Picking up the Pieces

The first was the war to end all wars. The second was, as we all know, the war which never stopped.

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Even before the final capitulation of Germany and Japan in 1945 the Managers had turned their thoughts to the post-war future. The decision they took, to restore ‘normal’ pre-war capacity and services as soon as practicable, had no obvious alternative. From it followed the consequences which were to dominate the rebuilding programme in the first decade or so after the war: the purchase of US-built ‘Victory’ and ‘Liberty’ ships as a stop-gap measure to improve capacity; the speedy reconditioning of the existing fleet to meet Blue Funnel standards; and a programme of accelerated building to produce a fleet of some 60 or so well-equipped modern vessels by 1960 which would be able to service traditional Blue Funnel trades at their traditional levels.

Before we look at these building programmes and the other responses to immediate post-war needs, however, we should step back a little and consider the post-war environment in which the Managers found themselves.

The extent to which the economic world after 1945 was to differ from
that existing after 1918 could not have been forecast by the most perceptive observer. Let us recall a few salient features of that earlier post-war era. Then there had been a brief, hectic boom, followed by a sharp collapse, a period of hesitant stability, and then the traumas of world depression. After 1921 the prevailing trend of costs and prices had been mostly downwards, very sharply downwards between 1929 and 1933, when interest rates, too, reached low levels. High levels of unemployment helped to weaken the bargaining power of trade unions, with the result that various labour costs, such as marine crews and dock labour, tended to be stable.

After 1945 the post-war restocking boom, far from giving way to slump and unemployment, ushered in a period of sustained full employment and rising costs. Under the post-war Labour governments (1945–51) inflationary pressures were relatively subdued, but in the 1950s and 1960s rising costs, especially labour costs, became an increasingly prevalent feature. Inflation had a number of consequences for Ocean. Obviously rising costs put pressure on profits, but there also arose a growing disparity between the fleet’s historic cost and its replacement value. In other words, normal levels of allowance for depreciation were inadequate to cover future shipbuilding needs. For a Company whose proud tradition was one of internally generated funds for building this was a critical issue. Inflation also called into question the traditional policy of self-insurance, huge sums of money having to be kept on hand to repair or replace ships at sharply rising current costs, an expensive luxury when interest rates were high.

If domestic circumstances were changing, the international environment was, if anything, even more uncertain and unfamiliar. Indeed, one of the most striking features of the minutes of the Manager’s Meetings held fortnightly in India Buildings is the extent to which they show a growing preoccupation with political events in the world at large.

Such a preoccupation is wholly understandable when we recall that the whole basis of Blue Funnel’s operations rested on the Europe–Far-East trade, the reliance on Asian raw materials and primary produce to fill the ships, and key role of the Far Eastern Freight Conference (as the Conference was renamed in 1941). Now, whatever may have been Alfred Holt’s problems in the pioneering days before 1900, they did not include the dangers that important trading ports or trade routes would be closed to British ships, or entire countries removed from the orbit of world trade. Indeed, prior to 1914 the spread of the British Empire, the dominance of free trade, and the power of the British navy, ensured that opportunities for unfettered trade would be safeguarded. Even in the inter-war years the continued British presence in Asia and the strength of the European-dominated conferences, ensured a reasonable share for