotten on, and he was speaking to her in French--smattering of English--but, "like a thief, he was going to steal her away." [laughter] Nevertheless, I think the point was that--.

LaBerge: You know this because she told you?

Bridges: The captain and the chief engineer would have died if they had known it. Anyhow, she got to Paris, and got a taxi to her pension, which she had arranged by mail. Then she took as many as three lessons a day from different teachers for different kinds of ballet. It came March, and the banks closed, if you recall.

LaBerge: Yes.

Bridges: I went, "Oh my god. What will she do? If the banks are closed, American traveler's cheques or drafts won't be worth a darn." So I went to all my friends and acquaintances and borrowed every cent I could. I finally borrowed a total of seventy dollars, and I wired this to her in Paris. Well, when she gets home, I find out that Chase took care of her the whole time. She never was in want. [laughter] She kept the seventy dollars, thinking that I wanted her to have it.

I had graduated in May. I'd gone to the bar ex, and she got home in October on, not the same boat, but a similar boat. So I met her out here, and again, the captain and the first mate were taking very good care of her, and so on.

LaBerge: It was probably a good time for her to be gone, when you were studying for the bar and everything, anyway.

Bridges: Yes, true. In the last part of it, Mary Wigman was teaching at her school of modern dance in Dresden--just the modern dance, which was--the arms and so on were the same as ballet, but not stylized as ballet. She thought she should study under her. So she went to Dresden and spent a couple of months--or a month and a half--with Mary Wigman's school, and one other girl, with whom she had been taking ballet lessons, went with her. This other girl was Jewish--a very lovely girl, I mean pretty, but Jewish. Now, bear in mind this is 1933. Well, in Dresden, this poor girl

was treated terribly. They would go to a movie and people sitting next to her would move away from a Jew, and whatnot. It was the time when the Nazis were coming in, and they were leading up to the pogrom. It was a rough experience, but it helped her to--actually--.

She did dance until our son came in 1936, and having both the modern dance and ballet--and particularly with [Michel] Fokine and some of the big names in ballet--if she hadn't become a mother, she would have had a wonderful career.

LaBerge: Did she continue to teach after?

Bridges: No. She taught and danced until David was--until she was pretty well pregnant. After that, she didn't teach.

Our daughter was born in '44. In '50, she wanted our daughter to take ballet. By this time, we were in Happy Valley, and she had started a class of five or six girls, of which our daughter was one. She taught them all ballet, and they are now married with children and whatnot, but they all love my wife because it made them so much more graceful. She has never taught again after that. With three youngsters, it was too much, and the fact was that, starting in '40--well, even in the late thirties, '38 and '39--one of my personal clients had carried on a construction business in the canal zone, and he got so he depended on me, so I had to go down to the canal zone quite often.

#### Working in the Canal Zone during World War II

Bridges: In those days, you flew to Mexico City, and then there was the Rainbow Flight that went from there to San Salvador or Guatemala City and to Tegucigalpa and Managua down to San Jose, Costa Rica. None of them had the gear for night landings or takeoffs. So, wherever you were about 5:00 p.m., you stayed. You couldn't know if you would be in Mexico City or Guatemala City or San Jose or where. I got to know them all pretty well.

Then, during the war period, not only did that particular client have a lot of defense work, but others--. Our country was joining in financing the building of the Pan American Highway from here to the canal for the "battle of the defense of the canal." McClure, my client, was a member of a joint venture. The War Department, or the army, or the navy would select three companies and tell them, "Now you're partners." You might not

even know the other company, so they had a portion of the Pan American Highway from Condega in Honduras to Managua in Nicaragua.

It was hard to get around, so they had a Piper Cub two-party plane--and in that construction camp, everybody flew that plane. Even all the secretaries knew how to fly the plane; they would fly it. [laughter] I can still remember, I happened to be out at the camp when a volcano erupted, and here was this line of black smoke, seventy miles long. We had had to go over to Honduras for something or other, and on the way back, he said, "Would you like to see an erupting volcano?"

I said, "Sure."

So we went over, and he flew us around this volcano; here was all this stuff coming out of it. It was mostly smoke; there was no lava coming down the sides, but it was impressive. Well, he'd made a misjudgment, because there are unusual drafts, and it flipped this plane over. I felt as though if I could reach out, I could get a piece of volcano. Well, he was frightened to death, and of course I was speechless, but he righted the plane, and we went off. I've never been closer to a volcano in my life; I never want to be.

That chap had taught everybody down there--.

LaBerge: How to fly?

Bridges: If I'd have stayed there long, he would have taught me how to fly the damn thing. [laughter]

### The Bridges' Children: David, James, and Linda

[Interview 4: April 9, 1997] ##

Bridges: So far as my children are concerned, my eldest son, David, was born May 22, 1936. For several weeks before his birth, the Oakland Tribune had been publicizing some gift it was going to make to the first child born in the county on May 22. Well, David could have been born at about 11:59 on the twenty-first, but the doctor--a very nice fellow--was saying, "No!" Actually, I think it was three or four minutes that he waited, to be sure that David was born at 12:01 on the twenty-second and received a silver cup and spoon and, I forget, some other odds and ends. [laughter] I told him he entered life luckily.



LaBerge: Was there a reason for the May 22 date?

Bridges: No.

LaBerge: It's not like January first?

Bridges: No, it just happened to be the one that was chosen. There might have been something. I don't recall anything.

Our second child was born on November 16, 1938.

LaBerge: And his name?

Bridges: James R. Bridges. His birth was very memorable because we were at Alta Bates Hospital, and no sooner had we gotten there than some gal having her first baby was in, and she was shrieking and shouting and going on. You would think it was the only baby ever born, and that she was in dire--I don't doubt--I know it is painful, but she was causing such a commotion that the doctors and nurses were all scurrying around, and here's my little wife in labor and just grunting as the pains came. Finally, I went and told the doctor, "Come back here." They hardly got her onto the gurney in the operating room before James was born. I still --I never knew the name of that shrieker, but if I'd known it, I'd have not liked her all my life. [laughter]

My daughter, Linda, was born on August 15, 1944. All of them went to-- Well, David and Jay had started grammar school in Oakland and transferred to the grammar school in Lafayette, although Lafayette wasn't a city then. It wasn't incorporated until some years later. My daughter went through grammar school there, and all of them went to Acalanes High School, which at that time, had a very high rating with the University of California. All of them did well in grammar school and in high school. I can recall going to Parent Teacher Association meetings at night, and asking a teacher about Jay. He said, "Oh, old Jay. Jay just can't stop talking." [laughter] But he got A's for all that, which was all right.

Both of the boys went to the University of California and ended up in the military. David, in the navy, was on a destroyer escort in the western Pacific; and being the youngest officer, he led the Wet Pants Brigade. One of their main chores--this would be about 1959 or '60--was to go to the various Pacific islands to see if any Japanese were there, and to see how the natives were getting along. They would pull a rubber boat that would go in. The rubber boat would slosh around. He was the junior officer that would go in to meet with the head men of the natives--and he

said, usually, by the time he got there he had a wet bottom. He went to law school as soon as he got out.

My younger son was in law school two or three years later and was caught up in the air force reserve and had to spend one or more nights a week--maybe it was weekends--at the camp over in Marin County, which no longer exists as a camp, and do practically nothing except he couldn't study. I made the great mistake--. My friend and client, John McCone, was an assistant secretary of the navy, and I said to him, "For god's sakes, get him out of that. It's stupid not to be able to study and to get back to law school the next Monday." Well, [laughs] he did do something. It couldn't have been worse, because the officers over there made damn sure that my son, when he was on duty, always had something to do, shifting paper there. I learned never, never, never to try to interfere with the bureaucracy. It just doesn't work out. [laughter]

My daughter went to Stanford, and in her junior year, went to Stanford in Tours in France. Well, it was nice for us because at that time we were--my wife and I--in Paris about every six weeks, so we were able to see our daughter over there more than we otherwise would have been able to. Also, if you have to be in France, you might as well be at Tours, because that is the center of correct pronunciation of the French language, so far as the French are concerned. Anyhow, she enjoyed it.

Well, my elder son graduated number one in his class at Boalt Hall, and my partners in the firm said, "We would like to have him." I said, "Well, if you want him, you have to go after him. I'm not going to recommend you to him." So anyhow, they did, and he came.

Then, we were celebrating my first son's graduating number one--both my sons followed my example and married before they started law school--and my younger son's wife said, "Don't you worry, honey. You'll be number one." [laughter] Well, he did graduate number one. So the firm went after him, and he did join. They have both done very well.

LaBerge: It's nice for you, too, that they are around.

Bridges: Yes, and we now have seven grandchildren and two great-grandchildren, and we've just had a dinner party for my wife's birthday, and all of them were there excepting one granddaughter, who is in Florida, and she had an appointment she couldn't escape there--but it was lovely to see all of them. We had one table for seven, which were our three children, their spouses, and my wife and I; then one for eleven, which had the grandchildren and

the great-grandchildren. It has always been a great joy. We have done that many times. That table--the chatter going back and forth--the cousins don't see each other all that much, although many of them live in Lafayette, but they enjoy each other, and it's always a great pleasure. So we were blessed in that regard.

Class on the Revenue Act of 1932

LaBerge: Well, now back to your law school. We talked mostly about it, except one of the main things was the class you took from Roger Traynor on the Revenue Act of 1932. You've told me that before, but not on tape. How did you happen to take that class?

Bridges: Well, it was given in the last semester of my law school career. You'll recall, in that last year, in 1933 my wife was in Paris. So I had time, and I was interested in taxation. Fortunately for me, Roger had been one of the consultants on the Revenue Act of 1932. It had departed from previous revenue acts in that it had a steeply graduated tax as income went up. It was the culmination, really, of the New Deal, in that they were still trying to take from the rich and give to the poor, but they wanted to take from everybody. And Roger would tell us on different sections as we went along that there was this alternative and that alternative considered and we decided to do this, and here's the reason why we decided to do it, and so on, which helped us to understand the act better. Now, before that, the corporate rate had been something like 4 percent, and over 90 percent of all of the tax work was done by CPAs, so that very few lawyers had any knowledge about it. It wasn't a great revenue consideration, at that small percentage. Well, in the Revenue Act of '32, this had gone up to the shocking rate of 10 or 12 percent.

LaBerge: For the corporate rate?

Bridges: Yes, that's right.



### III EARLY YEARS AT THELEN, MARRIN FIRM, 1933-1946

#### Representing the Six Companies on Tax Issues

Bridges: I can recall Felix Kahn, who was treasurer of Six Companies, Inc., saying, [pounding fist] "It's confiscation!" [laughs] It was much larger. Then, for the remainder of the thirties, the rate, if anything, went up--not to the degree it went up--. It got to, around 1940--. Certainly, through 1938 we were still in the Depression. Prices were low and jobs were scarce and salaries were extremely low, etcetera. By 1940, we were busy arming, particularly England, and also France. It was the defense--arming for defense period--a great deal of government money was spent, and so on. And as a corollary of that, the income tax rate went very high, as I recall. The highest rate was 91 percent during the war.

I'll go back in time. Throughout the thirties, the taxes were relatively high compared to what they had been theretofore, particularly in view of the lesser amounts of money that were being made. Fortunately, for Six Companies, they had made ninety-odd percent of the earnings to be made on the Boulder Dam before the end of 1932. The 1932 Revenue Act took effect January in '33, but there was still some income coming in from the dam after that.

So far as our clients were concerned, there was a succession of big dams: Bonneville Dam, and the high dam at Grand Coulee, Parker Dam, and a number of other contracts which they performed, and all were successful and made a reasonable amount of money.

The Caldecott Tunnel

Bridges: One that was not successful was what is now the Caldecott Tunnel in the East Bay. That was let to the Six Companies, in the corporate form is "Six Companies of California," and I think the bid was something around \$4,600,000, or something like that--and it lost \$4,600,000. The loss came about chiefly because, in that particular three-quarters of a mile of the hills, in some time millions of years ago, something had turned it so that what should have been about thirty feet down was on top and the strata was just reversed. Before they had let this contract, the highway district had made test holes. Well, the holes showed good, self-supporting ground. There were some tests which didn't, but they were few of the total of them, and were disregarded.

Well, the fact was that in this particular location there was no ground that was self-supporting. However, the specifications issued by the district required the contractor to build a hard-rock tunnel in some detail. So they started building a hard-rock tunnel, and with that, you blast and take out the rock and then you build the tunnel as you go along--the lining of the tunnel. What they ultimately had to do was to build the lining of the tunnel and then take the center out--otherwise it wouldn't hold up.

Well, the tragic thing was that they had to have all of this support, trying to build the tunnel that was originally bid. They had twelve-by-twelves in this support, and the shifting of the earth caused one to flip one like a toothpick, and it just took a workman's head off. Well, several people died in construction, but that brought home the problem.

Well, our firm told the company that these were changed conditions and if the district wouldn't issue a change order, they ought to stop work. Mr. [Henry] Kaiser, as a matter of fact, went to Washington and talked to--maybe it was [Harold] Ickes, still--yes, it was Ickes--and, had the district changed, it was likely that the federal government would have made up part of the difference.

LaBerge: This was a federal government contract? Not a California--?

Bridges: It was a California contract, but the federal government was advancing money to states and counties and whatnot to build highways and particularly, to build tunnels, but as it was, it wasn't contributing anything to this. Well, the district's attorneys and its management were afraid to change because they

weren't sure they would get the federal money. So as I say, this firm told the board, "These are changed conditions--stop the job, otherwise you are going to waive your rights."

Well, the Six Companies would not stop the job. They kept working, and finally it got to the point after they had holed through that they did stop--walked off the job. Then there was a great deal of litigation, and the district court--federal district court here--found as a fact that all these conditions were changed conditions, but they had waived their rights by not stopping work. So they went to the U.S. Supreme Court, and while we won on the law, we were stuck with the waiver, so got very little out of it.

One of the problems, obviously, was to take that loss at the time and do the best for each of the Six Companies. Well, as individual companies, they had different fiscal years. Most had the calendar year, some had a November 30 calendar year, others had a July 31 year. So, as their stock in Six Companies of California became worthless, and as they were liable on their bonds to put up more money, they had to do it in a way which would permit each company to get the maximum savings from this catastrophe.

LaBerge: And your firm represented the Six Companies of California?

Bridges: Yes, and at that time we represented all of them. We hadn't to start with. When Boulder Dam started, we only represented two or three.

LaBerge: And you worked on it with Mr. Marrin?

Bridges: He was general counsel, and I was his number one boy. We arranged things so that the right things were done to ease--to achieve it.

Now, getting back to the Revenue Act of '32--that took effect in '33; the '33 returns were filed in early '34; weren't audited until, probably, '36; and then would take five or six months to get up to the technical staff when you didn't agree with what they were doing.

At this same time, particularly in 1932 or '33, several of the Six Companies that had been--or were at that time--partnerships, incorporated and had intended to incorporate for some time, but a dividend from Six Companies was imminent, and the corporate tax was a darned sight less than the individual tax. As we incorporated the Kaiser--Henry J. Kaiser Company by that time, and J.F. Shea Company, Inc., and then those returns

were filed in '34, and by '36-'37 had been audited. This loss on Six Companies of California--with the different fiscal years of the participants--made it necessary to do what was best so that every one of them got the maximum advantage--and some didn't.

LaBerge: What year did the loss occur?

Bridges: Well, it occurred in '35, '36, '37--or '34, '35, '36, and '37--in that period.

I worked with the management of each of the companies--knew when they were making money and when they were losing and whatnot, and arranged for them to do the right things at the right time to get the maximum advantage of the loss. I was able to do it because I knew more about the act. The other attorneys involved had never taken tax law, and this was something new to them, you see.

Then these incorporations came up, and the Internal Revenue Service took the position that the corporations were formed for the purpose of avoiding the surtax on individuals, and therefore, there was a penalty tax--a very savage penalty tax. I worked on those cases. They were small as contrasted with tax cases ten or twenty years later. It was really a lot more fun because, in dealing with the technical staff, these were among the first cases under the new act that came up to them. So it was new to them, you see. So we were able to talk rationally about what the act should mean. In other words, looking at the future and looking at what the wording was, it was easier to reach agreement.

#### California Sales Tax, 1933, and Income Tax, 1935

LaBerge: There weren't any precedents?

Bridges: Yes, and you'll recall that--well, you wouldn't recall--but the fact is that the California sales tax came in, in 1933, and Roger Traynor had written that. We had worked with him on that, also. The California income tax came about 1935, and he likewise had had a hand in that. Also, he staffed it with recent graduates that he knew were good, and they were all--luckily for me--friends of mine that I'd known in law school, either the year before me, or the year after me, or my year.

There were a lot of unanswered problems in the sales tax, and the Associated General Contractors had discussed this, and



committees had been formed and whatnot. Well, of course, this firm always attended the meetings of the Associated General Contractors--or banquets--and we knew them and in effect, we represented them by giving them advice. I took the committee with me to Sacramento, and we sat down with the ones who were in charge of administering the tax. They called me Bob and I called them Jerry--or whatever their names were--and we talked about it. Again, the question was, what should certain provisions mean? We could explain to them how it would work in practice. In other words, these were the sequences that came along. Now where should the incidence of the sales tax be? Should it be at this point, this point, or this point? Well, again, we reached a very good answer, which is still good today.

We explained to the state's representatives just how the construction industry worked. The sales tax act did not apply to sales of real estate. So we were able to agree the practical answer was that the sales tax would apply to the sale of materials to the contractors and that normally the tax on sale would be incurred when title passed to the material sold and purchased. This was fair to both the state and the construction industry. We were advised that when the regulations were prepared they would so provide.

This didn't take very long though, and the contractors present understood what the rules were and would be. This impressed those of the contractors who were not old clients of our firm. Many of them came to us on any sales tax problems and after a few months of working together, transferred more of their legal business to our firm.

LaBerge: What was the outcome? What was the decision about the incorporation? Did the companies have to pay a penalty?

Bridges: Well, we settled them. We settled them for a very reasonable amount of what they claimed.

Partner: Thelen, Marrin, Johnson and Bridges, 1939 ##

Bridges: Well, it was very satisfying at the time. There are many factors involved and leading to incorporation, and we were able to convince them that the coming dividends were only one of many factors. As a result of what happened in the thirties, I was in a pretty good position by the end of that period; in 1939, I became a partner in the firm.

- LaBerge: How many associates or how many lawyers were there in the firm, all together?
- Bridges: Well, three with Thelen, Marrin, and Johnson--and I was the fourth. As a matter of fact, everybody here has a number, and this might be the 780th number becoming a member. Well, my number is four. So that was really the start, and in 1941, we changed the name to Thelen, Marrin, Johnson, and Bridges and it's remained so since 1941.
- LaBerge: But when you joined, it was just Thelen and Marrin?
- Bridges: Thelen and Marrin, yes.

Wartime Work: The Shipyards

- LaBerge: Are you the one who worked exclusively on the taxes? Did anyone else do that?
- Bridges: Oh, by the war, there were several others who worked with me--did for me what I'd done for Paul--and handled particularly sales tax and personal income tax--California income tax. I still handled most of the federal tax matters through the forties.

During the forties, the first shipyard, as you'll recall, started in 1940 for the British Purchasing Mission then. By the time we were in the war, after December '41, the Maritime Commission took over that shipyard, and there were originally about seven shipyards from Bath Ironworks in Maine around to Seattle/Tacoma in which our group had an interest. There were a lot of tax problems, as always, and we formed a tax committee--or shipyard companies formed a tax committee--of which I was a member and chairman. A chap from Portland, who was both an accountant and an attorney, was a member; one of the top members of Arthur Young and Company in New York, who were accountants for Todd Shipyards, was on the committee; and a chap named Walling, who was with Coopers and Lybrand in Los Angeles, was on the committee, and he came to work for Bechtel--for Cal Ship--shortly after that.

- LaBerge: Was Cal Ship one of the companies?
- Bridges: Yes, one of the shipbuilding companies. We handled the tax matters. Now during the war, they had a war excess profits tax, which was accompanied by a declared value tax. The excess profits tax was not on all your income, it was just on the amount

of your income that was more than 10 percent of your declared value. Your declared value--I forget exactly what it was, a dollar, a thousand, or what it was--you could declare any value you wanted. If you wanted to declare a ten million dollar value, you could, and you'd pay ten thousand dollars. Obviously, you didn't want to waste anything, so we had to figure out what they were likely to earn, and cover it with a declared value tax. If they didn't, they would get into the excess profits tax, which was much higher. So that was one of the chores which we handled. To do that, we had to have estimates of the net income to be earned by each of the shipyards.

Then in early 1942, when the first ships had been delivered, our corporate management just didn't jibe very well with Todd management. They had been a ship repair group, now were in ship building. Also, our group--the Six Companies group under Mr. Kaiser's sponsorship--had formed Permanente Cement Company, which later became Kaiser Cement Company. What happened there was that Shasta Dam was bid about 1935 or '36--somewhere in there--and the Six Companies group bid it. Frank Crowe, who had been the general manager at Boulder Dam--this was another big dam he--. Anyhow, Shea was the sponsor of this bid for the dam, and lost it by three-tenths of 1 percent, which was a great blow to all of them.

#### Cement and Magnesium Plants

Bridges: At the same time, the Bureau of Reclamation was letting out a contract for the cement on the Shasta Dam. So Mr. Kaiser got the group to agree to bid on that. We didn't have a cement plant, but we put in a bid. The cement, at that time, was really--. Two or three companies had it locked up, and they were charging hellish prices for cement. So the Six Companies underbid, and got the bid for this: six million barrels of cement or something like that. So we had to hurry and build a cement plant. Before the group put the bid in, they had gotten some land which looked like it could produce cement. So they built the Permanente Cement Plant.

LaBerge: In Fontana?

Bridges: No, right up here--down near San Jose. And they delivered the cement, on time, and made quite a bit of money on it.

Well, the way it comes to this picture is that adjacent to the cement plant, Mr. Kaiser wanted to build a magnesium plant.

There was a new--[Dr. J.F.] Hansgirg--Hansgirg had a new way of getting magnesium out of certain ores. Well, H.J. wanted to put it into Permanente Metal Shipbuilding Corporation, which had the first contract with the British Purchasing Mission, which had been taken over by the Maritime Commission. Well, Todd wasn't interested in cement plants for the dam, then we're in it, but they weren't interested in magnesium either, you see. So that, I guess, more than anything, was the reason why--the counterculture didn't make it any better, but really, it was the magnesium plant that caused the schism.

#### Division of the Six Companies, 1942

Bridges: Well, buying out was a problem, and we had ended up, we were to keep Oregon Shipbuilding Corporation in the north, Richmond shipbuilding--the Permanente and Richmond there, and Cal Ship. Todd was to get the Six Companies' interest in the Houston Shipyard, which would give them 100 percent of that, and the Six Companies' interest in the Bath Ironworks Shipyard. Well, by that time, a second yard at Bath was being discussed, and that would go to them. Todd also got the Seattle/Tacoma shipyard. So the tax committee were given the job of evaluating all those because we were having to handle what profits they would likely have, and whatnot.

Well, MacGregor or MacTavish, of the accounting firm representing Todd, with a very nice attorney named Woods, were handling it from their point of view, and Harvey Black and George Walling and I, from the western point of view. We went over all of it and agreed, but it was at least a month longer than it should have been because we would get everything all set, and then MacGregor would take a "last look," and he'd find some dang little thing that really shouldn't have delayed it, but then we would have to take care of that little thing. So we were really fed up. He was a wonderful guy, but--.

LaBerge: Is MacGregor one of the Six Companies?

Bridges: No, he was with Arthur Young and Company, and he was the accountant for Todd. They're representing Todd in this "divorce."

So we finally reached a figure for a whole business--how much each was and who paid how much cash and so on. So a meeting was called in New York at the Todd Shipyards, where they would be, and Henry Kaiser and John McCone were representing the Six

Companies group, and MacGregor would be there from the tax committee, and I would be there, and Walling would be there. Well, MacGregor and MacTavish would both be there.

This is February of 1942. MacGregor had taken us to a place called the Round Room in New York on 58th Street, which wasn't the nicest place in the world, but there were young ladies there who would sit to drink with you, and they sang and so on. What else they did, I don't know; I had a pretty good idea, though, I'm sure. MacGregor had one particular one that he really liked. So we went to dinner with MacGregor the night before we were to meet the next morning. Well, we had a little conversation with his girlfriend and said, "Now, we want him to have a good night tonight." [laughter] "So you just be sure he does."

Well, along about twelve o'clock, MacGregor--who is a pretty shrewd guy--saw that he was having a little more to drink than the rest of us. Well, before he would drink another thing, we had to have a similar drink. We hadn't counted on that. Anyhow, the place closed at four, so we took MacGregor across the street to the Athletic Club where he belonged, and put him to bed--took his clothes off him and made him comfortable. Then there weren't any cabs at that hour, so we walked back to the Waldorf, where we were staying in one of the apartments there. We got to bed pretty close to 5:00 a.m.

Well, I had a meeting with John McCone and Henry J. at 7:30 in Mr. Kaiser's apartment in the Waldorf Towers--in the hotel part, we were in the Towers. I had them call me at seven, and I stood in an ice-cold shower for ten minutes, and I was about as sober as I could ever be, after I was frozen, also. Anyhow, I got dressed and went in to get Walling--and no way. He wouldn't even grunt. So, I went down by myself. Now, Mr. Kaiser--.

LaBerge: Had Mr. Kaiser been with you, too, the night before?

Bridges: Oh, no. Hell no. None of them. Hopefully he never went there in his life. [laughter] Anyhow, Mr. Kaiser always liked to have his room warm. It was always too warm. Well, that was a hell of a night--a hell of a time for me to have a too-warm place, but I ate a few scrambled eggs as they had breakfast. Then the three of us went down to Number One Broadway, where Todd's office was.

We got there, I guess, about 9:30. It was colder than hell; all the sidewalks were ruttled ice, so it was hard to walk, and all the buildings were overheated, because of that. Well, we went through this whole thing, and MacGregor was not there at 9:30, but we went through this, and he was coming in at 11:30--and some others, too. Woods was there. So, we went over,

explaining to them any problems they had about how the tax committee had allocated the value of these various assets, and how much cash somebody would pay somebody, and so on. Well, they had a host of questions, but we were able to answer them.

Well, about 12:30, MacGregor came in with the others, but he--poor guy--he wasn't feeling very well. Through the rest of the meeting, we would say, "So-and-so, isn't that right?" and he'd nod his head. [laughter] Well, at five o'clock, H.J. and John were catching the Twentieth Century for Chicago. They were on their way back.

LaBerge: Twentieth Century is a train?

Bridges: Yes, oh yes. It was the train, in those days. Well, we still hadn't gotten this signed, you see, and weren't all agreed. So they signed signature pages, and gave them to me--authorized me to affix them to the contracts. So I had to continue to work with the Todd people, and we got it all done. I was able to get a--no cabs--I was able to get a subway, oh, about 6:30 or 7:00, and to get to the subway station, it wasn't very far, but it was hard to walk, and it was cold. Anyhow, I got back to the Waldorf, and I wasn't feeling at all well. [laughs]

LaBerge: I'll bet.

Bridges: It had been a very wearing day. Well, I got up to our suite and met Walling, who was all bright-eyed and bushy-tailed: [slapping hand on table] "Where will we go tonight?" I said, "I'm going to bed. You can go wherever you damn please." [laughter]

Anyhow, it was an interesting experience but I wouldn't want to do again.

LaBerge: But you got it signed?

Bridges: Yes, oh yes. We got it signed and it was a very fair agreement. Then, a week or so later, we had another meeting in New York--only the Six Companies group--and they had to divvy up--. You see, they had given up their interest in the Houston Shipyard, in Seattle/Tacoma, and in the Bath Ironworks. So each of them had given up a considerable amount. What did they get for it? Well, what we had were all of the Todd interest in Cal Ship and Richmond, Permanente Metals, and Oregon Ship, and in Joshua Hendy Ironworks--which had been one--and other things. We told them what they had paid in dollars for each one--at least what we had determined the values were--and then what did each want?

LaBerge: Because now you only have five companies in the Six Companies?

Bridges: No, originally Bechtel-Kaiser-Warren was one of the Six Companies. So there were eight companies, really.

LaBerge: Oh, okay.

Bridges: By the time Warren Brothers--who are a Massachusetts outfit that Mr. Kaiser had worked in a paving business with--they were out. Kaiser bought them out earlier. Then, General Construction Company, which hadn't been in Boulder Dam, came in before 1940. They were in the Seattle/Tacoma Yard, and represented the Six Companies in that, but hadn't been in Boulder Dam--General Construction--but they were in all the shipbuilding. Anyhow, we got that done, and we were very fortunate because our shipyards were able to build many more ships than their shipyards. We got along very well with them; we remained friends with MacGregor and MacTavish--they were really very nice guys.

LaBerge: So was this the dissolution, though, of the Six Companies group?

Bridges: No, this didn't dissolve Six Companies group. They stayed but no longer referred to themselves as Six Companies. This was in 1942. The ownership which came out of that lasted until 1946, when we finally put the shipyards to bed.

LaBerge: At the end of the war?

Bridges: Yes, right. But my part in it had come about because of the tax committee and so on. That's the only reason I mentioned that.

### Ship Contracts

Bridges: To start with, the ship contracts were left to the basis of a fee of so much per ship in the British Purchasing Mission, and also with the Maritime Commission--it was a cost plus basis. In 1944 --early '44--Congress had acted, and at least for ships, there was no more cost plus. All subsequent ships would be on a fixed price--what they call a selective price. Now, we had contracts that were on a cost plus basis; we were right in the middle of them, so they had to be finished. To put a fixed price on that was difficult. So what they did--we changed them into lump sum contracts, but they gave you pretty much whatever you asked for, within reason, to finish it up. They had a recapture provision in it, so that if [there were] more profits than a certain amount, then the government would recapture them. To get safety, you wanted a large amount, but you weren't allowed to make any more profit because of it.

And then to the selective price ships, they picked a ship--let's say, it was a navy tanker--and they furnished the steel and the materials, but they fixed a price of \$2,700,000 per tanker. If you took it for that fixed price, you were entitled to keep all the profits that you could make. Now, if you wanted two million eight, then you would have a limitation on your profit. If your profits were over that limitation, the excess would be recaptured by the Maritime Commission.

For example, I was negotiating for Marin Ship in 1944. They had just finished building the first tanker, and it cost \$3,100,000. I told them, "Here, now. You're going to have the same people building these ships and the same supervision, so we can't afford to even think about a price of two million seven." So they gave us three million one. Now, at three million one, if we made more than a much lower figure, then a greater amount of the profits was recaptured.

Well, that went on with all the shipyards. At Swan Island, which was a tanker yard Edgar Kaiser managed, we did take a price of two million seven. We took different prices for different ships in different shipyards.

At the same time this came in--or within weeks of it--the Renegotiation Act was passed, which did not apply to the selective price contracts. As an incentive to take those, you wouldn't get renegotiated, but you had those greater limitations on profit if the price got higher. It sounds complicated, but it worked out pretty well.

Now, getting back to Marin Ship--and the same in all the shipyards--once it was transferred to fixed price contracts, it was shocking to all of us what happened. The people who had been goofing off and going and shooting pool and whatnot--or going down into the double bottoms and sleeping, and that sort of thing--they came to work. They worked. We'd had, before that, in every shipyard, terrible pilfering: hammers, pliers, small tools. Before, you had to just get another supply almost every ninety days. After taking a fixed price we didn't lose anything. It was just amazing. Well, at Marin Ship, we built those damn tankers for \$2,400,000 a piece.

LaBerge: My gosh.

Bridges: If we had taken that price of two million seven, we would have kept a \$300,000 per ship profit. As it was, at three million one, we probably were allowed to keep \$100,000, or \$80,000 profit per ship and the excess was recaptured by the government.



Another thing I should bring out here--we had all of the data from the First World War. They had shipbuilders on the coast here. We found out that many of the people on the last ships--it took them almost a year of additional time to build them because people just slowed down, rather than lose their jobs, you see.

Well, what the Six Companies group did, we said, "Look, now. We'll make a breakdown of the building of a ship into sections or parts showing the number of man-hours it took to build each part on our last ship." We said, "Now, look, all of you working on this--if you build that section or part in fewer than the present man-hours, you get a bonus of so much." So everybody who worked on the ship--if they did their piece in fewer man-hours, they got a bonus.

Well, you know, our last ships were the cheapest ships we built. We were ahead of our expected completion time on all the last ships, which was just completely different. That was obvious from the start, so that I believe the Maritime Commission adopted such a plan, as far as I know, for all shipyards--got them to do the same thing. It's just amazing, of course. Immediate money meant more than stringing out the job, so it worked very well.

### Renegotiation Act

Bridges: Now, I mentioned to you that the Renegotiation Act came in. Well, I had to handle those for all the group's shipyards. First, you started out with your income for income tax purposes. Then, you had to deal with a Renegotiations Board. The Maritime Commission had its own renegotiation board. The navy had one, the army had one.

LaBerge: And you were working for all of those? For the navy, the army?

Bridges: No, well, I was working for our clients and contracts with the Maritime Commission were renegotiated with the Maritime Commission Renegotiation Board. Navy contracts were renegotiated with the Navy Renegotiation Board and army contracts were renegotiated with the Army Renegotiation Board.

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LaBerge: Okay, you had about five billion dollars worth of contracts to renegotiate?

Bridges: Our clients had that amount of contracts which I worked on in renegotiation. Now, Edgar Kaiser was with me on some for some of the shipyards, particularly where we had other plants, like the magnesium plant. That was a great loser, and so on. Now, that started in '44, but really by the end of '46, we had renegotiated substantially everything, finished them. Under our first contracts--let's say, there was a \$140,000 fee for each ship--they would pay you \$40,000, but the next \$100,000 they held until final completion of the contract to see what you had earned. Under the contracts there were certain bonus clauses for building the ships, even though they were cost plus and you could make more or less fee, depending upon the bonus items.

Now, renegotiation took over all of that, and their object was to cut down the expenditures of the government. I don't know about other things, but for ships they looked at who built them cheapest and fastest, and that person established a level, and the closer you were to it, the nearer, you got so much, and the further away from it, the less you got. So, on the very first contract where we were learning, all of the yards paid something in renegotiation. On all of the other contracts, we got amongst the best because of the fact that we delivered them faster and we delivered them cheaper.

#### Navy Contract in Ecuador and the Canal Zone

Bridges: Now there were also other things we had to renegotiate. The firm had a client who was a construction contractor in the canal zone. The navy called the contractor in and told him they were going to enter into a contract with him under which his organization was to build two airport runways--one in northern Ecuador and one on one of the Galapagos Islands--and they would want a fixed price contract.

LaBerge: Who was your client?

Bridges: [The client was Tucker McClure. The navy went on to say, "In all our convoys coming up from Chile we have one or more ships carrying nitrate. We put those ships in the middle of the convoy but the German U-Boats are sinking every one. We must have the nitrate for gunpowder and without the Chilean nitrate we're having to use inferior and costlier nitrate. We have to correct this. In ninety days a flotilla of PBY's are going to land on the runways you are going to build and they must be ready to receive those planes."

They agreed on a final price and McClure started the work. There were a host of problems. One of the first was in recruiting the Ecuadorian laborers to go to such remote locations. After getting them to the work site it would be difficult to keep them there. Knowing the great importance of the next ninety days, the contractor used all kinds of artifices to keep the men on the job.

The job at each location was very difficult and at the Galapagos Islands was extremely so. Blasting a level runway out of solid rock looked almost impossible. During the war effort it had been found that a large steel mesh placed over irregular land could support an airplane if the plane wasn't too big. Fortunately, a considerable amount of such mesh had been received at the island. At the end of the ninety-day period the flotilla of PBY's landed on the island runway with steel mesh covering some of the holes under the runway.

The PBY's based on the two locations could fly over the convoys and could drop depth charges on any attacking submarine. Within the next ninety days the Germans had lost so many submarines that they shifted the remaining ones to the eastern Pacific.

Thus, the two runways built by McClure enabled the navy to win one of the very important victories of the war.]<sup>1</sup>

Well, now, I had to renegotiate that contract. They had made several millions of dollars in a relatively short time, as you see. Well, getting down to the canal zone, I had plane trouble in Tegucigalpa in Honduras. We went down, and had to stay overnight. If you've ever been to Central America, you know that they mostly drink rum that has so much alcohol in it, it's hard to taste. It's terrible to drink for many reasons, and what it does to you is worse. So I went down and looked at the bar, and anything that had scotch--they did have a little bit--I put it over here, and some good rum, I put over here. So, I told them, "Now, you get me this." Well, the public relations chap from Pan American had just come in and said, "Well, look, any passengers want a drink, you sign the chits, and we will collect them from you and take care of the hotel." They were going to pay them. Anyhow, I signed the chits for these people all evening. There were probably ninety people, and they drank quite a lot.

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<sup>1</sup>The preceding five paragraphs were added by Mr. Bridges during the editing process.

Well, they had to fly an engine up from Panama. In any event, the second morning--well, the first night: I might as well tell you the whole thing--they had a dinner and a sort of a dance--or dancing--and I had had the good liquor put aside. Well, there was a very cute little girl on the plane--one who was going down to get married in the canal zone to an army chap, and there was one married couple; otherwise, they were all men. Well, they brought in some people from down there, but this little girl was the belle of the ball. The pilot of the plane was probably in his late thirties and a handsome devil, and the co-pilot also was. They both made a bee-line for this little girl. They were pretty good dancers. She had danced with them, and I sat with the married couple, and whenever they would be pressing her too hard to go to their room or her room or whatnot, she would come over to me and the married couple. We would talk to her and I would dance with her, but then she would want to dance again with them. She had never before been such a belle of the ball. [laughter] But then, it happened about two or three times. And the Pan Am men were very fed up with me over it. Finally she got to bed safely. I went to bed.

The next morning, about five o'clock, I heard rustling around and got up, and found the plane had--the company had fixed the engine over the night, and they were taking off at first light. Quite a few passengers had already taken off for the airport, but the damn guys from Pan Am were put out with me, and they just hadn't bothered to call me. [laughing] So I hurried and dressed and got out to get that last jeep to the airport, but the innkeeper said, "No, no, here are all these chits."

I said, "You give them to Pan Am."

"No way. No way." And he had enough big guys there, so--I paid!

In those days, you didn't have traveler's checks; you had a money belt. So I had a few hundred dollar bills, and I had to pay for all those chits. I just made the last jeep to the airport, and got on the plane, and they had a new pilot and co-pilot who disallowed any connection or knowledge of the chits. [laughter] They weren't there long. Anyhow, we finally arrived at the Panama airport. I saw the little gal meet her fiance. I thought, "Son, you don't know how much you owe me." [laughter]

Anyhow, I said we got into the renegotiation with the Caribbean Defense Command the next morning. I was late getting down, so I had very little time to get ready. When we started out, they wanted two million dollars paid back to the renegotiation board. I told them no way, that we would go up to

\$500,000--and I wanted them to okay my bar bill, which was several hundred dollars. I told them the story, of course. We went on, and finally we got them down to a million two. My client called a recess.

We got outside, and he said, [pounding fist] "Bob, this is my money. You accept that."

I said, "Tucker, if you want to accept it, you accept it. But if you do, I'm going to go get the next plane to Miami, and maybe I can get the early plane."

Oh, we couldn't do that, of course. So anyhow, I said, "All right, then, you keep quiet--or else, if you talk, you have to finish it up."

So we went back, and, finally, after forty-five minutes or so, the colonel in charge said, "I'll take \$800,000--and I'll allow Bridges' bar bill." [laughter] So anyhow, we settled for a more appropriate figure, and I made the plane for Miami.

LaBerge: That just shows what a good negotiator you are.

Bridges: Well, yes.

#### Renegotiation Ends, 1946

Bridges: Suffice it to say that the renegotiation period was over by the end of '46, and it was a very interesting chore. At the end of it, I met members of the Maritime Commission Board, privately, and they said, "Bridges, did you ever know why you came out so favorably with the Maritime Commission Board?"

I said, "No. Why?"

He said, "Never once did you mention the Renegotiation Act." It had certain exceptions and whatnot, and evidently, other attorneys representing their client had claimed that this one or that one protected their client. I found the Renegotiation Board took an overall view of the performance of a contractor. My success was primarily because my clients had been the best performers and deserved every consideration they got.

Following the war--. In the last months, after V-E Day, but before V-J Day, the government decided to build a lot of caissons like the ones that created the mulberry in Normandy. They took

them and they sunk them, and had them in a place where later on they could bring big tanks in and whatnot, and go up that way. Well, they started to make those things, and it was called the Dagwood Project. We got letters of intent in the shipyards, but no contract--nothing else--and by September, we had spent millions of dollars, and we had nothing to show for it, you see. So I hurried back to Washington right after V-J Day.

By V-J Day, all of the civilians who had gone into the Maritime Commission or the navy wanted to leave to get the best jobs. Particularly the attorneys wanted to leave, and I didn't want them to leave. So we had to go in and get this contract for the Dagwood Project on the various shipyards negotiated and agreed. We didn't want to make any money, but I wanted to be sure we didn't lose any money. I never heard much about them after that. At that time, someone obviously felt we were going to have to go island by island and invade Japan. This started before the bomb was dropped--this Dagwood Project.

LaBerge: So you got those contracts?

Bridges: Oh, yes. Before they got out of there, you would just hang in and say, "Look, now. Don't worry about five o'clock. Let's get it done." I must say, they were very good. Some of them were leaving the next day or so, and you thought, "My god, get another bunch of guys in here to prove what this was, when it was handled so cavalierly by them and by us that--."

Anyhow, after the war was over, in the preceding period, I had been in Washington about once every month. I might be there the end of one month and the first of the next month. Of course, our clients were getting on to other things. So we wanted to clean up.

#### Winding Up Shipbuilding Activities

Bridges: Also, by the end of 1946, we had finished all the renegotiation and whatnot. The fees which had been withheld until after negotiation were paid out so that we were in a position to wind up each of the shipbuilding corporations that was wind-upable. We still had the ones that had other plants, such as the aluminum plant or the steel plant.

At that time, three of the companies had decided to liquidate to get capital gains treatment and start new businesses, but with different people. Bechtel was one, and so

we dissolved W.A. Bechtel Company and Bechtel-McCone--those two companies. J.F. Shea Co., Inc. [sic] and MacDonald and Kahn were dissolved. Then I told each of them, "You must not transfer any assets to a continuing construction corporation, or they'll say this is not a liquidation, but a reorganization." So we had to be sure that they didn't transfer anything. All of them were questioned later on by the Internal Revenue, and we were successful in defending them.

At about the same time, our clients--the Bechtels and Kaiser--well, Dad Bechtel and Kaiser--had been very close, and had owned jointly a number of things. They owned an outfit called Bechtel Kaiser Rock. They had jointly, with a fellow named Phillips, each had a third interest in an insurance company and by this time, Bechtel and Kaiser each had a half interest. Anyhow, they decided to separate. Kaiser was going to go into industries; Bechtel wanted to spend all their time and efforts on building an engineering company and a construction company. So one of my--and Paul's--jobs was to work out a divorce where we could suggest that one take these companies and one take those companies, and pay this much cash. That took sixty days at the end of 1946. Well, we'll start with that--.

LaBerge: How about if we start with that next time?

Bridges: Yes, okay.





## IV POSTWAR LEGAL WORK, 1946-1982

[Interview 5: April 16, 1997] ##

Liquidation of the Six Companies

LaBerge: Okay, last time we were talking about liquidating Bechtel, MacDonald and Kahn, and J. F. Shea after World War II. We hadn't completed that story, so why don't you tell me how they decided to do that, and what they wanted to do?

Bridges: Well, the facts are somewhat different in each case. The only common factor was that capital gains were, at that time, taxed much more moderately than ordinary income. As of that time, each had much more cash than normal because of the distributions from the shipyards.

## J. F. Shea Company

Bridges: In the case of Shea: the father of the then generation--including Charlie Shea--the father had died, leaving nine children, and he had owned a 40 percent interest in the partnership of J. F. Shea Company. He left a ninth of that to each of his children. So his five daughters each received  $4\frac{4}{9}$  percent of the construction company that we're talking about. Frank, also a son, who was not in the construction business at all, received  $4\frac{4}{9}$  percent.

Shea, as I told you--its specialty was building tunnels. That is one of the most hazardous of the branches of construction, and Charlie was always worried about having his sisters in there. They were of relatively modest means, so it meant a lot to them--the income that came from that--and for them to have that at risk bothered him, and the same with one of his brothers who was not involved in the construction business.

Well, after that Six Companies of California disaster on the Broadway Tunnel, [he was] again impressed how very risky the business was. So he had insisted, in the early forties, on buying a hundred shares each of the 400 shares each sister owned, giving them I forget how much--probably a hundred thousand apiece, but he was still worried about it. The same thing had rubbed off on his brother, Gil, with whom he discussed everything, and while Charlie was gone in 1941, he had impressed on both Gil and Edmund, his youngest brother, the desirability of getting the girls out. So that was one of the reasons why they liquidated J. F. Shea Company, Inc. at this point in time.

In 1946, Gilbert and Ed--just the two of them--started a company called The Shea Company, which entered into the construction business, but on a considerably smaller scale than J. F. Shea Co., Inc. had. That was one of the reasons. Also, they wanted just that: to be on a somewhat smaller scale. So the liquidation of the older company was partly for that reason.

#### Bechtel and McCone

Bridges: In the case of Bechtel, the major owners were Steve Bechtel, Ken Bechtel, and John McCone--in both W. A. Bechtel Company and Bechtel-McCone Corporation, which was one that had been formed principally for engineering. Also, at Bechtel-McCone, they had a number of partners--a number of stockholders--who were no longer closely connected. I think H. C. Price of Oklahoma had some shares, and a few others they were no longer closely connected with.

During the last years--still in the forties--the three of them, Steve, Ken, and John McCone, had gotten associated with the shipping business. They owned a substantial part of Pacific Far East Lines, and some other shipping activities. While all three, and particularly Steve and John, had been instrumental in amassing these, in the years immediately prior McCone had been handling most of the shipping business.

In 1920, it was very difficult for contractors to get insurance, so Dad Bechtel and Henry Kaiser--no Henry wasn't there, just Dad Bechtel--and two or three others had formed an inter-insurance exchange. This--the threat--in 1920, was enough so that the insurance companies relaxed some of the most onerous requirements. So it wasn't really put into operation until the thirties. In the thirties, it was revived as the attorney-in-fact and was owned three ways: a third by Bechtel interests, a

third by Kaiser interests, and a third by a chap named John Phillips, who had been a contractor. It had grown, and sometime around 1940 they had formed another insurance company with substantially the same name, which went into the business of writing insurance policies directly. Industrial Indemnity was only an inter-insurance exchange, theretofore.

LaBerge: Okay, and you helped them form this?

Bridges: [Yes, when the inter-insurance exchange was put into actual operation, the name used was Industrial Indemnity Interinsurance Exchange. And the partnership acting as its attorney-in-fact adopted a similar name. Earl Lloyd, an old Bechtel hand, became its first secretary and as such ran the business.

Later as it grew, A. B. Ordway, one of Henry Kaiser's first employees, became the manager of the attorney-in-fact and with Earl Lloyd managed the business. Phillips died in the late thirties and under the partnership agreement, Bechtel and Kaiser purchased his interest and thereafter owned the business on a 50-50 basis. Around 1940, Kenneth Bechtel became the chief executive and remained such until his retirement many years later.

As stated earlier, at the end of 1946 Steve and Kenneth Bechtel and John McCone decided to liquidate both W. A. Bechtel Company and Bechtel-McCone Corporation. They contemplated that their key employees would form a new construction company and run it.

At the end of 1946, Steve Bechtel, Ken Bechtel, and John McCone found themselves at a turning point. A considerable part of the year, 1946, was spent in winding up their activities connected with the Second World War. Contracts were brought to finality and the very large amounts of money withheld by the Maritime Commission were paid to the contractors.

W. A. Bechtel Company and Bechtel-McCone Corporation were much larger than they had expected and were highly liquid. They had agreed with Henry Kaiser to separate assets theretofore held jointly. Among other things, the Bechtels would acquire Kaiser's interest in Industrial Indemnity and would have the fast-growing business to run. They had also acquired or were in the process of acquiring a substantial interest in shipping operations which would require substantial top management.

With all of these many things to consider, the three of them came to the conclusion that W. A. Bechtel Company and Bechtel-

McCone Corporation should be liquidated and they would retire from the engineering and construction business.

Their obligation to the organizations of the two companies would be satisfied by the top personnel of the engineering and construction business forming a new company, in which such personnel would have a majority ownership position and would have the obligation and privilege of running its business. The three of them would either invest or lend money, in addition to the investment by the new officers, required to get the new company off to a good start.

Ken Bechtel would become chief executive officer of the insurance company and business. John McCone would become chief executive officer of the shipping companies. Steve would retire.]<sup>1</sup>

LaBerge: And how old was Steve at this time?

Bridges: He was forty-six--at the prime of his life. We all told him, "Steve, you'll never retire." He said, "Well, I can retire from the construction business, and there's a dozen other things that I'll be interested in."

I had advised them, "If you do want to liquidate W. A. Bechtel Company and Bechtel-McCone, no tangible assets owned by either can be owned by any succeeding construction company. You must have a complete break. If you have the same management, the liquidation may be questioned by the Internal Revenue. So you should have a different management." I outlined all of the dangers, and they said, "Fine. Those are the ground rules, and we'll appoint you as a chief enforcer." [laughter] So that was the reason why--and the background for--the liquidation of W. A. Bechtel and Bechtel-McCone Corporation.

#### MacDonald and Kahn

Bridges: MacDonald and Kahn--. I said Morrison-Knudsen?

LaBerge: Yes, well, I have that written down, but I may be wrong about that.

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<sup>1</sup>The preceding eight paragraphs were added by Mr. Bridges during the editing process.

Bridges: I think I may have said that, but it was MacDonald and Kahn. Alan MacDonald had died during Boulder Dam days, and his son, Graeme MacDonald, was the MacDonald that was involved in MacDonald and Kahn in 1946. Felix Kahn was the head of the company, and his right hand man was a chap named Modglin. In Felix's family, he had several brothers and they had all died early. So Felix was getting his estate in shape to die. His principal asset was MacDonald and Kahn, and at this stage, it was a good time to liquidate because he was going to go out of business, you might say--and he did.

Modglin formed a new company called M & K, in which, to start with, Elkus's sons--who were sons-in-law of Felix Kahn--joined with Modglin. Felix Kahn had no interest in M & K.

Graeme MacDonald formed a separate company, MacDonald Young & Nelson. The liquidation of MacDonald and Kahn served the separate interests of all its stockholders.

Now, Felix lived for quite a number of years, but his estate, for a decade, was in shape for him to die. [laughter] It was the damndest thing because he was enjoying life but he was just a realist, and he figured that his time would be up.

So that's the background of the three of them.

LaBerge: I see. At some point, I'd like to go back, because once you told me on tape how you had started doing work, for instance, for the Bechtels, and the dad died.

Bridges: Yes, Dad Bechtel.

LaBerge: And how you became the friend of the sons?

Bridges: Well, yes.

LaBerge: You became their attorney.

Bridges: I had. Their father had gone to Russia before I started work for Thelen and Marrin, and he died in August of that year; I had come to the firm in May, 1933. Paul Marrin was handling the estate; I did his dogwork. So, to get all the facts, I worked particularly with Ken Bechtel, but both Ken and Steve. We became close friends, and for the rest of their lives, we were very close friends.

As I had said, before the boys had been pushing their father to--. I think each of them had about a 10 percent interest in W. A. Bechtel Company, and they each wanted more. They felt they

were capable of doing more, and so on. Paul handled them for Dad Bechtel. So, while they had the greatest respect for Paul and thought he was the best attorney in the state, nevertheless, he wasn't on their side in that particular matter. I, of course, had not known Dad, and so I was on their side. It wasn't that important, but nevertheless, the little nuances affected things, and that's the way that we had continued after that. While they still wanted to be sure Paul Marrin was there, I handled all of their affairs, but under his supervision, shall we say?

### Negotiating the Amicable Split of Kaiser and Bechtel Interests

Bridges: Now, getting back to the shipyards, Mr. Kaiser had made publicity an operating tool, and he was quite right, because it permitted him to do a lot of things that were extraordinary. One of the things, for example: he convinced the President, against the advice of the navy, to let him build the small carriers. Well, of course it helped that the Maritime Commission thought the small carriers were feasible, too, but H. J. had such publicity and it was wonderful to see him in action. As a matter of fact, I recall being with him when Walter Lippmann interviewed him. And he did a wonderful job. It was very impressive, but as far as he was concerned, publicity was just a tool--and a valuable one. So far as the rest of the Six Companies Group were concerned--and particularly the Bechtels--they didn't give a damn about publicity. Of course, so far as the public was concerned, Six Companies was primarily Henry Kaiser because of his publicity. The same thing with the shipyards. So that was one part of it. Now then, too, Mr. Kaiser had taken them into two industries--them being the Six Companies Group. One industry was the cement company that I spoke to you about: Kaiser Cement.

LaBerge: But all the Six Companies were involved? Were depending on it?

Bridges: I think all of them came in as stockholders. Ed Heller put up a lot of the money--so he was a large stockholder, but the Six Companies group, as a whole, controlled it--and unfortunately Ed died before the cement company really reached its apogee.

H. J. had also taken them into the magnesium business, which --I recall--in renegotiation, I insisted with the Maritime Commission Renegotiation Board that this was a part of the war effort, too, so the \$2,700,000 had to be deducted from what the board thought were excessive profits.

By 1946, the end of 1946, Mr. Kaiser had already acquired for the group one or more of the aluminum rolling mills and alumina plants that the Defense Plant Corporation had operated during the war. This was in addition to the steel and cement industries he had started.

The Bechtels wanted no part of any industries. They wanted to concentrate on becoming the best engineering and construction outfit in the world, and did not want to have too much of their money tied up in anything else.

Also, before that, as I've mentioned, Mr. Kaiser took three or four shipyards in Kaiser Company, Inc. and used those earnings to finance Kaiser Steel. Well, I don't think they called it Kaiser Steel then, because he--. Yes, I guess they did. But he intended--at least in his conversations with Paul Marrin in my presence--that after he had all these things set up--had steel and aluminum both financed and operating--then he would offer a piece to each of the other members of the Six Companies Group--maybe. [laughter] But he didn't want any nay-sayers then. There was, he said, too much to do, and too little time to do it in.

Well, in the early thirties, the Bechtel and Kaiser interests, commencing with Dad--and Henry J., who, at least at first, was his protégé--did a lot of things jointly. They owned the Industrial Equipment Company jointly; they jointly owned some other companies, which were, in a way, adjuncts of the construction business; they had Bechtel Kaiser Rock and Quarries up here that they jointly owned; and they owned the insurance company equally, by that time.

Mr. Kaiser, by 1946, wanted to spend all his time on industries and the Bechtels didn't. Also, Felix Kahn wanted his cash. He didn't need it, but his plans did not include industries. Chiefly, the Sheas went along with Mr. Kaiser on both cement and aluminum, and Morrison-Knudsen did likewise but to a lesser extent. General Construction Company, which had become one of the group, also went along, as did Pacific Bridges. I think Utah [Construction Company], if they went along, got out pretty quickly.

So, at the end of 1946, the Bechtel group and Mr. Kaiser decided to part.

LaBerge: Was it amicable?

Bridges: Yes. It was an amicable parting. As a matter of fact, I was the go-between, and Mr. Kaiser and Steve Bechtel, in talking about

the other, said almost exactly the same thing. Steve said of Henry Kaiser, "When you're in trouble, there's no better partner than Henry Kaiser; but when you're not, he's just unlivable." [laughter] Henry Kaiser--and I didn't tell him what Steve Bechtel said--and H. J. said the same thing, "When you're in trouble there's no better partner than Steve Bechtel; but if you aren't in trouble, you just can't deal with him." [laughter] And it was all perfectly amicable.

So we had to divide up and value the various items. I had worked closely with [G. G.] Sherwood, the treasurer of the Kaiser outfit, their financial man; and I also worked closely with Frank Sewell, who was the same thing for Bechtels. I had worked with all of the companies, so I had a pretty good knowledge of them. Anyhow, between us, we worked out a possible split. I was, of course, keeping Paul Marrin advised, and if he said, "It will never work that way, Bob, the way you put that," we made changes until we agreed. Certain companies went to Kaiser, certain companies' went to the Bechtels. If I remember correctly, the Bechtels paid Henry J. \$600,000 in cash to equalize everything.

Now, Mr. Kaiser had always had everything in his company, and everything was behind every contract and every obligation. By this time, Edgar and Henry Jr., his two sons, were in Henry J. Kaiser Company. With Paul Marrin's agreement, I said, "Now, H. J., this is your \$600,000. Put it in a separate account and forget about it for the time being. Don't get it mixed up with anything else." Well, to go ahead, he did that for many reasons other than my advice, and he didn't touch that money for a decade or two after that.

#### Parceling Out the Legal Work for Kaiser, Bechtel and Others, 1946

Bridges: Well, at the conclusion of 1946--and particularly with the problems that were already coming up on the aluminum and other industries which Mr. Kaiser was interested in--Paul told me, "Bob, I'm going to have to spend all my time on Henry Kaiser's matters. I simply can't do more. So you have to take care of the rest of the Six Companies Group." Under him, I had theretofore worked for all of them. So we went ahead thereafter on that basis. I agreed with H. J. and Edgar--or we agreed with them, that if there was a particular thing they needed me on, I would be available, but in the normal course I would not work with them. By that time, Paul had a half a dozen or a dozen other attorneys under him working on Kaiser matters and quite a few working with me for the others. So, after that, I was no



longer very closely associated with the Kaiser Companies. I had a host of friends there. I saw them socially and whatnot, but I didn't know the day-by-day business.

LaBerge: Or even the medical plan?

Bridges: Permanente? No, as I said--.

LaBerge: I mean, I know your firm had something to do, but not you personally?

Bridges: Yes, that's right. Oh, gracious, at least half the firm would be working on the variety of things that he had. Tom McCarthy, who was one of our men then, even before the war was over, became house counsel for Kaiser Aluminum.

So I had more time to spend with Bechtel and Morrison-Knudsen and the others, but soon, it was too much, and like Paul, I got to where I couldn't handle all of it. So I tried to parcel much of it out to the men under me who had been doing the actual work. In some places it worked fine, and in other places, we eventually lost the client.

#### Administration of the Law Firm ##

LaBerge: Well, besides doing the work for the clients, you must have had just administrative work for the firm--or did someone else do that? Or just how you grew from four attorneys to--?

Bridges: Max Thelen really handled that until the sixties. Paul Marrin handled it--well, Paul and Gordon [Johnson] and I. Paul included Gordon and me much more than Mr. Thelen had been used to, but he handled the administrative end. Until 1980, I was not the administrative partner.

LaBerge: Okay. So did you have any say in hiring?

Bridges: Oh, yes. Sure. Well, the four of us worked very closely together: of course, Paul and I on a daily basis, and the four of us on a continuing basis. If any one of us had a veto--but I don't recall any of us ever exercising a veto--obviously, if there was an objection from one of the four of us, we worked around to take care of the objection, but to accomplish the same end. Actually, it was a very happy partnership. Other firms, as they grew, have had problems, but so long as two or more of us were there it was easy.

Early on, of course, Mr. Thelen had, by far, the largest percentage. Gordon and Paul said, "Well, Mr. Thelen likes you. You tell him he ought to consider reducing his percentage." Well, the hell he did! [laughs] Anyhow, they talked me into it. [laughter] And I talked to Mr. Thelen very gingerly. Well, he was a wonderful man, and as soon as he knew what I was talking about, he took over, and--[laughs] oh, not what we had in mind, but he went way down in his percentage and parceled the remainder out to us. It was, by and large, a very happy and close-knit group.

LaBerge: But you didn't do the administrative part?

Bridges: No, as a matter of fact, I did more executive work for Bechtel than for our firm. We had formed this new company. It started out, and the top people from Bechtel-McCone and W. A. Bechtel Company were its top people and its stockholders.

#### Formation of Bechtel Brothers McCone

LaBerge: And the new company was called?

Bridges: It was called Bechtel Brothers McCone. But the problem was that they had men who had been in charge at Cal Ship and had had 25,000 men under them. They had men who had worked at the Birmingham Modification Center, where we modified airplanes for war, and they had had 25,000 or 30,000 men under them. They had a man at Marin Ship who had had 15,000 or 20,000 men working for him. They had too damn many chiefs and not enough Indians, as you see. It had to work out that somebody had to work for somebody and so on.

Well, while they didn't lose money in 1947, it ran close to it, and it looked then as though some of the jobs underway were going to lose. Well, the company had a president and vice presidents and so on, but a lot of the people in the organization still looked to the chap who they had looked to the previous ten years or more, you see.

Well, in any event, by mid-1947, it was clear that something was going to have to be done or it wouldn't work out. So by the end of that year, Steve Bechtel took over. He hadn't had an office with the company or any of that sort of thing. He took over, and it worked fine. The people who were vying for the top spot didn't mind working for Steve, and they didn't mind being

number two under Steve. So it worked out very well, and came along in good shape.

LaBerge: Did you help engineer that? That he became the head?

Bridges: No. But it was obvious that the organization just had to have him back. No one needed convincing. Steve could see it as clearly as we could. I was just an advisor, one of many, that's all.

[From its inception and until 1946 all of the shares of stock of W. A. Bechtel Company were owned by members of the Bechtel family. The sole exception was that John McCone became the owner of 10 percent of the stock of W. A. Bechtel Company a little after Steve and John had formed Bechtel McCone Corporation in 1937.

When Steve undertook the leadership of Bechtel Brothers McCone in 1947, a majority of the outstanding stock was in the hands of the employee stockholders, who were the management organization of the corporation. However, Steve had absolute control of the company, not because of the stock holdings, but because he was their chosen leader and had their affection and respect.

There were many advantages. Every member of management was primarily interested in the profitability of the entire corporation rather than that of the particular division for which he worked or the particular project on which he was employed. The organization complied with Steve's aim, "private active ownership." It was a great pleasure to watch Steve run that organization so that it could become the greatest engineering construction group in the world and to see him organize it so that it could perpetuate itself.

Early, it was decided that every member of management would retire at age sixty-five. It was agreed that the corporation would have the option to acquire all of its stock owned by retiring members and that such option would always be exercised. As qualified employees became part of the management group, they were offered shares of stock in the corporation.

As the business succeeded, its common stock became more valuable. At relatively frequent intervals the corporation reorganized itself by creating a \$100 per share preferred stock and distributing sufficient preferred stock to all of the shareholders, to reduce the then value of the common stock to twenty-five or fifty dollars per share, so that new stockholders could purchase common shares at a low price. The effect was that

most of the prior appreciation was represented by the preferred shares. Future appreciation would go only to the common shares.

When the common stock again appreciated to a high figure, a similar reorganization was followed. Those who had advanced to higher positions since the last preceding reorganization were encouraged to purchase additional common stock. Thus, the organization would be assured that at any particular time its management would be private active stockholders.

When a stockholder retired at age sixty-five and all of his stock was purchased by the corporation, the greater part of the price would be the \$100 per share for the various issues of preferred stock received in past reorganizations and the price of the common shares would represent the appreciation since the last previous reorganization, to the extent it had not already been distributed as dividends.]<sup>1</sup>

It worked out very well. I haven't been close to the organization for the last twenty years, but I think the foregoing helped perpetuate the company. It has perpetuated itself better than any other construction company ever did, and it has survived Steve's retirement, and then Steve, Jr.'s retirement. It's still going strong and is bigger than ever now. They have done very well.

#### Formation of the J. F. Shea Company, Inc.

Bridges: In the same way, Gil and Ed, in The Shea Company, came along fine. Then Gil had a stroke. So it was decided to liquidate the Shea Company, and he and his brother, Ed, would no longer be in the construction business.

LaBerge: What year was that?

Bridges: Well, let me go on and I'll come back to it. I don't recall right now. Probably about 1960.

Gil's eldest son, John F. Shea, and Ed's eldest son, Edmund Shea, Jr., and Peter--Edmund's second son--formed a company: J. F. Shea Company, Inc., they called it. John was John F. Shea; he'd been named after his grandfather. They put \$10,000 in it as

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<sup>1</sup>The preceding seven paragraphs were added by Mr. Bridges during the editing process.

capital. Now, they had a bit of help from their fathers: Ed and Gil advised them. Ed didn't live too long after that, but Gil--well, he didn't live too long either. But during the formative stage, they advised them, and they sold to that company some of their used equipment at a reasonable price. So the new company got a good start, but they've done a wonderful job. They are now a three or four hundred million dollar company. I've been very proud of them.

They annually had a meeting in which they went over the budget for the coming year, and the results for the previous year, in the morning. We had formed the Shea Foundation much earlier. Then they had all the clan at a luncheon, which was also a meeting of the foundation. For the last fifteen or twenty years, I would go down for it and greatly enjoyed it. In addition to their heavy construction work, they went into home building. I told them originally that I'd done that with Bechtel and it didn't work. I warned them about it.

Well, [laughs] they really have made a tremendous success of it. The fact being that, whether it was a construction job or a development of a certain area for homes, if they got into a problem, one of the three would go and live the problem until the problem was resolved. They have done the best job of supervision, and I'm very proud of all of them.

This year, I had to tell them I just couldn't come down, and I was awfully sorry to miss it. It had been a lot of years. As a matter of fact, ten years or so ago they gave me this lovely watch and inscribed on the back: "For 50 years of friendship and advice." Well, that was very sweet of them and I greatly value it.

Anyhow, they are a lucky bunch. Also, that crystal over there, they gave me last year. It was nice to work with three generations and see them all be successful, because now in the luncheon meetings and in the company, the children of John, and Peter, and Ed Jr. are there, and they are getting positions of responsibility. They and the Bechtels have both done a tremendous job of perpetuating the family in the construction business.

LaBerge: How do you account for that? Because not many companies--I mean, here you are with these two groups that have this strong family that's able to do it.

Bridges: Yes, you have to have some way of getting people in and out. They have to do it, really. Before you make a person chief executive, you have got to have given him a lot of responsibility

so that he shows that he can carry it. But next, when you make anybody the chief executive, they have to be the chief executive. Those two families have done a really good job of it.

Having met the older group at Boulder Dam earlier, when I was relatively young, I've had the unhappiness of seeing them die. In representing them, I've been the executor or co-executor of most of their estates. It has been sad, but on the other hand, it's been very rewarding to see how some of the plans that one helped with, years ago, flower. Then you also find, in some instances--certainly not in those two families, but in others that I was very fond of--that the rags to riches to rags comes out in the succeeding generations. When you participated with their parents and set up trusts and the like, sometimes the response was that they pull up their feet and start coasting when they're twenty-five or younger, rather than after they had become successful. You can't win them all; you just have to do the best you can.

I think the happiest period was in the fifties and sixties. Alice and I traveled a great deal, negotiating contracts, principally for Bechtel or for Morrison-Knudsen in the early days, and had a lot of fun. As I told you, so far as Europe is concerned, we worked there just when they were changing from basically a coal economy to an oil economy. The things that one did and the problems one encountered were very interesting.

#### Formation of Transmountain Oil Pipeline Company

Bridges: During that period (1947-1952), I told you about my friend Charlie Harding. I would have lunch with him and his fellow directors of Socony Vacuum Oil Company. Well, I knew by this time many of those who were chief executives of the various oil companies. I had worked with them when they were vice presidents or even lower. So they were first-name friends. In 1951, Steve learned that--. Well, one group in southern California, for example, thought that a pipeline from Edmonton to Vancouver was needed to bring Canadian oil to where it could be used on the Pacific coast, relieving some of the pressures on California. Steve called a meeting of all of the big oil companies and two or three that weren't real big, in New York, and by gosh, they all attended. He suggested building such a pipeline. We found, over a period of time, that in every one of the oil companies, there was a group that was strongly in favor of such a pipeline, and a group strongly against it. That was the reason why nothing been done.

As it went along, finally, the Canadian company, Imperial Oil Company, decided and said, "Well, let's start it. We'll take a half; you, Bechtel, take a half of the expense."

LaBerge: What's the name of the Canadian Company?

Bridges: Imperial Oil Company.

Well, when it got right down to it, my old friends in Mobil (formerly Socony Vacuum)--who I wasn't as close to, by this time --said, "Well, we'll go with you, too. We'll form this company." You had to form such a company by act of Parliament as an inter-provincial company. So Steve said that he'd be chairman and I'd be president, and Bechtel's Canadian representative, Sid Blair, would be vice president. Well, Sid and I testified before the Parliament, and we got the corporation formed: Transmountain Oil Pipeline Company. But by this time, for whatever reason, Mobil had decided that they didn't want to go. So they got out, but at the same time, Shell and Chevron came in.

LaBerge: Okay, so now we have Shell, Chevron, and Imperial?

Bridges: Yes, and Bechtel.

Things were proceeding, we were ready to finance, and by that time, three others had come in: British American Oil Company of Canada, Atlantic--what became Atlantic Richfield--and Fred Hartley's outfit, Union Oil. Union and Atlantic Richfield took one share between them, and each of the other companies took a full share, and Bechtel took a full share. So I think we each had a sixth of the original equity.

We agreed that what we, as a group, had put in the company would constitute 50 percent of the capital stock. It was decided that 30 percent would be offered to the many independent oil companies in Canada, and the remaining 20 percent would be sold in a public offering in Canada. Sid Blair and I interviewed the independent oil companies across Canada but principally in Alberta. The allotment there was snapped up very quickly. The public offering of the 20 percent of the stock was very successful and was oversubscribed by Canadians.

To finance the construction of the pipeline we figured we should raise seventy million dollars by sale of bonds. Sid Blair and I sold the bonds, but it proved to be rather easy.

At this time in 1951, Metropolitan Life Insurance Company had financed the great majority of all pipelines built in North America. Prudential Life Insurance Company, a great competitor

of Metropolitan, was considering getting into pipeline financing but had made no decision.

Anyhow, so then we started to work. Transmountain then hired Canadian Bechtel as the manager of engineering and construction of the pipeline. Transmountain formed a coordinating committee--each of the oil companies having a representative--and Sid Blair chaired that. So we built the pipeline, and as soon as the last weld had been made in that pipeline and we were sure of it going, Steve resigned. [laughter] He said, "Bob, I've got other things to do."

LaBerge: So you ended up being--?

Bridges: Well, I was president, the executive. Then the board said, "You've got to stick with this until you can get a Canadian CEO." Well, within the year, I got a very nice chap. [laughs] I was very fond of him, but satisfying those oil companies was not the easiest thing in the world.

In any event, I stayed on that board until 1983, I think. Yes, thirty-three years from '51--that would be '84, wouldn't it? And it has done very well.

Steve Bechtel, Sr.

LaBerge: And you were the one who did all the negotiating with the oil companies?

Bridges: Oh, that first meeting was all Steve--and he chaired the meetings as long as he was chairman. As a matter of fact, the chief counsel of the Canadian company was a good man. He and I became very good personal friends.

LaBerge: Do you remember his name?

Bridges: John Hamilton. A matter would come up, I would report it to the board: "This is the question. Here's the problem, and I recommend so-and-so-and-so, and I so move." John would say, "Second." Then Steve would call for a vote, and it would be adopted after a few shouts. Ken Jameson from British American, who later became chairman of Exxon, protested, "This 'I so move,' 'Second,' and then we vote is too fast. We ought to discuss it more!" [laughter] Anyhow, it was fun.



LaBerge: Could you tell me something about Steve Bechtel? What kind of a man he was that he was able to do this? And, for instance, why people didn't mind working for him?

Bridges: He was a very intelligent and intuitive man. Very--.

#### Negotiating an Oil Contract in Britain ##

LaBerge: Okay, you were starting to tell me about Steve Bechtel?

Bridges: In 1947 I went to London with Steve, and we called on Anglo Iranian--which is now British Petroleum--and talked to the general manager who had built the Abadan Refinery--Jimmy Jameson. Steve, in the course of the conversation, said, "Mr. Jameson, what are your most important problems right now?"

Jameson said, "Well, first, I've got to reconstruct the refinery at Haifa. Second, I've got to get another outlet for oil from the Kirkuk Oil Field to the Mediterranean. Third, I've got to build a refinery at Aden."

Steve said, "We'll do them all for you." It was remarkable that Steve asked that question and much more remarkable that Jameson answered it even though he had not theretofore known Steve. That indicates what kind of man Steve was.

So, anyhow, ultimately, the first thing that came up was this Haifa refinery. So I was sent back to negotiate a contract for the Haifa refinery. The British form of contract was about two pages long with a large "General Provisions" attached to and incorporated in it--and the same general provisions were attached to all construction contracts so that at any time there were a lot of provisions and terms in "The General Provisions" that didn't apply to a refinery. After many meetings, Anglo Iranian finally agreed to an American form of contract. We continued our negotiations. At the end of the day I would go back to our office and dictate a new contract including the matters that had been agreed. Our British partner had a multilith machine. The secretaries worked all night so by the time I woke up I had a new multilith contract to take into the new morning's negotiations.

The second day I did this the oil company's managing director said, "Mr. Bridges, don't you understand that after a full day's negotiation and we agree on something, we don't expect to see you again for a fortnight!" I replied, "I have to be back in San Francisco long before a fortnight."

Anyhow, they finally agreed on an American form of contract, and this now would be about October, 1947. Well, the contract in that form was ultimately signed about March--February or March--of the next year (1948). Unfortunately, within about thirty days after it was signed, Israel declared itself a state, and the last thing that the Arabs were going to allow was Iranian oil to go to any refinery at Haifa. However, then the pipeline from the Kirkuk Field to the Mediterranean outside of Israel became a must. So later in 1948, we negotiated a contract for such pipelines and performed it, and later built a refinery in Aden--in the next decade, you see.

### Negotiating in Egypt and Saudi Arabia

Bridges: Now, going along now: in the 1950s--it might have been '60--I went to the Middle East with Steve. We were in Cairo, and we got word that we had a conference with Mr. [Anwar] Sadat the next morning. We had not expected this. Anyhow, we went to this conference, and met with Anwar Sadat. Sadat was a very intelligent and impressive fellow, and Steve asked him the same sort of questions he had asked Jameson years before. Sadat said, "I have a number of problems. Here are the three most urgent: one is a pipeline from the Red Sea to the Mediterranean; the second is power at"--I forget the location--"and the third one," I can't recall now. Steve said, "Mr. Premier, we'll build all of those for you." And you know, in the next two decades, Bechtel did do all of them.

Now, each of those was a tough negotiation, and Sadat was gone before the last one was done because he had been assassinated, but that's the kind of fellow Steve Bechtel was. We would go into the chairman's office of, let's say, Texaco or Exxon or whatever, and Steve would ask about their problems, and more often than not they would tell him their most pressing problems.

Well, I had been with him when he called on King Fahd in Saudi Arabia shortly after he had become king. Well, we went in to see him just to pay our respects. It was expected for Steve to do so. Well, we were there for an hour and a half. He was telling Steve what his problems were with this country, because he knew or expected that Steve would be debriefed by Washington when he returned to the U.S. Well, it was very interesting to sit and listen.

LaBerge: Through a translator?

Bridges: Well, yes, there was a translator, but though King Fahd wouldn't speak English, he understood English. What he would do while the translator was translating a question--or a statement, anyway, from Steve--he would be thinking, and he wouldn't be listening to the translator at all. Well, he would be listening, but he would come back with the answer immediately after the translator finished. Then he would regroup while the translator was translating his answer to us. So it was interesting to see how adeptly he used the translator, because we didn't understand Arabic, you see. I had a lot of respect for him when we got through.

But that's the kind of fellow Steve was, and it didn't matter whether it was the President of the United States or some small, new company. He would talk to them exactly the same way, and again would ask them for their problems and help them to find them. Obviously they were all impressed with Steve or they would not have discussed their problems with an outsider.

On nuclear power: Perry Yates and I were with Steve when he met with the nuclear power group, which was a group of utilities: PG&E, Commonwealth Edison, American Electric Power, and so on. It got down to the point where the head of Commonwealth Edison said, "Well, now, we'll go forward, and here's what we'll do--we'll put up fifteen million dollars: PG&E and we and Phil Sporn (American Electric Power) will each put up three million; so-and-so--I think Union Electric--will put up two million; and the other two utilities--which were smaller utilities--and Bechtel will each put up one million." Well, boom-boom-boom. And, "with that fifteen million dollars, we'll see if a nuclear power plant is commercial."

Well, luckily we broke for lunch. I was flabbergasted. Perry Yates and I said, "Steve, what are you going to do?" Steve immediately said, "We're going to put up a million dollars."

Well, a million dollars was a lot of money in those days; this was quite a little while ago. But he had made up his mind. As a result of that, Bechtel built or managed the building of more than half of the nuclear power plants that were built in this country. Bear in mind that each of them was pretty close to a billion dollars. Steve was a decisive and farseeing man, and he was intuitive, could see things ahead.

When Bechtel went into Boulder Dam, W. A. Bechtel Company had one engineer, and he was a civil engineer. It wasn't until 1937 that Steve joined with John McCone and started an engineering group. He saw the need for it, and it takes a lot of perseverance and a lot of money to assemble a group of men with

the capability of being a top-rate engineering group. So it was a privilege working with him.

More on the Six Companies

[Interview 6: April 30, 1997] ##

Bridges: Recently, a friend of mine wrote a book, Big Dams and Other Dreams,<sup>1</sup> which was, in my view, the best book on the history of Boulder Dam and of the Six Companies, Inc. His "other dreams" were his treatment of the various members of the Six Companies Group after Boulder Dam, and particularly, the only two where the fourth generation is really doing extraordinarily well and of tremendous size are Bechtel, on the one hand, and Shea in southern California on the other.

LaBerge: And you told me about Shea last week and how it evolved.

Bridges: Yes, and I'm very proud of those young men, and as I told you, I have gone down each year to the annual meeting. I had to miss it last year and this year.

LaBerge: Who is the author of the book?

Bridges: Donald E. Wolf.

It's a very interesting book. John Shea sent it to me, and I have told my friends--Jerry [Komes] and Ed Garbarini and Bill Slusser--about it, all of whom were on the board of Bechtel Corporation when I was. Each of them bought their own copy, and for us who went through it, it's hard to put it down until you finish it. In each case, they had people who had borrowed it from them and they were having trouble getting the book back. [laughs]

In the case of Morrison-Knudsen Company, for example, they were a public company. Harry Morrison, the chairman, had an extremely clear and incisive mind. However, with age he got what was probably an exaggerated case of Alzheimer's. In the last years of his life I visited him in Boise, and I recall particularly one trip. That night, I got in about eight o'clock or so, and they were putting Harry to bed. It was a good day,

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<sup>1</sup>Donald E. Wolf, Big Dams and Other Dreams: the Six Companies Story (Norman, OK: University of Oklahoma Press), 1996.

and we talked about old times and our old friends--all the Six Companies group. I had known his first wife--Harry's first wife --who was a wonderful gal. Anyhow, we were talking and laughing and whatnot. The next morning before breakfast, I went in to see Harry and he didn't know me. Well, later, I was an executor of his estate. His second wife was a nice gal, and was co-executor.

Bert Perkins was the first to succeed Harry as chairman of Morrison-Knudsen and did a very good job. Unfortunately, he was in the habit of driving about eighty miles per hour and killed himself that way after just a bit more than a year on the job. Then, Jack Bonny, who had long been Harry's righthand man, was chairman for several years, but died. Unfortunately, long after I was associated with the company, a non-construction man became chairman and, in effect, ruined the company.

As I told you, Felix Kahn had gotten ready to die, and we formed a company with Frank Modglin--his majordomo--and Kahn's two sons-in-law, two brothers that had married his daughters. That didn't work out. We separated the boys--the Elkus boys--from Modglin. Later he lost his sight, and was being--at least he would tell me that he was--being gypped by some of his employees. Anyhow, I advised him to sell, but he would get up to the point of selling, and then he wouldn't. One time, when I was in Europe, Modglin sold his company and David Styles, who was then a partner here, working with me--at Frank's request, Dave drew up a contract of sale. When I returned to the U.S., it was all done. Frank lived for several years but ever after he blamed me for his selling his business, even though he sold it while I was away, and I hadn't known about it.

LaBerge: This is Frank Modglin?

Bridges: Modglin [spells]. And Frank died. So it was a sad ending.

Utah Construction Company probably had the largest book net worth in 1930 of any of the Six Companies group. In the late forties they became interested in iron ore properties and in the succeeding years became an important factor in the metals business. Their non-construction business became larger than their construction work. Eventually Utah's then chairman, Ed Littlefield, negotiated a favorable merger with General Electric and Utah disappeared from the construction scene.

General Construction Company, which was not on Boulder Dam, had become a member of the group after that. Then its founder, Jack McEacherin, died, his brother became chairman, and all of the key people, who under Jack's management performed well--well,

they were all fighting for the remains of the company. The company died out in four or five years.

Same thing with Pacific Bridge Company: Gorrill Swigert died. Now, some years later, his son has entered the business. I don't know whether they had a corporate shell or not. Anyhow, he's operating under the same name now, but not on the scale that his father did.

LaBerge: His father's name was Gil?

Bridges: Gorrill [spells].

Kaiser you know about, Bechtel, and Shea, and that was sort of it. Well, I told you about the Sheas.

### Bechtel Corporation

Bridges: As far as Bechtel was concerned, Steve was wise and farseeing-- Steve, Sr.--and up until the end of 1946, the stockholders of W. A. Bechtel Company were Steve, Kenneth, and their brother, Warren; and their uncle, Arthur V. Bechtel; and Brant Eubanks, who had married their sister--Steve's sister. When they liquidated, neither Uncle Art nor Brant were in any way connected with Bechtel after that--the new Bechtel Brothers McCone or Bechtel Corporation. Then for the first time in Bechtel Corporation--in W. A. Bechtel Company--it was the first time that there was employee ownership.

### Legal Advisor and Finance Committee Member

LaBerge: Were you on the board of directors, then?

Bridges: I don't think so. In the fall of '47, three people became stockholders, and I was one of those; George Walling, who had come to them from Coopers and Lybrand, became a stockholder; and another chap, I think named Snodgrass, became a stockholder. From then on, I was on the board of the Bechtel Corporation.

But, in the next decade, we worked to perpetuate the business as a business. In other words, I had an arrangement with Steve whereby my priorities with respect to Bechtel were: number one, the business as a business; second, was the Bechtels

personally; third, was the Bechtel employees--the key people and so on; and fourth was anybody else. So, as things went ahead, he insisted and I insisted that my role always reflect those priorities. In other words, what was good for the business. If anyone thought it wasn't good for the business, speak up.

LaBerge: So you were more than a legal advisor?

Bridges: Well, in some aspects, yes. I felt at the time, and Steve felt that--the heck with getting advice after you're in trouble, don't get in trouble. So, that's one reason why he wanted me on the board, to help as far as I could in avoiding trouble.

In 1947 we didn't have an executive committee, but we had a finance committee, which was Steve Bechtel, myself, and John Simpson<sup>1</sup>--Laura's uncle, who had come from the Schroeder Group in New York to help out with money matters during the war. Later on, that finance committee became the executive committee. We added to it, and established a new finance committee, which had a more limited role.

Partly at Steve's suggestion, my wife and I created trusts for our three children in 1947. As a matter of fact, when the shipping business started, I was a small participant. We had bought a couple of tankers and sold them--to [Aristotle] Onassis, as a matter of fact [laughter]--and I handled the closing of the sale.

LaBerge: So, did you meet Onassis?

Bridges: No, I met his number one man, who was about his size--about 5'3" or 5'4"--and a heck of a good man. Anyhow, my share of the profit was--I think--\$10,000 or \$15,000. With that, I started the trusts, you see.

Then, in the Transmountain days (1951-on), when we had issued our stock, I told you there was a "list" of individuals who were permitted by the underwriter to buy stock before the underwriter commission--and Sid Blair and I had gone out to all the independent oil companies and had offered them stock in TM, Transmountain. Well, two or three of the people who owned those companies put me on the "list," so that I was offered shares in later offerings of stock and if it looked like a real good thing,

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<sup>1</sup>See John L. Simpson, "Activities in a Troubled World: War Relief, Banking, and Business," Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1978.

I had my children's trust subscribe. So, over the years, it worked out well.

Also, by this time, I was on the board of quite a number of corporations. I had to attend directors' meetings in San Francisco, New York, and Los Angeles and in Vancouver and in Hawaii. Well, I was traveling anyhow, so that wasn't all that good at home. So Steve said, "What you ought to do is make it even by assigning all your future attendance fees to your wife as her separate property." Good idea--so I did. Of course the community paid the tax on those fees, and they added up. When some of my friends in Canada would offer stock, again, the very best ones, I had it purchased with this separate property that my wife had. So between the two, by the time I retired, my children owned a third of the stock that Alice and I and our family owned in Bechtel.

LaBerge: As far as your wife goes, I didn't realize you could assign--make community property into separate property.

Bridges: Oh, sure, yes. You can; there's no gift tax on such transfers.

#### Retirement of Executive Committee and Sale of Stock ##

LaBerge: You're the one that figured out this formula for sale of stock at retirement?

Bridges: No, no, no. Steve had most to do with it. We had talked about it, and he would tell me what he wanted to achieve. All I would do is help to achieve it. I also told him of my experience with other companies and the things one wanted to avoid. And the company is still going strong. As the years go on, I'm more convinced that fixing sixty-five as the retirement age was an extremely wise thing to do and to continue doing. I don't know any of the details, but I knew some of the results.

Now, all the time we did this, we also had side deals. First, in 1947, we needed a lot of new equipment. We wouldn't let them buy any old equipment from former companies because of the liquidations, and we only had cash enough to buy a certain amount of equipment. So we needed more equipment, but when Steve took over and we wanted to get the new equipment, things were still pretty shaky. Had we put the money in the corporation, and had we bought more stock and used it in addition as capital, it would have been a capital loss, if there was a loss, and that was unwise.



LaBerge: Was there ever any thought of going public?

Bridges: No. Well, we discussed it, but the answer was no, and that was one of the reasons that Bechtel and Kaiser split. Public ownership didn't bother H. J., it would have bothered Steve. He didn't want to go public. So we formed a partnership, Bechtel Equipment. And we--we being the members of the executive committee--put up the money. That continued for several years. Then we didn't need it anymore, and we bought new equipment in the corporation, and so on.

But other things came up. Shipping was one, and we kept that separate from construction. Further, Steve would see some young men coming up in the company who he thought were going to be of stockholder caliber in two or three years. It was always a wrench when they had to buy stock, because no matter how low--you couldn't get the price down less than twenty-five dollars a share--and they couldn't buy all that many shares. So Steve said, "Find a way to money them up," as he put it.

#### Pipeline in Argentina

Bridges: Well, at that time, we went into Argentina for the first time.

LaBerge: What were you doing there?

Bridges: Well, several things. First was a pipeline from fairly close to Buenos Aires down into Patagonia. Much later, Bechtel built a pipeline from the mainland across the Straits of Magellan to Tierra del Fuego. Tierra del Fuego was the land of fire, you see. That fire came from gas--natural gas--which was leaking to the surface. So, to get that gas, you had to build a pipeline and get it up to where people lived, but that was much later--that Tierra del Fuego line.

Well, I was president of this new Argentine company. All the stockholders bought stock in it, but some promising young non-stockholders bought stock only in the corporation performing that one project, you see. A part of the plan, of course, was for them to realize capital gains. Well, we finally made a million or so dollars, and it served its purpose, but we had a shocking time doing it. [laughs]

We would get this contract up on the desk of the president of Argentina, and all he had to do was sign it, and you knew it was all okay.

LaBerge: On the desk of the Argentinean president?

Bridges: Yes. Well, the first time it came up there, there was a coup; the president was out; and a new man was in. So we had to go up the line again. This time, they finally got it up to the desk of the president.

One of the reasons that we were a little bitter was because we had a good price on pipe from Japan. Well, the sellers had seen the first president deposed or die--I think it was deposed--so they wanted payment. Well, so to save the pipe price we bought it. We paid a million dollars or so, and--by gosh--when the contract got onto the desk of the next president, he fell. [laughs]

It was the third president that finally signed the darned thing, and whereas we should have made quite a number of millions of dollars, we only ended up at about a million. It took a long time. [laughs] We had thought we would never be in Argentina again, because they didn't like Yankees, and they had ties to Germany and whatnot, but Bechtel actually did later do this Tierra del Fuego line and a number of other things. As a matter of fact, they're working there, now.

LaBerge: Was this after the war?

Bridges: Oh, yes. Well, a long time after the war.

LaBerge: Oh, that's right, okay. Was all this a part of helping the young fellows buy stock?

Bridges: Yes, that's right, to pay for the stock. That was the principal reason for doing it.

#### Pipeline in Saudi Arabia

Bridges: There was one other thing: in Saudi Arabia, we had been working there for quite a little while and, had we had a full complement of equipment for a large pipeline, there were several jobs that we could have had. But the additional equipment cost about two million dollars for all the bulldozers, and other stuff you had to have. So, we thought about it and came to the conclusion that we had so many other things on the fire that we just couldn't do that. By this time, we had been through several of the things like the Argentine deal. So we were much wealthier than we had been before. [laughs]

So we went to Steve and said, "Look, we're willing to put up our share of the \$2 million if you are; so let's as individuals get this and buy that equipment. Now, we don't want any of the smaller shareholders to risk it, but we can risk it." So we each, again, furnished the \$2 million and bought the equipment. The desert is very difficult on equipment, but the project managers kept it extraordinarily well repaired. So, while we thought that we had to get the money out within two years or we were going to be lost, the fact was that equipment was used for about five or six years.

Well, we were all in the 77 percent bracket. It didn't take much to get one there in those days. So I think all of us on the executive committee gave our interest to our children, and in my case, the children's trusts. I think most others formed trusts, too. Well, by gosh, we thought they might get one season out of it. For goodness sakes, it really worked out very well for several years.

#### The Bechtel Building, San Francisco, 1965-1968

Bridges: Now, the next thing: it was decided to build a building--the Bechtel Building.

LaBerge: Here in San Francisco?

Bridges: Yes. All of the blocks in this area had been subdivided into lots many decades before. There were only a few cases where a sizable number of lots in one block were owned by one person or company. Had word gotten around that someone was considering building a large building, the price of the lots would have increased drastically. So we formed several partnerships under such names as Lakeside Associates or the like.

LaBerge: A partnership to buy the building?

Bridges: No, quietly we endeavored to buy options to purchase lots in four or five different blocks. This necessarily took quite a bit of time and patience. If the option was to purchase at a reasonably moderate price, we exercised the option to purchase right away. Thereafter, we exercised options on any adjacent lots even at a higher price. When we came close to enough adjacent lots to build a building, we paid whatever we had to to purchase the few remaining lots necessary for a building site.

Well, finally in lot 3709 we did get enough to floor a building. That had been the object of the exercise, you see. But by the time we had purchased enough lots in one block to build a building, we owned a considerable number of lots in other blocks. Bear in mind that all of the lots were purchased with money supplied by the various partnerships which had been formed by members of the executive committee.

LaBerge: Why didn't you want the Bechtel name associated with it?

Bridges: Oh, the price would have gone out of sight!

LaBerge: Oh, I see. Some of my questions are going to be really basic.  
[laughs]

Bridges: Well, it would be hard for anybody--. If anybody said, "I want to build a building there," where you buy one lot, my gosh the price would go up shockingly.

So, what we did--we sold to Bechtel Corporation, at our cost, those lots necessary for the building. Well, all the other lots that we had, we put into one partnership, and there were some lots we bought with Walter Shorenstein--he had a half interest, we had a half interest--but our half interest went into our partnership. We individuals had quite a lot of money borrowed by this time, you see. We built a building at 70 Fremont--we didn't, no, Bechtel Corporation built it. (Again, the lots on which it was built were purchased by the partnerships and sold to Bechtel Corporation at our cost.) Anyhow, over the years, other people were going to build buildings south of Market. South of Market was entirely different after the Bechtel Building went up. Other buildings would follow. Well, as the various buildings were built by others, many of them had to buy some lots from us, you see. So we paid off the bank with the proceeds of such sales, and it ended up finally, that we had the bank all paid off, and still we had a few lots.

LaBerge: And did you have an office in the Bechtel Building? Or did you just keep this office? How did you work that?

Bridges: Well, [diagramming] the executive group had the twenty-third floor over there, and here was Steve, Sr.'s office, and it was later Steve, Jr.'s. Over here was an office, and here, and here --the three big ones, which were for the presidents of the various companies like Bechtel Power and Bechtel Civil and so on. Then there were offices around here, like this. Well over here is Steve; I had an office over there, but I didn't use it more than 10 percent of the time. I would go to the office before committee or directors meetings. I would have, sometimes,

conferences over there, and whatnot. Eventually, Steve Jr. said, many years later, "Bob, would you mind if we gave so-and-so your office?" As things had grown bigger.

LaBerge: So your main office was in your law firm?

Bridges: Oh, yes. As a matter of fact, I wanted it that way, and I wanted, always, my relationship to be as attorney. Many times, Steve and Ken wanted me to become an employee, though I would not.

I would tell them, "Look, I see an awful lot of people become your employees. I also notice that after they are your employee for a while, they seldom tell you no. I'm no good to you in that role. So I'm not going to do it. If you want me, give me time; with enough notice I'll go anywhere you want to for whatever you want." So they were very kind to me.

So that was really the genesis. They've done a lot more. It's a much bigger outfit than when I was there, but the point is, as a continuing entity, they have got practices that are working.

LaBerge: They have been set for quite a while?

Bridges: That's right. And the fifth generation are coming along, and many of the younger members are there, and they give promise of being equally good.

#### Principal Officers

LaBerge: Now wasn't George Shultz there as chairman? Or what was his position?

Bridges: George came as president of Bechtel Corporation. Now it's called the Bechtel Group. It's a group of companies, and George is a director.

LaBerge: And Caspar Weinberger, too? I'm asking you this because we're hoping to interview them for our Ronald Reagan project.

Bridges: Yes. Cap came as general counsel.

LaBerge: Okay.

Bridges: Bill Slusser, who--. Bill was number one under me, at our law firm. Sometime in the late fifties (1958), Steve wanted a general counsel, and if we weren't willing to supply him with one, why, he was going to go to Pillsbury, Madison & Sutro or to some other firm and get one. So we had a partner, Mynderse Van Hoesen, and Van had worked very closely with me. Van went to Bechtel as general counsel. They treated him very well, and he became a stockholder. But Van was a good deal older than me, and sixty-five rolled around, so in about 1964 they wanted another man, and were even more insistent. Bill Slusser was a top man here and one I depended on for so many things. He hadn't worked for Bechtel too much before that. He went over, and was general counsel for, oh, ten or twenty years. He did a heck of a good job. So Bill went on the board and became general counsel. Then much later, Bill was the one who talked to Cap, wanting him to come. Later Bill also retired, and so on.

So that's the way that worked out. Both Cap and George were very good for Bechtel, and luckily--not luckily, but fortunately --they came at a time when things were going extraordinarily well, and the stock price went up amazingly.

Bechtel had built a large percentage of all the nuclear power plants in the United States and indeed in the world. In the early days the Atomic Energy Commission was carrying on a great deal of research and development and came up with a great many changes in construction which it thought would make the process easier and less dangerous. Rather than limiting the changes to new plants, the commission insisted on immediate compliance by all plants under construction and not yet completed. As applied to plants that had been under construction for several years, this meant that many would have to tear out work correctly done under the then rules but inconsistent with the new changes.

The result was that the owners refused to pay costs on changed work until they reached formal agreement with the contractor. This often caused delays of one or several years until all the work was completed.

The inevitable result was that the work of a contractor might show a staggering loss in one year with a large "income" in a later year when the change orders were approved and the costs to the contractor were paid. On some of the plants that had been started early in the process, until the change orders were formally approved, the contractor had a loss of thirty or forty million dollars on the one job. The changes were eventually approved but sometimes for a lesser amount than the contractor thought justified. So the year of completion was a good year.

## Board of Directors

LaBerge: So how did the board of directors work? Was it a consensus, or did the chairman sort of set the tone?

Bridges: Steve, Sr., and later Steve, Jr., always had the ultimate deciding vote. At the directors' meetings, initially each director reported on the things under his purview. It was really a working meeting, and others could ask, "Why did you do that?" or, "Why didn't you do this?" and so on. But that took a lot of time, so operating committees were formed where a lot of such discussion was done. At the board meeting all directors were brought up-to-date as to the various things happening in the company. If any serious problems had arisen, they were reported on and considered by the board.

LaBerge: If you were the person negotiating, and you were, say, in Saudi Arabia by yourself or something, did you have full authority to sign a contract?

Bridges: Well, under Steve, Sr., theoretically, yes, but very few of us did anything major alone because you would want others with other skills to help you in the negotiations. So you often had a negotiating team of four or five or six, and you'd have one or two who would have to make the decisions. On large projects of many hundreds of millions of dollars a host of problems occurs. As an example of the knotty problems which arose was the refinery which Bechtel constructed in the British colony of Aden. There they had to have three different messes because different employees ate different kinds of things. The food alone was bought in nine different currencies--most of them in different countries, but in nine different currencies. Well! [laughter] In most of those countries their currency was blocked so that you had to be sure you had enough currency but equally had to be sure you didn't have too much of such currency.

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Bridges: This is one of the things we had to consider in negotiating the contract in the first place. Particularly the use of the blocked currencies.

As to blocked currencies we found that there's almost always some place in the world outside of that country where the blocked currency would be utilized. I'll give you an example that happened to me. Alice and I had been in India quite a bit during several years, and one way or another we had a lot of Indian rupee notes. We felt we would be unable to use them except in

India. Whenever we went on a trip we weren't sure where we were going to end up so as a matter of custom we took along a packet of the various currencies. A year or so later we were hiking in the Himalayas in Nepal, and we found that, there, a hundred Indian rupee note was worth close to one hundred and fifty Nepalese rupees. We happened to have a number of those Indian notes with us and it was very helpful.

Perhaps a better example is Kuwait. Worldwide, all oil is purchased in U.S. dollars so Kuwait had American dollars coming out of its ears. If you happened to have an excess of the blocked currency of Pakistan, you could bring in labor from Pakistan who expected to be paid in currencies of their country, and the dollar value of the currency so used would be paid by Kuwait in U.S. dollars.

During those years an important part of negotiations around the world dealt with the particular currencies in which the contract price would be paid.

#### Pipelines in the Middle East

LaBerge: Well, off the tape, you told me about a couple of your trips. One of them was a pipeline from Iran to Turkey, and there were strange relations and you were--. I think your wife was with you?

Bridges: That extended over a period of time. The project was to build a gas pipeline starting at Ahwaz, Iran, coming across Turkey to the Mediterranean. At that time, the Suez Canal had been built but it really hadn't been dredged. In any event, the big tankers couldn't go through the Suez. They were building those big 300,000-tonners and they had to go around the Cape of Good Hope. So, if by a pipeline we could get oil to the Mediterranean, you could get it to locations on the Mediterranean and to England a lot cheaper than you could going all the way around the Cape of Good Hope.

Well, at the time we started, the finance minister of Iran was a great proponent of this line. He wanted to see it built, but it had to have its own financing. No one would underwrite it. It was going to be hard enough to finance it if you had a fixed price, and it was impossible without a fixed price. So we had German and British and French partners, and I guess the Italians were in, too. One company would agree to give a fixed price on the pipe; another would agree to lay the pipeline from



here to there for a fixed price; and on lesser materials, you would find either one of the participants would take that on, or you would get someone where it was manufactured to agree to take a fixed price. If there were any overruns that could not then be foreseen--in other words, a real change, or circumstances beyond our control--then each of the parties agreed that the extra costs would be paid in bonds of this pipeline company. So, unless a pipeline was finished, they wouldn't get anything for the additional costs.

Well, before it was finished we had a mosaic of the pipeline in which every part, excepting the management costs of Bechtel, had a fixed price. So it looked like it would go. It would cost about \$700 million at then costs, which would be about \$2 billion now. Well, we never did find out why that finance minister had so radically changed his mind. The way things worked in Teheran, a dozen things could have happened. In any event, he became the greatest opponent of this pipeline after having started out as its most important proponent. So the whole thing folded. This project had taken somewhere between eighteen months and three years to put together and it was a very ingenious method of financing. It was too bad. Now we will never know how it would have worked out.

LaBerge: Do you remember his name?

Bridges: No. I thought I had it, but the chap I was thinking of was a Syrian, and it wasn't that one.

LaBerge: It might come back.

Bridges: One of the things that I still remember about that, at the formative stages of that--. Oh, there was a Turkish contractor, too. Well, I'd had this conference with the government of Turkey. It was a minister.

I had one chap with me who would have been the project manager and who did the planning. We went to see this Turkish chap, had a nice dinner, and the next morning, he took us to the European side of Istanbul, and we got on his yacht. It moved out carefully, and we ended up on the Asiatic side. This couple got aboard--young chap and a very good-looking wife, and they spoke very good English and whatnot. Anyhow, then we went on up into the Black Sea. Somewhere in there, we anchored, and we had a barbecue--very good and enjoyable. I thought these were awfully nice people, this was a good vacation, but when were we going to get to work? Then we started back. We were still in the Black Sea. We hadn't quite gotten to the Dardanelles. The men were sitting on the rear of the boat, and went into the cabin. Well,

then we got down to business and went over all of these things that we needed. We were in perfect accord, and the minister-- they were getting a lot out of this because they needed oil, and they would get oil at a very reasonable price because they would own the method of transportation--be part owners of it.

Well, in any event, we went to the Asiatic side, and we just docked shortly, and nobody around. The couple got off, and we went back to the European side. We got off and got on our planes. [laughs] Obviously, there were different opinions in the government, and--.

LaBerge: But you had come to agreement?

Bridges: Well, we came to an agreement. Yes, the essential agreement-- essential facts were agreed--there would have been no real trouble in Turkey had it not been for that Iranian minister.

#### Negotiations in Yugoslavia

LaBerge: Another line that you talked about being built. I think this time you went with your wife and Laura and Steve Bechtel for a line in Yugoslavia?

Bridges: Oh, yes, that was a--.

LaBerge: And you had three wives? I'm just giving you the words that--.

Bridges: That was a pipeline from Trieste north through Yugoslavia, and it would end up at Prague in Czechoslovakia. We would take North African oil through the pipeline to Yugoslavia and up to Czechoslovakia. Most of the money would be furnished by the Czechs because they had the money, and they needed the oil.

Well, anyhow, as they put it together, we had as partners or as joint-venturers, the Croatian oil company, and the Serbian oil company. We met--Steve and Laura and Alice and I met them at Novy Sad in Yugoslavia. Novy Sad is where Sulayman the Magnificent was turned back in Europe several centuries before. So it's a very famous place, and it's a big old castle. We met there with the two oil companies.

The interesting thing was that they had never met each other. They were at odds on many things, but on this they were going through both. The pipeline was going through Serbia and was going through Croatia.

Well, the day went fine. We got things agreed, and there was a dinner that night where quite a few of the executives of each company were there with their wives, and the chairman, the president, and so on. As I told you, the wives of the two chairmen sat on either side of Steve; Laura sat between the chairmen of the two oil companies; Alice sat between the two presidents of the companies; their wives were on either side of me. They were charming gals, but out of this whole table of twenty-five or so, there were only two interpreters. Of course, they hovered near the chairmen of the company or the wives of the chairmen.

They were very proud of their wine in Yugoslavia, and they had at each plate three glasses of wine, just a little different in color, and behind you was somebody. If you took a drink, by the time you sat it down you wouldn't have your hand back before it was filled again, you see. So you had no idea how much you had drunk of that or which one--. I didn't know if you mixed them, was that bad? But if you didn't mix them, which was the one I had drunk out of last time?

Well, anyhow, in my case--and in most cases--neither of the gals on either side spoke English, and neither spoke French, and neither spoke Spanish. They spoke their own native language and German. Well, I didn't know German worth a damn. And the same thing happened to my wife across the table, but they were talking at a great rate. But anyhow, after two or three of those glasses of wine, we were talking very well and understanding every word with hand gestures and whatnot.

But it was really a love feast, because the Yugoslavs were just pleased to be in a joint venture with Bechtel and so on.

Then, the next day, the four of us had airplane tickets to Prague. Well, that day the Russians entered Prague, and in our office in Prague--there were tanks right down where you left the office building. So it seemed not a good idea to go there. As a matter of fact, we changed, went over to Bucharest, and met with the Romanians on some other things. Then, of course, the project was blocked because of the Russian occupation of Prague, but we've never forgotten Novy Sad. It was an interesting thing to have gone through.

LaBerge: How are we doing timewise?

Bridges: Well, another fifteen minutes from now.

George Colley

LaBerge: I've jotted down a couple of other trips--or maybe just incidents. There is some story about V-J Day with Bechtel employees in Japan. Does that ring a bell? Is there another interesting trip or incident that just pops into your mind?

Bridges: Well, I may have told you this. When George Colley was at Cavite in the Philippines for Bechtel--this was in 1941, of course--after the war started, after Pearl Harbor, naval intelligence told him that he was on the proscribed list that the Japanese had. He couldn't afford to be captured, then. He had just gotten married and he and his wife, with another couple, got on this small boat and went south, island by island.

Well, to make a long story short, he ended up in Borneo. He left his wife at what he thought was a safe place. He was going up to reconnoiter at a leper camp up the river the Japanese stayed away from. He was going up the river--or down the river. I don't know how it would be. Anyhow, he noticed one log that looked a little too close to him and with an eye! It was a crocodile. He managed to beat it to the shore, and he got up a banyan tree, and the damn thing just was sitting right there at the bottom. As he was sitting there, a Japanese gun boat came along, and he was a sitting duck. There is no foliage on those banyan trees, and there he was. So he was captured. He and his wife were held in a prison camp there under very difficult circumstances until the war was over. On V-J Day, Steve got a seat on a military plane, went to Borneo to get George, and luckily got him and brought him and his wife back.

LaBerge: It gives me chills to hear the story.

Bridges: Yes. Several years later George and I were negotiating with the French for the first pipeline in North Africa. It was the first contract we had negotiated with the French. We had French attorneys, the oil companies had French attorneys, and they were negotiating this contract.

LaBerge: Is this before the war? Or after?

Bridges: This was in 1959--yes. Well, it wasn't '59. George was killed in '58, so it must have been in December 1957. So we negotiated the contract, and we started to work on it. When the contract was signed, the French chairman signed it, and George signed it for Bechtel; he was president of Bechtel Mediterranean. George then had a custom: he had a little sack in which he carried a number of silver dollars, highly polished silver dollars. So he

gave a silver dollar to Chairman Moch of the French company and explained that that was his custom.

Well, later the next year George was killed in that revolution in Iraq when the king was deposed. At the end of '58, Jerry Komes and I had been through a year of this now with the French, and the wording of the contract wasn't worth a damn. So we renegotiated it. They didn't have any attorneys, and we didn't have any French attorneys, either. But between us, we wrote the thing up in French--that's it. When we got through, Jerry signed it and gave it to Chairman Moch to sign, and he signed and then he said, "Now, where's my dollar?" [laughter] When we came home, we got a shiny silver dollar and mailed it to him.

#### Incident in Baghdad

LaBerge: Were you ever in dangerous situations?

Bridges: Oh, I don't think so. Not really.

LaBerge: You could have been, I guess, if you had gone to--.

Bridges: Well, I thought I was in one. This was on the pipeline from the Kirkuk Field to the Mediterranean. I was arranging--. We had been in Lebanon and had gotten all the necessary permits there, and had been in Syria and got the permits there, and we went on to--. We were flying from the international airport at Damascus to Baghdad in a Dakota DC3-type. We really should not have flown. There was a terrible sandstorm en route. The sandstorm reached to the 11,000-foot level. The DC3's were not pressurized and lacking oxygen made them uncomfortable at 10,500 feet. The sandstorm tossed us around frighteningly. Luncheon sandwiches were served en route, but I was the only one on the entire plane that ate. During the worst part of that trip a tear rolled down Allie's cheek. I asked what was the matter. She said, "I was thinking of those three little orphans at home."

Anyhow, we got there about noon, and it must have been 110 [degrees]. It was terribly hot. We went through customs. Well, I had been in the Middle East quite a lot, and you had to report how much currency you had in each currency. Well, in those days, you didn't have traveler's cheques--or at least I didn't know about them--and I had a money belt. Well, I had about a thousand dollars in hundred dollar bills. They wanted me to leave it with them. I said, "No way, no way." Well, a soldier with a gun had

me in a corner, and all the rest went through. I was still there, and I still hadn't given them my money belt. So, I was a little nervous.

Luckily, our British partner had advised his people in Baghdad that we were coming, so he sent a car for us, and the driver came in. I explained what the problem was, and he said, well, he was going to call the chief of police. The chief of police, at that time, was the guy who ran Baghdad. This chap at the airport said:

"No, no, no. Don't call him--this would be his, uh, siesta time, you see."

"Well, I'm going to call him."

Anyhow, the result was they put down in my passport, every penny I had with me in every currency. I was leaving on a Friday. That was the reason why I was so recalcitrant: because that's their Sunday, you see, and I would never get my money back because nobody would be there.

Anyhow, he said, "Now, you should understand that the deputy minister is going to be here to count all your money, so you must have it all or you won't get an exit permit."

Well, anyhow, we went out with this British chap. Well, when we left, by golly, the deputy minister of finance was there, and he counted everything, including every one of those hundred dollar bills.

He said, "Mr. Bridges, I have to apologize to you, but you must understand." The Jews were being expelled from Iraq, and they could only take sixty dinars with them--in clothing or whatever--but nothing worth more than sixty dinars. A dinar was worth no more than a dollar. So, there would be places where they were burning all their things, rather than having to leave them for these people. He said, "And there are a lot of people, also, a lot of Russians and other spies in here, and with a hundred dollar bill--they could just stick it up their rear or do other things with it. So that was terribly important to us--." Anyhow, I got out.

LaBerge: For you not to leave the hundred dollar bills?

Bridges: Oh, yes. That's right, but it was the only time I was very nervous.

Kaiser Permanente Group

LaBerge: What I want to ask about, still, is Kaiser Permanente and all of your outside work: your philanthropic work, maybe political, or anything that you think that we haven't covered that we should.

Bridges: Well, on Kaiser Permanente--I don't think you need to spend much time because I just--. I worked with Henry J. and with Sid Garfield when Sid was working on the Parker Dam which Shea was actually building. Six Companies took the contract, and Shea was going to do the powerhouse. Then Charlie Shea said they would take the whole thing as a subcontract. Sid had this industrial medicine. While I was not directly involved, Sid explained to me what he was doing and the plans he had for the future.

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LaBerge: Your firm did work for Kaiser, but you didn't? I mean, for Kaiser Permanente.

Bridges: Yes, George Link and Paul Marrin did. I had--I think I told you --in 1946, I was at Tahoe--I had a bleeding ulcer, and I couldn't get a doctor, and it bled from Saturday until Monday, and I damn near died. Then my two brothers flew up and gave me quite a bit of blood. Finally, they put me in an ambulance and drove me down to Permanente in Oakland, and I left there about 5:30 or 6:00 p.m., got down to Permanente about nine or ten.

LaBerge: They drove you?

Bridges: Down. And Henry J. himself, and Gene Trefethen were there, waiting for me. I was in the hospital three weeks, and nobody could see me other than my wife. However, every day, H. J. came in to talk to me, and Steve Bechtel also came in at different times. [laughter] But other than that three week period at Permanente, and they did a good job on me, that was all. I don't really know a thing other than that.

LaBerge: Okay, so you didn't work on the medical program? I was going to ask you something about Mr. Trefethen because he is somebody else that I interviewed. So you did some work with him?

Bridges: Oh, yes. He and I and Edgar Kaiser were classmates.

LaBerge: That's right, that's right.

Bridges: Oh, Gene has been one of my closest friends the last fifty years, and I was terribly sorry for him to go.

LaBerge: Me too.

Bridges: He and Edgar and I--Bill Power, too--gave more to endow that chair for the class of 1930 than anyone else.

LaBerge: Boy, what a class. Well, shall we end there?

Bridges: Yes.

### Expansion of the Law Firm

[Interview 7: May 7, 1997] ##

LaBerge: We started talking about your law firm a little, but we didn't talk too much about the expansion, because, when you came, there were only four attorneys?

Bridges: Four.

LaBerge: And you eventually had offices in Oakland and southern California?

Bridges: And San Jose and Houston and New York. We withdrew from Houston and consolidated Oakland with this firm [San Francisco], with the home--. It wasn't economic.

LaBerge: Well, did you go to all the different offices? Or how did that all come about?

Bridges: Well, until the Second World War came along--it was preceded, as you remember, in '39 and '40, by the preparedness period. At that time, our clients had a great deal of work--new work, as well as the old work. We had Tom McCarthy and a fellow named Warren Manuel, in that period, but McCarthy became tied up in the Kaiser affairs, and just as a matter of form was transferred to become their senior house counsel, but he had been for some time, because they were a very important client. Manuel probably would make a pretty fair judge, but a poor lawyer, because he would make a decision and if the client was wrong: too bad. He just wouldn't change; so we changed him pretty quickly.

LaBerge: Did he become a judge?

Bridges: No.

LaBerge: No relation to Wiley?



Bridges: He was a nice guy. I didn't fault him, but he just--that didn't endear him to clients at all.

There were several attorneys we had interviewed just before Pearl Harbor, but they went into the military service immediately thereafter. We had agreed with them that they would come to work for us as soon as the war was over. So shortly after V-J Day George Link, Bill Slusser, Max Thelen, Jr., and Barlow Ferguson all came to us. Mynderse Van Hoesen had joined us in 1935 and C. William Maxiner came to us early near the end of the war. Thereafter we hired a number of new attorneys every year.

LaBerge: Is this because they were away in the service for the most part?

Bridges: Yes, all of those I mentioned were in the service. Yes. Max was in destroyers and in the group that John Kennedy was in; Barlow Ferguson had been captain of an army ship in the South Seas; Bill Slusser had been in intelligence; and George Link had been in the infantry. So, in the years immediately following V-J Day, we grew at an accelerated pace because we hadn't been able to before that.

Since that time, our clientele has expanded, both Kaiser and Bechtel firms--Kaiser in the industries, and Bechtel in the engineering and construction business--both went worldwide, and others of our clients did well and grew, and as they grew, additional clients came in. So I guess at the peak we probably had pretty close to 300 attorneys. I think they have 200-odd, now. Almost all--I guess all--of the larger legal firms overexpanded in the eighties. Most of them have, as we did, closed certain offices and hired fewer new attorneys.

One thing that we have had is that as our clients grew, they wanted in-house counsel, and unless we gave them one of our good men, they would go to some other firm to get one, and obviously, you couldn't afford that, so you gave them the counsel. That particularly was true of Bechtel--I've mentioned that earlier--and it was true of the other clients.

So we had been at 351 California, which was then called the Balfour Building, and had moved to 111 Sutter about 1941, and moved here to Embarcadero II in 1974, I believe. So we had three homes in San Francisco over sixty years. At the time we moved to 111 Sutter, there was nothing down here. The early seventies were when we and others started coming down here. Now, more of the legal fraternity are in this part of San Francisco than uptown, although there are still a great many there.

LaBerge: When did you start expanding to other cities?

Bridges: Well, in Cal Ship days, we had--. The Shea Company's central office was in Los Angeles, at that time; and Tucker McClure: all his business was in the canal zone; his office in the states was in Los Angeles. And [A. S.] Vinnel--a large builder--was a client of ours in Los Angeles.

At the time that the war started, we were talking to Sam Gill, who had graduated from Boalt Hall. He came with us, and, as I told you earlier, I was finding that there weren't enough days in the week to go to all these different shipyards. So Sam took over a good deal of the work for Cal Ship, in addition to Vinnel and the others. That Los Angeles office grew, over the years, to--I guess--fifty to seventy attorneys, and I guess has the same number now. I don't know. I've been so out of it; they may have more. So it was the first branch office, and for the reasons I have stated.

The Oakland office was really--at the time it was set up--really required by Kaiser. As Henry J. died, and later Edgar, things disintegrated, to some extent, there. It was folded back in, as it should have been.

Houston was about twenty years ago, and it was always a money maker, but a few of our clients in Houston moved; fortunately for us, most of them moved to California. So the result was that our downsizing was most acute. That was our first office that--well, that and the Washington office. The New York office has supported itself, and it's still doing fine.

Well, so much for the firm. Mr. Thelen died about 1972, at the age of ninety-two. Paul Marrin died around 1980, at the age of eighty-five. Gordon Johnson died fairly shortly after, at the age of eighty. So I decided I had to top that; that trend was bad.

LaBerge: And you're doing it! [laughter]

Bridges: Yes, although we've lost George Link and Garfield Anderson. Garfield had joined us immediately after the war. He had been a house counsel for Utah Construction Company, and he did very good work, and so on. But that's roughly, I think, enough on that.

In 1982, I retired from the firm--or began retiring, shall we say.

LaBerge: I was going to say, you still are here.

Bridges: Well, I had clients like John McCone--people like that--and Steve, Sr.'s people, whose affairs I had to handle.

LaBerge: Just personally?

Bridges: Yes. Well, I did it for the firm.

LaBerge: I guess what I mean is--.

Bridges: I was executor, and the firm was my attorney.



## V OUTSIDE ACTIVITIES

### UC Berkeley Foundation

Bridges: Then I decided that--always during my career when I was asked to go on a charitable, educational institution, I said I was too busy. So I decided that I'd better pay my debt. So, starting around 1980--particularly after 1982--I accepted an invitation to join the board of the UC Berkeley Foundation, and served as chairman, I think, in 1986 and '87, and I'm still a trustee of the foundation. I joined the John Muir Hospital Board, and served for two terms--six years. I joined the World Affairs Council over here and sat on its executive committee for a time. Each of those took quite a bit of time.

The UC Berkeley Foundation--it had, shortly before that or just about then, been reorganized under [Chancellor Albert] Al Bowker. In the early eighties, Gene Trefethen and others--I guess Morrie Cox--had talked to Al Bowker, and Al had suggested a group who would raise money to be spent at the chancellor's discretion, because there were so many things they badly needed, but to go through the Regents is a very ponderous thing. So Gene asked me if I would--and we decided to form the Chancellor's Circle. Gene asked me if I would chair that; so I did.

At first, either you paid \$5,000 a year or you gave a lifetime gift of a \$100,000. Rather shortly, we reduced that \$100,000 to \$50,000 and got quite a surprising number. Most of us that gave that way, also continued to give \$5,000 a year; so it was a double benefit. All money raised by the Chancellor's Circle could be spent in the chancellor's sole discretion.

Incidentally, Ann Flinn was very helpful to me. I had the circle, and the first fifty members came rather easily, but after that it was pretty tough. I think that our peak was in the seventies--of number of members--it might have been a little higher, but now it's well over a hundred and doing fine. Also, first Al Bowker, but particularly Mike Heyman and Chancellor

[Chang-Lin] Tien have told us what they have been able to do with these unrestricted funds, and it always seems miraculous.

For example, others had offered one of our excellent professors almost double his salary to come to them and whatnot, and Mike said to them, [pounding fist] "Now, what do you really need here?" Well, he needed more stenographic help. His research was being hampered by not having it. "Well, how much do you need? A whole or a half-time secretary?" "Well, a half would do." He said, "All right--you've got it." And he used these unrestricted funds--and the chap stayed. The reason he stayed was because he wanted to work with others--not only in his field, but in associated fields--who were the best, and he felt that the best were here. Chancellor Tien has also told us that if you have the money that you can say you've got it, you're able to get them--or, also to get someone to come, and when it gets down to the last bit where you have to give a little more.

[tape interruption]

LaBerge: You wonder how many professors leave--go elsewhere--just because of the funds.

Bridges: Well, they wouldn't leave because of the lack of funds, but they might not leave; they may stay because of the funds. I don't know.

The chancellor has always given a dinner for the Chancellor's Circle, and certainly I--among others--suggested that, "Now, Mike, tell us some of the things you've been able to do with it. You're going to get a lot more money if you make it interesting, and we think what we're giving is doing good," and which he would do. However, it's gotten enough tail wind so it doesn't need that now. It's also a good deal larger. Chancellor Tien has reported to the circle each year about things that are happening in the university, rather than what he's done with the funds. It hasn't been necessary. I think it helped a heck of a lot, just to start with. We had a certain number of falling offs: those who would join, but wouldn't continue. Well, those stories cut that departure rate way down. And I'm also pleased that there have been very few--that I've noticed--that have left in recent years.

Well, after hearing how well they could do in unrestricted funds, in the Millennium Fund, I gave \$500,000 and I specified that \$400,000 would be for the unrestricted use by the chancellor--whoever he might be. Also, I'm pleased that others gave quite a bit, unrestricted. It really has proved itself. Bowker's idea was a wonderful one to start with, and in what the

university has gone through, particularly--it isn't so bad this year--but in previous years, it really has helped the chancellor a great deal--but the problems were multiplied.

### Thoughts on Fundraising

LaBerge: What do you think makes a good fundraiser?

Bridges: Well, first, he's got to get out of the idea that he has to apologize to the one that he's trying to raise money from. Unless he believes in what he's raising money for, to the extent that he thinks it's a good thing and he himself supports it and whatnot, then he shouldn't be allowed to raise money. But, if he really thinks that, then, if you can get yourself in the frame of mind that you're really doing the person you're soliciting a favor--. After all, if anyone's successful, they like people to recognize they're successful. If you ask someone to give a million dollars, obviously you think he's been pretty damn successful. Maybe you only expect to get a hundred or two hundred thousand, but--. So, I suppose you could call that "having a positive frame of mind," with no hint of apology or that you could even think of such a thing. After all, you're working for an excellent purpose, and they ought to be aboard.

Also, you must not be afraid to ask for a substantial amount. As I say, if you ask a chap who could give a half million dollars for \$25,000 he might be happy that you only asked for that, but on the other hand, he's kind of irritated. After all, you're kind of low-rating him, you know. So if you found that the first three people, or three of the first ten gave you exactly what you asked for, then you made a mistake. You ought to ask for more than you get. Few people are so eleemosynary-minded that they really love to give.

As a matter of fact, I had a good deal of my education in that. When I first joined the Wells Fargo Board, about 1965, my seatmate was Dan Koshland, Sr. We talked about gifts, among other things, and Dan told me why he gave.

LaBerge: Not just to the university?

Bridges: To any good purpose. And, that if one was successful, you really had an obligation to yourself to give to worthwhile projects--and to help them expand, which helped you expand. I didn't have much money so I, obviously, was thinking in small figures, but as I said, he educated me, and if you really were heart and soul in

the project, you ought to give to it until you felt it. Now, just writing a check out doesn't mean you feel it, but if you have to give up some niceties that you like or whatnot, or give less away on other things, then at least you're starting to feel it. I've tried to--to those I asked for money--to bring them to that point of view. I was not really as persuasive as Dan Koshland was, but--.

LaBerge: I think that family--that Haas family--is remarkable.

Bridges: Oh yes. Well, Dan Koshland, Jr. is remarkable, and he's a remarkable man, period, but with the Koshland Foundation he's done--he's been very generous to the university, as well as to a host of other things. I've worked closely with Peter Haas and Walter Haas was a social friend, and Rhoda Goldman and Dick Goldman--they have just been great for this whole area: particularly to the University of California, but great.

LaBerge: They must have been somehow engendered in their upbringing, don't you think?

Bridges: Oh, yes. Well, it helps to be very wealthy. [laughs] Also, it helped to have a foundation which had a lot of money in it, because if you're really redirecting some of the funds, rather than adding to something else, it makes it easier to make worthwhile gifts.

It was, and has been, interesting working on the foundation's board. When I was chairman, it was during the period when South Africa was in bad repute. Some people frowned on investing and having money--or keeping money--invested in South African firms, not asking whether they were establishing apartheid, but just because they came from South Africa. I took a different view than that: that we have a duty to have our money bringing a good return.

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Bridges: It didn't make any difference in working together. Really, the only two big deals that I have worked on was the Keeping the Promise campaign, and then this current campaign, where the chancellor's cabinet started it before it became public, and so on. Those are really the only two that I--well, and the Chancellor's Circle, that I worked very closely with.



John Muir Hospital Board

Bridges: Working on the hospital board opened my eyes to the problems that hospitals and doctors have, and it was very interesting because the problems we now see were just being felt at that time.

At John Muir, they had long known they needed to expand, and they talked about it for years before I came there, but I think I was helpful in convincing all of them that we'd better stop talking and actually do something, which we did. It was very helpful and proved to be a godsend that we had done it when we did--when we could afford it--because now, with the continued problems of Medicare, hospital costs have come down, in the sense that--instead of having people there for a week or three days, they're there for one day and then they're gone because they can't afford to pay.

LaBerge: So, was there a building campaign at John Muir when you were there?

Bridges: Yes. We financed it and completed the new building five years ago, so it's operating. At that time, hospitals were trying to figure out how they were going to survive, and one thing that was suggested was merger--having a group of hospitals merge. I told them that hospitals merging aren't going to help a hell of a lot unless some of them go out of existence. So I was opposed to merging.

We had talked--"we" being the various hospital boards--to those at Alta Bates, and what is now Summit, and the Presbyterian over here, among others, about merging, but I told them, "Let's work together, but let's make it a joint venture, and if it later proves that a merger should take the place of the individual joint venturers, fine. But merging and going through all of the problems of who's the chief executive and who does this and who does that is going to be upsetting for a lot of reasons, and you may find out that you've done the wrong thing.

So, in any event, some of the mergers went ahead, but we kept John Muir out of it, and I think, although they have now, just in the last year or so taken a merger with Diablo--which is so close, but that is far different from an interregional merger.

LaBerge: How did you choose, for instance, the university and the hospital as boards you wanted to put your time and effort into?

Bridges: Well, it just so happened that when I was receptive they both asked me to. [laughter]

LaBerge: I'm sure. Someone must have put the word out.

Bridges: I don't know. I don't know, but it was just the right time and, had I not joined this one, I would have joined some others. I don't know--I had to think what others. [laughs]

I also think that on such boards--well, let me say that I'm heartily in favor of keeping a limit of age sixty-five for most corporations and for charities, age seventy. I think the same thing applies to the charitable organizations, but not so much age--although age comes into it--but I think that six to ten years is enough, otherwise you get too many things identified with you and when you leave, it causes more difficulties than it should. Also, people--if they've been there longer than--certainly longer than ten years, they think that they're running things, and that you should agree with them, whether you do or not. So when I have gone off the board, as I have with the hospital and the other things, I contribute thereafter, but I don't have anything to do with management. I think the directors have enough to do to run the show without having anyone leaning over their shoulders. What they want out of you anyhow, at that stage, is "Thank you for what you've done," and, also, "Keep helping us out with contributions." So that's the course I have followed.

Having gotten to know such an extraordinary bunch of men as the Six Companies Group, when I was very young, I had the unfortunate experience of working with them in their declining years and handling their estates and so on. Obviously, I was so fond of them that you--. It isn't just business: this is the estate of a man that you liked very much and respected. It takes more out of you than just a strict business deal. Everybody has to die and have estates and whatnot, but you want to be sure.

Also, it's been interesting to see the results of planning that I encouraged thirty or forty years ago: good, and some are bad. It's been interesting to see how often good things have happened, and the resources applied to good purposes, and the fourth generation is doing well--if the first generation were here, they'd be very happy with that fourth and fifth generation.

There have been--thank god, very few--but some instances where [pause] fixing matters so that a young man had more than adequate resources so he didn't have to work--and a number of them didn't work--but not too many, thank god. Also, if they're not working, they're more apt to be drinking too much or have too much time for other stupid things. So you kind of think, "Well dammit. Maybe I'm a little responsible for that fellow's wrecking his life." But that's foolish.

LaBerge: It depends on the person.

Bridges: It depends on the person, that's right. But, as I said, it has been rewarding. As a matter of fact, I told you that it has been one of my customs to go down to the Shea annual meetings each year, and they have wanted me to speak to each generation, as they came along, and to explain how things were. So it's been very nice, and I am really unhappy that I'm unable to go down, now.

LaBerge: Next year, you can send the oral history. [laughter]

Bridges: Well, it's been very interesting. Several of the groups have wanted someone to write the history of their company. Besides the Bechtel story--I have a couple of books on that. So, particularly in recent years, I have been asked to help whoever the author is, because there aren't too many that were present at the time some of the things happened.

### Taking Risks

LaBerge: Well, in all of this--both your board work and estate planning or working for Bechtel--how did you weigh taking risks versus using caution? I mean, I heard you talk about--just a little bit, even--about John Muir Hospital?

Bridges: Yes.

LaBerge: You probably had to stick your neck out a little bit to get that?

Bridges: Oh, sure. You had to use business judgment--and sound business judgment requires you to take--and I use that very advisedly--requires you to take risks--but sound business judgment says, "Don't go on fliers." In other words, don't risk the whole company on a new idea that hasn't yet been tried out thoroughly and whatnot.

Of course, if you have worked with contractors: that's their business, is taking risks, particularly when they work on a fixed-price basis, as most of them do. During the war, as I told you, starting in 1944, we had to use a fixed-price--not cost-plus. On the other hand, there are times when you really--when the wise thing to do is to do it on a cost-plus basis. An example of that: when they built the Trans-Alpine Line, they wanted a--"they" being the group of oil companies--wanted us, rather than taking a portion of the entire cost and say, taking 3

percent or 4 percent or 5 percent of that figure--as a fee to have our compensations as a percentage of our management costs.

LaBerge: "We" being Bechtel?

Bridges: Yes, the contractor--who really wasn't a contractor because you were the manager. In other words, you were managing the engineers and managing the contractors. The difficulty was that in most of the European countries and particularly in Russia, there was no word for that kind of managing. Well, to get back to it, we did that, and they asked for bidding, so we said, "All right, we want a fee of 60 percent of our total management costs."

"Sixty percent!"

We said, "Yes, 60 percent, and if you'll go look at the history of any pipeline built, you'll find out that 60 percent of our management costs is about 3 to 5 percent of the entire cost. You insisted on this thing, so if you--."

I don't think we were the low bidder, however they still insisted! There were so many hazards in that pipeline, they couldn't afford not to have the best, which we knew. [laughs] So they hired us at 60 percent of management costs.

At the end of a pipeline, you have a pump station and whatnot, and quite an installation, and that was to be barebones --barebones. We said, "Well, look, we'll do whatever you say, but we know who's going to operate this," which the oil companies had told us. For example, Shell, the Hague, are the ones who are going to operate it. Well, we knew that their engineers always required gold-plating on parts of the installation. So we said, "If you're going to have us predicate this on barebones things, don't change it, for goodness' sakes. If you require changes, it's going to cost you a lot of money, unnecessarily."

Well, it happened just as we had warned them. To make the changes to satisfy the operators added greatly to the costs of management of engineering and construction. Sixty percent of such additional costs came to a very high figure and shocked the group of oil companies from top to bottom. Finally we agreed to a figure which would make the total "fee" about 5 percent of total costs. They had to pay for their mistakes, but not too much.

I'm getting back into Bechtel stories.

LaBerge: That's okay.

### Nuclear Power

Bridges: The nuclear power business. In the fifties, we--Bechtel: Steve Bechtel, Sr., Perry Yates, and I--had a meeting with five utilities: American Electric Power, the Commonwealth Edison, PG&E, and Union Electric, Kansas, and two smaller Kansas Companies. Anyhow, they called themselves the Nuclear Power Group. Finally, the Commonwealth chairman said, "Now, let me put it this way: We'll need \$15 million just to come to a conclusion of whether this is commercial or not." So PG&E, American Electric Power, and his company would each put up \$3 million. "Union, you put up \$2 million; you other utilities, you each put \$1 million; and Bechtel, you put up \$1 million." Well, with that the meeting was adjourned until after lunch.

So at lunch, Perry and I said, "Steve, what are we going to do?" He said, "We're going to put up a million." [laughter]

Well, with the \$15 million they satisfied themselves it was commercial. Commonwealth Edison built its Dresden plant. Bechtel was the engineer-constructor of that successful plant, the first private nuclear-powered plant in this country.

Well, after that, we started building quite a number of them; everyone wanted to get into it, but the Atomic Energy Commission was working on this, too, and they would develop designs that they believed safer than what had been done before. Well, then they insisted that all existing plants--and certainly all under construction--had to change. Well, you might have the whole thing built. You may have the walls and whatnot, and then had to take them down and do something else. It was awful. On one contract that Bechtel had, we had an excess over budget of about \$38 million because we had to redo work at the government's insistence. Ultimately, we put in claims, and ultimately didn't lose money.

In another case in Florida, there were--I think the total amount of changes that we were talking about was about \$40 million. In a new and evolving industry, it's very dangerous to proceed on a fixed price basis. If you do, you're taking the risks of the innovations that have been made, or may be made, knowing that there's a lot of research going on at the same time. We've seen how some of the technological companies have gone up like a flash, but have gone down as soon as somebody came in with something that's better. The Pentium chip was wonderful, but the Pentium II comes in, and all those who are making Pentium I-- unless they can shift over--have a problem. Somebody had to take risks to start a business. However, the risk you take should be

reasonable in relation to all other factors existing at the time. If it was the first, then you had to take a lot more risks than you would take if you were the thirty-first plant of that nature.

### Service on Other Boards

LaBerge: Any other boards you want to talk about? You talked a little bit about Wells Fargo.

Bridges: Well, I was on the Industrial Indemnity Board.

LaBerge: That's right, okay.

Bridges: For thirty-three years. As a matter of fact, I was on the Transmountain Oil Pipeline Company board for thirty-four years.

LaBerge: Do some work better than others?

Bridges: Oh, it depends on the men. On the insurance company boards--I was on the Crum and Forster board after Industrial was merged into it. It was not nearly as interesting as it had been building Industrial up, because we had taken it from a small company to the largest in the state in workmen's compensation insurance. If there was a problem, we'd spend a reasonable time studying it, then we'd decide to either do it or not do it. The Crum and Forster board were good people, but it was not as much fun.

Tucker McClure, that I mentioned a moment ago, had a controlling interest in an outfit called Pacific Concrete and Rock in Hawaii, and he asked me to go on the board representing him. Well, that board met every month in Honolulu, which was a little difficult, and I probably attended about half the meetings. It was interesting, having to deal with the estates and the trusts of some of the original ministers who went out to do good and did very well, indeed. It was interesting to see the problems there and whatnot. When McClure died, he left a son. He was a nice youngster, but only in his twenties, I guess. But he had little common sense and no experience. He was a nice lad, but he needed something that somebody else could run.

Pacific Concrete and Rock--its general manager that we had there--who had been a very close friend of Tucker McClure's and of mine--died, and the successor was a very nice young man no one had complete confidence in. He had a lovely wife, but he wasn't a CEO. He wasn't cut out for that.

There was one member of the board, a fellow named Murphy. I had confidence in him and we agreed to merge Pacific Concrete and Rock into Murphy's company. Then, he was about, oh, fifty-five or fifty-six--in the prime of life--but he dropped dead within a year. He left his company without an adequate leader. I hadn't realized how little authority that his subordinates had.

In any event, we merged G. W. Murphy into a company that seemed to have a young management called Reed Tool. I thought, "Well, no. I shouldn't put McClure into that unless I'm willing to go in," so I bought some stock in it. These mergers finally ended when Reed Tool was merged into Baker Hughes, which is an oil field service company.

##

LaBerge: Do you continue to do estates now?

Bridges: No. Laura and Steve Bechtel each left charitable lead trusts. I'm a trustee of those--one of the trustees.

We've just wound up the estate of John McCone. I was an executor. Jerome Doolan left a considerable estate, and we have distributed all of it to charity, excepting for a million dollars that he left to his wife for life and then to his foundation. So we'll have to give that away. She's a very lovely lady. She's ninety-three. I hope she lives another ten years.

### Politics

LaBerge: Well, we have a little bit of time. I wonder if I could ask you just one question about politics?

Bridges: Sure.

LaBerge: One time you mentioned that you voted for Franklin Roosevelt once, and that was it. [laughs] And I know that you grew up with a family that was Democratic.

Bridges: Absolutely. My elder sister was shocked that I could be [Republican]. She would recall that our father always voted Democratic. I said, "Sure, of course he did. He came from Arkansas." But--.

LaBerge: Your elder sister is Gwendolyn?

Bridges: Yes. I have been a Republican. On some matters, I have been a mossback, on others, I have been a very moderate Republican. I was very much opposed--I am very much opposed to this present president [William Clinton], but I thought Harry Truman was a very good president, and in that period after the close of the war he did a good job. While I didn't vote for him, I was not at all displeased that he was elected. I thought he did a good job.

When John Kennedy was in, John McCone was the head of the CIA [Central Intelligence Agency]. Johnny had been head of the Atomic Energy Commission before that. When he took the earlier job, I was among a number that he talked to about it. I thought he should take it; he wanted to do public service. But he said, "I'll take this job if you will do two things: first, if you'll be chief policy officer for my company; second, if you'll promise to do your best to get me from my company \$200,000 a year after taxes in addition to what I earn as chairman of the Atomic Energy Commission, because it will cost me that much to live in Washington." So I undertook to do that.

The way John McCone, S. D. Bechtel and K. K. Bechtel were working at the time was that each would head a business in which the others were interested and each would actively head his business. John would no longer head his business so he sold his interest in each of the other two businesses and bought Steve and Ken out of the shipping business.

Well, I helped set things up. John had a very good president of his company--a chap named Ryan. We also had the Shea office in Los Angeles, and we had the Vinell office and the McClure office there. So I took one of our principal partners in our firm that worked right under me--Bill Slusser--and he would go down every week or so and he'd talk on the telephone with the head operator of these companies. Not more often than once a month, and sometimes once every six weeks, I would go down, and particularly in John's shipping companies, they would have an agenda all laid out, and their recommendations. Well, nine out of ten of their recommendations were good, and we adopted them right then. Some of them weren't good because they didn't have all the facts. I had talked to John, and over a period of years and years we planned to do this and not this and so on. I'd tell them, and we'd change that. We had it fixed up pretty well. This was during the period that I was doing so much traveling in foreign countries, but I'd get down there.

Well, in 1964, Bechtel needed a general counsel, and Steve wanted Bill Slusser. Well, Bill agreed to take it, and Steve agreed to put him on the board and make him a stockholder, and whatnot. So that was good for Bill; however, with Bill gone, my



right hand was gone in these other companies. Shea and Vinell and--Sam Gill was working on Vinell, so that was no problem--but the shipping company was a problem. So I rued the day I'd ever told John that I would be CEO, and I was very pleased when he quit government service, came back, and took over. [laughs]

LaBerge: Was that '64 or shortly thereafter? Maybe after [Lyndon B.] Johnson?

Bridges: No, it was during Johnson. Yes, it was right about then. Yes. Then, among many other things, the ore carriers were carrying bauxite for Kaiser Aluminum. So John [McCone] and Edgar [Kaiser] got together and merged Joshua Hendy Corporation--which was John's company--into Kaiser Aluminum. So I then no longer had to worry about it.

LaBerge: John McCone's company is Joshua Hendy?

Bridges: Well, yes. It had been California Shipbuilding though. At the time, California Shipbuilding Corporation was down south, and John was the president, and the head of that. Joshua Hendy Corporation was making reciprocating engines, torpedo tube mounts, and similar things at a big plant in Sunnyvale. Well, after the war, there was not enough work for that big a plant. So over a period of time, in the distribution of assets after the war was over, the Bechtels took that as a part of their share. So we sold some of the land; if we had just held it, it would have been worth a lot more several years later. But by the time I'm talking about--which might be ten years or fifteen later--John had cut it down--well, no, no, this would be in the fifties --had it cut it down to the shipping assets, and had one way or another sold or leased out the many parts, and he'd changed the name. At the time before we had disposed of all this--it had been Joshua Hendy Corporation.

LaBerge: Well, did you ever get involved in grassroots politics or California--?

Bridges: No, I kept out of that. Politics, as they have said--and it's true--is sort of like grinding up meat: it might be good to eat, but it sure is not a good job. I never liked the nuts and bolts of politics. In--oh dear--in 1933, I think, when I first started here, Gardiner Johnson--Gordon's brother--ran for the assembly in Berkeley, and I was one of his faithful workers, and I went down into the black part of Berkeley door-to-door, talking to them about Gardiner. Well, I think he got elected, by the way. After that, I never did it again. I didn't want to do that anymore.

### Specialization in the Law

LaBerge: Well, are there any issues that we haven't covered that you would like to cover?

Bridges: No, I don't think so. If you're just going over the years, you happen to seize on one thing and you talk about that, it brings other things to mind, but--.

There is one thing: I think the specialization of lawyers now is unfortunate. I always felt I could be most helpful to my clients if I understood their business and could sit on their board or on their executive committee, and at least keep them from doing the wrong thing. You're not always sure what the right thing is, but oftentimes, you're a lot more certain of what the wrong things are. Now here and in other law firms, it's getting so that the labor groups do so-and-so, the litigation people do this, those dealing with environmental things--this group, and the real property people are in this group. Well, my goodness sakes, I think that a good attorney ought to know--ought to be in all those groups.

LaBerge: Right, and in fact, you did handle all that.

Bridges: Exactly. So I'm a lot happier that I practiced law when I did, rather than now. I think it's much less fun. Negotiating was fun, and it was interesting: particularly when you could decide to go--when you get to the point where it was a go from your point of view, and you bring the other side there to it--because on any difficult matter, negotiations come and go as you go along, and there are times when you can bring the parties together on a certain matter, and others when you can't. Sometimes you see--you're in a group--you can see that, really, they've gotten past the time when they think reasonably. So you knock it off, start doing something else, because you just can't agree wholeheartedly, and that's no way to start a business.

### The Art of Negotiating

Bridges: I think one of the most interesting things in negotiation was to endeavor to learn--. Well, if you're dealing with Frenchmen on things to be done in the French economy, you've got to start from what they are now doing. There are certain givens. Let's say that they're going to do it this way, this way, and this way. Then, within that, they're flexible. Well, it was always very

interesting to find out as soon as you can--sometimes after weeks of negotiating--find out what the most important things were to the fellow with whom you were negotiating. What were the points that meant most to him and that he would give up last? Then to figure how you could accede to, let's say, 75 percent of those--what would you have to do? How would you have to change it? You could still call it the same thing, but you would do this and this, so as to come to what would be good for both sides because if it wasn't good for both sides, you shouldn't make it in the first place.

You always want to be able to repeat, to negotiate with them on something else, so you don't want to gyp them, and you damn well don't want to be gypped yourself. And if you can find the points that mean most to them, sometimes, some of those points don't mean a thing to you, much less, at least, than they do to them. Well, then, of course, you can work around those points. Then you can give in on them in return for a price for having given in. Well, you feel like you're kind of playing the piano, and you know how the tune goes. [laughs]

What's wonderful is to end up with a good contract or whatnot, and the other chap being happy and you're happy. Now, once in a while, you've got to divide the issues and give them equal--you know, one horse: "I'll take one horse, you take one rabbit. But if you think that rabbit is a beautiful stallion, that's fine." I'm exaggerating, but--. And sometimes it takes a lot of ingenuity to shift things around without it appearing that you're shifting them. There were some cases where you had to come to a shuddering confrontation and walk away and then they may call you back or they may not call you back. Sometimes, as I told you with the Indians, it is a series of shuddering confrontations, but then, in some way, if they wanted to go ahead, they'd find some way--either to give you what you want or remove what they had proposed putting in. So it made life very interesting.

LaBerge: Well, it's obvious that you really enjoyed your work.

Bridges: Well, I think all the times I really felt pretty good.

In France, on anything that had to do with oil, you had to deal with the Bureau de Carborant, and you had to argue with them and just say, "Look, we're complying with this, and here's what we're doing, and we're said to be doing this. We're not; we're doing this." Well, this good feeling came up the day I got back in Paris and they said, "By golly, we're glad to see you, Bob. We can't get this past the Bureau de Carborant until you get back."

I said, "What do you mean?" He said, "The minister"--or the deputy minister, whatever it was--"He won't act until he talks to you."

So we went and weren't there more than twenty minutes or so, and it wasn't anything. It was just shaking hands, and he agreed. Well, [laughing] to have the opponent on your side! The real good thing, from my point of view, was it really impressed the Frenchmen. [laughter]

It was always interesting, too, to find out that if I would go and immerse myself in it, by the beginning of the third week, I could negotiate in Spanish--if it was in Spanish--or I could negotiate if it was in French. It would take that long to get back in the swing of it, so you didn't get thrown off when you went around the corners. The French have so many idioms, that if they use one you don't know, it's kind of hard to get back on track with what they're saying.

LaBerge: But that must have helped, too, for them to know that you took the trouble to learn their language?

Bridges: Well, yes, although they had to put up with a lot. In those days, Bogota was an interesting place because it's way up high in the mountains, and not many Americans got down there. So most places you go, somebody can speak English and somebody on their side can speak English--but there, obviously there were many that could speak English, but in the particular negotiations, all of the Americans there were used to speaking Spanish. So the negotiating--when you got down to the crux of it--had to be in Spanish. But I had--as I told you--I had lived in Colton, which was half-Spanish--or half-Mexican, I should say, and at my grammar school we started learning Spanish in the seventh grade. So we had the seventh and eighth grade, and then in high school you had more Spanish. In French, I'd only had one year in college.

LaBerge: Well, now, I'm looking at the time. Do you want to add one more thing? I don't want to keep you past the luncheon.

Bridges: No, no. If I think of anything I think is important I'll put it on.

LaBerge: Well, I want to thank you very much for the time you've given.

Bridges: You've been very sweet, and very nice to work with.

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