

INTERVIEW I

INTERVIEWEE: JOHN HARLLEE

INTERVIEWER: DAVID McCOMB

March 24, 1969

Tape 1 of 1

Mc: Let me identify the tape first of all. This is an interview with Vice Admiral John Harllee.

H: Excuse me--Rear Admiral.

Mc: Rear Admiral, excuse me. He is Chairman of the Federal Maritime Commission. I am in his office at 1405 I Street, Northwest, in Washington, D.C. The date is March 24th, 1969. It is 2:35 in the afternoon, and my name is David McComb.

Well, first of all, I'd like to know something about your background and start at the beginning. Where were you born and when?

H: I was born in Washington, D.C. on January 2, 1914. However, I was born of a mother who came from an old Texas family, a descendent of Sterling C. Robertson. She happened to have been born in the same room at Salado, Texas, that the very well known Liz Carpenter--who was Mrs. Johnson's press secretary--was born in. Both of them came from distinguished Texas lineage. But I was the son of a Marine officer who, together with my mother, lived in Washington, D.C., a great deal during my youth, because he was quite old when I was born and his duty thereafter was largely at Marine Corps Headquarters. So I was raised in Washington, D. C.

Mc: This would explain your interest in the Texas society--and, in a sense, the Republic of Texas, too.

H: Yes. It explains my interest in the Sons of the Republic of Texas and, in part, with the Texas State Society. My wife was also born and raised

in Texas. She was raised for the first half of her girlhood in Texas, so I'm a Texan by proxy.

Mc: And you got your college training at what--the U.S. Naval Academy?

H: Yes. I was in the Naval Academy class of '34.

Mc: You got a B.S. degree?

H: Yes.

Mc: Do they major in a specific area?

H: Yes, in Marine Engineering.

Mc: And then you went into the service.

H: Yes, I was a regular naval officer for 25 years and retired voluntarily in 1959.

Mc: I would assume you served through the wars, World War II--

H: Yes, I was in PT boats in World War II. I was at Pearl Harbor when the war started, and then two years overseas in New Guinea, New Britain, and the Philippines. Then, during the Korean War I served at the front, so to speak, on a cruiser.

Mc: And rose from the rank--what did you start out as?

H: I rose from the rank of midshipman and ensign to the rank of captain on the active list and was promoted to rear admiral when I retired September 30, 1959.

Mc: Since you were in PT boats, and since we had a President who was famous for his PT boat work during the war, did you have any contact with John F. Kennedy in that period?

H: Yes. Together with Rear Admiral John D. Bulkeley, then Lt. Bulkeley-- I selected John F. Kennedy for PT boats, made him an instructor at the training school after he finished the course of instruction there, and held him as an instructor for several months. We then went to different

combat areas, but I was in his office in 1948-49 for a year doing some special research work at his request while I was on duty as a naval officer.

Mc: Incidentally, have the people from the Kennedy Library talked to you?

H: Yes. There is a tape which I have recorded in a similar manner for the Kennedy Oral Library. I had a great deal more contact with President Kennedy than I had with President Johnson. I probably should say parenthetically that, as is the case with almost all Americans and especially with the government official, Lyndon Johnson greatly influenced my life. But my personal contacts with him were somewhat slight, of course. I'll go into those later. There is a tape on Kennedy in that library from me.

Mc: Well, it's good to have this information in this record for reference for anybody who might see this, to know there is this other tape too. Then when you retired from the Navy, what did you do?

H: I retired from the Navy for a number of reasons, but one of them--perhaps the most important--was to be in the campaign of John F. Kennedy. I went to California and worked for a company called Ampex for six months and then became chairman of the Citizens for Kennedy and Johnson in northern California. This organization was the political vehicle for Republicans, Independents and dissident Democrats who wished to support the Kennedy-Johnson ticket. When I say dissident Democrats, I mean Democrats who did not want to vote within the regular party machinery in California. I spent some four months as a full-time volunteer in the Kennedy-Johnson campaign.

Mc: Was that northern California campaign rather difficult for you?

H: It was extremely strenuous. Volunteer politics is about as far from the regular armed services as you can get, so it was a tremendous experience for me. I learned a great deal very fast about civilian life and about politics. We had good luck. Of course, northern California is the more

liberal part of the State and the Kennedy-Johnson ticket carried northern California by 93,000 votes, but lost in Orange County and the suburbs of Los Angeles and San Diego--about 62,000 in each--and lost the State by some 35,000 votes. But it was a very strenuous and yet rewarding experience.

Mc: Had you had any contact with Lyndon Johnson up to this time?

H: No, I hadn't.

Mc: Did you have any contact with him during the campaign?

H: I just barely met him on this trip through California--just to shake hands.

Mc: Then after this campaign in California, what did you do?

H: I went to New York to work briefly in the financial world and then was appointed as a commissioner on the Federal Maritime Commission by President Kennedy--with some minor jobs in between that aren't worth recounting--a few weeks in each position.

Mc: And then you were--

H: Then I was a commissioner for some two years. I was appointed originally on August the 4th of 1961. On August the 26th of 1963, President Kennedy designated me as Chairman of the Federal Maritime Commission.

Mc: Not too long after this President Kennedy was shot, which must have been a shock to you. Did you have any contact with the new President Lyndon Johnson shortly after the assassination of Kennedy?

H: Yes. He assembled all the cabinet officers and agency heads and talked to us shortly after assuming the Office of the Presidency. I think it was a matter of two or three weeks, I've forgotten the date now. As a matter of fact, I have a picture of the group of us with him on that occasion taken in the Rose Garden.

Mc: Do you remember what he said to you at the time?

H: The main memory that I have of it is that he desired us to remain in office

and to carry on the policies of President Kennedy.

Mc: Have you had much contact with Lyndon Johnson since that time?

H: No, I've had very little personal contact aside from simply shaking hands and saying hello or greetings, I should say, at formal functions at the White House and elsewhere. But I did have some contact which is very significant to me. I can describe that if you would like.

Mc: Yes.

H: In terms of personal contact, my first real contact aside from the mere formalities was upon the occasion of one of the commissioners' terms of office drawing to a close. This commissioner's name was John S. Patterson, and he was, in my opinion, a tremendous liability to the Commission because he had a habit of making difficulty and dissenting to absolutely everything that was done regardless of its merits. He dissented to everything and made as much trouble as possible. He had a notorious reputation at the Veterans' Administration, of which he had been deputy before he was ejected, and at the Office of Emergency Planning. He was, however, a very good friend of Senator Dirksen, and Senator Dirksen of course was a tremendous supporter of President Johnson on very, very large issues, on important matters. I was therefore concerned that President Johnson naturally could be expected to reappoint Commissioner Patterson, which would leave me with the severe problem of having that liability.

I should say that the foremost thing about Patterson was that, in my opinion, he was a man of very little intelligence but a lot of stubbornness. On one occasion at the White House, after the swearing in of some new official, President Johnson pulled me aside and told me personally and confidentially that he knew that I had a problem about Dirksen and Patterson and that he was going to take care of it for me. This made a

tremendous impression on me, an indelible impression, because it demonstrated to me that President Johnson must have realized that I had been working very hard to carry out the desires of his Administration and that I had been completely loyal to him and that, in turn, he was willing to support me even in a conflict with a man with such almost supreme power as Senator Everett Dirksen. This made me have a very strong feeling that I should continue to support personally, politically, and every way I could a man who would give me such support as he did.

Mc: How would he know that you were having trouble with Patterson?

H: It was reported to him by the Chairman of the Civil Service Commission John Macy, who was the President's talent scout, and who dealt in matters of reappointment to high office, also.

Mc: So then it wasn't any direct contact between you and the President over this matter?

H: No. I recognized that he had the cares of the world on his shoulders, and I would have not gone to him direct myself because of the fact that, while extremely difficult, it would have been possible for me to put up with Patterson for another term. But I did report the matter to John Macy because I knew he dealt in the details of such matters.

Mc: Do you know what Johnson did to smooth this over with Dirksen?

H: No, I don't.

Mc: But you never heard anything from Dirksen?

H: Oh, excuse me, I do know that he appointed Patterson to the Subversive Activities Control Board, which is the most ludicrous agency in the government, as I think was well known at the time.

Mc: Did Senator Dirksen ever say anything to you?

H: No, he didn't. I've heard from other people that he didn't like it, of course, but he didn't say anything to me directly. I have great admiration for Senator Dirksen but I believe that sometimes great men have opinions of people formed in a certain milieu which are not true with relation to their performance in their main jobs.

Mc: You never had to go before Dirksen at a hearing or anything of that nature?

H: Fortunately not.

Mc: It was in this period of time, while you were in your chairmanship, that the Department of Transportation was formed. Did you have anything to do with that?

H: I testified in favor of it before committees of the House and Senate, Dr. McComb. But if you'll pardon me, to finish up the other subject, which I can pretty readily, the only other personal contact I had with President Lyndon Johnson--that is, more than the formalities--was when I was sworn in. He decided to reappoint me on June of 1965 and decided to swear me and the then Vice-Chairman, James B. Day, in in a ceremony in the Rose Garden. I have always also been very deeply appreciative of his consideration in swearing us in at the White House, taking the time to do it, as busy as he was, and also for the complimentary remarks which he made on that occasion. I have a number of pictures of the occasion. He made kind remarks about myself and Mr. Day. Of course, our families were there as well as a couple of hundred friends and other witnesses, and this again was something for which I was deeply grateful.

His remarks were to the effect that the Federal Maritime Commission had done a good job for the trade and commerce of the country and that he hoped that we would continue to do so. The remarks were in such a tenor

as to be very gratifying to Day and myself and our families and friends.

Mc: Did you get the impression that he was aware of your work, and what the commission had been doing?

H: Yes, I'm certain that he was. I'm certain that he was aware of it because complaints had been made to him by one of the leaders in the industry we regulate, which was reported in Drew Pearson's column. A man named Joseph T. Lykes, who was the President of Lykes Steamship Line, complained to him that we were over-regulating the steamship industry. The Lykes representative in Washington, Mr. Thomas Bartel, a very fine gentleman and a good friend of mine, had been a very good friend of Lyndon Johnson, and he and Mr. Lykes complained because, as is the case of most regulatory agencies, if a regulatory agency really regulates an industry, the industry objects to being regulated. They prefer, in my judgment, in general, to have regulatory agencies that are subservient to them. Our mission was to see that American trade and commerce is served--the exporters, the importers, and the consumers--and not to be in my judgment subservient to the desires of the steamship lines which are subsidized and get tremendous amounts of government cargo. Now although Lyndon Johnson had been a close friend, at least a good friend, of Tom Bartel's and of the Lykes, he told them that he felt that they should--according to Drew Pearson and I believe this to be true--that they should accept this regulation because they were getting tremendous construction subsidy, operating subsidy, government cargo and many other aids from the government. So I know at least from that and I know from other reasons that he was aware of the work that we were doing and that he did approve it.

Another reason I know he approved was because he wouldn't have



reappointed me unless he did approve it. I had no real political connection with him. In fact, I was known as a friend of the Kennedy family, which I still am, and am proud to be. I was 100 percent loyal to President Johnson when he was President and still am, but nevertheless I had been closer to President Kennedy.

Mc: But the connection with the Kennedys never interfered with your relationship to Lyndon Johnson and the White House.

H: No, it didn't. The Kennedys never asked me to do anything which in any way would interfere with my loyalty to President Johnson, nor did I do any such thing.

Mc: Did you have any repercussions from the Drew Pearson article?

H: No.

Mc: You didn't catch any fire from the Hill, or anything of that nature?

H: No. We had been very fortunate on the Hill despite the power of the steamship lobby, because basically I think our regulation was reasonable and they were unable to establish any case of unreasonable regulation. There has only been one congressman and no senators who have attacked what we have done, which is rather remarkable for a regulatory agency-- and that was a Republican congressman named Thor Tollefson from the State of Washington, who's a very fine man and a good friend of mine, but who felt that we should not be as active as we were in regulating, particularly foreign ships which we do regulate when they come to our shores, and the American Merchant Marines. However Congressman Tollefson was swept out of office in the Lyndon Johnson landslide of 1964, so there has not been any member of Congress since that time who has publicly, or to my knowledge, privately attacked what we are doing.

Mc: Now this brings up the problems of the maritime industry in general.

From what I have heard and read, the major problem in the United States maritime industry is the loss of trade to foreign shippers. Now, is that correct?

H: It's correct as far as it goes, but you have to look beyond that to see why there is the loss of trade. As a matter of fact, there is a tremendous misunderstanding about the American Merchant Marine. Most of the American Merchant Marine is actually making good money and making good profits, believe it or not. I've said this before congressional committees. I've said it in public speeches, and it has not been refuted!

The problem of the American Merchant Marine is one of replacing their ships. You might, of course, then immediately say, "Well, if they make enough profits, obviously then they can replace their ships." But the answer to that is that they, as a practical matter, are required to build their ships in American shipyards in which ships cost two to three times as much as they would cost in Japan or West Germany or Sweden. As a matter of fact, Matson, for example, has bought some ships--although not many--in West Germany and Japan, one or two in each country. But when American steamship lines buy ships abroad, they cannot get any government cargo. They can't get operating subsidy. They can't ply the trades between two American ports, what we call domestic-off-shore-domestic ports. And they are otherwise so handicapped as a practical matter they really can't operate.

Now in order to buy ships in American shipyards, which cost two or three times as much as their foreign competitors, they have to have construction subsidy to make the difference in price between the cost in foreign shipyards and American shipyards. They therefore, together with the shipbuilding industry, request that the construction subsidy be increased from what it has been, which is very, very roughly, a hundred million dollars a year, to something like on the order of magnitude of a half-billion dollars a year. Of course they have loud and long blamed Lyndon Johnson, and before him other Presidents, for not appropriating that amount of money for their construction subsidy. This really affects the shipyards more than the steamship lines, but the steamship lines are caught in the circumstance of it and can't build abroad.

Now it would be perfectly possible for this country to appropriate a half-billion dollars or four hundred million dollars in construction subsidy, if it didn't do a lot of other things. But the President, in considering the budget, has to consider the needs of anti-ballistic missile systems, of the war in Viet Nam, of other defense needs; has to consider the urban blight, the problems of the aged, with social security and medicare, problems with education and everywhere you look; the problems of the space race, with the supersonic transport. Everywhere, everybody wants and needs more money. At least, they want it. Therefore neither the Republican nor the Democratic administrations have been able to appropriate as much money as is needed to replace the American Merchant Marine. Now, of course, with passing years, the years of Kennedy's Administration, Johnson's Administration, the situation has deteriorated in that the bulk of the American Merchant Marine ships were built in World War II.

But the problem is really that they can't replace their ships. If they could replace the ships I believe they could get the cargo. At least, they could get the cargo out-bound. They sail now pretty full out-bound, partly due to the government cargo. They have a more difficult problem with in-bound cargo. Of course, the labor unions and the high wages affect this too, but the big vital problem is that of ship replacement.

Mc: What is it, the shipbuilding interests that--

H: Excuse me, I'm sorry, Dr. McComb, I should say the shipbuilding interests and the very, very powerful shipbuilding labor unions have combined with the sea-going labor unions and the rest of the AFL-CIO to make a very, very potent political combination which has been too powerful through the years to enable the steamship lines to buy ships abroad. Their political power has been too great in all administrations.

Mc: How important in your judgment is this problem of the Merchant Marine and the obsolescence of the ships? What will it do to this country?

H: I think this country will be weakened by having an inadequate Merchant Marine because within the next few years the ships are going to wear out. I think the ship will be weakened from a national defense and a commercial point of view of tonnage only about 6 percent of our cargo is being handled by American flagships. It seems a tiny percent. However, that includes oil, chemicals, ore--ton for ton, the same as electronic parts or highly expensive goods. In terms of value of cargo--money value-- American flag Merchant Marine carries almost 30 percent of the amount of the cargo. Now, in addition to that 6 percent that I spoke of in tonnage there are what are known of as flags-of-convenience ships. There are some 454 of those against about 950 privately owned American flagships. These flags-of-convenience ships, under the primarily Liberian and

Panamanian flags, are owned by Americans, and the Defense department has traditionally taken the position that most of them are under effective control of the United States in case of an emergency. But the labor unions bitterly complain that they believe they would not be under effective control and that they are tearing down the chances of American seaman for living wages. So it's a highly controversial matter as to whether those ships--which actually surpass in tonnage the American flagships--whether they should be considered as being available to the United States in case of emergency.

Mc: I would assume it would be possible for the Merchant Marine to be injured by excessive regulations, which is your area. My understanding is that they have not been.

H: There is no question that any industry, including the steamship industry, can be not only harmed but probably ruined by excessive regulation. I have testified some thirty times on Capitol Hill in congressional hearings, and for about half of those hearings have been under scrutiny for a wide-range of our activities. There are some who claim that we do over-regulate--but they have never been able to establish to the satisfaction either of the Congress or the White House or, with a few exceptions, the courts, that we have over-regulated or that we have been harmful to the American Merchant Marine.

Basically what we do here at the commission does not relate to the replacement of ships, the subsidizing of the American Merchant Marine, the promotion of the American Merchant Marine, concerning which I just talked--which are important subjects. Our job is to see that there is fair competition between American steamship lines and between American steamship lines and foreign lines. We also act as a referee between the

steamship lines and the ocean freight terminals, or passenger terminals, between the steamship lines and the ocean freight forwarders who are travel agents, except for cargo instead of people.

The type of regulation we do is designed also to see that the shipper, who in our language is the exporter-importer, gets a fair break from the steamship lines, because the steamship lines band into what is known as conferences, which are international shipping cartels which set freight rates and fix schedules. If there isn't any regulation of the conferences there would be little or nothing to stop them from stamping out all competition--which they do in foreign trades, most of all in the foreign trades--and from their charging whatever prices they wanted to and rendering poor services.

So our country--I've kind of backed into this--but our Congress from 1912 to 1916 conducted an investigation of steamship conferences because of course they're repugnant to American ideas of competition and fair play and they're against the Sherman-Anti-Trust Act and the Clayton Amendment. But three investigations of our Congress--two of them running concurrently from 1958 to 1961, in addition to the ones I've already mentioned--decided that the steamship conferences were necessary to prevent cutthroat and destructive rate competition which would result in chaotic conditions for the exporters and importers, as well as the carriers. But they decided that also these conferences should be legitimized and given exemption from anti-trust legislation; that they, therefore, should be subjected to government regulation of a certain sort, and that is exactly what we do. We regulate them to prevent monopolistic abuse.

Mc: But how can you control a foreign shipper?

H: You mean a foreign steamship line?

Mc: Yes.

H: When they come into our ports they have to comply with our laws.

Mc: So if they want to come into one of our harbors--

H: They have to comply with our laws. They make a tremendous amount of money here. These are the golden trades.

Mc So that your point of regulation then is in the harbor.

H: Yes, when they come into the harbor. We don't regulate them on the high seas.

Mc: What do you do if you find a violation in your regulations?

H: If we find a violation of our regulations we prosecute them in the United States Courts.

Mc: Do you use cease-and-desist orders too?

H: We don't have the power of cease-and-desist orders. We have to seek an injunction in the court.

Mc: For safety regulations, do you rely on the Coast Guard?

H: Yes.

Mc: So that would be your inspection agency, then.

H: That's not our inspection agency but its the inspection agency of the United States for Merchant Marines. Our regulation is of the economic type. The Coast Guard's is a physical type.

Mc: In a newsclipping I read about one of your testimonies before Congress. You had spoken about some of the things you have just talked about--about the profits of the steamship lines, etc. In this article it mentioned that you had said in your work with the Federal Maritime Commission that you had made efforts to eliminate malpractices among the companies. Can you explain that to me?

H: Yes. That's one of the aspects of the fair competition I spoke of earlier.

Malpractices, when used in connection with ocean transportation, means unfair practices such as hidden rebates. The steamship lines in the conferences all charge the same rates. If they're not in the conference, and we do try to see that there is some independent or non-conference line, they still have to file their tariffs. We call the list of freight rates tariffs. They have to file a tariff with us. Some steamship lines--naturally, it's only human nature--will list in their tariff a certain rate but they will actually make a kick-back to the exporter or importer of a substantial amount and thereby get his trade. But this is unfair competition and its destructive of the welfare of the ocean freight or passenger industry, and we try to eliminate this. That's one example. There are all sorts of other ways of cheating so as to get more cargo, but when people cheat, misclassify cargo--sometime a shipper will put valuable cargo in a container and declare that it's low in value in order to get a lower freight rate in the container. The steamship line may be afraid to possibly blow the whistle on the exporter-importer for fear that he might lose his business. This is another form of malpractice--cheating of various kinds.

Mc: Is the containerization that the shippers are moving in to going to be a problem?

H: Oh, it has tremendous problems. There are great benefits, but also big, big problems. That's another huge subject.

Mc: How do you inspect a container?

H: There are too many of them to inspect all of them. But they can be spot-checked and we've done this. You have to get the permission of the owners of the containers and the steamship line and the exporter-importer and then break the seal and inspect it with the proper witnesses. We have



done this in the trade from the North Atlantic to Puerto Rico at the request of the steamship lines so they would not be forced to accept lower freight rates than they should have by shipper competition, so they would be able to charge the right rates.

In foreign trade, we have refrained from doing it because--no, we have just started the pilot program at the request of the steamship lines involved. We believe in self-policing as much as possible in the lines and self-regulation in all of these matters or any other. We've stepped in the foreign trade only in one conference in the North Atlantic where requested.

Mc: In this kind of work, this regulatory work, is it important that the agencies, such as the Federal Maritime Commission be independent and should not be part of, say, the Department of Transportation, or something else?

H: I think it is important that it be independent as far as its quasi-judicial functions are concerned. The commission is basically a regulatory agency which means that it has extremely important quasi-judicial functions. There are complaints made by one party against another and there must be formal proceedings at which utmost independence is preserved. For example, for matters such as mergers of steamship lines--although those are happening now, they are relatively rare--it is important that there not be any political considerations whatsoever in any formal cases that we have to decide. For that reason it should be independent. Those functions should be completely independent.

But there is another aspect to the commission's work and that is directing the flow of investigatory efforts and in informally working with parties to try to reach solutions and in recommending legislation which

would take care of advances in technology. There are functions of this type, which you might call legislative and executive functions, which do exist. For those purposes it would probably be best if it were under one of the departments, particularly since the President and the White House has such a tremendous number of agencies and departments it's really impossible for them to coordinate all of them. I think all in all--this is just a personal opinion, would not be agreed to by the other commissioners --my own personal opinion is it probably ought to be in a department, but be completely independent for judicial functions.

This isn't easy though because when it is in a department it's very hard to separate the judicial function from the executive influence. For this reason the Congress believed that the regulatory agencies should be separate, and I believe that this is unquestionably the consensus.

We're considered in many respects like the ICC and the CAB. I believe there is a desire on the part of some transportation entities and persons that there be a combined transportation regulatory agency--air, sea, and land. There's no move at all, as far as I know, to put the commission in a department. For these reasons--well, my answer's been quite circuitous--to give you really a better answer it probably should be independent in spite of my own personal thoughts about it.

Mc: Are there budgetary problems involved? Do you have difficulty in getting the budget that you need to run such a commission? Would it be easier through a department to fight your budgetary battle?

H: For most agency heads I believe it would. We fortunately have a good relationship with Congressman John Rooney--who is very difficult with the State department and other agencies--but we do have a good relationship with them, and I think we've gotten a square deal. But in general it

it would be better through a department, yes.

Let me say, however, that if the head of a regulatory agency such as this is indeed thoroughly in accord with the idea of cooperating with all branches of the government--legislative, judicial, and executive--rather than being completely independent all the time, I think the purpose that would be served by putting it in a department can in that manner be served. I have personally taken great pride, and the other commissioners have agreed with me here, in being in a position of as much cooperation as possible with the Department of Transportation, the Department of Commerce, the Attorney General, the courts, the committees on the Hill. This requires a monumental amount of effort because there are so many such governmental entities to cooperate with. And the State department is another one. I should mention that we have been in a position of almost perfect cooperation, which is quite amazing because we regulate foreign steamship lines which they don't like at all. The foreign governments don't, but the State department has supported this, so I think if the President selects a chairman of these agencies that are imbued with the spirit of cooperation that it really isn't necessary for them to be in departments. Of course with the ICC, the President doesn't select the chairman at all. He's elected and by custom is the senior one and if they stress independence greatly then you have a problem about cooperation.

Mc: Am I correct in thinking that the Maritime Commission was started in 1961?

H: In its present form it was started on August 11, 1961. The members were interim members. I was the only one of the permanent members who was an interim member. Then on October 9 the permanent members were sworn in, but this Federal Maritime Commission started August 11, 1961. It has predecessor agencies, however, that go back to 1916.

Mc: You might be in a position then, since you've been here since the era of the modern commission, to make some comment on the scope of the commission. Has it been structured correctly for what its job was, and should there be any changes, or has it been satisfactorily functioning in your judgment? This is not meant to embarrass you.

H: I must honestly admit that I cannot be objective about this. I would have to be subjective. But let me say that there have been literally--and I do mean literally--dozens of bills introduced to make the Maritime Administration an independent agency--not the Federal Maritime Commission but the Maritime Administration. In every single one of these bills, as introduced by members of the Senate and members of the House of Representatives, it is specifically stated that the functions, responsibilities, organization, and location of the Federal Maritime Commission would not be affected. I know of no move, public or private, to change the organization of the Federal Maritime Commission or its location or its responsibilities. With that as a basis, I would answer that I think that it has been properly structured, to use your phrase.

I must admit in all candor, however--again, as I said before--that the steamship industry, like I think many other industries, would like to have personnel at the top of regulatory agencies who are subservient to their desires. I have not been so subservient, nor has the commission; therefore the steamship industry, while they have said very little of this publicly for understandable reasons--I don't blame them for that--privately would probably tell you that it would be better if they got some other people running the Federal Maritime Commission, and that they're being over-regulated. But they have not been able to make a public case of over-regulation.

Mc: This is a question again that's not meant to embarrass you in any way, but it's important for any administrative study of the Johnson Administration. Have you had any interference in your work as commissioner from the White House or from the President?

H: No, absolutely no interference whatsoever from the President or from the White House. On the contrary, I have had backing. And to the backing to which I referred earlier in terms of personal contact, I should add that at one stage the Prime Minister of England wrote a confidential letter to President Johnson complaining of our activities because the United Kingdom government takes a different viewpoint about conferences, about trade and commerce, and about government connections with them. Inasmuch as the United Kingdom is a supplier of shipping, as the United States is primarily a user of shipping, the British takes the point of view that conferences are free enterprise and should be left alone by governments. We don't take the point of view they are free enterprise. We take the point of view that they're a monopoly that needs to be regulated. This is a natural, an understandable clash and difference in viewpoint in what they call jurisdiction and sovereignty.

At one stage of the game we were carrying out the will of Congress as expressed by the Celler committee, upon whose report this commission was organized, and by Senator Douglass' Joint Economic Committee--as I said the Prime Minister of England wrote a letter complaining of our activities--confidential it was though--to President Johnson, and President Johnson, after checking with the State department, replied that we were carrying out the law as written by Congress, and that he did not believe that we were exceeding the limits of our authority and that he did not propose to take any action. Those are not the exact words but that's

the gist of it. The gist of it was, his feeling was: that we were not acting unreasonably but were carrying out the will of Congress.

For this reason, I must emphasize very much--I'm sorry to have rambled so much--but emphasize very much that here, as in the instances relating to the other personalities that I mentioned, and accusations of over regulation, I have the strongest feeling that President Johnson had the public interest at heart very, very deeply, and that he was supporting the public interest against, as the old cliché goes, vested interests--in this case, steamship lines.

Mc: Did you have anything to do with the formation of the Department of Transportation?

H: My connection was slight. I testified in favor of the formation of the department before the cognizant committees of the House and Senate.

Mc: Did you work at all with congressmen on this?

H: No.

Mc: You just lend your support--

H: We gave the public support before the Congress and in the press, and also sent a very valuable man to the Department of Transportation, Robert J. Blackwell, in the Office of Facilitation in the Office of International Affairs. He was our number two man and a very brilliant able man. He went to the Department of Transportation and carried a great knowledge of what the Federal Maritime Commission does. And I did cooperate with the Secretary of Transportation in various committees having to do with Maritime matters, but I had no real role in the formation of the Department of Transportation.

Mc: Did you have anything to do with that controversy with the Maritime industry and the unions in the shipbuilding program that was proposed at the same time the department was being formed?

H: I participated in what was called, I think, the Interagency Maritime Task Force for purposes of regulation. In drawing up the Maritime, policy matters concerning regulation were considered and to that extent I did participate in it.

Mc: But you didn't get into the fighting between the unions and Congress and Alan Boyd over this?

H: No, no. We had no connection with that.

Mc: Can you tell me what the commission did to ease the transition from the Johnson Administration to the Nixon Administration? Was there anything necessary to do?

H: Most briefly stated, there wasn't anything necessary to do. Our actions, as I've already remarked, are such that we have not incurred opposition from any Republican leaders, nor from any Democratic leaders, since the one congressman who was defeated in 1964. The Republican commissioners on the Federal Maritime Commission, of whom there are two, have, generally speaking, been in agreement in matters of policy with me and the Democratic majority. The commission is not split up along party lines, so the work of the commission, I think, would be basically the same, whether there's a Democratic or Republican chairman.

There wasn't anything to do to prepare for a transition, except to get the work in as good shape as possible and to make a list out of those items which remained to be done. That I did do. In preparation for January 20 when Nixon was inaugurated I did get the work in what I believed to be as good shape as possible, and did make out a list which I distributed to the commissioners of all those items which the Secretary of the Federal Maritime Commission didn't have listed which I thought ought to be done. It's a detailed list. I kept the list up from week to week. There were no other preparations to

make that I know of.

The managing director resigned. He was a Democrat, and believed that the Nixon Administration would want another managing director. He had an offer for a good job with a law firm in Washington and accepted it, and I have simply left the post of managing director open so that it could be filled by the Nixon Administration when they want to fill it. In the meantime [I] appointed an acting managing director who's a highly competent young man who has carried on the work. But I do want to emphasize this. I should really emphasize this. We did not, repeat not, delay, postpone, cancel anything as a result of there being a new administration. We proceeded with the work, all the work that needed to be done.

Mc: Did you have to submit a report or did you submit a report to the Nixon Administration just explaining what you were doing, other than these lists you made out, which of course the Republican members of the commission would have?

H: I was asked to report by Mr. Robert Ellsworth, who was the President's assistant connected with most regulatory agencies, as to what was pending, concerning which the White House should be informed, or of any situations aside from pending situations which they should know about. I think it was about a month after President Nixon's inauguration, that I was requested to make monthly reports, which I've done. I was also requested to inform the White House in advance of any important events or developments. This would not of course apply to the formal cases we have because the legalities are such that we can't inform even the White House in advance about our cases, I mean the formal judicatory cases--but rule-making proceedings and other events, I am notifying the White House in advance.



Mc: Now I've exhausted the questions I have for you. Is there anything I should ask you about that I haven't or anything that you wish to make a comment about?

H: I would like to say again much of what I've talked about relates to the Maritime Administration rather than the Federal Maritime Commission. The reason that I've talked about it is because I have taken an interest in all Maritime matters, in an effort to be as helpful as possible. During the past two and a half years of his administration, President Johnson had an acting Maritime Administrator in office. The chairman of the CAB changed several times--the chairmanship did. The chairmanship of the ICC changed every year. The Department of Transportation was new, and I was relatively permanent, having been chairman for five and a half years and on the commission seven and a half years. So I took as big an interest as I could in all Maritime matters, and participated in various Maritime committees that I considered matters beyond regulation.

For that reason in the earlier part of my taped interview, I have discussed matters such as ship construction, which do not come under the Federal Maritime Commission but in response to questions from you about the problems about the American Merchant Marine. Containerization brings a revolution to the American Merchant Marine.

You've seen evidence of it, as has all of America in the longshoremen's strike which was prolonged primarily by a concern of the longshoremen that containerization would take too many of their jobs away.

We have a situation in which steamship lines, very specifically a big important line called Sealand, have been able to make profits in the important North Atlantic trade without any construction subsidy and without any operating subsidy. Matson has been able to make a profit in

the trade to Japan without any subsidy, and I think that in technological advances of containerization primarily and other forms of automation that the American Merchant Marine does have a future.

Labor has to be taken care of. The longshoremen, the men who work in the ships, can't just be thrown out of jobs because all throughout America we have this problem in the ghettos and in the cities or in the streets, and in many parts of rural America, by people just being thrown off the job--sent from perhaps some state in the South to the big cities because they're not needed on the farm, and tossed off of elevators because elevators are automatic. So I fully realize that you can't just take men--longshoremen or seamen--and take their jobs away. But I do believe that the American Merchant Marine, while in a struggle now of change with relation to automation and containerization, is going to simply have to have a more tremendous sum appropriated to it. It's possible the administration can do it, but I believe that you're going to find that they're going to appropriate less money than the Johnson Administration did from the information I have.

If this happens someday they've just got to break loose, as far as the Merchant Marine is concerned, with letting them build abroad. If they can't appropriate additional money, then they've got to break loose with some other sociological solution to the men on the ships and the waterfront as far as automation is concerned.

I've rambled terribly. To try to capsule this, the problem with the Merchant Marine, as I see it, is a political one, a sociological one, a problem with labor and what to do with human beings. It is not a technological problem. I've cited you a couple of examples and I couldn't cite a lot of them, but they're very good examples and big and important ones, on how the Merchant Marine can make money without any subsidy, although

they do have government cargo. The pertinence of that to this interview is this, that President Johnson took a great deal of abuse from the maritime labor unions and from the maritime labor leaders. I should use the word abuse advisedly, American presidents usually aren't abused. I should say that he was attacked by maritime labor unions and by shipbuilders and maritime leaders because they didn't simply appropriate more money in the budget to them.

But if you look over the record it's a little incredible, the record is, that the Kennedy and Johnson administrations did appropriate more money than the Eisenhower Administration--as far as Democratic and Republican are concerned. Again I say, watch the Republican party with its need for economy and hold down inflation and I think you're going to find it less. So that the point of all that is here you have, as I think is the case in many other areas, unjust and unfortunate attacks upon President Johnson, which nevertheless were widespread and did happen. I believe that these attacks were unjustified and the same happened in many other areas which wouldn't be appropriate in this interview for me to go into--any other fields of activity. This is the way I see it here. They simply wanted more money and there wasn't more money to give them.

Mc: Very good. Well I thank you for your time and I appreciate the interview that you gave us.

End of Tape 1 of 1 and Interview I

GENERAL SERVICES ADMINISTRATION  
NATIONAL ARCHIVES AND RECORDS SERVICE

Gift of Personal Statement

By John Harllee

to the

Lyndon Baines Johnson Library

In accordance with Sec. 507 of the Federal Property and Administrative Service Act of 1949, as amended (44 U.S.C. 397) and regulations issued thereunder (41 CFR 101-10), I, John Harllee, hereinafter referred to as the doner, hereby give, donate, and convey to the United States of America for deposit in the Lyndon Baines Johnson Library, and for administration therein by the authorities thereof, a tape and transcript of a personal statement approved by me and prepared for the purpose of deposit in the Lyndon Baines Johnson Library. The gift of this material is made subject to the following terms and conditions:

1. Title to the material transferred hereunder, and all literary property rights, will pass to the United States as of the date of the delivery of this material into the physical custody of the Archivist of the United States.

2. It is the doner's wish to make the material donated to the United States of America by the terms of the instrument available for research in the Lyndon Baines Johnson Library. At the same time, it is his wish to guard against the possibility of its content being used to embarrass, damage, injure, or harass anyone. Thereofre, in pursuance of this objective, and in accordance with the provisions of Sec. 507 (f) (3) of the Federal Property and Administrative Services Act of 1949, as amended (44 U.S.C. 397) this material shall not, for a period of ten years from the date of the interview (March 24, 1979) be available for examination by anyone except persons who have received my express written authorization to examine it.

3. A revision of this stipulation governing access to the material for research may be entered into between the doner and the Archivist of the United States, or his designee, if it appears desirable.

4. The material donated to the United States pursuant to the foregoing shall be kept intact permanently in the Lyndon Baines Johnson Library.

Signed John Harlee

Date July 1, 1974

Accepted Harry Middleton  
Director, Lyndon Baines  
Johnson Library for Archivist  
of the United States

Date July 25, 1974