

**John M. Kelly Oral History Interview – JFK#2, 02/10/1970**  
Administrative Information

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**Biographical Note**

John M. Kelly (1914-1977) was the Assistant Secretary for Mineral Resources in the Interior Department from 1961 to 1965. This interview focuses on the workings of an interdepartmental committee on trade in the Interior Department and debate over the security clause in the Trade Expansion Act, among other topics.

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John M. Kelly– JFK #2

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Second Oral History Interview

with

JOHN M. KELLY

February 10, 1970  
Washington, D.C.

By William W. Moss

For the John F. Kennedy Library

MOSS: All right. You say that you want to make a statement, first of all, on the objectives of the oil import program.

KELLY: Yes, on the oil import program, I think it would be well if we first looked at the proclamation which established the mandatory program that President Kennedy took over when he became president. This proclamation was signed by President Eisenhower [Dwight D. Eisenhower] in 1959. When he signed the proclamation he expressed the belief that the domestic oil industry should be "capable of exploring for and developing new hemispheric reserves to replace those being depleted;" and also that the program "would help prevent severe dislocations in our country as well as in oil industries elsewhere which also have an important bearing on our national security." Moreover, that the program should be "flexibly administered with the twin aims of sharing our large and growing market on an equitable basis with other producing areas, and avoiding disruptions of normal patterns of international trade." Finally, there was a recognition, there was a special case for Western Hemisphere sources in which the proclamation stated, "The United States recognizes of course that within the larger sphere of free world security, we, in common with Canada and other Latin American republics, have a joint interest in hemisphere defense."

These were the announced purposes of the import controls program that I was asked to administer in about March, 1961. However, in addition, there are certain desired features which belong in a plan or an oil import program if it is to enjoy any reasonable prospect of success. Specifically, I believe I felt then that it must, one, be adaptable to new and changing conditions, two, distribute its benefits and hardships as equitably as possible; three, be consistent with public policy on such matters as small business, antitrust, conservation of resources, tariffs and trade, treaty obligations, et cetera; four, be consistent with its own provisions and purposes; five, provide for exceptions to its general operating principles where their application would cause undue hardship to particular areas, segments of the industry, or individuals; and six, be politically workable both at the national and international levels.

Now, of course, President Kennedy recognized and I recognized the difficult thing is that no program can possibly honor all of these aims consistently, and that its administrators are forever having to trade off between them in terms of which appear to give the best promise of getting on with the business at hand. The best that can be done is to try to accommodate as many of the more important ones as possible in each decision to be made. Now, this is the basis of the program that we took over and which we tried to administer.

The program was to ensure a healthy domestic oil industry. We feel that the operation, administration under President Kennedy did that in that the gain in domestic demand of oil products in the United States was almost entirely taken up by the gain in domestic production. Imports of oil in the United States did not increase more rapidly than domestic production increased, so therefore the industry was kept stable.

As I said, U. S. domestic end-production enjoyed a healthy gain during President Kennedy's administration. With the exception of residual free oil, there was virtually no gain at all in imports of oil into districts one to four, the eastern districts. And except for the Middle East, imports from other oil-producing nations, particularly Western Hemisphere sources, showed the percentage gain. Gains in Canada, in fact, had been out of proportion to those of other imports. Domestic producing capacity rose by almost the same amount as production so that the excess remained essentially unchanged.

However, we were disappointed that crude reserves of crude oil showed almost no increase and that the total gain in hydrocarbon reserves, small as it was, was provided largely by increases in technology: that is, secondary recovery. Exploratory activity again disappointed us because, as you express it, in footage of holes drilled, the geophysical activities, this declined substantially.

However, the domestic producing industry as a whole enjoyed a sizable growth of revenues over expenditures during the period of the Kennedy administration.

It thus appears that the basic objectives of the oil import program had been realized. The large and growing U.S. market has been shared with other oil-producing countries, particularly the Western Hemisphere. The market for crude oil has been orderly and stable. The steady expansion of production, investment, and profits of domestic industries shows healthy increases, and "the domestic industry is capable of exploring for and developing new reserves." The fact that the domestic producers elected not to pursue this acquisition any more aggressively than they did was a disappointment to us.

MOSS: What is this thing that you are reading from?

KELLY: What I'm reading from is a condensation of notes that I had when I was in the department, and really was part of the package that I put together to argue, if you want to call it argue, the reasonableness and the need of an oil import control program before President Kennedy in 1962. The first part of it was the arguments, I mean what the import program should be and why we should have it. The second part of it was after the Kennedy administration was out, what were the results of it. In your questions here that you have laid out here--on page two, question nine--you indicated that in early December or late November, President Kennedy decided that the administration would withhold a decision on quota changes until mid-1962. And then this question says, "On December 21, a cabinet committee under OFP [Office of Economic Programs] Chairman Ellis [Clyde T. Ellis] was formed to review quota policy." Well, this is not quite what happened.

MOSS: Okay.

KELLY: The president, in the fall of '62. . . . No, actually it was earlier than that. The president in the early summer of '62 asked whether or not he should make any changes in the oil import program, i.e., change the proclamation, change the basis on which the premises for the program were based and the quotas. I believe you'll remember about that time the Kennedy trade expansion bill was also before the Congress.

In this trade expansion bill, there is a so-called security clause which allows the president to invoke at his discretion and remove from the Trade Expansion Act any commodity in which excessive imports into the United States might impair the security of the United States. The only commodity that this clause has ever been invoked or used on is oil. Some of the people on the Hill

[Capitol Hill] wanted this security clause removed, and others of course wanted it to be retained.

Senator Kerr [Robert S. Kerr] who was one of the leaders of Congress at that time and had the bill before his committee, I think, told the president that he was not satisfied that the proclamation as interpreted really protected the security of the United States insofar as oil imports were concerned. So the president asked me was this true and, if so, why? So I then prepared a brief for him as to what the proclamation was in the original program, how it had been implemented up to that date, where the so-called weaknesses were in it, where the strengths were in it, and recommended to him that he tell Senator Kerr that he felt that the security clause should be kept in the Trade Expansion Act and that he would implement it to see that it did do what it was meant to do--that is, protect the security of the United States and not use oil as a commodity trading vehicle. So this started in the summer of '62. The president and Senator Kerr got together that Kerr would support the Trade Expansion Act with this in mind. And so therefore, the bill went through, I think, in July of '62, something like that.

MOSS: Now this brings to mind the famous story that Kerr claimed he had a signed promise from the president on this business of the oil import quotas as a trade-off in his safe in his office or something of this sort. Do you know anything of that or is this . . .

KELLY: Yes. I was the intermediary between the president and Senator Kerr. Neither Senator Kerr nor President Kennedy had a signed paper. There were thoughts that were expressed on both sides which I carried, the president's to Kerr and Kerr's back to the president, over a series of three or four meetings. I believe that they were written on a piece of bond paper--points one, two, three, four,--in which the president said, "I will accept these," and Kerr said, "I will accept them," and therefore Kerr threw his support to the Trade Expansion Act. This was on the tightening up of the security clause mainly, and Senator Kerr said that the import policy and the formula that it was operating under was open-ended on imports. It really did not restrict imports to the degree that he thought necessary for the security of the United States.

So it was agreed during these meetings that a percentage formula would be written into the new proclamation, or that President Kennedy would implement at the end of that proration period or that quota period, which would be January 1 of the next year. This formula was 12.2 percent of domestic production for the six-month period proceeding the implementation of the new proclamation. Well, six months



was an impractical period, so therefore we dropped back to the year preceding where we had firm figures. Kerr said he wanted firm figures. There was a year's lag for firm figures so we dropped back to a year. And it was 12.2 percent--oil imports would total 12.2 percent of domestic production for that year with the exception of the so-called overload exemption of Canada and Mexico. This, the president agreed with Kerr, was a reasonable interpretation of the security clause.

So when it came necessary to change the proclamation, the president of course, as all presidents do--run any change through the Budget Bureau or check with all of the departments. It was pointed out to him that he had under the present proclamation one way of reviewing the quota policies, and that was through the OEP. The OEP under the original proclamation was charged with the administration of constantly reviewing the quota policies to see that they fell within the security clause. So therefore, he directed Chairman Ellis to review the quota policies. This was nothing new; this was underneath the proclamation. There was no cabinet committee put together. He just told Ellis, review it and make me a report. Ellis then, with the Budget Bureau, asked the different departments concerned--the State Department, the Defense Department--to make an independent review and furnish it to him so that he could make an overall report to the president. So therefore the president directed Ellis to do what he was charged to do under the proclamation and to have it ready so that the president could issue a change in the proclamation for the 1963 program.

There was no changing of policy making away from Interior [Department of Interior]. The policy review function was already in OEP so there was no change there. As I said, Ellis then asked the different departments to give him a feed-in. He asked Interior. We gave him a feed-in. State gave him a feed-in. Defense did. We were probably the three main departments.

MOSS: Department of Commerce?

KELLY: No. Budget Bureau gave an independent feed-in. I think Gordon [Kermit Gordon] was the director of budget in those days, and he gave an independent feed-in. What role did Interior people play on the committee? Ellis was the chairman, but I was the defendant of the program, so therefore I answered the questions as they came up from the other departments, or put forward our thoughts on the changes. The dominant theme of the committee's deliberations was, one, Was the program then in effect living up to the security clause of the Trade Agreement Act, and two, Was it maintaining a healthy domestic oil industry? It was decided that it was doing neither of these two things with a 100

percent accuracy. In fact, it was sort of on the lower end of the scale, and therefore the president should make changes in the proclamation that would allow a more healthy domestic oil industry in the United States, and at the same time protect the security of the United States with our trade, with friendly nations that we have historically been importers of oil from--Venezuela, for instance. So the president then came up for the 1963 program with the 12.2 formula, which was the major change in the program.

MOSS: Okay. Now let me ask a couple of questions that occur to me. One is, later, as you see here I have on the last question, number twenty-one, and I say, on 9 December, Secretary Udall [Stewart L. Udall] announced that the authority to set national oil policy was being returned to the Interior Department, reversing President Kennedy's practice. Now this comes from a story in the New York Times and it seems to be somewhat, perhaps, inconsistent with what you've been saying before. Is there any . . .

KELLY: No, I don't think it's inconsistent. Udall did announce-- after he had a meeting with President Johnson [Lyndon B. Johnson]--Udall announced on the porch of the White House or in the White House press room that the president had given him complete authority under the oil import program and that he was to make all the decisions and not to have them run through the White House. Now I don't think he said he reversed JFK's practice because it really in effect didn't quite reverse it all the way. Under JFK, Udall was the titular head of the program. The program was administered by me and with close cooperation with the White House. President Johnson indicated that the close cooperation with the White House on details of the program were no longer necessary.

MOSS: Do you know why?

KELLY: I have a feeling, and it's only a feeling, that President Johnson, being from Texas, would feel that the consumer interest in the United States, or interest away from Texas or the oil Southwest would feel that he was biased, and therefore he wanted to remove this bias; where President Kennedy didn't have to feel that way. He was from New England that had no oil. So I would say it was mainly the president was trying to remove possible biases under . . . There was no conflict of interests.

MOSS: What about the OEP review function then?

KELLY: It remains the same then and still is in effect today.

MOSS: Okay. Now let me ask one more question on this, more out of my own ignorance, I suppose, than is really needed for this interview. But throughout the period I see references

to raises in the quotas from time to time, month to month, this kind of thing, almost on an ad hoc basis. How does this come about and what does this do to a smooth administering of the program?

KELLY: Well, one, that they weren't month to month. But let me go back to what I said in my first statement. I felt that any program should provide for exceptions to its general operating principles where their application could cause undue hardship to particular areas, segments of the industry, or individuals. Most of the adjustments in the program under President Kennedy's tenure in the White House were in the residual oil sector. They almost always came at Christmas time, in the coldest part of the year. Every year right around Christmas time, distributors in the northeastern part of the country, New York, anywhere from Norfolk to Boston, would come in and say they were running out of fuel oil. Now this happened every year. There was never a shortage of fuel oil in any of these areas. Some individual distributors didn't have any fuel oil probably in December, but the reason for it was, in some cases, they sold their allocations early in the season; then they got caught with a colder winter than expected and therefore they didn't have anything to finish out their deliveries. So they had to go into what we call the spot market and buy. Now there was plenty of fuel oil in the spot market, but it cost more money than the contractual market that they would. . . . See, the fuel oil market begins in May. You make your contracts in May. Well, if you're silly enough to sell out your deliveries in December and don't have any left on your contracted oil, you have to buy on the spot market--it's just like a butcher in a butcher shop. So therefore they'd come in and they'd say, "We're running out."

The first year the president was in there--and it was really before we had a complete review--they convinced us that they had a story, and they received a substantial increase in resid [residual oil] quotas. And it proved that when the April 1 figures came out (which is the control figure on storage), storage had not been drawn down as of the year before. So there was really no shortage in the areas, the New England area and the New York area. Again, it was certain dealers that had a shortage. Now this same thing came the next year.

MOSS: It was a marketing problem rather than a supply problem?

KELLY: It was a marketing problem and a profit motive problem rather than a supply. In other words, one dealer would go out in August and say to you if you had a big apartment house, "I will supply your fuel oil needs for the next season at a quarter-cent under the present market." Now a quarter cent doesn't sound much until you talk in terms of gallons--"a quarter cent under the present

market"--hoping all the time that a warm season would be in effect and that there would be a flood of fuel oil in the Gulf Coast so he can bring it up with a cheap tanker rate. All right. It happened in those two years that we had colder than usual winters so that the fuel oil demand was higher, spot rate charters on ships were not available, so he had to go and instead of being able to deliver to you at a quarter cent and under, he was paying a half-cent over to meet his commitments. So he comes in screaming, says there's a shortage of fuel oil. But the commodity shortage was not there, but the profit shortage was there.

The second year they came in and they quoted some API [American Petroleum Institute] statistics and said, "Look, we're x thousands of barrels on January 1. Storage is down x thousands of barrels vis-à-vis last year. Winter is twelve degrees colder, and, my gosh, we're going to run out this year." And they got to the point where we drafted a substantial increase in resid, a substantial one. And then I asked a Bureau of Mines man, "Where did you get your figures?" And he said, "I got them from the API." So I called the API and I said, "What about these figures?" And the guy said, "Oh gosh, haven't you got our corrections?" And I said, "No I haven't." He said, "Oh, we just made an error of five hundred thousand"--well, x barrels, I forget what it was. So that really it was a printer's error that these fellows were using to try to get an increase.

Now we did give a reasonable increase, probably in the neighborhood of this 7,400 barrels a day that you've got here to carry hospitals through. Now we found that there was probably going to be a little shortage in Long Island in the hospital and school areas, because a coal-burning plant up there went off stream for mechanical troubles, and they couldn't convert over from coal to. . . . Well, the utility couldn't convert, or couldn't get the coal back on stream, I guess it was, fast enough, so they needed more fuel oil to generate electricity with fuel oil. So we gave them that. And also the schools then had been pulled back on some of their deliveries and we adjusted it. And this is what I say. You have to have some exceptions, but particular hardships that come up in any program.

So there were adjustments; They were mainly in resid. The adjustments in crude that were necessary during the time of the Kennedy administration were caused by the overruns of overland crude from Canada that were supplying the so-called northern tier refineries--those refineries in the St. Paul-Minneapolis area that were dependent on Canadian crude. Two things caused this: one, the severe weather froze up the rivers and we were not able to move barge oil northward; and secondly, the Rocky Mountain area which they depended upon for their crude had not responded to the program and increased its supply during these years. So therefore, Canada stepped in and filled the breach. Of course there was also an economic incentive

there. It was about twenty-five cents a barrel cheaper, and we were forced to adjust the northern tier crude oil refineries quota to take care of this. But these were minor adjustments. However, these adjustments, while they were minor, they were legal because, under the first change in the proclamation which was under the Eisenhower administration. Eisenhower granted overland exemption of crude oil to Canada and Mexico. Kennedy inherited this. If we had not inherited this, I think we could have found other ways to accommodate these refineries under the quota.

MOSS: Without bringing the overland from Canada?

KELLY: Without having it exempt from the quota. We could have had it under the quota rather than exempt from the quota. No, I think it still would have been Canadian oil, but it would have been within the quota, rather than ex-quota.

MOSS: Okay. Anything more that you want to talk about on the import quotas, because I think that pretty much takes care of the . . .

KELLY: No. I think underneath the Kennedy administration on imports, the proclamation as recommended by the cabinet committee that studied it--that a healthy domestic oil industry be maintained, and that all segments of the economy of the United States be taken into consideration and balanced--I think we did it just in pretty good shape. There were no major exceptions to the oil import quota under President Kennedy's administration.

MOSS: All right. Let me turn to a new subject then, and that's the interdepartmental committee that you called in the earlier interview the Ball [George W. Ball] committee. This is a curious kind of creature because the regular literature on the Kennedy administration says that President Kennedy came in and cleared out all the Eisenhower interdepartmental committees, you know, and here I find this, and no real mention of it in the standard things. Schlesinger [Arthur M. Schlesinger, Jr., A Thousand Days] or Sorensen [Theodore C. Sorensen, Kennedy], and so on, you know. I want to get from you something about its genesis and its activity, and who served on it and what they did, a little more than 23 had in the first interview. Let me ask you if you recall exactly when and under what circumstances and by what organic action it was set up.

KELLY: No, I don't. Because the first I knew about it was when I was asked to serve on it. I think it came out of a trade policy. It probably came out of the trade bill of 1962 in which the State Department was quite active in having all the segments of the economy brought in to the Kennedy team as we moved

ahead with the trade bill. You had difficult problems in agriculture, you had difficult problems in commerce, textiles, you had difficult problems in minerals--we had tin, we had lead and zinc, and of course we had the oil problem. I think that perhaps it was recommended to him that sort of a focal point be established where these problems could be talked about. And it was, I believe, agreed that it would be at the under secretary level. Therefore, Under Secretary Ball was made the chairman of it. Henry Fowler [Henry H. Fowler] was on it; he was under secretary of treasury. And it had the under secretary level when it. . . . In Interior, I was asked to serve on it because I had most of the commodity sections of Interior under me. So therefore, I feel it came out of the trade act to start with.

MOSS: What about other people on the committee, who else? Anybody from Budget [Bureau of the Budget]?

KELLY: Oh, yes, Budget of course had . . .

MOSS: Who was usually there from Budget?

KELLY: Kermit Gordon, and then--who was his main assistant then? Gordon was. . . . Shultz [Charles L. Schultz]--no. . . . Kermit Gordon was there.

MOSS: Staats, [Elmer B. Staats]?

KELLY: Elmer Staats was there when he was in there. You had an under secretary of agriculture there all the time.

MOSS: Do you recall who it was?

KELLY: No, I don't recall who it was.

MOSS: Did Labor [Department of Labor] get into it?

KELLY: Labor, yes. Wirtz [W. Willard Wirtz] had an under secretary on the committee, but he himself showed up to several of the meetings.

MOSS: How about Commerce [Department of Commerce]?

KELLY: Commerce had an under secretary there, the commodity under secretary. Then they had Martin [Clarence D. Martin, Jr.] there for a while who was transportation. But he was not their regular representative.

MOSS: Anybody from the White House staff other than Budget?

KELLY: No. Budget was mainly the only one from the White House itself.

MOSS: And Defense?

KELLY: Defense, of course, was there.

MOSS: Who was it, do you recall?

KELLY: It wasn't an under secretary of defense. It dropped down into your supply sections. There was an assistant secretary for supply and logistics, and he was the one that was there.

MOSS: Did Justice [Department of Justice] get into it at all?

KELLY: Yes, but they had Nick Katzenbach [Nicholas deB. Katzenbach] who used to show up.

MOSS: How about HEW [Department of Health, Education, and Welfare], didn't they get into it?

KELLY: No, no.

MOSS: Okay. I assume Post Office [Department of Post Office] had nothing to do with it.

KELLY: No, I don't remember anyone from Post Office there.

MOSS: All right. Now let me ask you about the meetings. How formal were they? Were they kind of things where you had reports on specific topics and minutes, on agenda?

KELLY: Yes, you had an agenda. Minutes were kept in a loose fashion. They weren't recorded minutes. Mainly, yes, you had an agenda. Secretary Ball would send over the agenda to you in advance so that you knew what was coming up so that you could comment on it. If the subject matter was underneath your jurisdiction, you had to prepare a paper. It wasn't a formal paper. But you prepared a brief on it, and you then put your presentation on and the other members could question you on it, attack you, or back you up on your position. And it was a loose around-the-table. Ball went around the table. If Treasury for instance had a monetary position, Henry Fowler would put it on. And then Ball would go around the table. There was no formal place to sit, you just came in and sat. So it might end up with Commerce next to him or it might end up with State next to him or I next to him. Then we'd be asked to comment first on it. So he took the comments as he went around the table.

The president's trade policy man always used to show up there at the meetings at the beginning; that would be White House. So, it evolved out of this, and then as the trade bill sort of moved on, other questions used to come up and the same round table would be gone through.

MOSS: What other things besides trade policy did you take under your jurisdiction?

KELLY: Mine was almost always the commodity policies.

MOSS: What about the committee itself? What else did it do besides . . .

KELLY: Monetary.

MOSS: Monetary policy.

KELLY: And nothing on defense. I mean, not defense per se--that is the military, nothing military--but defense supplies and procurement, the monetary implications of increasing the support in areas that the Defense Department felt that we had to increase the support.

MOSS: What was the toughest thing the committee had to handle in the time you were on it?

KELLY: I don't know about the toughest. I think about every one of the meetings had one nitty problem on the table that Ball had to report back to the president.

MOSS: Were there any times when the president was dissatisfied with what came out of the committee?

KELLY: I don't know, we never. . . . The feedback. . . . The only time that you knew whether you did a good job or not in presenting your case was if you had a follow-up from Ball. And so I would say, that. . . . After we got past really the oil import program, Interior's role in a lot of the other questions was a minor one.

MOSS: Ball's follow-ups, would they come individually . . .

KELLY: Oh, yes.

MOSS: . . . or as part of the committee?

KELLY: Oh, yes. No, mainly individually. He'd call you up or send over and ask for additional information, or give you an idea of what happened--especially if it was in



your subject area. He was very good at keeping the committee people informed as to what the disposition was going to be, so you weren't in the dark. I thought it was a very good committee, and I thought Ball was a wonderful head of it because he was fair in the way he handled his committee.

MOSS: How frequently did it meet?

KELLY: It started out meeting every two weeks and then it finally got to a month, and as with every other committee, it started dragging.

MOSS: About how long was it before it started dragging?

KELLY: It was really active for about a year and a half. A real active committee, I would say, from about the spring of '62 to, well, when summer vacation of '63 came, then we were drifting. So a little over a year, very active.

MOSS: Yeah, and very useful then. Was it just in the nature of all committees that it started to fade, or had it run out of work to do, or what?

KELLY: Well, I think that the president really at the beginning felt that he could handle his office by just White House assistants--this is in '61, let's say--and found this was a little bit too much for him, so therefore he should go departmental-wide. But he didn't want the old formal committees in the department, and he did abolish those, so this was an informal one. And this gave him an in-between ground until, one, his staff was more attuned, and two, the departments shook down. The people then started having whiskers on them. They had a feeling of what he wanted. So therefore you didn't have to all get together and fight among yourselves. You had a feeling and you could call your counterpart in Commerce or Defense and say, "This is the way I feel on this subject. What do you think?" And he'd say, "Yeah, that's fine. There's no need of taking it up at a committee meeting." So time melded both the White House group with the departmental people, and therefore the need and necessity of the committee started lessening all the time. And this is the nature of any broad-based type of committee. As personnel become better acquainted with each other and know how each other operates, you don't need to get around a table.

MOSS: Yeah, okay, now, when President Johnson came in, you had these great numbers of task forces working on different things. How did this compare with the Kennedy way of

operating?

KELLY: Well, his task forces, as I recall, were task forces on specifics, period, and they didn't cross lines with another task force on another specific. Or if two task forces had common ground, they didn't even coordinate the common ground. He wanted independent pieces of paper that the White House would analyze and he would analyze and make the final judgment on. And there would not be a meld that went to him, or a number one position and a number two position: there would be positions a, b, c, d, and then be created . . .

MOSS: Are there any other ways in which you would contrast the administrative operations of the two presidents?

KELLY: Well, I think Johnson, because of his long history in the Congress and long history in working with departments, felt that he knew the departments better than perhaps some of them knew themselves, and therefore he could directly direct the department to do what he wanted because he felt he had a knowledge of their function. And what he wanted done, that's the way he wanted it done, that way. Where President Kennedy felt that the . . . . He might not have had quite the depth of knowledge in the departments. And also the departments were created to administer the particular functions that they were created for, and they should be recommending to him what to do. So I would say the difference was, under Kennedy, the departments flowed ideas upstairs that were thrashed around then a decision was made; under Johnson, the decisions were made upstairs and the direction came downstairs.

MOSS: Okay. What about your own role? You indicated in the first interview that you had had a personal relationship to President Kennedy, and that he placed particular trust in you with respect to oil matters. Did this continue under Johnson, or was it different?

KELLY: No. It was different when Secretary Udall said he was the administrator. So, therefore, everything went through Secretary Udall and he went over to the president.

MOSS: Is there anything else you'd like to say about the Kennedy administration or the Udall administration or those years that could go onto the tape?

KELLY: Well, the only thing I think I'd say on those years, as far as I was concerned, they were happy years. They were challenging years. I thought President Kennedy brought into government a new thrust, a forward thrust that we needed. If

he were still alive, I think we'd have been further along on some of these programs that just now we're saying are problem programs; that he had a feel for them even five and six years ago, and we just lost four or five years on these programs. For instance, environmental beauty and things like that that are taking up headlines today, well, he had a feel for those back when he was in office. And people were used to status quo so long, they didn't realize that there was this change coming. And I think that the changes that have come about in our public posture in the United States would have come about faster underneath a continuation of the way Kennedy was administering the government. I just think we had a lag. We're going to get them. The country has to move forward. But it's just a lag of five years.

MOSS: Yeah, because some of President Kennedy's unkindest critics have said that he really lacked leadership; he didn't know to use the handles of power. And this is why things didn't get rolling immediately even though he talked a big program. How would you react to this kind of thing?

KELLY: I would say that he didn't lack leadership; he had the leadership. He did not fully understand the handles of power, but he was beginning to grasp them at the time that he died. This was one reason for the Ball committee: he didn't really know how to use his departments, yet he knew he wanted to use them, and he wanted to use them as a means of pulling their views and their plans into him rather than him directing them on something that he really didn't know the nuts and bolts of. So I would say that he was learning, the first year or so--he was learning how to be a better administrator, and was learning fast, and that all the--I won't say all, but most of the bills and programs that passed Congress the year after he died would have passed if he was alive, because the mechanics and the basic groundwork had been done for them. It was just a question now of, you had the railroad--you had the trains on the track, just start the engine down the track; and the engine was going to get started that next year, anyway.

MOSS: Yeah, because critics have made much of the fact that his problem was also with Congress: that Kennedy couldn't get anything through Congress. Johnson could, because Johnson knew the Congress and because he had the emotional impact of the assassination behind him.

KELLY: Well, I think that's the thing he had more than anything else. One, Kennedy didn't get anything through Congress the first year of his administration and neither would have a Johnson, because you were changing from a Republican oriented--even though it wasn't a Republican congress in structure, it was oriented that way under the Eisenhower-type thinking. And it was

going to take a couple of years to turn that around. And I don't care what president went in it was going to take at least one or two years to put the new cars on the track. And Kennedy put the new cars on the track. He had to build them from scratch. And it took him two, two and a half years to build them. But once they were on the track, they were going to move down that track, no matter who was president. And it just happened that President Johnson came in. Then, of course, he had the added impact of people being sorry, so he got them through a little easier. But President Kennedy, I'm quite sure in my own mind, would have passed 90 percent of the same legislation with probably the same ease as Johnson did and without the so-called twisting of the arm that went on in some of it because he was a smoother operator.

MOSS: A smoother operator than Johnson, in what way?

KELLY: In what way? Because he charmed people. When he wanted something from you, he told you how good you were, and he didn't tell you what he could do to you, and this made a lot of difference.

I know some senators up there that were against him when he ran for office, and the first ones that he charmed were those type of senators. He found out what their hobby was. Senator Anderson [Clinton P. Anderson] from New Mexico was not a Kennedy man; he was a Johnson man. But his hobby was southwestern history. So what did Kennedy do? He'd find some southwestern history books that he'd send up to Anderson and get him in a good mood so that when he asked him something, he'd get a yes. But he charmed him ahead of time by looking at him as a person. And this was his key. He had leadership, but it was personal leadership and there was no threat.

There's two kinds of leadership: one is, you have a fellow go with you because he generally wants to go with you, and the other one goes with you maybe because he's a little afraid not to go with you, or because of other circumstances that don't make it a happy union. And I think Kennedy had a happy union with his people, and this was beginning to take hold. And, like I say, I firmly believe that the programs that he had initiated and that Congress was dragging their feet on in the first part of his administration would have passed if he was alive, just like Johnson had them passed after he died.

MOSS: Okay. Do you have anything more?

KELLY: No. As I said, I enjoyed the time that I worked with him.

MOSS: Okay. Well, thanks very much.

END OF INTERVIEW