

Orren Beaty, Jr., Oral History Interview – JFK#9, 12/19/1969
Administrative Information

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Biographical Note

Beaty was administrative assistant to Congressman Stewart L. Udall during the late 1950s and assistant to Secretary of Interior Udall from 1961 to 1967. In this interview, he discusses conflicts over public lands, tensions between public and private utilities interests, and oil import policy, among other issues.

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of Orren Beaty

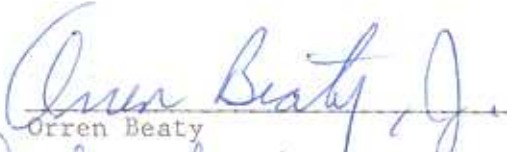
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Orren Beaty
July 4, 1979
Month Day Year


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Orren Beaty, Jr. – JFK#9

Table of Contents

<u>Page</u>	<u>Topic</u>
195	Lyndon Baines Johnson's anger at Virgil G. Roel's appointment as chief judge of Samoa
197	Public lands and the Bureau of Land Management
198	Grazing fees
202	Tensions between public and private utilities
207	Stewart L. Udall's February 14, 1961 public power policy statement
209	Oil imports
218	Transfer of national oil policy to the Interior Department in December 9, 1963
220	Relations with Venezuela around oil imports

Ninth of Fourteen Oral History Interviews

with

Orren Beaty, Jr.

December 19, 1969
Washington, D.C.

By William W. Moss

For the John F. Kennedy Library

MOSS: We were talking about the only time you had a direct conversation with President Johnson [Lyndon Baines Johnson]. Was this when he...

BEATY: Well, this was when he was vice-president.

MOSS: When he was the vice-president. Okay.

BEATY: Yeah, that's right. Several conversations with the Vice-President, just in groups and because he happened to call the Department [of the Interior] when the Secretary [Stewart L. Udall] wasn't there. This was during the first year of the Democratic Kennedy [John F. Kennedy] presidency, and we'd been asked to consider a Texas lawyer from Corpus Christi [Laredo], a man who had been active in the Viva Kennedy, the Mexican-American effort during the 1960 campaign. I'm trying to think of his name--it's one we can check without any trouble--something like R-O-E-L and pronounced Roel [Virgil G. Roel]. Perhaps it will come to me. We found a spot that he seemed qualified for and was interested in, and this was becoming the chief judge for Samoa, I believe. His name had been given to us by the White House and the Democratic National Committee, the Larry O'Brien [Lawrence F. O'Brien] operation. There was an effort to get more Mexican-Americans in some of the more meaningful jobs. So we finally got this whole thing worked

out and announced it. It wasn't a presidential appointment I don't think, I think the Secretary made the appointment.

[-195-]

Apparently the word got out to Texas on a Saturday, and Mr. Johnson was calling for Udall, who was on a trip someplace, and he called for Jim Carr [James K. Carr]. The Under Secretary was on a trip someplace, and he couldn't get a hold of John Carver [John A. Carver, Jr.], who was the assistant secretary in charge of Territories [Office of]. So he called me and he got me at home. There weren't any preliminaries, you know. There wasn't a secretary saying, "The Vice-President will be on in a minute." He was on the phone himself and wondered what the meaning of this was. He had a very ironclad understanding with the President and his people that any Texas appointment would be cleared with him and that there wouldn't be any surprise announcements. Well, Roel had worked for Kennedy prior to the [Democratic National] Convention. He was a Texan not working for a Texas candidate for president, so you can understand why Johnson would be upset about it. He was talking in a very loud voice, and he wasn't giving me a chance to say much. I mentioned that in notifying the White House and the national committee that we were considering this appointment, and when they said go ahead, we thought it had been cleared. It wasn't our responsibility to clear it with everybody else who had an interest.

That's what I thought, but of course from then on we made a point to touch all bases and not just assume that because the White House or somebody like that had given us a name and said okay on it, on what we suggested, that this was in fact all right. Certainly we cleared with important senators and congressmen and committee chairmen, appointments of people in their state or districts, or who had worked for them on the Hill. But he was really complaining: "It isn't the first time that this had happened.... After all, I am the vice-president." It would have been painful except I didn't really care. I didn't feel that I was going to get my head chopped off because of this. It was the kind of a disagreeable encounter you try to avoid, but once you're in it.... I wasn't shaken by it, but he was very unhappy, you know.

MOSS: What was Udall's reaction when you told him about it?

BEATY: Oh, I don't think he cared. You'll probably ask him about it when you interview him, and then he won't even remember it happened, although maybe he will because it took a little smoothing over the next couple of days. In fact, I think they wanted us to withdraw the appointment, but we didn't and the White House didn't ask us to.

MOSS: How do you smooth Lyndon Johnson over?

BEATY: Well, I think, elaborate on what I said: nobody had outlined to us this procedure or told us about any such agreement, and we assumed when word came from one of the top personnel

people in the White House that this appointment was all right, had been cleared, that it was, in fact, cleared with everybody that had an interest in it and, "Good heavens, Lyndon, we wouldn't do a thing like that to you if we thought you disagreed with this appointment. We thought you'd be happy to have a ranking, topflight appointment for one of your guys from Texas." I don't know whether it ever scored any points with him, but the furor died down pretty fast.

MOSS: Yes, yes. On a phone conversation like that, do you address him as Mr. Vice-President?

BEATY: I don't think I got a chance to say much like that. I can't remember whether I did or not, but he launched into a conversation before I was even sure it was the Vice-President, except it was obviously his voice.

MOSS: Let me check this machine to make sure.... Now let's get on to other things, on to our outline here. Last time we were talking about John Carver's area, and the only area we didn't cover was public lands, Bureau of Land Management. We had talked about Karl Landstrom [Karl S. Landstrom] before. In the very early days a moratorium on applications for public land settlement, homesteading and so on, was set. Now what was the reason for this?

BEATY: Well, the newspapers--I don't mean the *Washington Post* or the *New York Times* because they don't pay much attention to that sort of thing, but the western newspapers, the ones where public land...

MOSS: [*Phoenix*] *Arizona Republic*?

BEATY: Well, I'm sure the *Republic* had some of this. It was coming from all over out there, but I think more from states, oh, perhaps like Utah and Nevada and Idaho, Montana perhaps, screaming about the long delays in handling public land applications, desert entries, homesteads of various kinds, small tract, five acre tracts. That's what they're applying for. It was clear, I think, to Udall, having served on the interior committee [House Committee on Interior and Insular Affairs] and gone through some discussions of this with people from the previous administration, that it was virtually an insoluble mess if you kept accepting applications with the kind of personnel strength that you had and were likely to get. It never did get out that the only way to do it was to cut it off and clean it up and try to figure out some procedures for handling these applications that didn't take quite so much time. He got blasted for it by Republican senators, Senator Bennett [Wallace F. Bennett] probably and Goldwater [Barry M. Goldwater] and others chimed in. Oh, it was, you know, "Here's big federal government trying to affect the lives and fortunes of people in the states that were at the mercy of the federal government because of these big public land holdings. Public lands ought to be turned over to the states anyway or turned over to private industry to produce taxes." You know, the old

arguments, and lots of them like that go on all the time.

MOSS: Was Goldwater a regular in hitting this theme?

BEATY: He hadn't said much about.... Yes, certainly, yes. He and the leaders in the Republican party in Arizona were constantly making a big issue out of the fact that only 16 percent of Arizona is taxable, produces taxes. They try to leave the impression that the rest of it sits in the hands of the federal government. Well, the truth is a large chunk of this is state-owned land, and if they really wanted to do something, they can turn some state land over to private enterprise and private ownership. Another big part of it is Indian lands, owned by the Indian tribes under federal trusteeship. It's not taxable, but it's not federal land either. The percentage of actual federal land in Arizona is something less than 50 percent. But for years they had been harping on this figure, that only 16 percent or so is private land, on the state tax roll. So this just gave Senator Goldwater another opportunity to make a point that instead of helping speed the flow of land from federal ownership into private ownership, Udall was exercising the big brother technique in clamping down.

MOSS: This is interesting and it leads to a little digression, but I think it may be worthwhile putting it in while I remember it. In, oh, about the fall of 1963, John Carver went out to University of California, Riverside campus, and made a speech in which he took great pains to show the advantages of federal land and to knock down this argument of tax loss from federal lands. Was this a deliberate counter to Goldwater and were people expecting Goldwater to be the Republican nominee, and therefore, taking this kind of line?

BEATY: I don't know that it was consciously charted as a course for the administration spokesman in the West. It was something that Udall and Carver and Jim Carr talked about quite a bit. Udall himself made several speeches on the heritage of the national domain, public domain. I've heard him or seen his speeches a number of times where he talked about the difference in the East and the West, where here you have fenced off woodlands and meadows and no-trespassing signs, and you hunt by permission of the owner only, and out there the lands are wide open and rock hounds can go in, picnickers can find an isolated canyon where nobody's been, and just whatever your uses are...

MOSS: Hippies can get lost in them.

BEATY: That's right. This constitutes a great advantage to an area, to have a lot of unreserved public lands for everybody's use. Also Carver and Landstrom and others who followed made the point frequently that the amount of money that the federal government received for grazing fees, for example, did not meet the cost of

maintaining these lands, that they actually needed more money to.... This gets back to that thing we talked about on the grazing fees increase. They just, at least on BLM lands, don't meet the cost of upkeep of soil and moisture conservation, reseeding, various other things, administering the lands. If we turned this over to the states--this is the point they kept making--if this was just turned over to the states it might benefit the ranchers a little bit because they'd have looser controls; it might mean more taxes to the state. But if the state itself planned to administer it, it couldn't look for any real return or else the lands would go down in value and quality. They'd lose the.... Erosion would make bigger headway. The states would not benefit financially, really, because they couldn't afford to pay the cost of upkeep.

MOSS: Yeah. There was some indication back on this moratorium on applications business, and I think I got this from, as a matter of fact, from the *CQ* [Congressional Quarterly] resume of the thing, that one of the purposes of the moratorium was to curb excess speculation. Was this part of the...

BEATY: Well, I think so, so that there would be some appraisal of the lands. If they're applying for a desert land entry because they thought they could get enough water to irrigate it and make a living agriculturally, or was it because it was about fifty miles from and in a direct line of the growth of the metropolis like Phoenix or Sacramento--or maybe these aren't metropolis by eastern standards, but they're big cities out there, and there's a lot of growth around them. You head down some of these valleys not too far from a major highway, and fifty miles is not very far away, and it's very valuable land for development. Our feeling was that a lot of this land where the big pressure was to approve desert entries, in spite of the precarious nature of the water supply, was purely speculative, looking for development--thousands of dollars an acre instead of, oh, the hundred to five hundred dollars an acre that agricultural land would bring depending on the water supply.

MOSS: Was the moratorium a successful tactic?

BEATY: We thought so. I think it was generally regarded as such. And it wasn't too long before it was.... Well, what did we put on, an eighteen-month moratorium?

MOSS: I believe so.

BEATY: I think before the eighteen months was up we were able to start opening up offices and applications of different offices. I think it was done on a piecemeal basis.

[-199-]

MOSS: I think it was September '62 when they finally took the moratorium off.

BEATY: Well, it took about eighteen months then.

MOSS: We were talking about--grazing fees is the next thing on my list. Is there anything more you want to say on that? John Carver--when he went up to, let's see, I think it was the University of Wisconsin that had a public administration institute or something--used this as an example of how to persuade rather than to bully people into things. What was the strategy on getting the stockmen to agree to an increase in grazing fees? How did you approach this, or was this strictly John Carver's problem?

BEATY: No, no. Everybody was in on it that had any remote connection with it. This will digress a little bit too, but there had been a feeling for a good many years --I can't pinpoint when I first started hearing about it, but it was several years before Udall became secretary of interior--that the local advisory boards were not representative of the general public interest in public lands, that it was almost entirely dominated by sheepmen, cattlemen, the state grazing boards or public land advisory boards. I forget what they called them, Taylor Grazing Act advisory boards. There were county boards, it seems to me, and there were state boards, and then there's the national board, National Advisory Board [Council]. Well, like a lot of advisory boards, they take on a certain power and it becomes more than advisory, it becomes hard to say no when they propose something. It becomes hard to say, "Yes, go ahead," if they are strongly opposed to it.

MOSS: What kind of power do they really have?

BEATY: Well, it has to do with administration of the lands and advisory on grazing fees too. They very seldom come up and recommend an increase. But they had one man, it seems to me, one man in each state representing the sportsmen because, you know, the hunters and fishermen use these, and this was an obvious use. But the picnickers and the people interested in preserving the land or all the other uses were not represented. I don't think the miners were represented. It didn't make a lot of difference because they don't use great big tracts of land, these key areas where the minerals are. Go ahead. You were going to ask a question. I interrupted you.

MOSS: Well, I was going to say, how effectively could one of these advisory boards really block a determined action by the department?

BEATY: Well, it's their power because of being leading citizens in their area of getting a lot of publicity on their criticism of the government, and, through that, getting senators and congressmen fired up. It's the democratic process, except they have an inside track by being on a board that's supposed to be advising, and they have access to generally, all the information relating to the requirements and...

[-200-]

MOSS: They can escalate the level of nuisance and static.

BEATY: Absolutely.

MOSS: Okay.

BEATY: Well, there was this feeling that there should be much broader representation, that the forest people should be involved and the general public and the cities and towns since they depend on public lands for watershed purposes, for expanding and all this sort of thing. I forget how this thing was done, but very shortly after we took office, we expended these and gave them a different name. Multiple User Advisory Boards, I believe, was the name. We added a lot of people besides the ranchers--county supervisors, city mayors and people in similar categories. This sort of thing.

MOSS: Just did this by fiat?

BEATY: That's right. So we had boards with broader representation when it came to the point of raising the fees. I remember the Arizona case particularly because this was the state we came from. Against the desires of the ranchers, the cattle growers, we named a couple of people in Arizona to this board in the categories that the ranchers thought they should have some control over. They had a rancher in one county who was on the board of supervisors. They wanted him named to that, and we appointed somebody else who was active in the national association of counties, or the National Association of County Officials.

MOSS: What was the ranchers' reaction to that?

BEATY: Well, they resented it.

MOSS: But they weren't able to block it?

BEATY: No, no, you know, we had absolute control, and we were willing to take whatever heat they stirred up for us. We were going to put people in we thought would represent the public generally instead of just the ranching industry. You know, what's the point in putting on a city councilman and a county supervisor and a woman from the League of Women Voters if all three of them are ranch owners and leasing public domain lands for their cattle? It would be, you know, a fraud.

Now, I'm not sure what happened in other states, but we tried to do this in our other states. But this was a state where Udall and I both knew the people. Between us, we knew who was being proposed, and we did this through the state director of the Bureau of Land Management. The users had kicked up a big fuss about the other people who were applying for land and weren't getting their applications

[-201-]

approved, kicked up a big fuss about the man who represented BLM in Arizona. He's a good man. He just didn't have very good public relations, you know, a sense of good public

relations. We transferred him to Montana, I think, in a similar category, and there was a second man, there. Rowland [Edgar I. Rowland] was the first man, and Helman Dollar was the number two man. Both of them had been strongly criticized. We brought in a man named Fred Weiler, who is a great public relations expert, promotes himself as well as the interests of the administration. He went to meetings of the advisory board and meetings of the League of Cities and Towns [League of Arizona Cities and Towns] and things like this and did a good job on it. The advisory board endorsed this rate increase in Arizona. I'm not sure what happened in some of the other states, but they accepted the need for it. This is one example of how we worked on this idea.

Where newspapers took a special interest in it, we tried to explain to them. The [Tucson] *Arizona Daily Star* at Tucson had an editor and publisher who had always taken a rather broad view of the needs of the state as related to responsibilities, and he came out rather strongly for this, which counteracted the cattle growers association and the Goldwater types who were blasting this grazing fee increase. Through Jim Carr and the McClatchy [McClatchy Newspapers, Inc.] papers in the Central Valley of California, we got support out there. People like Lee Metcalf and others were sounding off in favor of this idea.

We really were surprised at the adamant opposition of Senator Bible [Alan Bible] who had started out very reasonably. He let Carver know that he was going to have to oppose it and he'd sound off but that he wasn't going to be mean. But as he held those public hearings, and more and more Nevada ranchers piled in and started screaming, we had to do it over his absolute flat, adamant opposition. This was the hardest part of the whole thing.

Senator Anderson [Clinton P. Anderson], who's ranking man on that committee, was quiet but he was on our side. Having been secretary of agriculture, he knew Agriculture's [Department of Agriculture] (Forest Service) rates were higher than BLM rates; and he knew that from having administered it, as well as being an alert member of the Senate. I've probably exhausted what knowledge I have. The rest of it will be theorization.

MOSS: Okay. Another controversy that BLM got into was the jurisdictional dispute with the FPC [Federal Power Commission] over power line rights-of-way. Now as I understand it, the BLM attempted--or John Carver and the department through the BLM attempted--to have a say in the setting of rights-of-ways, the use of rights-of-way for federal power lines. And the FPC turned around and claimed that, no, it had prior original jurisdiction on this kind of thing and that the BLM ought to butt out.

[-202-]

BEATY: Yes, this was one of the good intramural arguments that went on in the earlier period. I'm going to have to pause for a moment here and I'll.... [Interruption]

MOSS: We were talking about the power line rights-of-way.

BEATY: I forget exactly when Interior tossed out this announcement. You probably have a copy of the press release.

MOSS: The early policy statement, 14 February '61?

BEATY: Yes, that's right. One of the things that we proposed to do, and this carried on throughout the whole eight years that Udall was Secretary.... With private power companies expanding and moving towards interties with each other--as on the Arizona Public Service headquarters in Phoenix and Utah public service [Utah Power and Light Company], is one example. They run some lines together and develop some mutual help. A lot of their power lines had to go over public lands. They weren't charged much of anything for the rights-of-way. Agreements, I'm sure, had to be worked out on how they preserved the land, what they did, and the routes they followed, but generally it's a low-cost operation. So one of the things that we wanted written into it--and it wasn't just Interior; it was Agriculture with the REA [Rural Electrification Administration]--was a requirement that the private utilities wheeled public power over their lines, over these lines built over public lands, to the small municipals and the REA-type power organizations.

MOSS: Just what is a wheeling arrangement?

BEATY: Well, a wheeling is like--a trucking company, if you can believe they'd do such a thing, would build their own highway instead of their own power line, and in order to get the right to do it, they'd have to agree to haul things. It's moving power; it's just like moving stuff on a railroad line, except you're moving it through these wires. It's moving somebody else's power from one place to another. You know, you can talk to a power expert and he'll talk about displacing power, and that you put it in here and you don't necessarily get it out at the other end, but some other power comes out over there. But in effect, you're moving power from a source such as a reclamation dam, which is public power.

The preference clause, this thing in the public power act, gives preference in getting this low cost power to REA's and municipal power companies over private industry, over the electric industry or the aluminum industry, you know--whatever it is that uses a lot of power. So they build the power lines and they own them; they maintain them, and

[-203-]

for a fee they'd be compensated for this--they would allow this other power to be moved through their lines from the public power source to the public power user, and therefore, not require the public power people to build their own lines.

You know, it makes sense from a point of economics. Why should you build parallel lines when one line will do it? Obviously, lines have only a certain amount of capacity, but the idea is that in low-use periods they would wheel power to make up the full capacity, take up the full capacity of their lines. They resist this strongly; they always have. They see each utility, each municipally owned, public-owned municipal power company, or each REA as a threat, as a rival, as a competitor, and that if they help them get a better, more solid power supply, in effect, they're increasing the capability of that local unit to expand and compete with them in their territory. And they've got, you know, some good reasons to believe that. So they resisted this; and I remember that phase of it a lot more than I remember the Federal Power Commission's opposition, but I do remember it. I'm just not very sharp on the details.

One of the most interesting things about Udall's tenure at Interior was the change in thinking in the public-private power fight field. I think the changes illustrate what I think was a rather limited understanding that President Kennedy and the people around him had in western resource problems. These weren't things that they'd ever had anything to deal with. They didn't have any reason to pay attention to this, except when it came to voting for some bill in the Senate or in the House. You know, you go into the House, on the House floor, the committee chairman says, you know, "we're voting for this," and you go along with the party generally. You don't have to know the details of it. I think that the major thinking of eastern Democrats and a lot of western Democrats too in 1960, as far as resource problems go, was based on power, on reclamation and power, building dams and they all knew about the public-private power fight. The Hells Canyon [Idaho-Oregon] fight had gone on during the Eisenhower [Dwight D. Eisenhower] years, the Trinity [River, California] falling-water strategy.

MOSS: Dixon-Yates [Edgar H. Dixon - Eugene A. Yates].

BEATY: Dixon-Yates, absolutely. And the very strong effort that Clyde Ellis [Clyde T. Ellis] made to become secretary and then under secretary. This was public power, and after Kennedy won so narrowly and was so determined to build a broader base for himself, I don't think he would have, under any circumstances, appointed a rabid public power man. He couldn't start out with--I mean think this is his thinking--all this opposition from--active opposition

[-205-]

from private power industry. So you had to go along with public power theories. You couldn't kick your supporters in the teeth by saying, "We're not going to do any more for public power." But at the same time, you didn't have to antagonize the other people by putting in people like Clyde Ellis.

But this was the one thing that seemed to fit in everybody's mind. I think this may have surprised Udall. It certainly surprised me when we tossed out this public power policy announcement and got an instant reaction from the White House about letting the President announce things like this because this is something that they understood over at the White House was good from the standpoint of their supporters. They wanted to take advantage of it, the announcement. It should have been a White House announcement, not just an Interior Department announcement. I don't think three or four years later anybody would have cared if Udall had tossed out such an announcement because it had ceased to be quite that important a thing. The public power people were still agitating and they were still pressuring Interior and Agriculture to do certain things. This went on all the way through the full eight years. But at the same time there was a better understanding throughout the top government officials of the relative importance of this.

I've been asked to prepare lists for newspapers and things like this of what I thought Udall's major accomplishments were. You know, it is understood that his accomplishments are accomplishments of the Kennedy administration, Johnson administration, but that these are things he did with their understanding and blessing. I have repeatedly--even though

generally they talk about the conservation effort--topped the list from my standpoint with the relative peace that was developed between the public and private power interests during this period. And it, in part, got down to this initial announcement and this effort to exert active control over what goes on the public lands in the way of the agreements on power lines.

It was advantageous to the private industry to build big power plants, coal-fired, mine-mouth plants. Instead of moving tons of coal, thousands of tons of coal, you move the power over these wires. The public power people found that by buying into some of these plants--and they were able to do it, I think, because of the pressure we put on the use of the public domain lands, dropped the word "wheeling" because it was such a red flag--they worked out cooperative agreements on their own without any pressure from the government that they all.... Southern California Edison [Company] and the Arizona Public Service [Company] and New Mexico [Electric Service Company] Public Service, perhaps, would all go together and build a plant at the Four Corners on Navajo Indian reservation. The big power companies would probably have 80 or 90 percent of the power; but by putting

[-206-]

in enough money to finance 1/2 percent, an REA G and T (generating and transmission co-op) could get more power than if they'd spent twice that money on their own little plant someplace else. By moving the power at extra-high voltage levels, there's relatively little loss of the power. So everybody gained from it. The fight isn't over. It goes on, and they'll all still keep competing, but.... I've rambled all over the place here.

Partly, I think there was increasing opposition to Udall from these rabid public power people. The disillusionment with him on their part didn't happen as quickly as it did with Swidler [Joseph C. Swidler] at the Federal Power Commission. He came under fire almost instantly from all of them because he seemed.... Here was a guy with TVA [Tennessee Valley Authority] background and a public power man and all of a sudden he's starting up with the private utilities; he's trying to control the co-ops and so on and so forth. I don't know the details of it, but I know they were very unhappy with him. I think there was--I think we mentioned this before--some kind of a personality clash between him and Udall, so that he didn't cooperate with us too well either for a long time. I'm very hazy on where the difficulty started and how it finally came out.

MOSS: Let me ask you then about this policy statement that came out on February 14. It's sandwiched in between two special messages, presidential messages, to Congress, the first one being the economic recovery message in, I think it was 3 February, and the other one, the natural resources message, what, 21 February?

BEATY: That's right.

MOSS: Was this policy statement drafted entirely in the Interior Department? Any coordination with the White House at all?

BEATY: No, I don't think there was coordination.

MOSS: Who worked this up?

BEATY: I can't say for sure. We talked about it in Udall's office. I'm sure he talked to people over in the White House about it, perhaps Lee White [Lee C. White], perhaps Ralph Dungan [Ralph A. Dungan]. They knew that it was coming. They didn't know we were going to do it. Maybe they did know we were going to do it, but when it got a lot of good front-page publicity, they didn't like the fact that we had tossed it out. But there were conversations between people at Interior and people at Agriculture. I don't think there was any kind--to my knowledge there was no kind of coordination with FPC. I don't think we anticipated that they'd get into it as they did. We were working during this period on the President's natural resources message--is that what you called it?

[-207-]

MOSS: Right. Right

BEATY: And we were discussing it with--Udall was discussing it with Ted Sorensen [Theodore C. Sorensen]. You know, we were running the draft language back and forth on certain passages, certain parts of the message, and we were getting all the top policy people with some technicians in to help in doing this work. I think it was understood that this wasn't going to be part of the message, that that's going to dwell on other things more and that this would be done separately, but I don't really know that it was consciously planned that we would get this announcement out ahead of time between these other two deals.

MOSS: What about the drafting of the natural resources message? We talked about it a little bit, but were there any particular sticky areas, causes of concern between the White House and the Interior Department?

BEATY: No, I don't think so. I think it was mostly a matter of selling them on things that we thought were the most important, the things that would have the most impact and the most general interest. I don't think there was any problem in somebody saying, "Well, you can't talk about that." Well, I think that's it.

MOSS: I'm in an awkward situation here. I had intended to switch signals on you and go after John Kelly's [John M. Kelly] area rather than Ken Holum's [Kenneth Holum] this morning.

BEATY: I see.

MOSS: Is this all right with you?

BEATY: Whatever you want to do is all right.

MOSS: Okay, because I could go with Ken Holum's but I wouldn't be as well prepared

as I am on the Mineral Resources area.

BEATY: ...Remember we mentioned this Samoan governship deal?

MOSS: Oh, yes.

BEATY: I couldn't remember the names. I remembered this woman Dr. Berger [Marie Cole Berger], but this is the man that the West Coast Samoans were, some of them were at least, pushing hard for the job, Steele Holman.

MOSS: Steele Holman.

[-208-]

BEATY: I think it was his people who kicked up the big fuss that a woman would not be acceptable when word leaked out that a woman was about to get it.

MOSS: Oh, I see. I see.

BEATY: I came across this looking back at it.

MOSS: Okay, let me.... Let's see, where are we here? Let me ask, first of all, about John Kelly and his role as assistant secretary for Mineral Resources. Was this an area in which Kelly was pretty much left to himself, or was there an active role on the part of the Secretary in this area?

BEATY: Well, I think I mentioned in one of our earlier discussions a conversation or a remark that Seaton [Frederick A. Seaton] made to Udall when they had their first meeting after Udall was designated. I may be misquoting the exact percentage figure he tossed out, but he said something to the effect that, "It looks like a very small part of the Interior Department's overall responsibilities [talking about an oil import control], but," he said, "I find I spend 30 percent of my time on this."

Well, it was pretty generally known in the department that Seaton himself had fairly well turned this over to Elmer Bennett [Elmer F. Bennett], who was the under secretary, and that through Larry O'Connor [Lawrence J. O'Connor, Jr.] and the Oil Import Administration, Bennett ran the show. So if Seaton had to spend that much time, or had thought he spent that much time even with other people actively running it, you can see that it was something that had general--maybe not general, but very particular--interest on the part of the people in the position to bring pressure on the government, as the oil industry does. You can't just turn something, like this over to an assistant secretary, and say, "Run with it," because there's too much day-to-day interest that comes to a secretary's attention. He'd get into trouble no matter how well the assistant secretary performed if he didn't keep up with it and put his own touch on it. At the same time I don't think, except for coal and oil, I don't think Udall devoted an awful lot of attention to the mineral area, and Kelly did have a fairly free hand, but on oil and coal--these were things we were involved in every week, every day practically.

MOSS: Okay, let's go through this whole oil import quota policy development business. Let me give you this list of questions that I'll be following. First of all, in mid-February 1961, Secretary Udall suspended former Secretary Seaton's order permitting certain additional companies to get residual fuel allotments and also set hearings on oil import quotas. All right, now why was the Seaton order suspended, do you recall?

[-209-]

BEATY: No, I don't.

MOSS: Okay. Do you know why hearings were set?

BEATY: Well, there was a lot of pressure from the coal people not to allow additional fuel oil.... Residual fuel oil would be brought in; this was destroying the coal market. Senator Kennedy, as a candidate, had visited the coal areas and the coal senators. Byrd [Robert C. Byrd] of West Virginia and Jennings Randolph sounded off constantly against letting any residual fuel oil come in. The Pennsylvanians did, too, to a certain extent, but it was mostly the West Virginia people. At the same time there were all sorts of companies and organizations and members of Congress from New York and the New England area who felt that they just had to have more residual fuel oil brought in, that the controls were forcing prices up and that coal couldn't compete anyway, and that we're working undue hardships on that area by setting these quotas.

It was, I think, a feeling that whatever decisions were made would be better accepted if people couldn't say afterwards, "Well, he didn't even listen to us." So he set the hearings and let everybody come in and sound off. Perhaps it was a way to buy time too, to give us all a chance to get better acquainted with the problems, a situation that we hadn't had much to do with. Beyond that, I don't have any theories.

MOSS: Okay. Do you know why, after suspending this order and ordering the hearings, suddenly he raised the residual oil quota? The newspapers said because of an East Coast fuel shortage. Now, how did this come to his attention and what was the.... Do you recall the pressure?

BEATY: Oh, sure. There was some interest in the White House. There were interests from a lot of members of Congress. You know, there was a tremendous storm just before the inauguration, as everybody remembers it. There were similar heavy snowstorms almost every two weeks for the rest of the winter.

MOSS: Just about every week, as I remember it.

BEATY: It just piled up...

MOSS: Every Thursday it began to snow.

BEATY: Something like that. That's right. We had three big ones.

[-210-]

MOSS: Right in a row.

BEATY: Right. Nobody could argue that we weren't having a fairly bad winter and fuel stocks were low. It's not--it's a nice question.... I suppose you can get the people to refute it, that if you said that they were desperately in need, that the reserves were running out, but they were low, and I think that it was apparent fairly early that we had to do it. You know, from a public relations standpoint, if nothing else, we couldn't let large apartment complexes or hospitals and that sort of thing run out of fuel oil in the Northeast, which was the area that had been hit the hardest by these storms, just because some coal miners or coal miner organizations were screaming that there was plenty of coal and they didn't need to put any more fuel oil in, or that by doing this, Udall's throwing fifteen thousand miners out of work or whatever this figure was, five thousand perhaps.

MOSS: Well, why was the quota rise selected? Were there any other alternatives, or was this simply an obvious thing to do?

BEATY: It looked like you know, a.... You weren't favoring any one person, any one area. It just raised the quotas. I don't really know.

MOSS: And Senator Byrd's protest--Senator Byrd of West Virginia--was simply based on the coal miner's position.

BEATY: That's right. That's right.

MOSS: Okay. Now the hearings began on the quotas on 20 February. Do you recall anything about the hearings, how they were set up?

BEATY: I don't know when Kelly went on the job. Udall was installed and working there before Kelly's appointment was made and before he was confirmed, but he was working when the decision was made on him. He was working there even before he got the appointment and was confirmed by the Senate. I was working very closely with Larry, Larry O'Connor. We had some.... I'm really vague here. It seems to me we had some help from the oil industry. I don't know whether these people were put on as consultants or were borrowed. There was a Texas oil man, older man, he was near retirement, who worked with us for some time, I think partly on the theory that he knew the situation but his companies or the associations he had weren't in the market for selling oil on the East Coast, and so he would be impartial, give us just pure technical advice. No doubt Kelly was in on it. It seems to me he

[-211-]

must have been there by that time whether he was actually assistant secretary or not. But this gets back to your first question, "Did Kelly have a free hand?" It may be that, while Udall spent an awful lot of time with it and put his own touches on it, that on a lot of the aspects of it he accepted advice from the bureaus, the agencies involved down below, that certain things had to be done and that his touches applied more to handling the political consequences of it and the way we did it rather than the actual decisions. I'm not going to be much help to you I'm afraid.

MOSS: Okay. In March, early March, the quotas were revised and the purpose given was to increase competition. The contention was that earlier quotas had favored big oil as opposed to the independent producers and this sort of thing. Was this a result of the hearings, do you know?

BEATY: I don't know.

MOSS: Was there any reaction from the American Petroleum Institute on this?

BEATY: I can't remember.

MOSS: Okay. What about the department? Do you recall there?

BEATY: Well, I don't think anything we did during those early weeks there would've been objected to within the department. I think we were depending on department people quite a bit. You're talking about was there resistance to what we did?

MOSS: Yeah, yeah.

BEATY: I don't think so. I think everybody was trying to find solutions that would work rather than espousing particular courses of action.

MOSS: Was there any relation between all this work on quotas and the J. K. Evans [John K. Evans] boner?

BEATY: Well, perhaps when you talk to Mr. Udall you'll get some better information on this. Jack Evans wrote the Secretary, I suppose, two or three times before he actually took office after he'd been appointed. The letters, as I recall them, were kind of like a father talking to a son, trying to explain the situation: "This is something you haven't been involved in. It's complicated; it's troublesome; but this is the way it is as I see it." I don't think Jack was pushing any particular thing in those letters although he thought that the quotas ought to be eliminated or that just, you know, let the oil come in.

But I don't think there was any relationship, any direct relationship between any of the hearings or the decisions and this ticket-selling thing. I think this was based more on.... I think we talked about this once already, about Udall's long acquaintanceship with Jack Evans, and even knowing him, not knowing really how he worked in the industry, just somebody that we knew.

MOSS: Okay, a little later on 31 May Udall announced that no basic changes in the oil import quota program were planned. Now, this sounds a little odd, based on the fact that he was holding hearings. Do you know why he made this statement?

BEATY: Well, you know, there're two big things, there're two different things really. Eventually some years later we pretty well abandoned the whole quota system on fuel oil and residual. I mean it's not a free market these days, but it's a lot different than it was.

The really big thing that affects the whole country more than just the East Coast, where residual fuel is used, is the petroleum and crude oil import from Venezuela, the overland oil from Canada, and the Middle East oil that has nothing to do with fuel oil. It's the high-quality gasoline-producing oil and this sort of thing. This is high-level policy stuff that Interior would never get away with making independent decisions on. This involves the State Department and the Office of Emergency Planning they called it in those days. I think, instead of "Preparedness" as they call it now. It involves senators from oil states talking to the president.

So he was having these hearings, as I recall, on the residual fuel oil thing. We had hearings also on the overall oil import program, but the initial pressure was on the residual. It seems to me we weren't called upon to make any major decisions on oil imports unless we chose to just, you know, change the program, until late in the year when you set up your new program for the coming year. So we had more time on that. I think probably this announcement was based on easing the fears of the oil industry for the time being that we're going to make some drastic changes and the program's not going to be altered for the time being. It was in that nature.

MOSS: Okay, in August, Jersey Standard [Standard Oil of New Jersey] was seeking a declaratory judgment that the quotas as they existed are not fair and equitable. Now that was the department's reaction to this, do you recall?

BEATY: It seems to me that John Kelly was saying that they couldn't win, that they were ready to go through with it, but they weren't going to win. Udall wasn't upset or excited about it.

[-213-]

I think it was something we anticipated was going to happen. There'd been enough conversations between Interior people and officials of Standard Oil of New Jersey ahead of

time. It was no surprise. We weren't going to do what they wanted to do. So it reached the point where they wanted to file their suit.

MOSS: They didn't file their suit?

BEATY: They went ahead and did it. We knew they were going to, it wasn't a surprise. So it just boiled down to going ahead and working it out. All of these things were things that I had very little to do with.

MOSS: Okay. How about Udall's paper to the Independent Petroleum Association of America about 30 October in which he reported he recommended a cut in quotas? Now that's 30 October. On 1 November, Oil Import Administration announced a daily increase of "7400 barrels a day through March '62." This seems to be a contradiction. Do you recall why?

BEATY: I'm completely blank. I'm completely blank on this. Kelly was.... Let me think of the name I'm about to come up with, this man we used as an adviser had initials J. something, Parten [Jubal R. Parten], I believe. You'll probably come across his name someplace. He was, I think, an independent oil man himself, but Kelly was an independent. He knew these people. They were largely located in Texas and Oklahoma, Kansas. They don't want imports even more than the big companies because the big companies have holdings overseas as well as in this country. Standard of New Jersey obviously could bring in all sorts of oil from offshore or from other countries. These independents in midland America have no other sources and the imports drive the price down, so naturally they're very strong against it. I met with some of their representatives in December, it seems to me, before--I know it was--December of 1960. Not that they were trying to convince me of anything, they wanted to get acquainted. They wanted to get some papers in my hand for Udall to see, and I was the only contact at that point. They'd been after Udall to come down and talk to them. They wanted some reassurance that they weren't going to be done in.

MOSS: Why didn't they go through Kelly? Why did they go through you?

BEATY: Well, then, this happened to me before Kelly was appointed.

MOSS: Okay, this is way early.

[-214-]

BEATY: December of '60. No, they didn't go through me after that, after Kelly got here, but I was going back to show you that there was this desire to get to talk to Udall personally and to get him to talk to them and assure them that we weren't going to open up the quotas, just let the gates open or something, and let the oil come flowing in. I just don't know about these decisions that happened there, and I didn't handle it. I didn't have anything to do with it.

MOSS: Okay, then in late November or early December, the President decided that the administration would withhold the decision on quota changes until mid-'62.

BEATY: Now this, you know, this is the point where we were getting down to announcing the next year's program and quotas.

MOSS: Right, right. And then on 21 December a cabinet committee under the Office of Emergency Planning Chairman Ellis [Frank B. Ellis], was formed to review the whole business of quota policies. Now, why was this moved out of Interior and moved over to the White House?

BEATY: Well, you know, one of the rationales, principal one, for the oil import program is the national defense aspect: that if we let foreign oil flow in freely it will practically put a stop to any further exploration, and that our domestic reserves will go downhill. And, get in a war, the submarines or whatever kind of weapons are used will cut off the foreign oil, and we'd find ourselves without fuel in an era when everything depends on petro-chemical supplies. So here's the man in charge of emergency planning, and I think that he was a logical choice, as I mentioned earlier. You have several agencies involved--State Department; but you can't put them in charge because a lot of their interests are not ever generally known publicly. I don't know.

MOSS: I have to stop the tape and flip it.

[BEGIN SIDE II, TAPE I]

MOSS: Want to say that? I think that's indicative of what was going on. You were just saying that....

BEATY: Well.... Go ahead.

MOSS: You were just saying that looking at these specific questions, you begin to realize how dependent you were at the secretary's level--at the policy level or at the political level--on the people who were the technical experts down at the bureau level and so on.

[-215-]

BEATY: That's right, and that I've always had the feeling that they were dependent a great deal on the industry, that we never had...

MOSS: Wait a minute. I have to stop this tape. There's something wrong with it. [Interruption] All right. That seems to be okay now.

BEATY: All right. Do you want to start over, or do you think you have that?

MOSS: Well, no. I think we have that. You were saying you were not only dependent upon the bureau people but the industry as well?

BEATY: ...that the bureau people were dependent on the industry, that we never had as many people or as high quality people--I'm talking about training the economists, the lawyers and so forth. I think this is not just our case; I think--and everybody recognizes it--that it's a rare government agency that has people who can command the salaries that private industries will pay to get topflight lawyers and economists, specialists in commodity fields, for their own use, and that our statistics depend a great deal on what we got from the industry and things like this.

There were certain areas that I actively worked with the assistant secretary or bureau chief and passed this on to the Secretary. In the oil and gas area, I didn't. So it may be that there wasn't anybody really in our immediate office that did. There was Udall dealing with Kelly, with O'Connor, with whoever else happened to be involved, and there was no staff man on the Secretary's staff that did this. I did it simply because I was setting up the appointments; I was sitting in on some of the meetings. But I hope you will be able to get more information out of Udall himself and, perhaps, Kelly if somebody corners him.

MOSS: Yeah, this is rather interesting because the degree of dependence of the government department upon the private industry--in a way, it's in competition with.... The department's looking out for the public interest. The industries are looking out for their own individual profit interest in a way.

BEATY: That's right.

MOSS: Generally they're interested in the welfare of the whole economy because they benefit from it, but being so dependent upon the industry for the technical details makes you almost as much a victim as a beneficiary.

[-216-]

BEATY: I think so. I think so.

MOSS: Was there any realization of this in the department? Did this worry anybody, anything done to make it better?

BEATY: I think that there was some concern about it. I know. Did you interview Frank Barry [Frank J. Barry, Jr.]?

MOSS: Not yet, no.

BEATY: You will?

MOSS: I would like to. I haven't even written him yet.

BEATY: I think he'd be a very good source of information on some of these things because Frank was concerned about this, not just in the oil and gas field, but in others, but, particularly, that this was where the big money was involving things that Interior had responsibilities for. It concerned Frank a great deal. I know Udall was aware that a lot of the advice we were getting was based on statistics or--I can't think of the right word--doctrine of the private oil companies. But I think that he always felt that he was getting good sound independent advice out of Assistant Secretary Kelly, at least at this stage.

MOSS: Do you recall any instance in which the advice of the industry technicians, for instance, was questionable from a public interest point of view?

BEATY: No, I don't.

MOSS: Or was questioned?

BEATY: I think.... Udall asked lots of questions at these meetings, but I can't think of anything specific. J. R. Parten, I think, is the name.

MOSS: J. R. Parten.

BEATY: He was, I'm sure, at that point in his late sixties. He'd probably been involved in several different oil companies. I don't know who he was representing at that point, but we were led to believe that he would give us some independent help uncolored by personal interest.

MOSS: Okay. I think, then, on the rest of these detailed questions, what I'll do is take them straight to Kelly and to Udall.

BEATY: And I think probably Frank Barry, too, when you get a chance to talk to him.

[-217-]

MOSS: Okay. Now something happened later that I will ask you about and that is, after the assassination of President Kennedy, on 9 December 1963, Udall announced that the authority to set national oil policy was being returned to the Interior Department, bringing it back from the OEP committee under Ellis. Now why was this done?

BEATY: Let me mention one or two things before I get to that.

MOSS: Okay.

BEATY: Ellis was gone by this time, wasn't he?

MOSS: I believe so, yes.

BEATY: I don't think he stayed around too long. I forget exactly when it was announced that Interior was going to stay with this formula of 12.2 percent, imports equaling 12.2 percent of the domestic production, at least in the zones one to four, would be maintained, or whether that figure was arrived at during the Kennedy administration; and when it was, my recollection is that it was kind of set as a result of conversations between Senator Kerr [Robert Samuel Kerr] and the President.

MOSS: Oh, that's right. That's a point we ought to touch. Let's see, 30 November 1962 it must have been.

BEATY: That's probably about right.

MOSS: The President announced a new quota formula. Now, there was something at this time, wasn't there, about Senator Kerr having a promise from the President, that he had a signed promise locked up in his safe?

BEATY: Locked up in his safe.

MOSS: Do you recall the story on that?

BEATY: Oh, I've heard it, but I can't recall much more about it than that, that it involved a lot of other things, the Senator's support on several things we were trying to get done.

MOSS: It was in direct relation to the new quota formula, wasn't it?

BEATY: That's right. I firmly believe this. I don't have anything to back it up, but I think that's right. I've heard Udall allude to it. I've never heard him spell it out exactly except that Kerr had a guarantee that this 12.2 figure was going to prevail.

[-218-]

MOSS: Okay. So this was--from 30 November 1962 onwards, this formula was the standard?

MOSS: For imports. Some modifications--11 June '63 they do away with the six-month lag in computing the allocations.

BEATY: And then some time later, that in '63, Udall came back from some meeting over at the White House, and I know he referred to oil imports among other

things and was indirectly quoting the President as saying in effect, "Just wait till we get past the next election, and then we'll treat these guys like they ought to be treated." You know, "We've got to win one more first and then we can do these things like they're supposed to be done without this pressure, without this impossible pressure." But exactly what all he was referring to and exactly when it happened, I don't have any recollection at all, but it was in 1963.

MOSS: Okay. Now do you recall why after President Kennedy's assassination the policy was moved back to the Interior Department?

BEATY: I don't know why, and I guess President Johnson would have to tell you himself for us really to know why because I'm not sure he told anybody why. I went over with Udall to the White House. We sat around in Walter Jenkins' [Walter W. Jenkins] office, as I recall, waiting to see the President. I remember talking to Walter. It must have been somebody else's office because Walter came in and went out, Cliff Carter [Clifton C. Carter] perhaps. Then when the President would see us, he came to the door, and we talked a minute, and I think Udall got the impression that it was going to be just between them, and he told me to go wait in Pierre's [Pierre E.G. Salinger] office.

So I went around to Salinger's office and waited for him. Udall came around. I think they called Salinger in at the end of their discussion. Then Udall and Salinger came back around to where I was waiting and there was some discussion, and they talked about what they would say to the press. [Interruption] They finally.... Salinger said, "Well, look, I'll just introduce you. Let me just present you to the press and tell them you'll answer the questions." So Udall announced what, in effect, you've seen, that "The President has told me this is the way it is going to be."

You know, it was rather a natural thing, it seemed to me at the time, that the President from an oil state who had the reputation of being a wheeler-dealer with the big operators would want to do everything he could to make the decisions appear to be coming from some

[-219-]

place other than the White House. Certainly an independent cabinet office would be better removed than an agency that's so directly under the control of the White House. But the truth is anybody that's appointed by the president is under his control.

Oil is not.... No decisions are made independently by one agency. We never could have made some of these decisions without the approval of the State Department. Wherever any oil import quotas were announced or any changes, the Venezuelans had an agreement to be notified twenty-four hours ahead so they could make announcement themselves if they wanted to twenty-four hours ahead of time. They weren't supposed to make these announcements; they were always getting the word out before we could notify the senators and congressmen that these decisions were being made, and you know, it was a constant source of embarrassment and harassment, but we would do it because the State Department had the say on some of this stuff. We had to balance off Canada against Venezuela; well, this is a job of the State Department. We were in on all the discussions, but we couldn't act independently on matters of imports into these

free trade zones--petro-chemical use and that sort of thing--Commerce and State, maybe Defense Department; Commerce, Defense, and Interior. Defense had a lot to say about it. In fact, well, you know, I think we talked about it. We periodically got people out of the navy petroleum procurement agency to move in to head some of our offices. Carson [Matthew V. Carson, Jr.], who was in charge of the Office of Oil and Gas when we came in was a navy captain who'd been borrowed by Interior. We got an admiral [Onnie P. Lattu] who headed that office after Carson left.

No matter what President Johnson said or whatever he told Udall to say, I think it was based on the public relations thing of getting decisions away from the President. But no matter what was said publicly--everybody understood, I think, that OEP would still have a big voice in decisions, State would continue to, certainly somebody in the White House would.

MOSS: Do you recall an instance when the Venezuelans were upset because they thought they didn't get a word in advance enough, or that it hadn't been cleared with them? And John Kelly was sent down to...

BEATY: Smooth it up. Yeah. I, several times, and this was I think--I can't think of anything specific. You know, if you spelled it out for me here or I looked at some clippings or something, I would then probably have my memory refreshed because this is something we lived with every period when some decision was being made, "Have the Venezuelans been taken care of?"

MOSS: Well, as I understand the story, the Venezuelans or, at least the President Betancourt [Rómulo Betancourt] I guess it was at the time, was under the impression that the United States

[-220-]

was supposed to discuss it with them beforehand rather than simply notify them twenty-four hours in advance, and that Betancourt got in touch with President Kennedy, objected. Then President Kennedy got on the phone to Kelly--and this was, I guess, right around Christmas and New Year's--and said, "Get on down there and have a chat with him about it."

BEATY: Udall and Kelly both made trips down there. They made one trip together. The ambassador, U.S. ambassador in Venezuela during a part of this time was an old acquaintance of Udall's from Arizona named Stewart [C. Allan Stewart]. His last name's Stewart, Ambassador Stewart. Udall and Kelly flew over the jungles from Caracas to one of the oil centers of the country. It seems to me Kelly came back with a story about being lost, the pilot not knowing how to find it, and they roamed around all over Venezuela almost out of fuel before they found an airstrip. An awful lot of attention was paid to Venezuela as a country moving in a democratic direction and a key country from our standpoint in Latin America. With Canada right next door, we didn't want to alienate it obviously, but the big chunk of the.... These two countries were the ones that fought over the biggest parts of this melon each year.

MOSS: Okay. Let's see, we're getting on towards 11 o'clock. Why don't I break here and pick up with some of the other things in John Kelly's area next time.

BEATY: Okay.

[END OF INTERVIEW #9]

[-221-]

Orren Beaty, Jr. Oral History Transcript – JFK #9
Name Index

A

Anderson, Clinton P., 202

B

Barry, Frank J., Jr., 217
Bennett, Elmer F., 209
Bennett, Wallace F., 197
Berger, Marie Cole, 208
Betancourt, Rómulo, 220, 221
Bible, Alan, 202
Byrd, Robert C., 210, 211

C

Carr, James K., 196, 197, 202
Carson, Matthew V., Jr., 220
Carter, Clifton C., 219
Carver, John A., Jr., 196, 197, 198, 200, 202

D

Dixon, Edgar H., 205
Dollar, Helman, 202
Dungan, Ralph A., 207

E

Eisenhower, Dwight D., 205
Ellis, Clyde T., 205, 206
Ellis, Frank B., 215, 218
Evans, John K., 212, 213

G

Goldwater, Barry M., 197, 198, 202

H

Holman, Steele, 208
Holum, Kenneth, 208

J

Jenkins, Walter W., 219
Johnson, Lyndon Baines, 195, 196, 197, 206, 219,
220

K

Kelly, John M., 208, 209, 211, 212, 213, 214, 215,
216, 217, 220, 221
Kennedy, John F., 195, 196, 205, 206, 207, 210,
215, 218, 221
Kerr, Robert Samuel, 218

L

Landstrom, Karl S., 197, 198
Lattu, Onnie P., 220

M

Metcalf, Lee, 202

O

O'Brien, Lawrence F., 195
O'Connor, Lawrence J., Jr., 209, 211, 216

P

Paiewonsky, Ralph M.,
Parten, Jubal R., 214, 217

R

Randolph, Jennings, 210
Roel, Virgil G., 195, 196
Rowland, Edgar I., 202

S

Salinger, Pierre E.G., 219
Seaton, Frederick A., 209
Sorensen, Theodore C., 208
Stewart, C. Allan, 221
Swidler, Joseph C., 207

U

Udall, Stewart L., 195, 196, 197, 198, 200, 201,
203, 205, 206, 207, 208, 209, 211, 212,
213, 214, 215, 216, 217, 218, 219, 220,
221

W

Weiler, Fred, 202
White, Lee C., 207

Y

Yates, Eugene A., 205