Najeeb E. Halaby Oral History Interview – JFK#1, 09/02/1964

Administrative Information

Creator: Najeeb E. Halaby
Interviewer: Charles T. Morrissey
Date of Interview: September 2, 1964
Place of Interview: Washington, D.C.
Length: 49 pages

Biographical Note
Halaby served as the U.S. State Department's civil aviation advisor to King Ibn Saud of Saudi Arabia; worked as an aide to Secretary of Defense James V. Forrestal; served as the Administrator of the Federal Aviation Administration [FAA] from 1961 to 1965; and was the CEO of Pan American World Airways from 1969 to 1972. In this interview Halaby discusses how he got his position as the Administrator of the FAA; John F. Kennedy's [JFK] interest in aviation; competition and cooperation among various U.S. agencies in regards to aviation, including the debate over who should be in charge of international aviation affairs; meeting with JFK prior to his inauguration; the proposed air agreement with the Soviet Union; and the study and development of supersonic transport in the United States, among other issues.

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Suggested Citation
Najeeb E. Halaby, recorded interview by Charles T. Morrissey, September 2,1964 (page number), John F. Kennedy Library Oral History Program.

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Oral History Interview

With

NAJEEB E. HALABY

September 2, 1964
Washington, D.C.

By Charles T. Morrissey

For the John F. Kennedy Library

MORRISSEY: How did you come to be appointed to your current position?

HALABY: Well, I guess only Jack Kennedy [John F. Kennedy] knows that. My reconstruction would be that I had a slight social acquaintance with him when he was a congressman, at dinner parties here in Washington, and one inconsequential meeting at the Capitol when he was being advised on such matters as airlift and others by Langdon P. Marvin, and old friend of his. So we were slightly acquainted, as I was with Mrs. Kennedy [Jacqueline Bouvier Kennedy Onassis]. I don't think that had much of a bearing, although when we did meet in Bill Walton's [William Walton] house the day he announced my appointment he did recall my face and our one or two previous meetings.

I think the principal moving factor was due to the knowledge of Sarge Shriver [R. Sargent Shriver], who was a class behind me at Yale Law School, of Ralph Dungan [Ralph A. Dungan], who was actively recruiting and whom I had not previously know, and of Adam Yarmolinsky, who was likewise at Yale Law School and whom I had known slightly. They probably knew that I had been an aviator for about thirty years and had been called in by the Eisenhower [Dwight D. Eisenhower] Administration to survey the CAA [Civil Aeronautics Administration] and the civil aviation situation in the government in the period of 1955–57

and had recommended that the policy of the Eisenhower Administration be completely reversed after a series of accidents which had been somewhat predicted, and that the Federal Aviation Agency [FAA] be set up. So I think these men associated me with civil aviation and the FAA. Finally, I understand that some of the industry and pilot groups felt that I would be a suitable candidate.

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So, I would say the main thing was the knowledge that I had recently been active in the area of civil aviation as an outside consultant to the government. Second, I had had a reasonably respectable previous career in the Department of Defense as a Deputy Assistant Secretary. And finally, he and I had a brief social acquaintance. All of these apparently commended themselves to him.

There were at least two or three other candidates who had been pushed. I was being pulled, I think, because I was not seeking the job, having a rather happy small firm of my own in Los Angeles with triple the income that would come from this job and having done quite a bit of government service already from 1948 up to ’54.

I guess every appointment is surrounded with some controversy and competition. In my case a group of Senators had already committed themselves, prior to hearing what

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President Kennedy’s recruiting staff was advising him, to another man, a Washingtonian. Appointing me without consulting with them led to an interesting aftermath in which in effect I was told by the Senators that I would have to take their man as my Deputy Administrator. I did my best to avoid this because I didn’t think he was suitable. Although a very capable man, he just wasn’t suited to this job as my Deputy. I had to come back to the President to say that I was going to make some of these Senators angry at not having them select my Deputy. Although some of his political advisors urged me to take him, the President said if I didn’t want him I didn’t have to take him. That was very encouraging to have him “confirm” me without having a lot of political affirmation by Senators even before hearing their advice and consent. Second, it was fine to have him say that I should select a man

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on the merits and on his suitability for the job.

MORRISSEY: When you mentioned the airlift a minute ago, were you referring to the Berlin airlift?

HALABY: No. As a congressman he had been interested in various general aspects of developing aircraft for airlift in emergencies. I do not recall his having a role in the Berlin airlift situation. But I do know, particularly through the personal interest of his friend Langdon Marvin, he got interested in the contracts that the

Pentagon let to civil air carriers and the question of what kind of aircraft to develop for logistic airlift.

Marvin, of course, is quite a character. He was one of the President's more colorful friends. He got him into some trouble on occasion. I recall that in the early fifties Jack Kennedy got Marvin a special office in the Library of Congress. Although

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he wasn't on a congressman's payroll, he was using the office for various studies and what not and this became a controversial matter, particularly among the aviation people who did not agree with what advice Marvin was giving Congressman Kennedy. Of course, after the presidential election Marvin did not have a major influence.

I think one of the things that was worrying me when I was asked to come back and see the President about this job was that he had just appointed Dean James Landis [James M. Landis] as a kind of consultant on regulatory agencies. Since Landis had been one of the first chairmen of the Civil Aeronautics Administration, and since he had as a lawyer for Pan American [Pan American World Airways] and other carriers, a continuing interest, I was very much concerned that Mr. Landis, who was a very ingenious and somewhat mercurial operator, would get over into my field. But

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the President assured me when I put the question to him as to whether there was any doubt as to who I would be working for, he was very clear that I worked for him, had direct access to him, did not take any orders or coordination from Landis. That very clearly and decisively wiped away that concern in my mind.

I also felt that although he was abolishing the Eisenhower special assistantships of whom a large number had been created, it was important that there be one man who would try to pull together for the President the often competing and sometimes competitive efforts of the various aviation agencies. The Department of Commerce had a group of aviation planners even though the FAA had been moved out, and they had a responsibility for emergency airlift programs. Civil Aeronautics Board [CAB], of course, has a $90 million budget and eight or nine hundred people in the regulation of routes,

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rights, and rates in the air, but they had formerly had the rule-making function which had been transferred to FAA. They still were sort of smarting under the loss of that function. And, of course, there is legislated duplication between FAA and CAB in the investigation of accidents. The military have a very very great interest in aviation, as do a number of other agencies such as NASA [National Aeronautics and Space Administration], and State.

I told him of this problem and that we didn't want to set up a huge interdepartmental committee. There ought to be one point where these interdepartmental problems could come. He agreed with that. He made me a kind of informal consultant to him as part of the White House staff. In fact, in announcing my appointment he said I would be FAA Administrator

and his “principal aviation advisor.” Well, we both knew that the formality of that appointment was nothing unless the substance of it

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was developed very carefully and delicately. So, I have always rather warily used that although he permitted me to become a member of his White House staff mess and to mingle with the men on his staff much more frequently and freely than any of the other regulatory agency heads. That has proved to be of very great benefit in carrying out my work for the President.

MORRISSEY: I’m surprised that worked out. I’m surprised that the representatives of some of the other agencies with an interest in aviation didn’t doubt the wisdom of the man from FAA wearing two hats.

HALABY: Well, I think they did and they do doubt the wisdom of it. I think you are right to say ‘work out,’ but I don’t think it’s been a monumental success. In its kind of potential energy, as distinguished from its kinetic energy, it has proved to be an ameliorating, moderating, force. It worked out least well in the international field.

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There the CAB and State Department were frequently warring over what to do with regard to some foreign government and its nationalized carrier desires within the United States. I had hoped to prevent a number of those impasses and conflicts. There have been fewer in the Kennedy Administration than in the Eisenhower Administration, or the Truman [Harry S. Truman] Administration for that matter, but they have not been anticipated and handled as well as I think they should.

After eighteen months in the Kennedy Administration it became clear to me that there should be some greater central coordinator of these relationships. We put it to the President, Mike Feldman [Myer Feldman] and I. Mike Feldman was more often than not the man on the President’s “inner staff,” as I call it, thinking of myself as being on the outer staff with this second hat on. We put it to the President

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that he should either name the Secretary of State, who, in turn, would designate a fulltime official for international aviation affairs, or should make me the coordinator between these two agencies—State and CAB—and the others. There ensued a great free-for-all in which the Secretary of Commerce [Luther H. Hodges] said he ought to be the international air coordinator; the Secretary of State [Dean Rusk] was vehement about it that he should; the CAB thought they should. There was no one on the President’s staff who wanted to do it. It finally wound up in the classic decision, rather than solution, to assign it to the Secretary of State and have him in turn delegate it to Averell Harriman [William Averell Harriman], who

in turn would recruit a small staff of aviation experts and establish an Interdepartmental Committee on International Aviation Policy.

This hasn't worked out very well either but it's better than no medium for anticipating

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and settling these problems before they come to the President's desk. I was a little disappointed that President Kennedy didn't select me for this but I understood the need for central conduct of foreign affairs and the *one* Secretary of State idea and accepted it subject to coming back later and proving it hadn't worked. In fact, I even offered to become an assistant to Dean Rusk, which would have meant a third hat, and that was considered briefly and rejected. But Jack's solace to me was to make me Vice Chairman of this interdepartmental committee which Averell Harriman heads.

Administration was not President Kennedy's great interest or great strength. He was much more interested in the individual than the institution and the issue rather than its implementation. I think as time passed into the fourth, fifth, sixth, seventh, and eighth year, this could have been a serious problem for President Kennedy.

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But the first three years of any Administration are usually the best in terms of personal relationships among those who worked for the President. He had the unique quality of inspiring loyalty and affection and he had appointed a number of big-minded men who did not savor jurisdictional fights as much as smaller-minded people. This arose simply out of not wanting to engage his attention wastefully or embarrass him, I think, to a very real extent. But I don't think that lasts beyond three or four years and I think there would have been some serious organization and management problems within the second Kennedy Administration. But at the same time he had a Budget Director, Dave Bell [David E. Bell], who was not seriously interested in organization and management (as is the present director Kermit Gordon, equally disinterested). As a result, there wasn't even an Assistant Director of the

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Budget interested in organization and management. I think this is a soft point in the first four years of the Kennedy-Johnson [Lyndon B. Johnson] Administration. Certainly the selection of three economists in now—professionals and academics who have great troubles distinguishing between incoming and outgoing mail—does not suggest a new order of administrative management. I don't know whether Mr. Johnson will clear this up. But I think it's fair to say there was very little concern during the Kennedy years with the formal organization and management problems of the government, that he worked through people whom he trusted and he intuitively selected issues, and he did that very well in my judgment. He could spot them coming with unusual clairvoyance. On the other hand, it put a greater load on him and on his inner staff than if the government had been more carefully and formally organized.

MORRISSEY: Out of curiosity, do you know if there were other people in the government during the Kennedy Administration who concerned themselves with activities in the field generally as well as serving in one of the regulatory agencies?

HALABY: Well, I think the principal one was the Director of Central Intelligence. He is head of the CIA and also sort of dean of the intelligence community. It's his task to try to bring these various elements, principally the military intelligence agencies, the FBI, the Customs, and Immigration and Naturalization Service, State Department Research and Intelligence, and the CIA together into a reasonably well unified intelligence community. Also, to some extent, less under Kennedy than under Eisenhower, the Chairman of the Atomic Energy Commission served as head of an agency and principal atomic energy advisor to the President.

There are some real advantages in this. It makes one agency, where there are several working, the lead horse. It assures some initiative. There is the danger that the others will resent it and resist it. Finally, there is the danger that the man will not be objective, that he will accept his own advice rather than the advice that's best for the President, for government as a whole. But the principal reason I think it makes sense, in selected instances, is that it forces a man to think of what's best for the President and to consider the President's point of view as distinguished from his own agency. That feeds back into his own agency. It makes it more of a supporting mechanism.

MORRISSEY: Had you worked for the Kennedy entourage in the 1960 campaign?

HALABY: Yes, I had. I had been one of the Directors of Citizens for Kennedy and Johnson in southern California. I had not been an active, field campaigner. I had offered

myself to "Whizzer" White [Byron R. White] who was a contemporary at Yale Law School, and had given some speeches, was available for speeches, and had done some work in our local Democratic club in Santa Monica, California. I'd say my enthusiasm was great, but my activity was minor.

This was principally because I was actively practicing law and running a couple of companies. In fact, my most active job was establishing the Aerospace Corporation at this time. This was something of interest to the government, in fact it does all its work for the government, and that tended to make campaign time more scarce for me. But, of course, I think this job has less connection with politics and partisan consideration than most jobs.

You can rank it, I guess, with the FBI and the military services and one or two other apolitical agencies. I hope it will always be so. I don't think partisan consideration

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should enter into it. After all, the traveler doesn't care whether the air traffic controller in the tower is a Republican or a Democrat. He just wants him to do the right job. All but three or four of the 45,000 jobs in the FAA are civil service jobs.

MORRISSEY: Do you have any additional specific recollections of John Kennedy as a congressman?

HALABY: I have to say that I did not have direct encounters to recall. My impressions were that he picked certain issues and researched them and spoke out or introduced bills on those. More often than not my impression is that they were Massachusetts items, or major issues of the world. It seemed to me there weren't very many middle-class issues in which he interested himself. I recall seeing him several times at airports on the Cape when we spent summers there and he and Jackie, just after their marriage, sort of waiting for an airplane to come in with the

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look of a young couple about to be parted. He was, of course, a young gentleman of style and dash before he was married. As a couple they were both ornamental and stimulating in the social community—much in demand for dinner parties and the like. But my impressions of him as a professional congressman are not very sharp. At that time I was working in foreign military aid and the international problems of the Defense Department and I did not encounter him on any committees that I testified before.

MORRISSEY: Could you tell me about this meeting after the election but before the Inauguration at Bill Walton's house?

HALABY: Well, of course, it was a highlight for me. I'd known Bill Walton for a number of years. The President had decided, I believe, to relieve his own home on N Street from some of the hurly-burly and Bill Walton had offered his home on P Street for the last

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couple of days before the Inauguration and, if you recall, a number of appointees coming in and out of Bill's Victorian house there.

I guess it's proper to say that I told Dungan that I was not interested in this job unless I had a chance to talk to the President directly about it. Of course, there were an awful lot of demands on the President and they urged me to take it and talk to him later. I said I would not do it because I wanted to have an eyeball-to-eyeball understanding about it. So they

arranged it and as far as I know the President was not reluctant. I was advised to come out from California, I think about the 18th. I arrived that night and met with the President on the 20th, just after he had paid a call on President Eisenhower at the White House. I remember walking in on a fairly chill day and being received by a tiny bright-eyed little woman who impressed

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me as being very thin and very much overworked. She later proved to be Evelyn Lincoln [Evelyn N. Lincoln] whom I had not previously met. We walked into the rather dark house and back into the study where there was a bright fire in the coal grate. There was the President sitting with Bill Walton and Ralph Dungan. They greeted me and we settled down to a very, very good chat with Evelyn Lincoln coming in and out from time to time with little notes to the President. There seemed to be a very close, almost wordless, understanding between Mrs. Lincoln and the President. I felt in later years that she was one of the great assets of his office—that she seemed to understand him and anticipate him to an almost unprecedented degree in my experience.

He told me that he understood that I might be willing to take this job and had some desire to discuss it. He said that he had looked around at other candidates

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and hoped that I would be interested. Of course, his understatement is very disarming. It seemed to me that by understating things he both calmed and charmed the individual he was understating to. I guess it's always easy to fight with a big blustering kind of individual but a soft-spoken, subtle, and understating approach, at least with me, is very effective and most unusual in political figures.

Some of the main points of the meeting were ones I have already discussed, really. I said I didn't really want the job and felt that it would be a fairly miserable one because of the accidents and the controversies among the pressure groups. My predecessor, General Elwood Quesada [Elwood Richard Quesada], had left quite a number of enemies and critics because of the rather arbitrary and very vigorous manner in which he'd done things, I recognized some of this enmity and felt that resentment was going to be inevitable

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because this was a regulatory job. At first, I wanted to point out that it was a job that would not bring a lot of kudos to him or the Administration. It would probably bring more problems in view of the neglect of the airways during the Eisenhower Administration. He said he understood that and he recognized there would be a lot of brickbats flying. I told him that if I thought he didn't really want to take that on, that it would be harder to accept it. He said that he would certainly back me up. Then I talked about Dean Landis and he said not to worry about that. Then I discussed with him the interagency conflict problem. He solved that by saying that, "You can be my principal aviation advisor."

Then there was a question of whether it should be announced right then and there. It was decided that it should be announced then and there and a little announcement should be typed up, so Bill Walton got out

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an old typewriter and wrote out a two-sentence announcement. The President took me out to the front stoop just as it began to snow. (It snowed for twenty-four hours after that!) He made the announcement, which was a very positive and encouraging one from my point of view.

While sitting and talking in the study, probably for a total of forty-five minutes, one or two other issues were raised by either telephone calls or pieces of paper that Mrs. Lincoln brought in. I recall two of them. They were rather interesting. One was whether or not Ed Murrow [Edward R. Murrow] should be appointed to be head of USIA [United States Information Agency]. There seemed to be, among the President's then advisors, pretty close unanimity that he would make a fine director. There seemed to be a little more difficulty in convincing him to do it. But I got the impression from the discussion between the President and Dungan that that was just about set and in

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fact it was announced a short time later.

The other was with regard to the Director of the AID [Agency for International Development] Program. There seemed to be a great controversy going on as to whether or not Henry Labouisse [Henry R. Labouisse] should be appointed AID Director. Labouisse happened to be an old and good friend of mine, so I naturally poked my nose into that one and urged his appointment. However, it seemed that the President's brother, Bob Kennedy [Robert F. Kennedy], was not keen on Labouisse because of his association with the previous Administration. I think it was a feeling that he wouldn't be tough enough for this job. I think I said that this job may not require toughness. It may require leatheriness as distinguished from steeliness, and that Labouisse had a very considerable background in foreign economic affairs. He had run the Palestine Refugee Relief Program for the United Nations. To make a long story short, this discussion ended in sounding as though Labouisse was

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going to get the job but weeks passed and in the final showdown, after it appeared that Labouisse was going to be appointed, he was not appointed. Mr. Fowler Hamilton came in and stayed only a short time and left rather unhappily and unsuccessfully. I've often wondered whether if Labouisse had been appointed, we would have had better luck with the foreign aid program.

But it was a very cozy, friendly, and, for me, wonderful session. I think the thing that impressed me most on that occasion was that the President really was making appointments regardless of politics. And that's an awfully difficult thing to do after a hard campaign. He wasn't, as much as a lot of people thought, being swayed by Senators and Congressmen, only

partisan political advisors. I think that is the main point I'm making. He was being influenced much more by a group of trusted friends and, in some cases, relatives. The second

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thing is that his mind was open and ranging and he was willing to consider, in fact eager to consider, the substance as distinguished from the form.

I guess another impression was that here was a man very much relaxed, in command of himself and the situation after a rather hectic week and, in fact, a very late night the night before. Amidst it all I guess I did get an impression that endures and that is he really didn't care too much about the administrative formality, and organization and management. Having been in the government once before and having been in the business world, I did and do care about that. But other than that my impression was one of his growing strength and self-confidence.

MORRISSEY: In your letter to the Attorney General on May 13, 1964, you itemized some topics which we might talk about. Beginning with the first one here, under the heading of

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"National Security Affairs," could you tell me about the proposed air agreement with the Soviet Union?

HALABY: Well, the United States and the USSR have been talking since the last year of the Eisenhower Administration, 1960, about exchanging non-stop flights between New York and Moscow. Aeroflot, the Communist airline, and Pan American, the American international carrier, would exchange two flights, a round trip a week, on a regularly scheduled basis out of Idlewild [John F. Kennedy International Airport] and the Moscow airport.

Early in the new Administration we negotiated with the Soviet Union. In fact, our leading negotiator—it takes a demon to outwit a demon!—at my recommendation, was Jim Landis. A bilateral agreement comparable to other agreements with other nations was reached whereby each would exchange flying rights over prescribed routes. We were very careful to see that it didn't

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permit flights beyond New York into the interior of the United States or to other western hemisphere locations. And they were equally sure to see that there were no flights beyond Moscow. All of the points were agreed to with not too great difficulty. The agreement was initialed on behalf of the government by Landis and, as I recall, by General Loginov [Yevgeni Loginov], who was head of Aeroflot. Then Aeroflot and Pan American got together on an inter-carrier agreement and they signed that.

We did not sign the bilateral intergovernmental agreement. It was under serious consideration when the Berlin Wall went up and it, among other things, was shelved. The Russians frequently and fairly insistently kept bringing it up and it became quite clear that they wanted very much to negotiate and consummate an agreement. We began seriously considering it again in the fall of ’62 and then the Cuban Crisis emerged

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and it was shelved again.

The principal pusher of the project in each case was the U.S. Ambassador to the Soviet Union [Foy D. Kohler] who felt most strongly that the exposure of Russians to the United States would be of great advantage to our relationship. Furthermore, he felt that the number of Americans visiting the Soviet Union would be increased and possibilities for mutual understanding thereby expanded. The ratio in 1962 was something like 15,000 Americans visiting the Soviet Union and about 150 Russians visiting the United States—a 100:1 ratio! The argument was the Aeroflot could not afford, politically or financially, to operate empty flights to the United States and therefore that the large four turbo-prop engine TU-114 airplane, which has seats for 225 people, would be filled with those selected by the government to come.

The principal argument against this

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was that the blocks that the United States government had put in the way of comparable bilateral air agreements between Aeroflot and the governments of Brazil and Mexico would be dissolved by our agreeing with the Soviet Union. In other words, the Brazilians would say: if you permit the Russians in your country, we certainly should permit the Russians in our country. It was argued that this would be a serious instrument of penetration.

There were some emotional arguments, which didn’t have much substance, that this would simply invite spying on the United States. Those who advanced this argument just conveniently forgot that all you have to do now is buy a ticket to come to the United States, Aeroflot from Moscow to Copenhagen, Paris, London, Stockholm, Delhi—any one of a number of capitals and then get a ticket on a Western airline and come right on in. The only block in either case

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is the visa requirement and, of course, no one would be permitted to fly in on either Aeroflot or Pan American without a U.S. visa.

There was a third argument, which you would have thought would have been advanced most strenuously by Pan American, that this would be a deficit operation. There would not be enough traffic to make it profitable. This is a fact. There would not be, in the first couple of years, enough traffic to make a profit on the route. But Pan American was quite willing to inaugurate the flight at a deficit for prestige reasons and they didn’t ask for any subsidy.

But in any case the President was beset by this conflicting advice and, in particular, he had the delicate difficult problem of timing because the introduction of Soviet aircraft on a regular basis is a rather spectacular event. In October-November of 1963, under prodding from the Ambassador, Foy Kohler, he took this matter up amongst

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his advisors and the consensus was, as McGeorge Bundy informed me, to probe the situation further, to keep the unsigned bilateral agreement alive, and to use me as an instrument for this purpose. It was tentatively decided by the President that I would go to the Soviet Union with a small party and discuss technical details of the operation so that everything would be fully evaluated and examined on an operational basis in case the political decision was made to go ahead. That was the understanding at the time the President was killed.

Shortly after the new President came in, he called me to his office and he sent me, within two weeks after the President had died, on this mission. I think for him it was a small signal to the Soviet authorities that he had not slammed the door on improving relationships. We arrived there about the time the very successful USIA art exhibit was being shown in Moscow. The

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same arguments are continuing within the government as to whether the agreement should be signed and, of course, in the intervening months, the problem has been that the Soviets had been shooting down some of our unarmed aircraft in Eastern Germany and committing other belligerent acts.

MORRISSEY: I would assume that President Kennedy was in favor of this proposal except, of course, for the problems raised by the Wall in Berlin and the missiles in Cuba.

HALABY: I think at a time of his own choosing he would have decided to sign it. He felt it was a bridge, a method of opening up the Soviet Union and exposing the Russian citizens to the liberalizing aspects of United States society. I think he wanted to do it but hadn't quite figured out how and when.

MORRISSEY: Do you have any other recollections of this particular subject?

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HALABY: No, I guess not. I can't really speculate on whether, faced by the subsequent events, President Kennedy would have signed and implemented the agreement or behaved as has President Johnson in the light of the Soviet actions. I just don't know. I suppose if I had to guess I'd think that he might have shelved it again just as Mr. Johnson did in the light of the actions in Eastern Germany and elsewhere.

MORRISSEY: Do you want to move on to "supersonic transport?"

HALABY: The case of the supersonic transport found the President in another sort of dilemma. He kind of wanted to build a supersonic transport that was the fastest and the best. He had confidence that U.S. industry could do it. But he again got conflicting advice and he recognized the very high cost of a civil transport development that the government would have to bear in an unprecedented range.

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I proposed a few weeks after he became President that we proceed to *study* flying at 2,000 miles an hour in scheduled civil air transportation. I pointed out to the President and his Budget Director [Bell] that even though Quesada's proposal to study the SST, as it was called, had been knocked down by the Budget Director [Maurice H. Stans], that we should proceed with the study because there were no technical obstacles that were insurmountable (very difficult but not insurmountable) and we must continue to lead in civil air transport operations and manufacture.

He authorized me to seek, and I did seek and got from Congress, $11 million for this purpose. So the study of the airplane was commenced. We insisted that the industry share the cost of the development. He approved of that in principle because of its largely commercial nature. We began a study and in the second year he approved again a

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request for $25 million and we got $20 million for a total of $31 million. In the third year it looked promising enough to urge him to put the matter to the Congress as a decision to proceed with the development and to work out details of how to do it. But in the last clutch of the budget cycle, the fiscal '64 budget cycle, the Budget Director proposed that it not go into the regular budget but that it go into a contingency reserve. I appealed that conclusion to the President, and in conversations between Washington where I was and Palm Beach where he was, I urged him to put a more positive statement about proceeding with it. He decided however to put a kind of "iffy" statement in the budget message and not to put any money earmarked in the budget itself. I was somewhat disappointed but since we were proceeding very deliberately with the case and since he told me he would be willing to consider a supplemental, I went

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right ahead with the program at his decision.

However, it appeared that the British and the French were moving ahead more rapidly than we first thought and during the spring of '63 they began to spurt forward in their program. At the January press conference at which General de Gaulle [Charles A. de Gaulle] closed the door to the United Kingdom entering the Common Market, he announced that he, on the other hand, was very much in favor of the Concord, the British-French combined

effort to build a supersonic transport. In fact, he embraced it on a personal basis. After that I think that John Kennedy associated the Concord with de Gaulle and on one or two occasions he indicated, in effect, “Well, we’ll beat that bastard, de Gaulle.” It was a personal kind of competition in a way with him. And, of course, part of it was his resentment at de Gaulle ejecting the British from the Common Market and his association of the announcement of the Concord support with

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the denunciation of the British participation in the Common Market.

The matter went along. Each time I saw him every four or five weeks or one or two occasions at dinner with him, he was very anxious to know how our studies were going, and how the British and French were doing. I told him that Pan American was discussing the purchase of a batch of these Concords and that Juan Trippe [Juan Terry Trippe], the President of Pan American, had been in Paris and London discussing it. His interest was quickened by this news and he told me to keep him informed and to make sure that Trippe didn’t announce any order prior to the President making up his mind.

The President had before him at this point the results of a Task Force, rather really a Cabinet committee that he had set up to study the problem of whether to build it and, if so, how to finance it. The chairman of this committee was the Vice

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President, Lyndon Johnson. His recommendation was quite strong: that we should proceed at once to develop a supersonic transport, that the government and the industry should share the cost, and that the FAA should proceed with it. However, Secretary McNamara [Robert S. McNamara], Secretary of Commerce Hodges and the Budget Director had serious reservations on the subject. Secretaries Dillon [C. Douglas Dillon], Harriman, Jim Webb [James E. Webb] and Jerry Wiesner [Jerome B. Wiesner] were for it. They felt that we were going pretty fast, that it should be a commercial project, and that the government should not make a major investment in it.

After the Vice President transmitted the recommendation, the next step was for the President to make his decision as to whether to proceed. He took with him the papers supporting the Vice President’s recommendation to Camp David on the weekend of Memorial Day. He was there when I received word that Mr. Trippe was planning to sign the contract

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and make the announcement of a purchase by Pan American of several Concords. I called him at Camp David and told him this. He was quite disturbed and wanted me to make sure that no announcement was made. I called Mr. Trippe and told him that the President was on the eve of making a decision and that we would appreciate his deferring his decision and announcement. According to my understanding of our conversation, Trippe did agree to withhold any announcement.

The President talked to me several times over that weekend and I believe he talked to the Vice President and others as well. And he was obviously engaged in considering whether to proceed. One of the factors was the extent and probability of success of the British-French effort. I had not heard of his decision by Monday.

On my way to a meeting in New York I received, upon landing at LaGuardia, word that an announcement of the Pan American

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order had been made in Paris and the *New York Times* correspondent asked me what my comments were. A few moments later I received a call from a very irate John F. Kennedy who in the most angry and purple prose indicated that I had failed to deter the announcement of the Pan American order as I promised. I explained to him my understanding with Mr. Trippe and I was instructed to proceed immediately to Mr. Trippe's office to get the story. I had been there only a few moments when I received another blast from the President and shortly thereafter from the Vice President. The feeling was very strong in the President's mind that Trippe had, in a sense, forced the President's hand and was operating at a very high altitude and high speed in forcing a decision to proceed with the American SST. I subsequently learned that the President and the Vice President had had some inkling that Trippe was in fact doing this. The fact is that part of Trippe's

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decision was intended to force a competitive American effort. Therefore, I confronted Mr. Trippe with what I described as his failure to keep his promise not to announce the contract. He replied that he did not announce the contract, that it had been prematurely announced by the French in Paris. I responded that just as soon as he signed the contract obviously there was a danger of a leak and that he had not advised us that he had signed the contract. We had quite a discussion, Trippe and I, over this point. In his presence I reported back to the President. My final instructions from the President were, "Well, you tell Mr. Trippe that we will not forget this."

Needless to say, Mr. Trippe was very chagrined. I think he spent succeeding months working back into President Kennedy's good graces by, I believe, explaining that I had misunderstood his original promise and that the French, in any case, had jumped the

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gun. (I recently heard from Trippe that he had received a personal handwritten note from the President regretting his loss of temper over the incident.)

The President was scheduled a couple of days later, perhaps the next day, to make the graduation speech at the Air Force Academy in Colorado. I therefore recommended to him that he insert in his speech the announcement that we were proceeding with the airplane. I had heard of a draft of the speech and had selected a place to put it and have it as a regular part of the speech but unfortunately, either due to delay in his decision or to problems of getting the speech reproduced, it did not appear in the main text and was interpolated by the

President at the Air Force Academy. The immediate speculation therefore was that it was a direct response to Trippe's order and to this day most of the world believes that the President suddenly decided to proceed with the U.S. supersonic transport

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because Juan Trippe placed an order with the British and the French. The fact is, as previously described, he was on the eve of making his decision. It may be that he made the decision more rapidly as a result of this.

No sooner had he made the decision and we started thinking about how to approach Congress, but many inside his Administration went to work to make the implementation of the decision much more difficult. In fact, the Budget Director and Secretary of Defense McNamara insisted that the industry contribution be at least 25 percent of the development cost and that they pick up almost all of any development costs in excess of the $750 million estimate that the companies had made. I wanted to negotiate out the company contribution in relation to the government contribution and we had quite an argument over this at the time. The Vice President had warned me there would be trouble and

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that support should be marshaled and presented to the President for a more flexible financed formula but I made the best deal I could with Gordon and McNamara in order to get the request promptly to the Hill. This proved to be bad strategy. Neither McNamara nor Gordon was willing to send anything to the President unless these stringent conditions were met. I very reluctantly agreed to go along, believing that as soon as it got to the Congress, the Congress would see that it was unrealistic to expect any company to put $250 million worth of their own assets to develop a single high-performance airplane. My hope was that we would resolve the matter satisfactorily in a final conference between the Executive, the House and the Senate leaders.

However, as soon as the proposal was made to the Congress, it became clear that industry was strongly opposed to the 25 percent requirement, and that the Congress thought it was unrealistic. There followed a hot

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controversy about whether we should build it at all and if so, how much the industry should invest. As this opposition grew and as the President had selected me as the champion of the project, the Budget Director and the Secretary of Defense receded into the background and I had to defend a decision in which I did not fully believe. The controversy developed further and the Deputy Secretary of Defense, a friend of mind, Roswell Gilpatric [Roswell L. Gilpatric], and a man close to the airframe industry, proposed that Eugene Black [Eugene R. Black] be brought in as an advisor to the President on a better financing formula than the 25-75 percent ration which the President had only recently proposed. Mr. Black insisted that Mr. Stanley Osborne [Stanley de J. Osborne] be brought in and I expressed to the President my

serious concern at diffusing responsibility for the program and at having two men, one of whom was an officer of the Chase Manhattan Bank and the other of whom

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was a director of Eastern Airlines, come in from Wall Street to advise the government on such a project. He, however, was strongly advised to proceed by McNamara and Gilpatric and, over my mild opposition, these two men were appointed. They then went about the survey of the project and, in fact, their study was almost completed when the President was assassinated.

Here again was a project comparable in a few respects with the Soviet-U.S. air agreement where the President was getting a variety of advice and asking searching questions on all sides and making and appearing to unmake a decision. I don't blame him for that because it's a very tough political, economic, social and technical question as to whether the United States should invest a billion dollars worth of development cost and six or seven billion credit for support of production cost for an airplane that will fly the ocean in one-third of the present time. I did feel some

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chagrin at the number of advisors he listened to and the number of study groups he appointed and at times thought it was lack of confidence in me and other times took the more comforting view that it was because of the complexity of the problem and the rather narrow point of view of that "expert," the Federal Aviation Administrator which he needed to have broadened.

In any case, at the time of his death he had announced his decision to proceed with the development of supersonic transport and he had in process a study for a better method of financing it. He had in his own mind a number of reservations which were outweighed by his desire to beat the French and to earn the balance of payments through the export of these aircraft and to continue American civil aviation supremacy.

[END OF INTERVIEW]

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Najeeb E. Halaby Oral History Transcript – JFK #1
Name List