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Interview with
HARRELL EDMUND CHILES
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Place of Interview: Fort Worth, Texas

Interviewer: J. B. Smallwood

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Approved: *H E Chiles*
(Signature)

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Oral History Collection

Harrell Edmund Chiles

Interviewer: J. B. Smallwood

Place of Interview: Fort Worth, Texas

Date: January 25, 1980

This is an interview with Mr. Harrell Edmund ("Eddie") Chiles in Fort Worth, Texas, on January 25, 1980. Mr. Chiles is chairman of the board and chief executive officer of the Western Company. The interview is by J. B. Smallwood.

Dr. Smallwood: Mr. Chiles, one of the things that we like to know about our interviewees is something about their early history--something about where they were born, when they were born, and their early education.

Mr. Chiles: I was born in Itasca, Hill County, Texas, on May 11, 1910. I went through all my public schooling in Itasca--started in the first grade and went through the eleventh grade.

Dr. Smallwood: And then after the eleventh grade?

Mr. Chiles: After the eleventh grade, I spent two years in Wentworth Military Academy in Lexington, Missouri. Then I stayed out of school for a year. I worked as a merchant seaman part of the time, and I worked in the oil fields part of the time.

Smallwood: Okay, before we get into that period of your life, I'd like to know a little bit about your family background.

Chiles: My mother's side of my family came from Itasca, or Files Valley, the area around Itasca. Her father and her grandfather came there, and her grandfather settled there about in the area of 1840 or 1850, somewhere like that. Her father left the family place, the family farm and ranch, to go to the Civil War.

Smallwood: Which side?

Chiles: (Chuckle) On the South's side. He was part of the Texas regiment that fought all through the war. He fortunately survived it and came back to make his home in Hill County.

Smallwood: Now this was your maternal grandfather?

Chiles: My maternal grandfather. My father's father lived in Tennessee, in Obion County, up north of Memphis. My father was born there and was educated in the schools there and then in Vanderbilt University. He came to Texas from Tennessee in 1899 to Hillsboro, which was the county seat of Hill County. My paternal grandfather also served in the Civil War as part of the Tennessee fighters.

Smallwood: Do you recall when your mother and father got married? Did they meet in Itasca or Hillsboro?

Chiles: Yes, they met in Itasca. My father later came to Itasca from Hillsboro, and they met and they were married in June of 1907.

Smallwood: What did your dad do in Itasca?

- Chiles: At the time he came to Itasca and met my mother, he was working in a bank in Itasca.
- Smallwood: And what sort of position did he reach at the height of his career?
- Chiles: As president of the bank--Itasca National Bank.
- Smallwood: Did he do anything other than banking?
- Chiles: Yes. He spent most of his time, I believe, in the occupation of farming and operating a couple of cotton gins.
- Smallwood: A couple of cotton gins?
- Chiles: He had two cotton gins.
- Smallwood: How would you classify your family's position in Itasca? What status did it have in the community?
- Chiles: Well, it was very good. Being part of an old, old family, and a family that owned a lot of land, shall we say--it's a part of what you might call in the South a landed aristocracy--they occupied a very nice position as far as social position is concerned. By the time I grew up, the cotton business had fallen on hard times, and no one had any wealth position.
- Smallwood: Nobody was wealthy.
- Chiles: Nobody was wealthy. It was all a poverty-stricken country. But as far as the family background, it was good because of the length of time that they had been there.
- Smallwood: Would you say your family was fairly typical of that class of people throughout the South?
- Chiles: Very typical, very typical. The people that came from Tennessee, Kentucky, Alabama, and Georgia that migrated on

west in the early part of the 1800's acquired large acreages of land and for a time became quite well off because of their landholdings. This continued on through the 1800's and on into the early 1900's, with the Civil War period taken out. But the Civil War period didn't seem to affect the people out in Texas, as far as our wealth position was concerned, as much as it did the people in Georgia, Alabama, Mississippi, and Virginia because the war devastated most of the people there and actually took away all of their wealth.

Smallwood: It was the declining cotton prices basically, then, that . . .

Chiles: Yes, it was the declining cotton prices beginning in the early 1900's. It was interrupted shortly by World War I, but it continued on after World War I, and it almost eventually wiped out everything.

Smallwood: Do you have any idea of, say, how large your father's landholdings were?

Chiles: My grandfather's landholdings.

Smallwood: I see.

Chiles: Well, my father had about three farms, each of them about a hundred acres each, per farm, which, in those days, in that area of the country, was a normal-sized farm--a hundred acres--because it was about as much land as any farmer and his family could work because it was all done with mules . . . with horsepower and mulepower.

Smallwood: Would you have any idea how many acres your grandfather had?

Chiles: My grandfather at one time--and this was, of course, well after the Civil War but before the cotton prices declined in the early 1900's--perhaps had as much as five or six thousand acres in Hill County and some acreage in West Texas.

Smallwood: Now this is your maternal or paternal grandfather?

Chiles: My maternal grandfather.

Smallwood: I see. Does his history go back prior to the Civil War?

Chiles: Well, he was born in that country, but his family, the Files family, goes back to Virginia. They came over before the Revolutionary War. The Files and the Chiles, both, were in Virginia before the Revolutionary War.

Smallwood: I was just wondering . . . would the Files family have been typical plantation and slaveowners in Central Texas in this period before the war?

Chiles: Yes, they were. They were typical of plantation slaveowners.

Smallwood: Which grandfather?

Chiles: My great grandfather, Paul Chiles, fought under General Jackson in the War of 1812. Of course, it was not over until 1816, was it?

Smallwood: Well, 1815.

Chiles: 1815. With the Battle of New Orleans?

Smallwood: Yes. The Battle of New Orleans actually was in January, 1816, and after that they negotiated peace.

Chiles: Yes. Well, the peace was negotiated before the battle.

Smallwood: That's right--two weeks before the battle. I have to get

my history straight; you're correcting me (chuckle).

Chiles: I don't have it authenticated, but I'm sure that Paul Chiles was with General Jackson in the Battle of New Orleans.

Smallwood: I see.

Chiles: As a lieutenant.

Smallwood: Let me ask you something about your father. Can you remember any influence that he may have had on your thinking or your values or your attitudes that have stayed with you through much of your life?

Chiles: Yes. I was very fond of my father. My father and I had a very fine relationship. I admired him greatly, and I tried to copy a lot of things after him--the way he acted toward the public, the way he acted toward the people, his feelings as he expressed them toward people. Most of his attitudes, I think, I tried to copy them, and I feel like they were greatly influential on me.

Smallwood: Could you think of anything specific in talking about his attitudes toward people that you still use? Was he good with people?

Chiles: Yes, he was very good with people. He liked people and people liked him. He was very considerate.

Smallwood: Would you say he was a considerate, thoughtful man?

Chiles: Thoughtful man. And he was always willing to talk to anybody about anything. He listened to them.

Smallwood: Would you call him an outgoing man?

Chiles: Yes, he was an outgoing man.

- Smallwood: You mentioned a little bit earlier that after you left the school in Missouri . . . I forget the name.
- Chiles: Wentworth Military Academy.
- Smallwood: After you left Wentworth Military Academy, you went into the merchant marine. Or was it the merchant marine?
- Chiles: No, that's not quite the proper term. I was just a merchant seaman on freight vessels.
- Smallwood: I see, You were a merchant seaman.
- Chiles: A merchant marine is . . . it's generally used to . . . that's not a correct usage of it, but that's what most people call it.
- Smallwood: Okay, a merchant seaman. Could you give us some information about those years? Do you remember the year you became a merchant seaman?
- Chiles: The year I became a merchant seaman was in 1928, and it extended on into 1929. The ships we sailed on were what they called "liberty ships" that were manufactured in World War I. They were still being used in this period of time. They were just regular medium- or small-sized freighters powered by oil-fired boilers and steam engines. Their top speed was about ten or twelve knots an hour (chuckle), and, as I recall, to cross from the Gulf of Mexico--from a gulf port--to London, it usually took about eighteen or twenty days.
- Smallwood: Why would a country boy from Itasca decide to go to sea?
- Chiles: I had a great desire to see the world. I'd read a lot of

history; I was always interested in history. I had read a lot and studied a lot, and I wanted to know what the European continent looked like. I wanted to know what England, Great Britain, looked like. I read so much about it, and I wanted to see some of those things that I'd read about in the books.

Smallwood: Do you remember what countries you visited while you were a seaman?

Chiles: The only countries I had the opportunity to visit were England, Belgium, and France.

Smallwood: And do you remember any of your reactions to your first experience in a foreign country?

Chiles: Oh, I should say so! The first big foreign city I visited was London. I spent every moment I could possibly spend going around and finding the famous places that I'd read about, like, the palaces and the halls of Parliament and Trafalgar Square. Just everything that I'd read about, I just had to see it.

Smallwood: You had a great curiosity.

Chiles: I had a great curiosity. On this particular trip when I was in London, I didn't get a chance to see everything I wanted to see, so I deserted the ship, and it came back and left me there, which was the purpose of my desertion. So I spent another week sightseeing. Then I managed to get across the English Channel, and I visited Paris awhile to see all the things I'd heard and read about in Paris . . .

and some of the battlefields, even, from World War I.

Smallwood: We were talking about your experiences in Europe, and you said that you had been to Paris, visited some of the World War I battlefields. Can you think of anything else that impressed you about Paris?

Chiles: Well, the beauty of Paris, of course. I saw some of the art museums--the Louvre and others--and then I'd heard much about southern France and Monte Carlo. So I took a train , , . I had very limited means, but I did have enough money to get a train to Nice and Monte Carlo. I saw the sights there. I came back to Marseilles, and at that point in time, I was completely broke. I had not a penny,

Smallwood: You hadn't won in Monte Carlo.

Chiles: I couldn't even get inside the casino because I didn't have a tourist's passport. I had a seaman's passport. Without a passport in those days, you couldn't go in the casino. I didn't try, anyway.

Smallwood: So you got back to Marseilles with no money.

Chiles: With no money. I went to the American consulate there and gave him my seaman's passport, and my seaman's papers, showed it to him. Ordinarily, if an American seaman is . . . in the terms of the sea, if he's on the beach at any port, and he goes to report to the American consul, and the American consul then puts him on the first freight boat coming back to the United States--to get him out of there

and get him home (chuckle). There was one in port, the American Excelsior. It belonged to American Express Line-- the S.S. Excelsior.

I got on that boat, but I had to wait a couple of days, and during that couple of days, I had to sleep in the park, and I didn't have a thing to eat. So I got on the boat one Saturday afternoon, and I went back to the galley and everybody was gone, so I found a lot of food they had left over, and I ate everything I could find.

Smallwood: You mentioned that you also visited Belgium. Was that on this trip?

Chiles: The same trip. As I left London, I came to Ostend, Belgium. There was a sort of a weekend excursion boat that left Dover and traveled between Dover and Ostend, and I got into Ostend, Belgium, and saw a little bit of that. Then I went from there over to Dunkirk, France, to look at that. In World War I as well as in World War II, Dunkirk was a very famous port. There was a famous battle fought there, in Dunkirk, in World War I as well as World War II. After I saw that battlefield, then I took a train from there down to Paris.

Smallwood: I see. You left Marseilles for the United States. Was this your only experience as a merchant seaman?

Chiles: Well, I'd made a couple of trips before that, and I'd been in the Gulf. I'd also made some trips around the Gulf of Mexico on freight boats, but this particular trip was my

last one, actually. From Marseilles we landed first at Boston, and then we went down to New York. This is sort of . . . not a strange happening, but it's a remarkable kind of . . . well, I don't know how to characterize it, but I came into New York, and they paid me off when I got to New York. I'd decided not to go anymore, and they gave me my pay.

Smallwood: Now this was on the Excelsior.

Chiles: On the Excelsior. And I went to downtown New York with one of my friends that I'd made on the boat, and he took me down to the middle part of New York. But he was going to show me the sights. The next day was October 29, 1929.

Smallwood: Is that right?

Chiles: I was in New York the day the stock market crash came. I really didn't understand . . . I was nineteen at that time, and I didn't really understand what was happening--what was going on. I could read the newspapers. There was great headlines and a lot of upheaval, and people were talking at that point in time. The newsboys on the street who sold newspapers, you always heard them hawking their newspapers and screaming out the headlines. They were saying all these things about the great stock market crash and all of this. I really didn't know what it meant. I didn't quite understand it.

I looked up the relatives that I had out in Bronxville, New York, and from that point I got out to the edge of New

York City, going south, and I hitchhiked from New York City to Dallas, Texas, in about six-and-a-half days.

Smallwood: That was pretty good for that day.

Chiles: Pretty good.

Smallwood: There's one little detail that I would like to pick up. When you started on this trip to Europe, what port did you leave from?

Chiles: On this last trip I made to Europe, I left from New Orleans.

Smallwood: How many trips did you make to Europe? Do you recall?

Chiles: I made two across the Atlantic.

Smallwood: Prior to that time, you had . . .

Chiles: Sailed out of Houston,

Smallwood: . . . sailed out of Houston and in and around the Gulf of Mexico.

Chiles: Well, in and around the Gulf of Mexico, and then I sailed from Houston to London one time and then back.

Smallwood: And then back.

Chiles: But at that time, it was such a quick trip that I didn't get to see anything.

Smallwood: Okay, now after you returned to the United States and got back to Dallas, what did you do?

Chiles: Well, I went home, of course, for a few days. Then it was in November, and the weather was still good, so I hitchhiked on down into the Gulf Coast of Texas, and I got a job working in the oil fields.

Smallwood: This is the period when you were a roustabout, is that correct?

- Chiles: Yes. See, I worked in the oil fields about a year . . . well, really from November to the following September, which is ten months.
- Smallwood: From November, 1929, until September, 1930.
- Chiles: To September, 1930.
- Smallwood: Could you tell me something about that year as a roustabout?
- Chiles: Yes. I loved it. I think I found--at least at that point-- I felt like I'd found my real love. Up until that point, I had no idea what I wanted to do when I got out of college. I hadn't taken any courses, particularly, that was directing me toward a career.
- Smallwood: When you got out of college? Had you already entered college at this point?
- Chiles: Well, I had a couple of years in Wentworth Military School, which was part high school and part college, but I had very little college credits for college work.
- Smallwood: I see. Would you say that this experience as a roustabout influenced your decision to enter the oil business?
- Chiles: It did. It totally influenced my decision. I worked as a roustabout, and also as a roughneck, on the rigs in and around places like Barbers Hill and Liberty and Esperson Dome and a few places like that.
- Smallwood: Would you locate those places in Texas for me?
- Chiles: Yes. The Barbers Hill is a place near what's now Baytown, Texas, and Barbers Hill was the name of an oil field. In those days it was a very prolific oil field. It was one

that was discovered perhaps in the early 1920's, and it was drilled and developed, and it was still being drilled and developed when I was down there in '29 and '30. I worked there for a few months for a company called Cranfield-Reynolds Oil Company, which is not in existence anymore. Then the company also had some property in Liberty, Texas, which is between Houston and Beaumont--a field called the Esperson Dome, which, as I understand it, is still producing today. They were drilling some wells out there, and they offered me a job over there. So I moved over to . . . I lived in a town called Dayton, Texas, and worked in the Esperson Field.

Smallwood: You were still a roustabout and roughneck.

Chiles: Roughneck, yes, and roustabout. I did some roustabouting from . . . working for the company, I did both.

Smallwood: Could you distinguish for us historians the difference between a roustabout and a roughneck?

Chiles: Yes. A roughneck is the one that works on the drilling rig itself and helps run the rig while they're drilling. A roustabout is one that works out in the field itself where you lay the pipe, hook up the wells to the tank batteries, keep the leases clean, but more than anything else, most of your work is laying lines and directing the flow of oil and gas into the tank batteries and on into the pipelines. So the employees of a company like Cranfield-Reynolds, who had its drilling rigs, also, you had to do lease work plus work

on the rigs. They kept you busy doing one thing or the other.

Smallwood: Did you ever make it to toolpusher (chuckle)?

Chiles: No, no (chuckle). I never made it to toolpusher, but while I was working in these fields . . . a superintendent for the oil company used to come out to the field directing things and giving orders and generally directing the operation. He always drove a pretty good car and was a pretty official-looking person, and I asked some of the co-workers how he got a job like that, because that looked to me like the best job in the world.

Smallwood: You were twenty years old?

Chiles: I was nineteen.

Smallwood: You were nineteen, but you had ambitions to be in the car, right?

Chiles: Right. So I was told that this fellow was a petroleum engineer. He was a superintendent, but he had a petroleum engineering education and had gotten it at Oklahoma University. So I decided that was for me.

Smallwood: That is, then, why you decided to go to the University of Oklahoma and be a petroleum engineer.

Chiles: Right. So when September of 1930 came along--I was then twenty years old, my birthday being in May--I quit my job, took the money that I'd saved, hitchhiked to Itasca and picked up my high school credits and a few other things that I had at my house, and hitchhiked to Norman, Oklahoma, and enrolled in Oklahoma University.

Smallwood: Before we get into your college career, I would like to ask you a few questions about your memories of life in the oil boom towns of Texas. Do you have any reminiscences about that experience--how the people lived, the conditions under which they lived, and this sort of thing?

Chiles: Well, generally speaking, I thought they were quite good. In the first place, I don't remember what my pay was, but I think I was getting at five dollars a day.

Smallwood: And how would that relate to general wages of that period?

Chiles: That was pretty good wages. You see, this was after the stock market crash came, and prices were coming down a little bit, and money was worth something. When I was working at Barbers Hill, I lived in an old hotel in a town called Goose Creek. I was able to live in the hotel and eat pretty good for whatever wages I was getting. I think it was five dollars a day, but I can't remember.

Smallwood: You don't recall these towns as being sort of rough-and-ready, frontier-type towns that we often read about in books.

Chiles: Well, these were not the typical boom towns for the reason that this oil had been there for quite a long time. There was just a normal development.

Smallwood: Community life in these towns was more or less normal.

Chiles: Community life was more or less normal, and we worked about twelve hours a day, so we didn't have much exposure to the community life. We worked hard, so what time you weren't working, you usually were sleeping.

Smallwood: Okay, let's get back to your college career. You say you entered the University of Oklahoma in 1930 . . .

Chiles: September.

Smallwood: . . . September of 1930 with the intention of getting a degree in petroleum engineering.

Chiles: That's right.

Smallwood: It's a little unusual for someone to be able to enter college sort of in the middle of the Depression or the depths of the Depression. Were you able to do this primarily because of the money you had saved by working in the oil fields?

Chiles: I was able to make it through the first semester on the money I'd saved, and that was the end of that. I had to have a job. I played a little high school football, and I thought perhaps I might be able to do it well enough--playing football--to get a job. Now they didn't give you scholarships for that; there was no such thing as athletic scholarships. But the football players would get jobs working around the school doing one thing or another--working as a waiter in some of the fraternity houses or doing something that would give you your room and board and a little money. I didn't do well enough at football for them to give me a job.

Smallwood: What position did you play?

Chiles: I tried to play quarterback, But before the first semester was over, I pledged a fraternity, Sigma Alpha Epsilon. While I was going to school in Itasca, I had worked summers and afternoons after school in a tailor shop or what was

a cleaning and pressing establishment, and I learned how to clean clothes and press clothes. So after I got into the fraternity, I got the fraternity management--my fraternity brothers and future brothers that managed the fraternity--to let me put a portable steam clothes press in the basement of the fraternity house with its own steam boiler, portable steam boiler, and press clothes for all of the fraternity brothers for a flat rate of two dollars per month. There was about forty people in the house, and I signed up about thirty of them. By this time, the Depression was really roaring, and I made about sixty or sixty-five dollars a month, which was all I needed to go to school.

Smallwood: You demonstrated considerable enterprise, then, even at the early age of twenty,

Chiles: That's when I started my first business (chuckle). Also, I finally ended up having my first employee. My first employee was there,

Smallwood: To help you with the cleaning and pressing.

Chiles: This was in my senior year, and we started taking in some clothes from outside, so I had to have a little help.

Smallwood: By your senior year you were expanding.

Chiles: Expanding! That's right (chuckle).

Smallwood: Would you like to tell us something about your college career? Did you enjoy it? Which subject did you like best? What kind of student would you say that you were?

Chiles: Well, I took, as you know, petroleum engineering, which was

a more or less standard course, as all engineering courses are. We didn't have too many electives. I did all right at school. I was not what you'd call a scholar. I probably maintained about a "B" average and passed all my work except one course. I had to take a conditional exam to even pass it. The only course I had trouble with was accounting.

Smallwood: That's interesting, isn't it?

Chiles: Now when you get into a business like this, since accounting is the language of business, it's probably the most important thing that I should know (chuckle). In those days I thought, well, there wasn't any need. I wasn't going to be a bookkeeper. There wasn't any need for me to study accounting, and I never got my debits and credits straightened out (chuckle). So I almost didn't pass the course.

Smallwood: Did you ever go back and take accounting again, or do you just rely on other people now?

Chiles: Well, I'll say that I hadn't been in this business more than a couple of years, and I realized I had to learn accounting, so I knuckled down and learned it this time. I didn't have to take a conditional exam in the second go-around.

Smallwood: Did you take it as a formal course or just study it on your own?

Chiles: No, I just had to get some books and dig it out myself.

Smallwood: Very good.

Chiles; Well, I got some help from the people that I had hired to keep our books and prepare our tax matters and so forth, which

were not very complicated. We were so small in 1931 when this business was started that we didn't need extensive records for taxes because taxes were not so . . . the rules and regulations were not so stringent as they are now.

Smallwood: Dr. Marcello wants me to ask you this question.

Chiles: All right.

Smallwood: What did you think about the New Deal during this period? You were in college and just beginning your career as a businessman. Do you recall what kind of reaction you had to the New Deal?

Chiles: Sure, I remember it quite well. When President Roosevelt was first elected, I thought it was a great thing for the country. I was a Democrat, naturally, being born in Central Texas.

Smallwood: You didn't know that you could be anything else.

Chiles: That's right. I didn't know anything but Democrats. My father was a Democrat; my Grandfather Files was a Democrat, and I thought it was quite honorable to be a Democrat, and I was. I considered myself a Democrat, even though I was only twenty or twenty-one years old, twenty-two. When President Roosevelt was elected, I thought it was a great thing. I followed him on through his several programs. Of course, he did a lot of good things for this country at the time.

By 1930 or '31, we had something like 25 or 30 percent unemployment in this country, which was terrible. People

had lost their nerve and lost confidence in themselves and in everything else. There was a lot of hardship and suffering, and we had the dust bowl in Oklahoma and many other things of that nature.

President Roosevelt gave the country some hope, and he instituted some programs that seemed to be very good. He did create some new jobs by some make-work programs, which were pretty necessary at that time. There're many good things that he did, and I was quite favorably impressed by what was going on in Washington and about the actions that the president was taking.

At the same time, I was in Oklahoma University, and I had a job and I had enough to eat, and I had enough money to take care of my needs--they weren't very much--and I was busily going to school, so I lived in more or less a sheltered enclave, shall we say. I didn't see all the hardships and sufferings around the country. I was right on the campus, and you just didn't see that. The only communications with the outside world that we had at the school was with the newspapers.

Smallwood: You didn't really experience the Depression at the same level that you feel many other people did.

Chiles: No, except through one thing. My family in Itasca were suffering pretty severely. My father's bank failed, as did many, many banks. His cotton farms wouldn't produce enough to really warrant the planting of the cotton, and

the gins weren't making any money. So they had a hard time living. He lost some of the farms and liquidated everything to get through the Depression.

Except for their hardship--and I knew about that from constant correspondence--other than seeing it through their eyes and being concerned and worried about them, I really didn't feel it because, as I say, I lived in a protected atmosphere. On the campus I got enough money so that I got three good meals a day, and I had a good place to sleep at night and enough money to buy my books. I spent my time either in the classroom, or I had a lot of dates on the campus. No one had any cars. If I had a date, I would call the girl at the sorority house, and I'd walk over to get her, right up closely around the campus--it was not far to walk. We'd come down to the Campus Corner, the campus drugstore, and a big night would be when I'd spend ten cents for two Cokes. Then we'd walk back. There was a curfew, so she'd have to be in at 10:30. I'd take her back to the sorority house, and I'd come back over to my fraternity house and either study or otherwise. So it was quite a nice life, and I've got to say that four of the happiest years of my life were spent right there during the Depression on the campus of the University of Oklahoma,

Smallwood: Did you graduate in 1934?

Chiles: In June of 1934.

Smallwood: Then what did you do after you graduated?

Chiles: Well, during these summers, between my sophomore and junior year and junior and senior year, I would gravitate back to Houston, an area that I'd known from being there; and knowing something about the oil industry down there, I would visit . . . well, I worked in the summertime. One summer, I worked in the East Texas fields, but another summer I did a little work on the Gulf Coast.

Smallwood: Do you remember where in East Texas?

Chiles: Yes. It was near Longview . . . outside of Longview.

Smallwood: Outside of Longview. And then also on the Gulf Coast.

Chiles: And also on the Gulf Coast. But on the Gulf Coast one summer, I got a job operating a parking lot downtown in Houston. In East Texas, I got a job roustabouting out in that old sand in the summertime in those pine trees digging ditches, and I want you to know that was pretty hot work.

Smallwood: That was hot work.

Chiles: In that ol' red dirt out there. But while I was in Houston, the summer between my junior and senior year, I contacted several companies about a job when I got out. Very few of them were hiring, but one company called the Reed Roller Bit Company, which was in the business of making oil tools and was a competitor of the Hughes Tool Company, which was just across town then, offered me a job when I got out of college. So I told them that it was a deal, that I'd be there as soon as I could get my degree, and that's exactly what happened. As soon as I got my degree, I went straight to Houston, and

they gave me a job. I was one of the few kids that got out of school that year that had a job waiting for them.

Smallwood: Well, you showed a great deal of enterprise to be looking for it before you graduated.

Chiles: Well, I knew I had to have someplace to go when I got out of school (chuckle).

Smallwood: That's when you were a truck driver, correct?

Chiles: I worked for them for two weeks in the plant--they teach you--and then they sent me to Oklahoma.

Smallwood: You said you worked for them in the plant?

Chiles: Where they manufactured the drill bits.

Smallwood: Do you recall what you did?

Chiles: I worked in the shipping department, where we just put the bits in boxes and loaded them out. That was just to sort of give me an acquaintance with the plant and how the bits were made. Then they sent me to Oklahoma City--to report up there to the division manager. I did report to him, and he sent me down to Seminole, Oklahoma, where I reported to a district manager down there who had the whole Seminole territory. He put me on a ton-and-a-half Ford truck, and my job then was to deliver the bits from a warehouse we had in Seminole out to the various rigs that were drilling in the area. I did that for several months until a new field was found in Ada, Oklahoma, which was south of Seminole about-- I can't remember--forty, fifty miles. In due time, I was transferred down there.

Smallwood: Still driving the truck?

Chiles: I was still driving a truck when I first went down there, but I hadn't been there very long until I was promoted from a truck driver into the engineering department for Reed Roller Bit, and I was given an automobile to drive, which, at that time, was the achievement of my entire career--when I was given a company car.

Smallwood: What year was this?

Chiles: That was in 1935.

Smallwood: Now had you arrived at that point of the petroleum engineer that you had admired back down in Texas?

Chiles: Well, not quite, but at least I had been given a company car, which was one of the things that I admired in his job--he had a company car to drive. So I had a company car, and my job was changed from delivering the bits to handling the engineering problems or the technical problems that happened on the bits. From time to time, the bits would not serve properly for the drilling contractor. He had trouble with his bits, problems with his bits, and somebody had to come out and look at them and tell what was wrong and so forth and then relay the information to the engineering department in Houston. So that was my job.

Smallwood: Do you know why the company chose you?

Chiles: Yes. I was the only one around that had an engineering degree. I didn't know very much about bits at that point in time, but I did have an engineering degree, so they just made me an

engineer.

Smallwood: How long did you stay in Ada in this position?

Chiles: I stayed in Ada until about the latter part of '35. Then I was transferred to Rodessa, Louisiana, which was north of Shreveport about thirty-five or forty miles.

About that time, I decided to get married to a girl that I had been dating all the time throughout my last, oh, couple of years at OU.

Smallwood: I see. You had met her at Oklahoma.

Chiles: I met her at OU.

Smallwood: Where was she from?

Chiles: Oklahoma City.

Smallwood: What was her name?

Chiles: Her maiden name was Wilma Klein.

Smallwood: So you got married in 1935.

Chiles: 1935.

Smallwood: How long did you stay in Rodessa?

Chiles: About a year-and-a-half. I can't remember the exact dates, but I stayed there about . . . , no, about a year. Then I was transferred to Oklahoma City.

Smallwood: In the same capacity?

Chiles: As an engineer. Then I was transferred to Houston to go into the engineering department.

Smallwood: Okay, let's back up just a little bit. At Rodessa, you still did the same thing as an engineer that you had done in Ada, that is, take care of problems with bits, is that correct?

Chiles: With bits and tool joints.

Smallwood: With bits and tool joints. Then when you were transferred to Oklahoma City, did you have the same job?

Chiles: Well, it was broadened out. I was a sales engineer, so I had the whole north part of Oklahoma City--from Oklahoma City north up to Enid and Barlesville and Ponca City and all through that area. I was both the sales engineer, and I took care of all the engineering problems.

Smallwood: When you say "sales engineer," you went out to sell bits.

Chiles: I went out to sell bits and also do the engineering on them or take care of the problems.

Smallwood: How long were you in Oklahoma City?

Chiles: I was in Oklahoma City until about 1938.

Smallwood: That would be about two years?

Chiles: Yes, a year-and-a-half to two years.

Smallwood: A year-and-a-half to two years.

Chiles: About 1938 I was transferred to Houston. Maybe in the early part of '38 or the last part of '37, I was transferred to Houston to become . . . my title was the "Chief Rock Bit Engineer." They had many different tools they made, and one of their tools was a rock bit, which is a drilling bit.

Smallwood: Okay, would you explain a little bit more about the rock bit? How is it different from other bits, and what was its purpose?

Chiles: It was for hard rock drilling. The original rock bit was invented by Mr. Howard Hughes, Sr. It was a bit that had

cones on it with teeth on the cones, and as you rotated it, it rolled around on the formation and chipped up the formation and the mud and then brought the cuttings back to the surface. The other kind of bit was a fishtail bit, which was just a blade-type bit that went around and around and scraped off the cuttings.

Smallwood: More like an auger.

Chiles: More like an auger. But in the hard rock formations like in Oklahoma, and even in deep Gulf Coast wells, the fishtail bit would no longer cut any holes, so they had to grind it up with a roller-type bit.

Smallwood: They sort of pulverized it.

Chiles: Pulverized it, and it came up.

Smallwood: This would be a bit that might drill through granite?

Chiles: It would drill through granite. It'd drill through sandstone, limestone, hard shale; and occasionally, when granite was found, it would drill through granite, but it would be very slow.

Smallwood: How long did you stay in Houston?

Chiles: I stayed in Houston until April of 1939, when I resigned my job to go to West Texas and start the Western Company.

Smallwood: Were you still chief rock bit engineer at that time?

Chiles: I was, yes.

Smallwood; This gets us to your decision to start your own business in 1939. Could you give me some information as to what motivated you to do this? Why did you decide to leave Reed Roller Bit

and go to West Texas to start your own company?

Chiles: I had what I thought was a very good job at Reed Roller Bit, and they had treated me very nicely. I was very fond of the company, and I enjoyed my work very much and enjoyed my life in those days very much. But I had, for some reason or another, a burning urge to have my own company, to do my own thing. My first idea was to start my own drilling company--be a contract driller--by getting a rig. During the years I was in Oklahoma City, the years, say, from '36 and '37, I investigated the possibility of doing this. I talked to a number of people, and I tried to get some financing, but I didn't get anywhere on that subject. I just couldn't even get things headed in the right direction.

On one of my trips from Houston--I was the chief rock bit engineer--I had a trip to Wichita Falls to run some experimental bits and to do some specific types of development work on bits. While up there I ran into a man that I'd known for some long time. His name was Frank Woods. He was a drilling contractor. I happened to be with him one day, and he told me, "I've got some friends in Dallas that have taken some leases in West Texas and are going to drill about two hundred wells. Those wells are in limestone, and they must be acidized to make them produce properly." He said, "Do you know anything about acidizing?" I said, "Yes, I know a little something about it, having been out in the field." It was not a new invention, but it was a new process

that had been developed mainly by the Dow Chemical Company, and I knew a little something about it. He said, "Well, this person needs somebody to acidize these wells. These wells will all have to be acidized, and he has to do all this on a shoestring, so he thought he'd develop his own acidizing company and do his own work. He needs some engineer to help him, sort of head it up, and he'll form a company and give this engineer a little interest in it." I said, "Well, I believe this is just what I've been looking for."

Smallwood: So you saw your opportunity again.

Chiles: I saw my opportunity. So he said, "His name is Clint Murchison, and he lives in Dallas." He said, "I'll call him up, and you go through Dallas and talk to him." So I did. I went through Dallas on my way back to Houston from Wichita Falls, which wasn't out of the way, really, and met Mr. Murchison and talked to him. He said, "Yes, I want to do this job." He said, "You think about it. We'll form our own company, and you get it organized and run it and operate it, and I'll give you a third interest in it. You can work out a third interest."

So I went back to Houston and thought about it for two or three days and talked to my wife, and then later, a day or two later, I called him and said, "I want to come back to Dallas and talk to you." He said, "Come on up." So I came back and spent about a half a day talking to him and with

one or two of the other people in his organization, and I said, "Well, okay, I'm ready to go." He said, "Well, go back to Houston, quit your job, and then spend a couple of weeks getting all the materials and information ready. Find out what we got to buy and how much equipment we'll have to have and what it'll cost, and then come back in and we'll get started."

So I quit my job, moved out of the house, stored my furniture. My wife went back to Oklahoma City to stay with her mother, and I took off to go out to the field where the process of acidizing was being done.

Smallwood: Do you recall the month and year?

Chiles: Yes, this was in April and May of 1939. So I spent about two weeks, and I got all my data together and worked up a little prospectus. I came back in to talk to Mr. Murchison the first day I got back, and his secretary said, "Well, he's out of town today." The next day, I came in to see him, and I remember it very well. She said, "He's in Fort Worth visiting with Mr. Sid Richardson today, because they have some operations together." So the third day I came back, and his secretary told me, "I'm sorry but Mr. Murchison is out of town again today, but he left word and asked me to tell you that, unfortunately, things have come up, and he's not able to go into the acidizing business."

Smallwood: What was your reaction to that?

Chiles: I was floored! I almost fell on the floor. But I thanked

her, and I left and went back to the hotel and just sat there in my room for two or three hours. I didn't know what to do. I just sat there and thought.

Smallwood: How old were you at this time?

Chiles: Well, I don't know whether I was twenty-eight or twenty-nine because I don't know the exact time this happened. I was twenty-nine on May 11th.

Smallwood: It was near your twenty-ninth birthday.

Chiles: It was during April and May, and it might have been right about my birthday. By the time this had all happened, I was barely twenty-nine.

Smallwood: Did you have a family at this time?

Chiles: No, just a wife.

Smallwood: Just a wife.

Chiles: I had a cousin by marriage in Dallas who was about my age, and a good friend of mine, so I called him up, and I said, "How about letting me come out to your house for dinner tonight?" He said, "Come on out." His wife was my first cousin. So I went out there, and we sat around and talked. I told him what happened, and we started laughing, and they started kidding me about it, and I got in a pretty good humor. He said, "What are you going to do?" I said, "Well, I need to get some financing, and I think if I do, I've got all the information, and it looks like a pretty good business, and I'll just go ahead and go into the business, anyway."

He said, "Well, maybe I can help you get some financing."

His brother-in-law was vice-president of the First National Bank in Dallas, and his brother-in-law's name was John Kettle, who's still alive and lives in Dallas. So I spent two or three days with him in Dallas. He worked for General Motors, but he just took off two or three days. He worked for the General Motors Acceptance Corporation, and his name was Bob Wood.

Finally, I said, "Bob, you have some influence and can get a little money here. Do you want to come in as a third partner?" I guess the reason I did it, I was supposed to be a third partner with Mr. Murchison, but now I said, "Well, okay, I'll take the two-thirds, and I'll give a partner the third." So he said, "Yeah, I'll come in with you and help you here." He was young, too, and married and didn't have any children.

So the sum of it all is that we went ahead; we decided to go in business. We named our company; we got it incorporated. He kept his job, and I went to West Texas to the same area that Mr. Murchison was going to drill in.

Smallwood: What did you name your company?

Chiles: We named it Western, Incorporated, at that time. So after looking around, I decided the company should be located at Seagraves, Texas. I found some land up there that I could lease on a railroad, where we could build a little office and our storage tank, so then I came back to Dallas.

Smallwood: Excuse me. From the picture you're pointing to, it looks

like that was made out of corrugated tin.

Chiles: It was a little two-room building, shotgun-type building, as we called it, with the one room in front, which was the office, and a bath in between and a bunk room in the back. It was made out of corrugated tin.

Smallwood: I noticed the truck in the picture.

Chiles: This is the same truck that's down in the museum.

Smallwood: This is the truck in the museum. This is the first truck you owned.

Chiles: It's the first truck we ever owned--the one we started business with. So I came back to Dallas, and we ordered our trucks to be built, and we made other arrangements. This was along in May sometime. In those days, it didn't take too long to get these things because in the Depression, everybody wanted to do something, and they did it fast. So we got delivery of our trucks about the first part of August in 1939. May, June, July, August--that's pretty fast.

Smallwood: They were GMC trucks?

Chiles: No, International trucks. Bob still kept his job, and I went out there, found a house, rented a little house in Seagraves, moved my wife out there, and hired three people--a treater by the name of Dale Dublin, who now lives in Wichita Falls, two truck drivers, one by the name of "Buck" Hunter and the other by the name of "Red" Gore. "Red" Gore worked for our company until he died, which has been ten or twelve years ago. "Buck" Hunter worked for us for a number of

years and then left, and I lost track of him. I don't know whatever happened to him. Bob Wood is still my very close friend and lives in Midland.

Smallwood: Is he still part of this company?

Chiles: No, I bought Bob out in 1946, and he went into his own business--a drilling business and an independent oil operator--and he's done very well. But he and I have remained close friends all through the years. I see him, oh, every two or three months.

Smallwood: So you set up in Seagraves, then.

Chiles: We set up in Seagraves, Texas, and we did our first well on August 29, 1939, for the American Liberty Oil Company--it was called ALOCO--which was owned by Clint Murchison (chuckle). He did give us our first well.

Smallwood: Now let's get back to this acidizing process. You say it was a new process developed by Dow Chemical. Was it a controversial thing among oilmen as to whether you used it or not?

Chiles: Yes, it was. They somehow or other discovered this process in some wells that they had in Midland, Michigan, that produced salt brine. They had some hydrochloric acid or muriatic acid (same thing) that was a by-product, and they had trouble disposing of it, so they pumped it back in one of these old salt brine wells, and it greatly increased the flow, which was a great surprise to them. But from that point on, they experimented with some little small oil wells

that had been drilled in Michigan back in those days, in the 1920's, and they found that it increased their flow.

Smallwood: Why did Murchison believe from the beginning that these wells in West Texas would need to be acidized?

Chiles: Well, Dow Chemical developed the process in 1932. Now we move up to 1939, and by this time the process had been further developed and perfected. By 1934 or '35 or '36, in that area, the Dow Chemical Company moved an operation into Hobbs, New Mexico, into McCamey, Texas, and in Midland, Texas. Then, by '37 and '38, they had been doing quite a lot of work acidizing limestone and dolomite wells all over West Texas, and it was proving very successful. Also, by this time, about '37, Halliburton Cementing Company decided to get into the business, and they had started an acidizing business in addition to their cementing; and a little company from Breckenridge, Texas, called the Chemical Process Company had entered the business. Then, of course, we entered it in 1939. So we were the fourth business--maybe there were some others--that I know of.

Smallwood: What were the advantages? Precisely, how does this work?

Chiles: Well, let me answer your first question. The competitive process, if you want to call it that, was shooting the wells with nitroglycerine. They'd put large volumes of nitroglycerine in the well and set it off with a time bomb. It would explode and fracture the formation, crack it all up, which would let the oil flow more readily. Now that was a process that

had been used for, oh, ten, fifteen years.

Smallwood: I recall it from my childhood.

Chiles: Yes. You will recall about the stories about the fellow taking a wagon with his nitroglycerine in it to town, and it went off and blew the whole town up. Well, nitroglycerine was dangerous, and many of the oil operators were very happy to find something that would make their wells flow better and was not as dangerous as nitroglycerine. When acidizing came along, they found they could use acidizing--muriatic acid or hydrochloric acid (it's the same thing)--in limestone wells and dolomite wells, those formations being a calcium carbonate-type formation that is soluble in hydrochloric acid. They could not use it in sand formations, so they still had to shoot sand formations with nitroglycerine.

Smallwood: It was because the strata they were working with in West Texas was a limestone.

Chiles: Most of the strata in West Texas is a limestone strata, so most of the oil was in limestone. As they perfected this process, the oil operators found that they could do just as well, and in some cases, better, than they could with acid, than they could with nitroglycerine. So they decided they would use acidizing, even though in some cases it cost a little more.

Smallwood: That was a disadvantage? The cost was higher?

Chiles: The cost was higher, but they removed the danger of explosions, which had killed a lot of people and destroyed a lot of

property. Then, after nitroglycerine shots, they had a long process of cleaning the well out from all of the debris, and they didn't have to do that after acidizing.

Smallwood: I see.

Oral History Collection

Harrell Edmund Chiles

Interviewer: J.B. Smallwood

Place of Interview: Fort Worth, Texas Date: February 7, 1980

Dr. Smallwood: This is an interview with Harrell Edmund ("Eddie") Chiles by J. B. Smallwood on February 7, 1980, in Fort Worth, Texas.

What I'd like to do, to begin, is just remind you that we had brought your career up to 1939. We talked about the formation of your business, the acidification process and how you got into it, and that sort of thing. I'd like to ask you, now that you've had a little time to think about that, is there anything in that area prior to 1939 you'd like to add to the record?

Mr. Chiles: I can't think of anything right now, J. B., that we didn't cover--anything that was pertinent.

Dr. Smallwood: Well, it was pretty thorough, but I wanted to make sure that you hadn't thought of something in the last couple of weeks.

Mr. Chiles: No, nothing that's come up that I can think of.

Dr. Smallwood: We talked about the formation of your business, so if you could, recount for us just the progress and condition of the business during its first couple of

years, say, 1939, 1940, 1941--the years prior to World War II.

Chiles: Well, things started off on August 29, 1939, as I mentioned, by acidizing the Willard A-1, was the name of the well, for the American Liberty Oil Company, later called the ALOCO Oil Company.

Smallwood: Was this the Murchison well?

Chiles: The company was owned by Clint Murchison and Toddie Lee Wynne. Following that, the next month, the month of September, we did four wells for . . . we did a couple more for American Liberty and one for J. E. Mabrey and one for . . . oh, another company . . . the name of it escapes me right now.

But from there on, on a month-by-month basis, we gradually picked up a little business and a new customer every now and then, and throughout the rest of that year, we did pretty well. We made expenses, and as we entered into 1940, things looked a little prosperous, and we started thinking about a third truck and a little bit more auxilliary equipment that we needed. I can't remember exactly when, but sometime in the mid-part or early part of 1940, we must have bought another truck. Then, by the end of that year, we bought another truck. On into 1941, we must have bought a couple because, when World War II came on December 7, 1941, we had six trucks. So we'd picked up three or four trucks

in through there.

Smallwood: Can you remember your reaction to the outbreak of the war?

Chiles: Yes, I can. I was on my way to Austin. I was driving that Sunday afternoon. I'd stopped by my parents' home in Hillsboro on Saturday night. I was on my way to Austin because on Monday morning I had to be at a hearing in the comptroller's office because there was a new tax that had been put on oil well acidizing.

Smallwood: Was that your first encounter with government regulations?

Chiles: First encounter with government regulations. I'd gone down there to talk to the comptroller about how the tax applied specifically to us because, being new and young, and more or less ignorant, we didn't know too much about handling these things. So I'd driven in from West Texas. I was on my way to Austin on Sunday afternoon, and this information started coming in on the radio, and I couldn't imagine what it was all about. I was driving along, and . . . I had a car radio then, and as I recall, it was not a very satisfactory instrument. It was one that you'd buy and install in your car. I could hear accounts of this, and driving along without anybody to talk to and without knowing any other input, it was amazing to me. I couldn't believe it, but then it kept coming in. So when I got into Austin and checked into the hotel, I had a chance to talk to a lot of people, and I found out that it really had happened.

They had more information there than I'd been able to get on the radio. Well, everybody was in a state of shock.

Smallwood: You were talking about going to Austin. I suppose you finished your business there in Austin. What did you find out about the tax?

Chiles: Well, I found out that the tax applied to us, but certain parts of our revenues were actually exempt. But we were in more or less some kind of a litigation or some sort of negotiations with the comptroller's department for two or three years before we ever got the final settlement of the tax because, true to most things that the government does, the Legislature passed the tax, but it was very ambiguous as to exactly how it applied and why.

Smallwood: Had you gone to Austin because they had sued you or because you wanted to anticipate this, and did the litigation occur after you had gone to Austin?

Chiles: Well, we didn't have any litigation with them.

Smallwood: I see.

Chiles: This was something we didn't understand. We didn't understand exactly how it applied to us.

Smallwood: It was new legislation.

Chiles: New legislation. We wanted to know on what basis could we make the calculations to pay the tax. Nobody else knew. It was brand new, and there was just two or three other companies in this business, so I just decided to go down

to Austin and find out down there just how it applied to us and how much we had to pay.

Smallwood: Do you have any idea why the Legislature would pass a tax specifically on the acidizing process?

Chiles: I was told at that time that they passed the tax to be able to put a tax on Halliburton. Halliburton was an Oklahoma-based company. Things were quite different in those days. Texas was much smaller. The Legislature, even then, was always looking for revenue, and here was an Oklahoma company that had great operations down in Texas but didn't pay any taxes in Texas at all except registration with their trucks. It was a means of putting a tax on Halliburton. Well, they didn't realize it, but they caught a lot of other companies. In their ignorance, they thought they were just putting a tax on Halliburton and making an Oklahoma company pay taxes in Texas. Well, they caught a lot of the rest of us, which surprised us.

Smallwood: Well, let's look a little further at how World War II affected your business. Did it make any major changes, or was it sort of business as usual for you?

Chiles: Well, yes, it made a lot of changes, and after that it was never business as usual. My partner and I in 1941 . . . well, of course, very shortly it was 1942 . . .

Smallwood: What was his name again?

Chiles: Bob Wood. Robert L. Wood. My partner and I, in 1942, were

both thirty-one or thirty-two years old, so, of course, we were eligible for the draft, and we did register shortly after Pearl Harbor. Everybody registered, so we registered. We registered in Seminole, Texas, which was the county seat of Gaines County, the county I lived in. There was a considerable amount of uncertainty as far as we were concerned-- what was going to happen to us. Then with war coming on and situations being dark and no one knowing just whether Japan would attack this country, and so many unknowns, it was the first time that I had lived in just a complete state of confusion, I think, at least the first time in my business career.

Smallwood: Did people generally think that Japan was going to attack the West Coast of the United States?

Chiles: Many people were fearful of that. People on the West Coast were particularly apprehensive.

Smallwood: That was a real fear.

Chiles: It was really a real threat because we were not well armed. If Japan had been able to muster a sizable task force, they probably could have made a landing on the West Coast. That was the thought generally expressed. Later on, I read articles that Japan had never realized they would be having as much success as they did at Pearl Harbor and therefore had no plans to continue steaming on with their fleet into the West Coast. They weren't prepared to make

an attack, and couldn't have, because they didn't have the manpower and equipment out there with them.

Smallwood: Apparently, they had stretched their forces just about as far as they could to make the attack.

Chiles: But I suppose we didn't know that, and had no way of knowing, so there was a considerable apprehension about that.

Smallwood: Well, let's get back to your situation, then. You thought you might be drafted. How did this affect the way you approached your business at this point?

Chiles: Well, we approached the business very cautiously, but on the other hand, soon after Pearl Harbor, the government properly put freezes on lots of materials. They were diverting all the materials into the war effort, so it immediately became difficult to get a lot of parts and equipment--a lot of materials of all sorts. So we started having to shape up our operation to do without a lot of things.

Smallwood: Were there any specific items crucial to your business that you recall you had to do without?

Chiles: Not at first, not at first. But in expectation of shortages that would come on, we did lay up some supplies and some materials. Our financial resources were not very great, so we couldn't put a lot of money in inventory, but we put as much as we could in the inventory. For what reason I don't know, but I remember buying some automobile tires and some truck tires.

Smallwood: That was foresight (chuckle).

Chiles: Before the war got real bad, and before all the new cars disappeared, we bought a couple of automobiles and took them up to Lubbock and stored them in a dead storage, in a warehouse, where they stayed for about two years. We did buy two or three second-hand trucks because we saw that all the trucks . . . every truck immediately was diverted to the war effort. So there was some second-hand trucks, and we bought some second-hand trucks that we could use, and we did use them through the war.

Smallwood: Did the war affect your business in a positive way, that is, did it stimulate the growth of your business in any way?

Chiles: Well, during the year of 1942, as I recall, it was pretty much a flat year. There was so much confusion about what was going to happen; there was so many men immediately going into the armed forces; and also there was a shortage of material for a while. There was confusion about what was going to happen, and everything slowed down. Then as things began to get organized, I guess, in the first part of 1943, the allocation of materials became the custom. Also, the deferment of essential people and essential industries were set up.

About that time, my partner and I both got deferred as being essential to the war effort. That was an automatic deferment that was given to certain classifications

of jobs or skills or professional people. We were automatically deferred. The draft boards were notified the people in this category should automatically be deferred. Then we were put in an automatic deferred class.

Smallwood: Because you were in the oil industry?

Chiles: Because we were in the production of oil, and they determined that that was very essential to the war effort, which it really was.

Smallwood: Of course. In fact, the Japanese were after the oil in Indonesia.

Chiles: Oh, they sure were! And they took it, too!

Smallwood: They certainly did.

Chiles: So we were deferred automatically.

Smallwood: Then you could more or less orient yourself back toward your business.

Chiles: We realized that our job was to stay there and do what we could to help maintain the total production of West Texas, which was a very important source of supply for this country. It was a big source of supply. So we found out then that we were going to have to do it and do it under some rather difficult circumstances because, pretty soon, it became virtually impossible for us to get help and keep help. The younger men, the truck drivers and the workers that we had normally had been employing, were all taken in the war effort,

so we had to look around and find people that were deferred because of ailments and infirmities. So we more or less built the organization out of men that were too old or people that were crippled or otherwise unfit for the war effort.

Smallwood: Did you employ any women?

Chiles: No, we didn't employ any women. This work was considered too tough and too . . . well, even today, we can't use any . . . we've had a lot of women that've applied, and we've given them jobs, but it's just too tough.

Smallwood: They can't stand up under the pressure.

Chiles: It takes too much strength. It just takes a stronger person than a woman to do the work that we have to do, so we didn't try to use any women.

Smallwood: That's very interesting. I hadn't thought about the fact that you would have to rely on older people and people that are basically infirm.

Chiles: We had to rely on people that were what you'd call 4-F, which is too crippled or had a bad leg or a bad arm or bad eyesight. Otherwise, they could probably work, but they were rejects as far as the draft was concerned. Or we found some people fifty and sixty years old that still were strong enough and able to work and had to make a living. The armed forces wouldn't take them. So we had to build up an organization like that.

Smallwood: After this flat year in 1942, did the business begin to

expand under these circumstances?

Chiles; Yes. Then the drilling expanded to the extent that supplies and oil well casings were available and to the extent that the rigs could get crews to run them. The drilling rigs like us had to use the older people and the people that weren't able to go to the war. So all the rigs couldn't be operated during the war because there just wasn't enough people to operate them.

Smallwood; How much would you say that your business grew, say, between 1942 and 1945?

Chiles; It's hard for me to remember, but I'll say this much. Our sales started off in 1939 at zero, of course, and by the end of, I think, 1947, when I bought my partner out, our sales in that year were \$675,000.

Smallwood; I see. And you're still operating exclusively in West Texas at that time?

Chiles; At that time, yes. We hadn't been able to open any other new areas to operate because we couldn't get men or equipment, so we operated right out of Seagraves . . . no, by 1947, we had opened a place in Levelland, Texas. We did that immediately following World War II. The end of the war was in 1945, wasn't it?

Smallwood; Can you think of anything else that occurred during the war that was of note?

Chiles; Well, I can remember the difficulty in telephone service.

We had to use the telephone considerably to call around to get supplies and to talk to the customer. Maybe our customer's headquarters or the superintendent lived in Midland or at the well. But telephone service became almost impossible. Sometimes, if you wanted to place a long distance call, you'd wait three or four hours. They'd have a waiting list of calls because the telephone company had a difficult time getting people.

Smallwood: How did you react to the end of the war? Do you recall anything about that?

Chiles: I can't remember V-E Day in Europe, but I can remember V-J Day for a very unusual reason. I was in Austin again, strangely enough. It was Sunday. I was driving into Austin, again on Sunday. My parents still lived in Hillsboro, and I'd been by there. I was driving on down there this time to see about getting an allocation or see about getting an additional supply of acid. There'd been an acid or chemical plant in Austin that'd been built during World War II, and it was going to be sold and shut down. We wanted to get the acid or even to buy an acid plant. I didn't know the situation. I'd heard the plant was there and would maybe close down, might be up for sale, or it might be operated. So I just went down there to find out about it.

Smallwood: Did you buy it?

Chiles: I finally found out that it was . . . the next day I was

there, I went out and looked at it, and it was far too big. The capacity of it was too great for what we needed. We wanted to set up our own acid plant, which we later did. But this was far too big and would have been impossible to move. But I didn't know about it until I inspected it on the following Monday.

Smallwood: Did you buy acid there?

Chiles: No, it'd been shut down, and they didn't have any. They'd stopped production, I guess, shortly after V-E Day.

Smallwood: Okay, how did the end of the war affect your business? Did it have any perceptible effect in terms of the reconversion of the government regulations, more supplies?

Chiles: It's hard for me to remember exactly, but I can tell you in a general way. By 1947, which was maybe a year, a year-and-a-half, drilling began to substantially improve and increase. Within a year or so after V-J Day, we began to get new equipment, and we were able to buy things that we wanted because all the factories had gone through the reconversion. They'd reconverted back to making the same products they were making at the end of the war. Everything was still on allocation; everything was on a priority. Our business still received a top priority, so when it came to buying the various things that were on allocation, we had a priority number that we could use.

Smallwood: Did that last until 1947?

Chiles: Yes, as I recall, it lasted for a couple of years after V-J Day, maybe in some cases a little bit longer. We were able to get some people again because people started coming back out of the factories where they'd been working in the war effort because the factories were shutting down since they were no longer building war materials. Also, men were coming out of the armed services because the Army discharged a lot of people within a short time after the war was over. So we began to get people. People were around looking for jobs, relocating. But it seems to me, though, for two or three years, it was hard for us to buy trucks. We had to get an allocation number, a priority number.

Smallwood: That's because the automobile manufacturers had to recon-vert, I assume, from wartime production.

Chiles: Well, the truck manufacturers had to reconvert to some extent, but by far and large, they had been running their assembly lines, and the trucks all going to the war effort. Now they had to turn them into the civilian use, but there was a five-or-six-year backlog of demand, pent-up demand, for all sorts of things, and big trucks is one of them. It's obvious that you couldn't walk down to a truck place and buy a truck because they had more orders than they could fill. The government controlled them and sold them on a priority basis. For each piece of equipment you wanted, you had to get a priority number and take that to

the manufacturer, and then you could get it. I remember, after the war was over, we immediately bought four or five more trucks because the demand was picking up, and in each case we had to go to El Paso, which was the headquarters for that big area out in West Texas.

Smallwood: So you couldn't buy them in Midland or Odessa or anywhere else.

Chiles: Well, we had to go to El Paso to get the authority to buy a truck, and then we would take that permission to any dealer we wanted to, and he'd sell us a truck. In most cases, we bought our trucks in Lubbock at that time, which was the nearest big city.

Automobiles to some extent were bought on priority, but it wasn't long until the manufacturers were doing pretty good. But it was a long time before the pent-up demand was met. You bought your automobiles on the black market then for a while. Sometimes, they paid enormous prices, for those days, for the automobiles. You may not remember it, J. B., but in 1946 or 1947, the first automobiles that came off the assembly lines were 1942 models.

Smallwood: I know we owned a 1942 model, but I didn't realize that it may have been made in 1946.

Chiles: In December of 1939, as you know, the 1942 models were already being made, had already been introduced, and the assembly lines were all tooled up for 1942 models. When

the war effort came, they just mothballed all of those tools and dies, and when the war was over, they just started up those 1942 assembly lines. They started turning out the 1942 models.

Smallwood: I didn't know that.

Chiles: They did that until they had time to make all the changes, and I guess in 1947 or 1948 they started making a '48 model.

Smallwood: I see. Well, I was a little young (chuckle).

Chiles: Yes, you were. I'm sure you were. But this happened. There was a battle for automobiles, building materials. When you wanted to build a house, it was hard to get materials. It was hard to get anything. There was a black market in a lot of things.

Smallwood: Did you have to use the black market for your business, or was it mostly just for automobiles and personal stuff?

Chiles: Most of the time we were able to buy without any black market. We bought our chemicals and our supplies on the standard price basis. When it came to buying automobiles, and to some extent automobile parts and probably tires, you had to buy some of that on the black market.

Smallwood: You mentioned that in 1947, you bought out your partner.

Chiles: Yes.

Smallwood: Would you be willing to tell us how this came about and what the decision was?

Chiles: After the war, and when things started picking up, and the

drilling boom started, there was . . . West Texas was quite a prolific country, and still is. There were great unexplored areas, and leases were not too hard to get. My partner decided that he would like very much to go into the oil business for himself.

Now during the war years, both of us being close to the oil operation out in the field, we had found some leases, close-in leases to a couple of the spots, and we fortunately would be able to buy those leases. We drilled some wells ourselves during the war. We had two or three pretty good little producing wells, which were making us a pretty good revenue.

So he decided that the oil business was the better part of the business, and he didn't like to deal with all the people problems we had to deal with and hard-to-get supplies in those days, so he decided at the end of the war that he didn't much want to continue to expand the acidizing business. He'd much prefer, he thought, to just go in the oil business, be an independent oilman.

Smallwood: You mean drilling.

Chiles: Drilling, yes.

Smallwood: You say that he didn't like all the people he had to deal with and this sort of thing. Did that bother you?

Chiles: No, it really didn't. It didn't bother me.

Smallwood: This goes back to what you said about your dad. He was

out-going individual.

Chiles: It didn't bother me, so on a very friendly basis one day, I said, "I'll take the acid business, and you take the oil business." He said, "That sounds like a pretty good deal to me." So we had some debts, of course. We had some mortgages on the trucks; we had some mortgages on the oil leases. We had to, by some means or other, evaluate exactly what the oil property was worth and what the service business was worth. With some help of some auditors and some experts in the field, we properly evaluated the values of each. To make a long story short, we kind of divided up the debts, and he took all the oil property, and I took the service company. I paid him, as I recall, \$47,000 in addition because we thought our property--the trucks, the acid--was worth a little bit more at the time.

Smallwood: Why were you willing to do that? I mean, you say you made him the deal. Did you figure that there was lots of potential still left in acidizing?

Chiles: Yes. Being an engineer, I liked to fool with equipment. I liked to fool with trucks and with machinery, and do the work on the well. My partner was not an engineer. He was more financially oriented. The drilling of a well and producing it and selling and marketing oil didn't take very many people.

Smallwood: I see. So part of this was a personal decision according

to what you liked.

Chiles: Yes, it was what we each liked the best.

Smallwood: And you figured that there was plenty of potential left there.

Chiles: Well, I thought that what was going to happen did happen-- that there was going to be a great, great development in West Texas and a great drilling boom. The heyday of West Texas--the biggest drilling boom that West Texas has ever seen--was the period 1947 to 1957, a ten-year period.

Smallwood: Is that when the Scurry County wells came in?

Chiles: The Scurry County wells were part of it. The Scurry County field, Snyder Field, was part of that, but it was just a small part. It was just all over West Texas and all over eastern New Mexico, on up past Lubbock and way down south, way past McCamey, and out to Pecos and, oh, way past Hobbs and Loving in New Mexico and Roswell. It was just massive.

Smallwood: Is it all in the Permian Basin?

Chiles: Yes, that's the Permian Basin.

Smallwood: There's a question I've been wanting to ask you. I don't know if this is the right place, but I'll ask it, anyway. One of the things that seems to me is a little unusual or unique about you is the fact that you began as an entrepreneur, and yet you seem to have become very conscious or sensitive to the need for management once a company has

reached a certain level. In the history of business, oftentimes, the individual who has more or less made the business often finds it difficult later on to manage it once it's grown beyond a particular size. I was wondering if you could comment on this transformation, or if you see such a transformation in your role in the Western Company.

Chiles: Yes. What you say there is very true. The entrepreneur gets up to a point where management becomes an important consideration. Almost in every case, an entrepreneur manages on an authoritarian basis--a one-man decision maker, one-man management. He's the authority, and everybody else works for him. It works quite well up to a certain point. But past a certain point, it becomes a very inefficient way to manage, and if an entrepreneur does not change, he'll ultimately go broke or have to sell his company because he ceases to be able to make money. The banks will insist that something be done.

If you have read much of the history of General Motors, you will remember when Alfred Sloan finally took over from Will Durant and straightened it out, and, incidentally, at this time, General Motors was almost broke. In maybe 1926 or '25 or '27, somewhere in there, Dupont came in and bailed them out, out of the banks, and put enough money into it to make it solvent again, and then they brought

new management in--Alfred Sloan and others. Alfred Sloan later said of Will Durant that he could create but he couldn't manage. This is true of all entrepreneurs, most all of them.

Smallwood: Rockefeller was probably an exception.

Chiles: Yes, he was a notable exception, a very notable exception, and maybe Carnegie and a few others.

Smallwood: Well, although Carnegie ultimately had to sell out.

Chiles: Firestone and Henry Ford, even, were able to survive. But maybe those were different times--back in the teens and twenties. But in the thirties and forties and fifties and sixties and seventies and on into the eighties, the entrepreneur will not be able to survive on an authoritarian, one-man type of management. It's got to be more of a modern-type management to survive in today's climate.

But I began to feel the squeeze, the need for a change in management, in the middle to late 1950's.

Smallwood: Right after you had taken over the business.

Chiles: Well, I took over the business in 1947. In 1948 we moved our offices to Midland, and I moved to Midland. The country was growing rapidly, and we were growing rapidly and expanding, and a couple of new points opened up, one in Eunice, New Mexico, and one in Odessa, Texas, and we already had one in Seagraves and one in Levelland. Then we were looking at going up into the panhandle of Texas,

and did a little bit later on. We moved our offices to Midland.

Smallwood: Now what year was that?

Chiles: In 1948 we moved to Midland, and I moved my home to Midland as well.

Smallwood: May I ask you at this point, had you had children yet?

Chiles: Yes, I did. I had two very small children. I lived in Seagraves for nine years, from 1939 to 1948, and then I lived in Midland from 1948 to 1959. When we moved from Seagraves to Midland, we had two children.

Smallwood: That always puts a little extra stress on making a living.

Chiles: It puts a little extra stress on that, and it costs a little more to live. It cost a little more to live in Midland than it did in Seagraves, and we built a little bigger house. But the company was growing, and the overhead in the company was growing, and it was spread out over a bigger territory, and we had a lot more people. It was far more difficult for one manager to manage everything and make all the decisions and see that everything was maintained on an even keel--that everything was productive; that the sales were coming in like they should and the salesmen were functioning; that the operations were going as they should; that the customers getting the good service and the quality was up; and that we had an adequate supply of everything. This was just pretty hard for one

man to do. I was driving lots of miles from Midland to New Mexico to Seagraves to Levelland and back and forth to Odessa and covering all the country--and doing it night and day. And I was adding a few trucks all the time and buying new equipment and trying to make arrangements for bank loans, et cetera, et cetera. One man gets stretched so thin he gets inefficient. Things go without somebody making a decision, people wait a long time for decisions to be made, and you start missing sales, and customers become irritated, and you start losing business. Well, things go on and off.

But in spite of that, we continued to grow until 1958. All of a sudden, just a big drop came in the market. The demand for crude oil went down, and foreign oil began being imported to this country--at about half the price of domestic crude. The rigs started shutting down; the drilling rig count fell from--I can't remember the numbers--but, say, from about 3,500 in the United States around 1947 and '48, to, oh, right on down to about 2,500 and then down to 2,000.

Smallwood: Do you recall where most of this oil was coming from initially? From the Middle East?

Chiles: Yes, it was coming from Saudi Arabia, Kuwait, Bahrein, and a little bit later on from Libya. Then, too, a lot of it was coming in from Venezuela about that time because Gulf

and Humble Oil, Standard, were developing Venezuela, and a lot of it was coming out of there. It was coming into this country about a dollar cheaper than the price for domestic crude. It made a lot of difference.

Smallwood: Let's sort of back up to this idea of management. When did you begin to become aware yourself that you might need to sort of delegate some of your responsibility and authority to other people?

Chiles: About the middle 1950's or maybe the earlier 1950's. I became aware of it, and I honestly tried to set up an organization. I didn't know much about how to organize, but I never really worked for another company except the first five years, and that was more or less field engineering and so forth. I tried to find some people and set them up in a job and delegate some authority and responsibility to them and put managers out around in various areas and give them a territorial area, both sales and operations, and it never did work. I've thought back . . . I've spent many hours thinking back about those days and what happened, and it was two things: I didn't really know how to plan and delegate and budget; and I didn't actually know, either, how to select people.

Smallwood: How did you learn to do it?

Chiles: Well, it took a long time.

Smallwood: Trial and error?

Chiles; I had to really educate myself, and all of those books there, (gesture) I read them. I started reading and researching and studying about the middle 1950's, and it took me ten years to get my MBA (Master's of Business Administration).

Smallwood: Where did you get it?

Chiles; Right there (pointing to books).

Smallwood: Right there?

Chiles; Yes.

Smallwood: In other words, you are self-educated in the area of management.

Chiles; Yes.

Smallwood: I take it you sort of approached this with the same kind of commitment and determination that you tended to approach your business.

Chiles: Right. I realized that there had to be a better way of managing, and I tried to find out. I did a lot of research in that I attended many courses in New York. The American Management Association was founded about--I don't know--the middle 1950's.

Smallwood: Was that the only formal training you had in management?

Chiles; Well, not exactly. The American Management Association was founded in the middle 1950's or early 1950's. I found out about them, and they had a number of courses, and I probably spent a total of six months, two weeks at a time or one week at a time, going to all of the

courses they had. About that time, in about 1952, I joined an organization called the Young Presidents Organization. These were all people that had been presidents of their company before they were forty years old, and the sales had to be in excess of a million dollars a year.

Smallwood: Was this an organization, perhaps, in which there were many people like yourself, who had come to realize the need for . . .

Chiles: They were all about my age, some a little younger, and they all realized the need for some more sophisticated knowledge about management. So one of the attempts that this group made was to educate ourselves better. So we set up some courses, the Young Presidents Organization, and in addition to the AMA courses, the Young Presidents Organization had the Harvard Business School set up some special two- and three-week courses especially for these young presidents. It was exclusively for them, but the Young Presidents Organization sponsored them. I spent, oh, a total of several months at Harvard in the business school, being taught by the business school faculty, the same faculty that taught the thirteen-week advanced management program, which they still have.

Smallwood: Did you think that was a valuable experience?

Chiles: Oh, yes, it was valuable. Then in the middle 1960's there was some courses offered at the Massachusetts Institute of Technology (MIT), that MIT themselves offered. Also, North-

western University offered some courses, two- and three-week courses for managers. In those days, back in the 1950's and 1960's, beginning in the 1950's, many, many universities started offering two- and three-week courses, and some four-week middle and upper level management courses for people in their forties that just had an undergraduate degree and had come into business and then had worked a few years and then felt the need for something else. In those days, it was difficult to find an MBA; you just never ran into one. There was a few schools . . . Harvard, of course, had their MBA school; Stanford had an MBA school; Northwestern had one that was new; and there was a few others around the country. But in the 1950's, it was very seldom that I ever met any manager that had his MBA, too.

Smallwood: Would you say that today most people would more or less need one to go far in a corporation like yours?

Chiles: We think that it's most unlikely that anybody will come up to the vice-presidential or presidential level or top level in this company from this point on that doesn't have an MBA.

Smallwood: Could you make a rough guess of how many books you have read on management?

Chiles: Oh, books and articles, too. If you put the articles together in a stack, it would become book-size. Oh, I guess

I've read seventy-five or a hundred. It could be more. It seems like I spent half my time reading for about ten years, and I don't know how many books you'd read in ten years' time. (chuckle);

Smallwood: Well, I appreciate your commenting on that, and I think it's very valuable to know because I think that may be what helps to make a successful businessman once the business gets so far. Let's sort of get back to the growth of the business.

Chiles: Okay.

Smallwood: I notice you mentioned in an article about a Charles Simmons in your company and how apparently he was important to the development of the company. Could you tell me something . . . a little bit about Mr. Simmons?

Chiles: Yes. Charles grew up in Seagraves where our company started. He was not born there, but his family moved there before World War II. The Simmons went to the same church I went to--the First Presbyterian, which was the only Presbyterian church in Seagraves. I became acquainted with his family, and Charles was in high school there. Before the war, I think--well, maybe in the early part of the war--when Charles was still in high school, he used to work for us in the summer. Now we also, during the war, worked some high school kids that were not yet old enough--pre-draft age.

Smallwood: I remember that. I was in high school at that time.

Chiles: Charles worked for us then. Then Charles graduated from high school and was drafted and went into the service. They took him into whatever he was in, and this was during the middle . . . well, as it turned out, it was toward the end of the war. They sent him into some university somewhere for about six months' training. The war was over, so he was released. Since he'd had his high school education, he decided to go to the University of Texas. So I introduced him to my fraternity, which was the SAE, Sigma Alpha Epsilon, and he pledged the fraternity. Then he went through the University of Texas and got his degree in 1948. I don't know the sequence here, but as soon as he got out of school, I hired him back in.

Smallwood: Was that because you had been impressed with him before?

Chiles: Yes. I was impressed with him because he worked good as a youngster. Then I kept up with him, and during the summertime while he was going to school, he'd work for us. When he got out of school, why, I just hired him. We just had it mutually understood that he'd come to work for us. But by the time he came to work for us, why, I'd moved to Midland--in 1948. He started working for us in Odessa, which was a short way from Midland. He was single, of course, just out of college in the summertime there in 1948. It was hot, and we were working long hours. He'd

come in, and he had just a room for a single man there in town. He'd come in and go to bed. Then maybe we had a job going out at six o'clock the next morning, and somebody would come by his room and wake him up, and he'd say, "Okay." They'd say, "Well, come on down! We're ready to go!" They'd wait for him, and he never would show up. What he'd do, they'd wake him up, and as soon as they'd leave, he'd go back to bed (laughter). They had a hard time. They just never could get him to work.

So one day they came over to tell me about it. They said, "Well, you hired this guy and sent him to us. We can't use him, so you're going to have to fire him." The manager over there said this. I said, "Okay, tell him to come over to see me in the morning." So he came over to see me the next morning, and I said, "Charles, it looks like that you and I are too good friends, and I'm too good friends with your father and with your mother and with your family, and it just doesn't make a good working situation. Why don't you go on out. You're a petroleum engineer, and you're a graduate of Texas University. Everybody needs engineers now; there's a scarcity of them, really." I said, "Just go and find yourself another job and quit. It's not going to work out with you working here, and it's a lot easier for you to get a job if you're working someplace. So you're not fired or anything, but

you get a job and then quit, and that'll give you an opportunity to get with some company that you can go on up with, and your record won't be besmirched by having been let go." So he said, "Okay."

Well, to this day, he's never found that job. So now he's our senior vice-president in charge of all of our sales and marketing and all that sort of thing.

Smallwood: Well, he must have done a turn-around after your talking to him.

Chiles: He did. He went back and decided he better get up in the morning when he was needed, and he started working, and he's done a beautiful job ever since.

Smallwood: So he's been with your company, then, for a long, long time.

Chiles: Well, since 1948, and that's thirty-two years.

Smallwood: Well, I notice that you had singled him out in the, I guess, in the interview that you did with The North Texan.

Chiles: Oh, really? I'd forgotten about that.

Smallwood: I thought he might have a special place in the company.

Chiles: Well, he does have.

Smallwood: I'm going to back up just a little bit more. You also said in that same article that you became involved in obtaining government loans under the ship subsidy bill of 1936. Could you expand a little bit on just what happened and when you began to do that?

Chiles: Yes. In 1936, during the Roosevelt days, unemployment was

high in this country, and Roosevelt did a lot of things to stimulate employment and get things going again. One thing he did was that he tried to get the shipyards operating by telling the shipbuilders that if they'd build ships in these yards rather than foreign yards, the government would let them sell bonds to pay for their ships, and the government would guarantee the bonds. It was not at all done to benefit the shipowners, but it was to create jobs--to get the shipyards busy and to create jobs in the shipyards.

Smallwood: Primarily for employment, then.

Chiles: For employment, and, further, to make the ships out of American steel, which would further create employment in the steel industry. So the shipowners all these years, particularly in the more recent years, the big tanker owners, have used the Ship Subsidy Act, what they called Title II, Maritime Administration Title II Bonds.

Smallwood: So it's still an active bill.

Chiles: It's still an active bill, and it's being used by all the shipowners. Well, when we started building these big floating semi-submersibles that were self-powered, they met the qualifications of being a vessel, just like a tanker is a vessel, by the interpretation of the U. S. Code and the Coast Guard. They came under the same rules and regulations as any ship, as far as the Coast Guard is

concerned.

Smallwood: Would you explain to us what you mean by the semi-submersibles?

Chiles: A semi-submersible is one that floats.

Smallwood: Now are you talking about an oil rig?

Chiles: It's a drilling rig.

Smallwood: Drilling rig.

Chiles: It's a big square . . .

Smallwood: It's like the platforms we would see off the coast of Texas.

Chiles: It's a floating platform. It's a floating platform built on two submerged pontoons. But these pontoons are about 350 feet long and about fifty feet wide and about thirty feet deep. They're huge things.

Smallwood: When did you begin to do this?

Chiles: The first one we built was in the Bethlehem Shipyard, and it was completed in about 1972 or '73.

Smallwood: In Bethlehem?

Chiles: In Beaumont at the Bethlehem Shipyards.

Smallwood: Oh, in Beaumont.

Chiles: Well, Bethlehem has one. They also have a big shipyard in Baltimore at Sparrows Point.

Smallwood: So this is a fairly recent development in your company-- this building of these off-shore rigs.

Chiles: Right. This was about finished in 1972, probably 1973, maybe.

Smallwood: Basically, you were able to issue bonds that were backed by a government guarantee.

Chiles: They were guaranteed by the government. The bonds were sold to private investors. The money came from private investors. In order to get the guarantee, we have to pay an insurance premium. Every six months, we pay so much to the government to maintain the insurance--similar to the insurance with the Federal Deposit Insurance Corporation that a bank carries, where they insure all their deposits with the government and the government takes a certain fee each month of each year from the bank for guaranteeing its deposits. I've been told that the government has never lost any money on a bank that failed because their insurance premiums have always built up enough to cover it. The Maritime Administration has never lost . . . the federal government has never had to pay out any of these bonds for the few shipowners that have failed and not paid their bonds. There's always been enough in the insurance pool to cover it, that was put in there by the owners themselves.

So in doing this, we have taken no money from the government in any way, shape, form, or fashion. There's never been any taxpayer's money used to help us build our vessels. We have bought insurance . . . and we have used a special loan which benefitted the shipyards, but

it didn't particularly benefit us because we could have built out ships in a foreign yard cheaper than we built them in this yard; but if we could lower our interest rate on our loan, our investment would be about the same ultimately. One would lower interest rates, and the other was lower costs.

Smallwood: So the main reason for the guarantee is so that the private investors would be willing to take the risk at a lower interest rate.

Chiles: Well, it was to encourage the shipbuilders to build their ships in the U. S. yards because, in almost every case, the foreign yards in this world will build the ships . . . and the shipowner doesn't care where he's going to build his ship because it's going to go all over the world, anyway.

At the present time, we're building three ships in Singapore because we can get them built cheaper at Singapore now than we can get them built . . . and strangely enough, the Development Bank of Singapore is giving us low interest rate money on the financing of about half of these vessels. We can get half of this loan on these vessels from the Development Bank of Singapore at a very satisfactory interest rate. These things are always done--not to help the shipowners, but to help the local industries.

Smallwood: So with the lower interest rates in the shipbuilding in-

dustry, you can afford to have your ship built here in the United States.

Chiles: Yes, if the ship costs more money but if my interest on my loan is less. Then in the total overall package, I can make as much return on my investment per year, and it makes no difference if I can offset the higher cost by lower loans. My shareholders will come out the same because I'll make essentially the same return on the investment on a year-to-year basis. That's all I'm interested in.

Smallwood: How important has this been, say, in the growth of your business? Has this been a major portion of it, or has it been sort of a minor factor in the growth.

Chiles: It's been a minor factor. I've financed many, many of them outside of that. I only finance them that way if I'm going to build one of those vessels in this country.

Smallwood: Is there any other advantage to having a ship built in this country?

Chiles: Yes, I get the investment tax credit on any ship that's built in this country, if the IRS will allow the investment tax credit. I'm building ships overseas right now. In order to offset the investment tax credit, plus the ship subsidy--the loan from Maritime Administration--the Bank of Singapore is giving us a special loan, and we can build them cheaper in Singapore than we can in this country. So right now, as I say, I'm building about almost \$100

million worth of jack-up drilling rigs in Singapore because I can get them really built cheaper in Singapore now than I can here, even including the ship subsidy or the Maritime Administration loan.

Shipbuilders or rig builders, having to compete all over the world with other owners of ships and rigs, must really build them of the highest quality but at the least cost that they can get them built. Since these rigs and ships operate all over the world, it really makes no difference to me whether they're built in this country or in Singapore. It's what it costs and what my interest rates are and what return I'll make on the investment. That's what really counts.

Oral History Collection

Harrell Edmund Chiles

Interviewer: J. B. Smallwood

Place of Interview: Fort Worth, Texas Date: July 1, 1980

Dr. Smallwood: This is an interview by J. B. Smallwood with Mr.
"Eddie" Chiles in Fort Worth, Texas, on July 1, 1980.

 It's been a long time since our last interview,
so I'll try to refresh your memory about what we were
talking about last time.

Mr. Chiles: Yes, I have forgotten. I really have.

Dr. Smallwood: We talked to a great extent about the ship subsidy
bill of 1936, and you were telling me about how you
had utilized the bill and also how you had financed
the construction of the deep-sea oil rig equipment.
I was asking you how important this act was to the
growth and development of the Western Company. Would
you like to respond to that just very briefly? We
didn't quite complete talking about the idea of how
important you think that having access to this subsidy
bill was to the development of your corporation.

Mr. Chiles: It was a means of financing the rig. It was a
drilling rig, which, by interpretation of the
maritime laws, or the merchant . . . or the government
. . . what I'm trying to say is that the Coast Guard

laws and rules and regulations describe a vessel, and by their description, this is a vessel. Our offshore drilling rig is a vessel because it floats, it carries a cargo, and it's self-propelled.

It was, or is, a means of financing a vessel, whether it's a tanker or a freighter or an offshore drilling rig. I think I probably said the law was passed about 1936 for the purpose of encouraging shipowners to build their rigs in this country, to use U.S.-produced steel, U.S.-produced labor, and to be built in domestic shipyards instead of foreign shipyards.

Smallwood: Yes, and you also talked at length about building some of your ships in Singapore.

Chiles: We are now building two in Singapore instead of building them over here. It was largely for the benefit of the shipyards. The shipyards--in this particular case it was Bethlehem--wanted us to build our ship in their yard. We could have built it overseas in a foreign yard. We could have saved some money by building it overseas, but we'd prefer to build it in this country. By saving on the interest rate, we could about break even with the cheaper yards overseas, so we chose to build it over here and actually got the rig at about the same price in the long run because we saved a little bit on the interest.

We've since built a number of rigs in other places

overseas and elsewhere. We've financed them through the regular sources, as we could have financed this. It was no great favor to us; it was more a favor to the shipyards than anything else. But it did favor us to the extent that we did build our rig in this country rather than overseas, which we were inclined to do, and we did it at no loss to our shareholders. The smaller interest rates offset the additional costs of building it in this country.

Smallwood: Let's now move along to the expansion of your company. We've pretty much covered the development of the domestic expansion of the company. When did you begin to expand your business overseas, that is, outside the United States?

Chiles: We started in the offshore drilling business in 1968.

Smallwood: Okay, now was that in the United States or outside the United States? I'm speaking of other foreign countries.

Chiles: It was in the United States. Our first rig was built by Bethlehem Shipyards in Vicksburg, Mississippi. We financed that through normal channels. It was finished just before Christmas in 1969. We brought it down the river, and the day after Christmas we put it to work in the Gulf of Mexico for Mobil Oil.

Smallwood: Where was that located?

Chiles: It was just outside the mouth of the Mississippi River, just east of where the Mississippi River flows into the Gulf of Mexico.

- Smallwood: I see. So it was in the Louisiana . . .
- Chiles: It was offshore from Louisiana,
- Smallwood: Do you have operations outside of the United States today?
- Chiles: Oh, yes, we have many outside of the United States. We have vessels drilling in the North Sea; we have vessels drilling off the west coast of Africa, offshore a country called Cameroon; we have one in the Mediterranean. We are moving one to the Red Sea.
- Smallwood: Would that be in Egyptian waters?
- Chiles: Yes, it's in Egyptian waters.
- Smallwood: Do you have any in the Middle East?
- Chiles: No, we do not. We have had one in the past. We've had two in the Persian Gulf, or the Arabian Gulf--it's all the same.
- Smallwood: It depends on whether you're in Iran or Arabia (chuckle).
- Chiles: Exactly, exactly. We had one working for the Iranian National Gas Company, which is an Iranian company. We had one working for them for two years. We finished our contract, and we moved out. Then we had one working for the government of Abu Dhabi, which was one of the Arab emirates. It has finished its contract and has moved. It's moved to the Red Sea.
- Smallwood: Let me ask you this: when you say you have a rig working, do you mean that you have rented this rig to another oil company, or do you actually drill the well and control the

production and all this, or do you produce, say, for Aramco or for other companies and merely furnish the equipment?

Chiles: No, we drill the wells under contract. In, like, the Iranian thing, we were under contract to the Iranian National Gas Company.

Smallwood: I see. You drilled and produced for them.

Chiles: We did not produce it. We just drilled the well and completed it as per their instructions--for them. They paid us, and we just did what they wanted us to do. When we finished with it, we moved away from it. It was their well.

Smallwood: So you were strictly a drilling company.

Chiles: Strictly a drilling company, a contract drilling company.

Smallwood: I'd kind of like to get a personal response from you on this. How did you react to your initial contacts with foreign governments? Could you describe how you first developed these contacts and how you responded to them?

Chiles: We developed the contacts through our sales department, our sales people. In one of the cases, these sales people lived overseas. They lived in London, or they lived on the continent.

Our company reacted very favorably toward working for foreign countries. At the time we did, these countries were stable. When we worked for Iran, the Shah was in power and was not even threatened at that time. So we

felt comfortable working for them under those conditions.

It's difficult to deal with a country because you deal with a bureaucracy. A bureaucracy, whether it's in Tehran or whether it's in London, moves very slowly, and it's difficult to get things done if you're in a hurry. Iran was a very good example. They never did get in a hurry for anything, and they questioned everything. You would go there one day and make an arrangement with them, and the next day it wouldn't be there anymore (chuckle), and you'd start all over. So any negotiations were necessarily quite long and quite drawn-out. That's one reason we left over there. We didn't want to go to the trouble of trying to re-negotiate another contract. We could have, but we didn't want to. It was just too painful.

Smallwood: Did you ever run into one of the problems that seems to exist particularly in some of the African, Middle Eastern, and Southeast Asian countries of certain people wanting, shall we say, a little kickback or something in order to do business with you?

Chiles: Yes, we've run into it in many places. This we refuse to do. We've always refused to do it. Right now, it's strictly against the law, and we don't dare do it. We didn't dare do it in the first place. You may develop some sort of a short-term gain when you do this, but you'll end up taking a long-term loss. So we do not

listen to that sort of thing, and we don't tolerate it, and we haven't participated in any of those things. When we get up against a situation like that, we just gracefully move on and say, "Thanks, but no thanks," and move on. Life's too short to have to put up with that.

Smallwood: Do you feel that in some instances you were at a disadvantage in terms of competition with other companies because of this?

Chiles: Yes, we've lost some work. We've lost some jobs because of that, but we've kept busy.

Smallwood: But you felt that in the long-run, it was to your advantage not to do it?

Chiles: Oh, by far. That's a tough way to do business--tough way to do business. You're always in trouble when you do it that way. You just might as well say, "Adios" and move on to some other place, and you'll find somebody that'll do business with you on an above-board basis. It's a much sounder way.

Smallwood: Incidentally, have you had any opportunities to meet any of the heads of state of countries your company has done business with?

Chiles: No, I didn't meet the Shah (chuckle), but I did meet the Sheik, as they call him, of Bahrein, which is a little island out in the Persian Gulf. My wife and I both met him, and we had an audience with him. We were led into his palace, into his reception room, which was a huge

room, very well-done, very well-appointed, in typical Arabian splendor. As we came into the front of the palace, parked our car, standing out in the front was a falconer. They just happened to be there--some other people were out there--but the falconer had the king's favorite falcon on his arm. We stopped and talked to him, and then we were ushered into the Sheik's presence. He sat between us and discussed . . . he spoke very good English. He talked with us about the problems of his country, and we talked about the oil in the Middle East and many things along that line. We stayed about thirty, forty minutes. He poured us coffee. A man comes in with a whole stack of coffee cups and a big coffee urn with a brass, very decorative, type of coffee pot--tall and slender. He hands you a cup, and he pours it to everybody, each one of them around, and he stands right there. If you want another cup, you shake your cup like that (gesture), and he pours it full again. You drink two cups, and you hand it to him, and he just puts it back on the stack again.

Smallwood: Is there anything about the Sheik's evaluation of the Near East or of oil production or the future of that area that you would like to put on record for historical preservation?

Chiles: No, there was not really anything that earthshaking that would be fit to put on the record. We just discussed the world usage of oil and the supply being in the Middle Eastern

countries, the difficulties that the prices of oil were causing, the great amount of inflow of money into the Middle Eastern countries. Just general conversation about automobiles and the influx of automobiles and all of these things. But it was just sort of chit-chat conversation.

Smallwood: Did you feel that the ruler of Bahrein had a fairly sophisticated understanding of the world oil situation, and what sort of reaction do you think he had toward, say, the United States and the Western world? Was he sympathetic with our problems or unsympathetic?

Chiles: He was a friend of this country. As you perhaps know, it's just one big oil field on this island. It's just a small island with a big oil field on it. It's been very, very productive for many, many years. It was found a long time ago. It's an old field and a consortium of American companies operate it--Standard of California, Texaco, and others.

The island of Bahrein has been a trading island for centuries. Their biggest business for centuries was pearls. It was sort of the crossroads of the world. As the traffic and traders came out of China and from that area, they met the traders coming from the west, and Bahrein has been a shipping center and a trading center for centuries. So the king was well-educated, apparently educated in foreign universities, perhaps in England, and he had a great deal

of knowledge about the world.

Smallwood: Is this the only ruler of one of those countries that you met personally?

Chiles: The only one I've ever met.

Smallwood: We sort of talked a little bit about current conditions. Would you comment on how current conditions in the Middle East and throughout the world affect American oil companies in general, in your estimation, and the Western Company in particular? In other words, how is the world situation affecting the oil business and your company in particular?

Chiles: Well, I think the oil business is affecting the world situation (chuckle).

Smallwood: Okay, we'll turn the question around (chuckle).

Chiles: Well, the world situation is closely tied to the Mid-East oil because the world depends on the Mid-East for their oil. Very few countries in the world are self-sufficient. Russia, of course, is self-sufficient, apparently; they don't seem to be buying any oil.

Smallwood: Though, I read that within five years, they may not be.

Chiles: I read that, too. How accurate that is, no one knows. At least no one that I know knows.

Smallwood: The Russians won't tell us (chuckle).

Chiles: They don't always tell you the truth. Great Britain, I believe, is self-sufficient at this point in time. If they're not, they will be very shortly. One or two of the

South American countries and Mexico and Canada have their own oil. We're going to be dependent on them for a long time.

This country could possibly be self-sufficient in ten years except for the federal government's interference in the free enterprise system. This country could be independent by reason of substituting the other means of generating electricity. About half of the oil that we import from the Middle East, or its equivalent, is used to generate electricity in this country. A large part of our electricity is generated by gas-fired boilers and by fuel oil. If we would use other means, we could replace a great deal of oil and gas. Our electricity should be generated by nuclear generators, coal-fired generating plants, or, of course, hydro-electric. We should never generate any electricity with gas or oil in this country, as soon as we can substitute coal and nuclear power for it. If we would do that, and use all of our current oil and gas that we now have and that we will subsequently find for usages such as transportation, which you can't use nuclear energy for, then we could be self-sufficient. We can also bring on synthetic oil made from coal and made from other things.

Smallwood: What do you think about this idea of creosote bushes and producing oil from vegetable products?

Chiles: We could do that. We could not only make gasohol, but we can produce oil from vegetables. But that will only be a small part of the total needs. This country needs about eight million barrels of oil a day to make enough gasoline to run our cars, airplanes, trains, and so forth. Well, to make eight million barrels--not gallons but eight million barrels--of gasoline a day, diesel fuel and others, to make it from plants or to grow enough wheat and corn to make gasohol is a pretty big undertaking. We can get a lot of oil and gas from oil shale in Colorado. We can make some from coal. We can get a lot from plants and make alcohol from grains and so forth. Altogether, we could satisfy our own needs without going overseas for it, but that'll never happen as long as the government interferes with the process.

Smallwood: Do you think conservation has any part to play in our self-sufficiency in energy?

Chiles: Well, of course, we should conserve. We shouldn't waste. But I don't think we're wasting as much as people say we're wasting. Sure, if we air condition our house. . . . we've lived before in this country without any air conditioning, and we could again, but that would be lowering our standard of living.

Smallwood: You don't think we'll need to lower our standard of living to become energy-efficient?

Chiles: Well, I don't quite understand the definition of energy-efficient.

Smallwood: Well, in other words, energy self-sufficiency.

Chiles: To be self-sufficient again, all we need to do is get the government out of the process of producing and refining and developing oil and gas and fulfilling our energy needs. If you extract the government from that process--let the free enterprise system work--the free enterprise system, the businesses operating as a free agent in the free enterprise system, will find the answer in ten years' time and satisfy all of our needs.

Smallwood: In other words, you would argue that if we could remove government control, that . . .

Chiles: And the cost of these controls.

Smallwood: . . . and the cost of these controls, we would be able to meet our needs within ten years.

Chiles: You motivate industry to do it. You've got to motivate them. You have to have an innovative climate for people to come in and do something new and different. Industry has the management know-how, the management technique, and they have the technical knowledge, the technical know-how, to do it. They will have the incentives if you re-inject the profit motive in it. They'll have the incentive to do it. They have the inventiveness to do it. All that's necessary is to get the government out of their way, get

them off the back of the energy, get the environmentalists out of it, release price controls and all the other controls. Give the industry a chance to work, and it'll solve the problem. It always has.

Take World War II, for instance. At Pearl Harbor, 1941, December 7, we were at war all of a sudden--as soon as the Japs bombed Pearl Harbor. We were not only at war with the Japs, but also, automatically, we were at war with Germany. We didn't have any army or navy; we didn't have any air force. Government went to industry and said, "Look, re-arm this nation, and do it fast." Industry said, "If you'll just give us the material we need and the people we need and tell us what you want and then get out of the way, we'll take care of it." By 1943 we were winning that war.

Smallwood: That's right.

Chiles: By 1945 we had it won. In 1947 we were the strongest nation in the world. No nation could have stood up against us, or no combination of nations could. This was what industry did when industry and government cooperated. When government performed the part that they should play as the government and let industry perform the part they should play--working together, not interfering with each other in their actions--miracles could happen.

Smallwood: Could I conclude from what you're saying, then, that you don't see any value in government regulation. Or is there

a place?

Chiles: Certainly there's a place, and I do see value for government regulations. For instance, if you didn't have any rules and regulations and didn't have any referees, you couldn't ever play a football game. It'd end up in a brawl, a fight, and they'd never finish the game. In football you've got to have some rules and regulations. You've got to know how long the field is, how wide it is, how many downs you're supposed to get, and you've got to penalize people for doing things that are wrong. In order to do this, you've got to have some officials. In football it seems like about six is enough--a pretty optimum number.

Smallwood: How many do you need in baseball (chuckle)?

Chiles: (Laughter) Well, we got four out there, and that seems to work pretty good. But if you tried to play football and put twenty-five referees in there, you'd never finish the football game, and it'd be so uninteresting that the spectators would leave, anyway, before you finished. So, yes, we've got to have some rules and regulations. We've got to have some people that see that things are done right, that people are not doing things that are wrong, but that's the extent of it.

Smallwood: So you see the government as acting to set broad limits within which the free enterprise system could function efficiently.

Chiles: That's right. We don't want to have monopolies. We've

got to have the anti-monopoly rules. We don't want collusion among companies to fix prices. We've got to have to outlaw that, and we've got to have referees that will guard against that. We've got to keep people honest; we've got to keep the crooks out of the business to the extent we can. We've got to do all of these things, but after you get through setting up a minimum amount of rules, and then get the minimum amount of people necessary to see that these rules are not broken, government should sit back on the sidelines after that and enjoy the game.

Smallwood: So you don't see the government as regulating in detail the activities of business.

Chiles: They can't. They've proved that they can't.

Smallwood: They proved they can't.

Chiles: But they also proved that it's very costly when they try it, and they can mess up everything when they try it. It's just like if you had twenty referees in a football game-- you never would finish the game.

Smallwood: In other words, there's an optimum number, and . . .

Chiles: Sure, there is.

Smallwood: . . . finding that sometimes proves hard.

Chiles: That's true, that's true. But it can be done as we proved in many other cases before, if both sides are honest and try to do the right thing.

Smallwood: Well, I want to come back to some of your ideas on this,

but I have a couple of more questions about the company in particular. Why did you choose Fort Worth rather than, say, Dallas or Houston as the headquarters for your company?

Chiles: Well, it's probably a little prejudice. I was born close to here, twenty-five miles south, and as I grew up, Fort Worth was sort of the place we all looked to as being the city that we came to. A bunch of country people, when they wanted to come to town, would come to Fort Worth, and I grew up . . .

Smallwood: That's like my relatives from Snyder.

Chiles: That's right. On the other hand, our company lived in Midland, our people lived in Midland, I lived in Midland, and I suppose, when we looked around, Fort Worth also had sort of a western flavor. We felt more at home in Fort Worth, I suppose, than we did in Dallas or Houston. We actually did look at Oklahoma City. We looked at Tulsa, we looked at Dallas, we looked at Houston, and we did look at San Antonio. All of those cities are attractive-- one for one thing and one for something else. But Fort Worth always seemed to come more closely toward filling the ideas we had for the right kind of city. We just decided that this was it, and we located here, and we've never been sorry. I'm glad we located in Fort Worth.

Smallwood: You felt comfortable here, right?

Chiles: I really did. It was close to home.

Smallwood: What year did you locate in Fort Worth?

Chiles: In 1959. In the summer of 1959.

Smallwood: We hear a lot in the Fort Worth-Dallas area about the rivalry between the two cities. As a Fort Worth businessman, I'd like to ask you if you feel this rivalry affects the business climate in the Metroplex area. Do you think it's a problem for businessmen--the fact that there is sort of this rivalry between Dallas and Fort Worth?

Chiles: When I came here, J. B., it was a problem. It was pretty rampant; it was pretty strong. Mr. Carter had died before I came here, but it was still very noticeable, more so, I believe, in Fort Worth than in Dallas. But it was quite noticeable.

Smallwood: Now could I clarify that? You say more so in Fort Worth. Is it that the Fort Worth people were more difficult . . .

Chiles: They felt more strongly about this rivalry or their probably false pride of Fort Worth. They felt probably quite jealous of Dallas because in 1959 Dallas had begun to grow and expand and develop, and Fort Worth was even going downhill a little bit because the oil companies were moving out of Fort Worth. There were a lot of vacant buildings in Fort Worth. The Fort Worth people were a little bitter about not being able to keep up with Dallas.

Dallas at this time was pre-occupied with its own growth, seemed to be moving ahead rapidly, and they really

didn't seem to bother too much about their neighboring cities. They just went ahead and did their own thing. Fort Worth finally, I think, decided to join the Metroplex when the time came to build the D-FW Airport, Dallas-Fort Worth Airport.

Smallwood: Would you say that the Fort Worth leaders or the Dallas leaders were more responsible for delaying that construction, in your estimation?

Chiles: Oh, I think the Fort Worth leaders were. About the time I came here, or shortly after I came here--I can't remember exactly--John Justin became mayor of Fort Worth, and Erik Jonsson was the mayor of Dallas. John Justin reached out the hand of friendship to Dallas and to Erik Jonsson, and I feel that John Justin and Erik became well acquainted with each other and worked together and broke down a lot of the old traditional jealousies and sat down at the table and put that airport together and built the airport. Now John Justin was out of office long before the airport was finished, but I think he set the wheels in motion. Others carried on in the same tradition.

Smallwood: What was Mr. Justin's background? Was he a businessman?

Chiles: The Justin Boot Company. Dallas and Fort Worth soon found out they could work together. They found out that each other was not quite as bad as they had thought previously, and they made friends, I believe. I don't

feel there's any real strong jealousies existing between the two cities today. People laugh about it; they kid about it; they make jokes about it. But I think Dallas and Fort Worth get along very nicely today.

Smallwood: We're going to turn now away from your business development, and I'd like to begin to explore a little bit of your involvement in politics, if that's agreeable to you.

Chiles: Sure, it is. I like politics.

Smallwood: I gathered that. If you had to sort of think back, when do you think you began to become interested actively in local, state, and national politics?

Chiles: When I was in college. When I was in college, I began to take an active interest in national politics. This was in the Depression. I very well remember when President Roosevelt ran the first time. I remember, I think, a lot about the first year or two of his administration. I remember, at first, that I was an admirer of his; I thought he was doing great. But then by the time he finished his first term, I questioned the direction he was going.

Smallwood: Could you be a little more specific about what you questioned?

Chiles: I questioned his spending and borrowing money. I'm still doing this. I questioned the amount of government spending that was going on, which at that point in time seemed to be in competition with the free enterprise system. Some

of the activities were in direct competition with free enterprise. I can't remember exactly any specific things, but later on I know the one thing that I really did question was the Tennessee Valley Authority, where the government went into the power-generating business and all of those things.

Smallwood: Had you become alienated from the Democratic Party by that time?

Chiles: No, not then. I didn't choose to support President Roosevelt the last two times he ran. I voted and that was about all I did; I was not active in the campaign. I voted for the Republican candidates, who were Wendell Willkie and Alf Landon.

Smallwood: No, Tom Dewey, I think. Alf Landon ran in 1936, and then Willkie ran in '40, and then I believe . . . didn't Dewey run against Roosevelt in 1944 and then against Truman again in '48?

Chiles: I guess that's right, yes. So I supported Alf Landon, Willkie, and Dewey, I guess. I mean, I voted for them; I didn't support them.

Smallwood: You didn't vote for Roosevelt in 1936.

Chiles: I only voted for him the first time.

Smallwood: One time, I see.

Chiles: One time.

Smallwood: So by 1936 you had begun to doubt his policies and not to

support him.

Chiles: Right, right. Now in Texas, I stayed very closely to the Texas Democratic Party because the Texas Democratic Party was very conservative. I worked very closely with Governor Alan Shivers. I supported him in every race he ran. Prior to that time, I supported Beauford Jester.

Smallwood: Did you just support them with your vote, or had you become active in campaigning and supporting them financially and this sort of thing?

Chiles: I only supported them with my vote. Now, you may recall, in those days, we most always didn't even have a Republican opponent.

Smallwood: Correct.

Chiles: It was the primary that decided who was going to be governor, so you usually picked one of two Democratic candidates. Like, when W. Lee ("Pappy") O'Daniel ran, I never voted for him, but I voted for the other candidate . . . was it Bill McCraw or somebody like that?

Smallwood: That rings a bell--Bill McCraw.

Chiles: I can't remember.

Smallwood: McCraw rings a bell.

Chiles: At any rate, by the time Beauford Jester came along, I supported him. Jimmy Allred was governor back in those days someplace.

Smallwood: He was the Depression governor. He would have been, I

think, coterminous with about the first administration of President Roosevelt.

Chiles: Well, I was in school at that time in Oklahoma, so I guess I didn't take any active interest in Texas politics.

Smallwood: When did you begin to work for candidates? Can you remember?

Chiles: Yes, it was in the early 1950's.

Smallwood: Can you remember which candidate?

Chiles: Well, it was Governor Shivers.

Smallwood: He was the first one that you would say you got out and actively worked for.

Chiles: Actively worked for.

Smallwood: You mentioned earlier that you also supported the Eisenhower ticket.

Chiles: The Eisenhower ticket both times that Eisenhower ran.

Smallwood: Were you involved in this controversy between the Eisenhower supporters and the Taft supporters here in Texas?

Chiles: No, I was not. I did not get involved in that because that was a Republican Party affair. At this time, I still thought of myself as a conservative Democrat, an Alan Shivers type of Democrat.

Smallwood: So you were a Democrat for Eisenhower?

Chiles: Democrat for Eisenhower, both times. I was the State Democrats for Eisenhower finance chairman both times Eisenhower ran.

Smallwood: I see.

- Chiles: And incidentally, Governor Shivers was the head man. He didn't carry the title as chairman of the Democrats for Eisenhower, but he was the head man.
- Smallwood: I think most people understood that at that time (chuckle).
- Chiles: I actually worked for Governor Shivers.
- Smallwood: I see. So you were working with him.
- Chiles: I worked directly for him. I reported to him, and I got my orders from Governor Shivers or his staff.
- Smallwood: When did you begin to think of shifting to the Republican Party?
- Chiles: Well, I guess I actually made a shift very early because . . . I wouldn't do it now, but I did support Jack Cox for governor against my very good friend, Governor Connally, only because by this time I had lost complete confidence in the Democrat Party.
- Smallwood: Was that the first time that you had actually identified with the Republicans?
- Chiles: Well, on the state level.
- Smallwood: On the state level, right.
- Chiles: That's the first time I'd ever supported a Republican for office on a state office. I formerly supported Eisenhower on the national level, but I still called myself a Democrat.
- Smallwood: When did you decide to stop calling yourself a Democrat and officially join the Republican Party?
- Chiles: About four years ago.

Smallwood: So it's been quite recent.

Chiles: Yes, well, it was when Governor Reagan . . . it must have been in 1976, as a matter of fact. That's when it was. Yes, in 1976. Then I just switched to the Republican Party.

Smallwood: I can't recall this right off, but had John Connally switched by that time?

Chiles: Yes, he had switched by that time.

Smallwood: Right.

Chiles: When he made the switch, I made the switch.

Smallwood: I see, so that you . . .

Chiles: Not necessarily for that reason, but it was about the same time for the same reason. What I'm saying basically is that it was not because Governor Connally did.

Smallwood: One of the things I'd like to talk to you about is the development of your relationship with Governor Connally and Governor Clements. You said that you did not support Governor Connally in the race against Cox. Could you give me some idea of how you came to know John Connally and what kind of political relationship you and he have had over the years?

Chiles: When I first moved to Fort Worth, Governor Connally lived in Fort Worth--in 1959. He was working for the City of Richardson. I got acquainted with him here in town in and around the business community. Incidentally, his locker

was right next to mine for a time in Shady Oaks Country Club, but he didn't use his locker much. He didn't have much time to play golf. But I got acquainted with him here in 1959. Then shortly after that, he ran for governor the first time. I guess it was 1961 or 1962.

Smallwood: That's correct.

Chiles: Somewhere there. He served six years. So during the time he was governor, I saw him occasionally when he'd come back to Fort Worth, and he'd be with friends of mine, and I'd meet him. After he served his first term, I began to like him as governor because he was a very conservative man. I was afraid that he was going to carry over the Lyndon Johnson thing with him, you know.

Smallwood: You weren't as fond of Lyndon Johnson.

Chiles: I never voted for Lyndon Johnson in my life. I was diametrically opposed to him. So when I found out that Governor Connally was a different kind of man, and I thought did a good job, I never opposed him anymore. I supported him then on the second and third times he ran and was glad to see him as governor and had occasion to be a little bit better acquainted with him.

But then after he finished his term--three terms as governor--and came back into private life, I did get better acquainted with him through some other close friends of mine here in Fort Worth that were close friends of his.

And after I saw his work after being governor . . . as you know, he spent some time in Washington, and I saw him up there while he was doing some of his work up there. He had been Secretary of the Navy, and then he was Secretary of the Treasury and various things. Then after he came back from Washington, during the Nixon administration-- and Nixon was a man that I supported very strongly--I would see the governor around the area, and I tried to help both Governor Connally and Nixon in every way I could.

Then, I guess, after Nixon's problems came about, and Governor Connally settled down as a lawyer in Houston, I probably saw more of him then for a few years on various and sundry jobs--some politics, some business, and some just social--until he decided to run for president. By this time, I'd become very fond of him and developed a very strong regard for him.

When he decided to run for president, early off, he let it be known to Dee Kelly and me that he wanted us to be joint chairmen for Tarrant County, for this area, for his first big kick-off campaign operation. As you know, we had a very successful beginning here in Fort Worth for his "run for the roses," you might say, but it didn't work out. But I saw the governor in Houston last week and had a nice visit with him--both Mr. and Mrs. Connally.

Smallwood: Going back to your statement that after his first term, you said you came to like him and to like his style in governorship, and yet you rejected the Lyndon Johnson approach. What was it about Connally that particularly attracted you to him and made you change your mind about this?

Chiles: Number one, he has a very fine mind; he's a very bright man. Number two, he's a very strong leader. Number three, I never found him to do anything very wrong. He's been accused of a lot of things, but I've had some pretty close personal associations with him, and I've been around him a whole lot, and I never have seen him do anything wrong. I think he's a very honest, honorable man. The reason I was real suspicious of him at first was because Lyndon Johnson was not an honest, honorable man, and I was afraid that that might've rubbed off on Mr. Connally, but I don't think it did.

Smallwood: You don't feel that President Johnson was really as honorable an individual or as open and honest as Connally.

Chiles: No. I sure feel that he was not. I feel that he was not honest and not honorable.

Smallwood: You had the image of Johnson as a sort of slick political operator. Would . . .

Chiles: I think that's exactly right.

Smallwood: Are you willing to say anything in terms of an example or

a general statement of what made you feel this way about him?

Chiles: Well, most of his operations were high-pressure, arm-twisting, more for the sake of political expediency rather than for what's good for the nation as a whole. He did what was good for Lyndon Johnson. He was not a big enough man, not a real patriot, nor a real statesman, that was going to do what was for the best interests of the country. He was going to do what would further his own career the most.

Smallwood: Was there any specific thing that you can remember that made you feel this way or become disgusted with the way he operated?

Chiles: Well, it's a pretty big thing, if you want to call it that. His Great Society program was from the very beginning impossible to achieve. It was done to build a monument to Lyndon Johnson as a president. He wanted to go down in history as a very great president, so he just tried to pull off something that was not realistic. It just couldn't be done. You couldn't fight a war and conduct the Great Society programs at the same time. He should have known this. Many, many, many people told him that it was not possible. That's really what started this country on its downhill run.

Smallwood: As I understand what you're saying, you saw President Johnson as not nearly as intelligent and bright as Governor

Connally, but you saw him more self-serving in terms of . . .

Chiles: That's exactly right. You said it better than I said it.

Smallwood: How about your relationship with Governor Clements? Could you give me some background on how you came to know him and why you have been a staunch supporter of his?

Chiles: Yes. I've known Governor Clements for a good many years. I think it goes back to about the late 1950's, before I moved to Fort Worth, which probably goes back twenty-five years ago, maybe more. But I knew Governor Clements when he opened an office in Midland for his drilling company, which in that day was called the Southeastern Drilling Company. That's where SEDCO, the letters, come from.

Smallwood: About what year was that? Do you recall?

Chiles: Oh, I'd say in 1957 or '58 or something like that. It was in the late 1950's, before I moved to Fort Worth. I didn't know him well then, but occasionally he would come to . . . he lived in Dallas, as he always did, but he'd come to Midland occasionally since he had an office out there and had some rigs running out there, and I'd meet him there. Then a short time afterwards, I moved to Fort Worth, and sometime in the early 1960's, he had some rigs running in Argentina.

I had occasion to go to Argentina a few times, and I ran into him down there. One time we rode back on an airplane together, and I got better acquainted with him.

Then, as I say, I lived in Fort Worth, and I'd drop into Dallas, and I'd see him over at Dallas occasionally.

Then he got into the offshore drilling business. From land drilling he developed offshore drilling. He was one of the early pioneers in that business. Then when I decide to get into the offshore drilling business myself, I went over and had some visits with him, just to talk about it and see what it was about. He was very nice. During the years after I got in the business, I'd see Governor Clements occasionally. Then when . . . was it Goldwater? When Governor Nixon ran the first time, which was--what--in 1968?

Smallwood: Yes, against Kennedy. His first run was against Kennedy, if I remember, in 1960.

Chiles: Yes, but then he was first elected in 1968.

Smallwood: Yes, he was first elected in 1968.

Chiles: In the Nixon run in 1968, I, of course, lined up with the Republicans, with a Republican president, which was Nixon. In those days, we thought Nixon was a great guy. A group in Dallas supported him, and Bill Clements was one of them that did. So I got well-acquainted with Bill Clements then with both of us working for Nixon. I was in Fort Worth, but we worked together.

So I followed his career. As you know, he went to Washington, I guess, in 1969 or '70.

Smallwood: He was in the Nixon administration.

Chiles: In the Nixon administration for four years. I'd see him occasionally then. When he came back down here, I would go over to see him in Dallas, or we'd see each other at various and sundry meetings. Over a period of years, we just saw each other occasionally, but since I had my business and he had his, even though we were, in a fashion, competitors, we really didn't feel that way. We had a lot of the same problems. We had a commonality of feelings and likes and positions and so forth--both interested in conservative politics, both interested in the oil industry. I'd see him at oil meetings.

Smallwood: You had sort of a community of interest that brought you together.

Chiles: We had a commonality of interests. I'm a little older than Governor Clements, but we're pretty much the same age. We were all in the same oil fraternity together. Then when he finally decided to run for governor, I was probably one of the first to call him and tell him how delighted I was and that I thought he was a great guy for that job, and I wanted to help him all I could.

Smallwood: What do you think accounts for his success in his run for governor? Why do you think the people of Texas changed their traditional voting patterns and elected a Republican governor?

Chiles: Well, I think that there's two things that happened in a

thing like this. Bill Clements was a very attractive candidate in that he was frank, honest, above-board, bright, smart, had a lot of friends, was a good organizer; and he had the money or could raise the money. The other thing was the other candidate, which was John Hill. John Hill came along at a time when Texas was getting a little leary of Democratic governors. We'd had a good, long string of Democratic governors who had all been very conservative, including Dolph Briscoe, but John Hill came along, and it looked like he was clearly going to be a liberal. He was going to follow the general Democratic line. He was going to vote for excessive spending, high taxes, perhaps unbalanced budgets, if he could find a way to do it. In Texas, that's a little hard to do.

Smallwood: Yes.

Chiles: He was going to support the national Democratic liberal policies and the national liberal Democrat regime. This was obvious to many people. So you had two things: you had a governor that was turning to the left in a state that's basically conservative; you had a good, strong conservative candidate that was reasonably well-known but who had an impeccable record, a fine background, a high-class man, a man that was smart and knowledgeable, knew a little bit about politics, and could get the money to put on a good campaign.

Smallwood: Let me go back to a comment you made about President Nixon. You said, "At that time, we thought he was a good man." In your opinion, what do you think the problem was with President Nixon's leadership that brought on his troubles?

Chiles: Nixon has a flaw in his character. He just simply isn't honest. He's just not an honest man. This was not known, generally speaking, because during the time he was a senator, and even when he was vice-president, he was never the man, as Harry Truman used to say, where the buck stops. You remember the old famous statement, "The buck stops here."

Smallwood: Oh, yes.

Chiles: Well, the buck didn't stop with Nixon until we got him in as president the first time. When he was vice-president, he didn't have to make the final decisions. Senators never make any decisions (chuckle); they just compromise in Congress. He was a lawyer, apparently a pretty good lawyer, but his true character never had been thoroughly tested until he became president. Then it wasn't thoroughly tested until about the end of his first term when he got involved in that Watergate thing. At that point in time, when all the stories came out, we found out that the guy was just not honest.

Smallwood: Well, did you find that hard to believe in the beginning?

Chiles: I didn't believe it for a long time. I didn't want to believe it.

Smallwood: Well, that's hard when you've trusted the man.

Chiles: Yes.

Smallwood: Well, I want to talk a little bit about some of the local stuff. You said that in 1976 you converted to the Republican Party, openly, because of Governor Reagan's campaign, and yet, this past year, you chose to support Governor Connally rather than Governor Reagan for the Republican nomination. Could you comment on why?

Chiles: Well, of course, that was just a choice between two Republicans.

Smallwood: Right.

Chiles: The reason for it is simply this: in the first place, by this time, I considered Governor Connally a personal friend, so I had a stronger personal tie to him. To me, your personal friends, close friends, friends that you have strong ties with, mean a little bit more. In addition to that, I had an extremely high regard for Governor Connally's intelligence, for his ability as a lawyer, and also for his knowledge of government, having served six years in this office here in Texas and then his time in Washington. I thought he was physically very attractive, that he looked like a president. I thought this would be an asset to him in running for office. He's a self-made man. So is Governor Reagan. But Governor Connally is a self-made man. He's tough. I've talked to him enough. I've heard him privately express his ideas about what he ought to do and what he would

do under these circumstances. He's hard-nosed, he's tough, he's fair, and he's a real patriot. I know him personally better than I know Governor Reagan. I don't mean to criticize Governor Reagan in any way. I think Governor Reagan has a great deal of fine assets, too, and I say "I think" because I know about Connally, but I don't know about Governor Reagan. I think Governor Reagan will make a great president, but I felt like I knew that Connally would.

Smallwood: Why do you think Governor Connally's campaign for the Republican nomination never seemed to really get off the ground?

Chiles: Well, I'll tell you what he told me, and I believe it's true. I talked to him the next day or the day after the day that he made his announcement that he was withdrawing from the races. Do you remember when he made the big announcement?

Smallwood: Yes, I do.

Chiles: I talked to him on the telephone. As a matter of fact, I talked to him about two or three times. I think it was one day that elapsed. I asked him that same question. I said, "Governor, why did you pull out?" He said simply this: "'Eddie,' in order for me to win the nomination, I had to beat Governor Reagan. I had to go out there and beat him." He said, "I couldn't do it. His strength was so deep and so firm and so solid that I couldn't dent it."

He said, "I could never dent Governor Reagan's strength. I could never take his votes away from him." He said, "When I finally decided that this was the absolute truth, there wasn't anything to do but for me to quit, to get out of the race, because he was the people's choice. He had been running for several years, and they knew him, and his support was absolutely solid. He had a solid base, and nobody could move it."

Smallwood: In other words, Governor Connally felt that there was no hope for his ever really penetrating into that bedrock support that Reagan had.

Chiles: He told me that he had finally decided that it was absolutely there, and there was nothing he could do about it, so he said, "I think he's a good man." He said, "He's the best there is out there." He said, "I'm going to support him, and I want you to."

Smallwood: This brings up Mr. Wright.

Chiles: All right, let's take Mr. Wright, and then we'll quit.

Smallwood: Okay. I gather from my reading that you at one time were a supporter of Jim Wright here in Fort Worth, but now, at least if the press is portraying it correctly, you seem to be one of his chief opponents. Could you give me a little background on your association with Jim Wright and why you eventually came to change your opinion?

Chiles: Well, when I moved to Fort Worth, Congressman Wright was

representing this district at that time, as you know. For a number of years, I didn't know Jim Wright, I didn't have the opportunity to get acquainted with him. He didn't spend much time in town, and since he wasn't here very much I just never got acquainted with him. Also, during the early 1960's, I had my business problems with the Western Company, so I didn't travel to Washington any or travel anywhere except where I had business that I had to go. So I just really never got acquainted with him.

When he'd run for office, there wasn't anything to do in that he didn't have an opponent. So it was just sort of a matter that I had no way to get any interest in. I didn't get acquainted with the congressman. There was never a choice to be made, at least for most of the time, so I guess I just almost ignored that congressional situation for a while. I spent my political time and money elsewhere--on the governor's race and on the representatives around here in the state legislature and every now and then on the presidential race every four years.

So I just left the matter alone, until, as time went on, it became more and more obvious that the liberal Democratic forces in Washington were taking a course toward socialism that would be damaging to this nation ultimately. It appeared that Congressman Wright was one of the ringleaders. This was before he became a majority leader. So I said to

myself, I guess, if you talk to yourself, and I guess people do every now and then . . .

Smallwood: I think we all do sometimes.

Chiles: . . . I said, "Well, now it looks like Jim Wright is our congressman, and since he doesn't have any opposition, he's probably going to be our congressman for a long time. So the best thing to do is to get acquainted with him and try to convince him that these things are wrong and that the other route would be more productive for our nation, and maybe he can become a congressman that will really represent what I feel the true philosophy of Tarrant County to be, and the true philosophy of Texas and the Southwest--the conservative political philosophy." So I thought, "Well, the best thing to do is to get acquainted with him." So I started making an effort to get acquainted with him. I went by Washington to see him a few times to get acquainted and had lunch with him up there a few times. I found out when he would be coming down here, and I made arrangements to see him or get with him or visit with him, have lunch or take him to dinner or otherwise talk to him in his office. I started giving him a little money for his campaigns, which he didn't really need because he didn't have any opponents; but they always like to raise money, and they spend a little money advertising themselves, so they won't get any opposition.

Then along came 1973, when we had the oil embargo, and then the matter after that where the oil prices went up and we had price freezes on our oil and gas. So I then really started talking to Congressman Wright in earnest. I tried to give him as much information on oil and gas as I could--what was good for the industry, what the prices should be in order to get industry back to drilling and to working at finding more oil. I thought, "Now this is when I really should spend a lot of time. I really should give this man all the information he needs to properly represent an oil state, an oil area--Fort Worth--and oil people. This is when our industry really needs some help."

So I worked long and hard in 1973 and '74 and '75. I spent a lot of time up there, made a large number of trips. I took stacks of information, books. I supported him with money whenever he needed it for his campaign to the limit that the Federal Elections Commission would allow. Each time he'd say, "Yeah, 'Eddie,' this is right. I understand that this is what should be done." Then things would come up to vote and--WHAM--he'd take the other side. He'd always vote the liberal, pro-consumer, pro-East Coast label. So after this happened several times, and after he virtually . . . he never exactly said, "'Eddie,' I'm going to do this," but he'd say, "I understand what you're talking about. I believe what you say, and so I'm going to see if

I can work something out."

Smallwood: You don't feel he was straight with you, then.

Chiles: Well, that's about right. He didn't really out-and-out lie to me; he didn't promise me to do one thing and then do something else. But he was very evasive and slick. Of course, I knew what he was doing, but I kept hoping that he'd come around. But he kept leaning farther and farther to the left and taking the Democrat line.

So, finally, after we'd had one big vote and big battle about price controls up there, he came down here. I was in the other building over here, and he came down by my office. I said, "Jim, you and I are parting company right today." I said, "From here on in, I'm joining the Republican Party, and I'm going to elect as many Republican candidates as I can, and I'm going to find a candidate that's going to beat you."

Smallwood: What year was this? Was this in 1976?

Chiles: Yes, about 1976. It was too late to do anything that year.

Smallwood: How did he respond to this?

Chiles: He said, "Oh, 'Eddie,' you're not going to do that." He said, "You and I are too good of friends, and we'll get along." He said, "I'm going to do all I can up there under the circumstances." We didn't get up and have a fist fight or anything like that.

Smallwood: Was your personal relationship with him cordial during most

of these years?

Chiles: I'd said, "Jim, I like you personally, and probably will always continue to like you, but I don't like what you stand for, and I don't like the way you vote, and I don't like the people you run around with, namely, the Democrats. I think the Democrats are bad for this country." He quoted me some scripture. I can't remember what the scripture was. I wrote it down at that time, but I can't remember. So we parted as pretty good friends. Well, we're not any longer because I never see him. He never says hello, and I just never see him anymore. But that year, the races were already over.

Then, in 1978 it was just not possible to get a good candidate out because he was in there hot and heavy, and everybody thought that he was still going to do some big things, and all my friends told me he was. I said, "I've been there, and he won't."

Smallwood: He still had some support among the Fort Worth leaders.

Chiles: He still had some support because he's still fooling some of these leaders in Fort Worth that he's doing big things for them, and he doesn't.

Well, after 1978 I made up my mind that there ought to be somebody that could do it here. I can't take the responsibility for Jim Bradshaw. Bradshaw was the choice of a lot of people here. But I put out enough effort and

stirred up enough people to get a lot of people interested in finding somebody to run against Jim Wright. The final analysis of the work of a lot of people is that Bradshaw came up, and Bradshaw is going to make a good candidate, and I think he's got a 50-50 chance of beating Jim Wright.

Smallwood: He will be the candidate again in 1980 against Wright.

Chiles: Well, this is the first time he's run.

Smallwood: Oh, I see. No one ran against Wright in 1978?

Chiles: Yes, a fellow by the name of Paul Brown.

Smallwood: I see, I see.

Chiles: Paul Brown. But he was no kind of candidate. He was just a name on a ballot, and he probably spent about \$10,000 on his campaign, and he didn't really have a campaign. He was just a name on the ballot. But to my knowledge, since Jim Wright was first elected as congressman for this district, Jim Bradshaw is the first time he's had some real tough opposition.

Smallwood: Briefly, what is Bradshaw's background?

Chiles: He's a businessman here in Fort Worth. He's served on the city council for several terms. When he resigned from the city council to run for this office, he was mayor so he's pretty well-known around Fort Worth.

Smallwood: What is his business?

Chiles: I don't know what his business is.

Smallwood: Are you willing to predict the future? Do you think that

Wright is in trouble?

Chiles: Yes, I think Wright's in trouble. Like I said a while ago, I think Bradshaw has a 50-50 chance of beating him.

Smallwood: Where do you think Wright's political support comes from? What group?

Chiles: Oh, from a lot of people that feel indebted to him because he's shoveled a lot of federal money into Fort Worth and Tarrant County and into General Dynamics and Bell Helicopter. It comes from the old, hard-line Democrats, the ultra-liberals, and the people that've been enjoying the benefit of all the federal money he's shoveled down here. Most of the Democrat Party is made up of, as you know, the blacks and a lot of Chicanos and labor.

Smallwood: You feel he gets that support.

Chiles: He gets that support.

Oral History Collection

Harrell Edmund Chiles

Interviewer: J. B. Smallwood

Place of Interview: Fort Worth, Texas Date: September 9, 1980

Dr. Smallwood: This is an interview with Harrell E. ("Eddie") Chiles on September 9, 1980 in Fort Worth, Texas, by J. B. Smallwood.

 Okay, "Eddie," we were talking at our last interview about local politics and congressional politics, in particular, your disillusionment with Jim Wright and your decision to support Jim Bradshaw for Congress here in Fort Worth. I might start off today by asking you what you see as Mr. Bradshaw's main attributes as a political leader?

Mr. Chiles: Philosophically, Jim Bradshaw is a conservative--a conservative as opposed to what we normally call a liberal. A liberal, if we look and examine it very carefully, is a socialist. If you look up in the dictionary and find out the definition of a socialist, and in some of the newer dictionaries find out the definition of a liberal, they're pretty much the same. A socialist and a liberal, both, believe in a highly concentrated federal government and believe in the federal government doing most everything. To carry

it to the extreme, you hear Senator Kennedy talk about the government control of business, control of prices and wages, the government creating all jobs, and, more than that, national health care. All of these are socialist programs. They're just as socialistic as anything we have in Great Britain. Most of the liberals are that way. They are out-and-out socialists.

Jim Wright, then, is a liberal, and, in my interpretation, he's a socialist. If we don't get the socialists out of office in this country as fast as possible, we will become a socialistic country much the same as Great Britain did, at least until Margaret Thatcher was elected. The Democratic Party is equivalent to the Labor Party in Great Britain. The Republican Party is equivalent to the Conservative Party. Our conservative party, our Republican Party, does, and should, stand for such things as the free enterprise system, the free market system, the Adam Smith system, as opposed to the government doing everything for everybody and all the money channelling into the government and the government spending all the money.

Smallwood: We were talking about Jim Bradshaw, and I've noticed in the paper lately that you are supporting the Clay Smothers campaign over in Dallas. Could you explain to me your reasoning for doing this?

Chiles: Yes. Well, Martin Frost is the current congressman from

that district. Martin Frost is a liberal lawyer. He's one of these lawyers that has taken a rather liberal stand on most everything. Again, I'm opposed to liberals because I think they're trying to change the nature of our government from a representative democracy to a socialistic form. Clay Smothers is--and I know him very well--a very conservative black man. He would be a credit to the state as a congressman. He's a credit to his race. He's a good, intelligent black. He's conservative. He speaks well; he represents himself well; he represents his race well. And he would represent Texas and this district very well. Again, we have a contest between a conservative and a liberal, and I think we need to have more conservatives in Congress than we've had in the past fifty years.

Smallwood: You would say that your support for a political candidate, then, would be pretty much always determined by the designation of whether you think they're a liberal or a conservative.

Chiles: It would be determined by his political philosophy.

Smallwood: The personal characteristics of the individual would not be as crucial for you.

Chiles: No, I don't care whether it's a man or a woman or a black or a white, as long as he is a good, honest American and loves this country and is willing to do the right thing for his country more than what he does for his personal

career. I'm sick of these career, professional politicians, particularly those that've never done anything in their life but be a politician.

Smallwood: Well, this brings up a question then. What unique role do you see the businessman playing in the political process? In other words, here you are, a very successful businessman, and how do you think people like yourself and other businessmen fit into the political process?

Chiles: I think the businessman today should play the same role that the businessman played in 1776. Many of the signers of the Declaration of Independence were businessmen. Some were farmers, and some were professional men. Many of them were businessmen. They loved their country; they loved their freedom. They were tired of the tyranny of King George III, and they were tired of taxation and many other things that they thought were out of line. The businessman today should take part in the political process. He should let his voice be heard. In many cases, he should offer himself for a public office.

The theory of the early days of this nation was that a businessman, a farmer, a doctor, a lawyer, or a professional man would take a part of his career, go to Washington, serve his country for a few years as his patriotic duty, and then come back and continue his vocation, whatever it might be. I think many businessmen should do the same

thing. They should feel like it was their patriotic duty to devote a few years of their life to the service of their country, should offer themselves for public office, should run. If they got elected, they should go and serve four, six, eight, maybe ten years, no more, serve their country, and then come home and go back into private industry or to their profession or whatever they were in.

This way, we'd get a much better government because we'd have better people in it. We would not have people that are up there to make a career out of it, but the people who are there to work for their country, for the good of their country. We'd have people that would know that when they leave Washington, they're going to have to come home and live under the laws they passed up there. If many of the politicians we have in Washington today had to live under the laws that they've been passing, or knew they had to, they'd be hesitant to put some of the laws on the books.

Smallwood: This brings up your "I'm Mad" campaign in which you tend to denounce big government and to defend free enterprise. Would you like to give us a little background on the development of this campaign?

Chiles: I've had this same feeling, the feeling that I have today, I suppose, all my adult life. From the days right out of college until today, I feel that the government has been

intrusive--over-intrusive--in the lives of the individual. The government has tried to do all things for all people. The government says to us, "We'll take care of you." This began in Roosevelt's day, which was in the early part of my career, when I was in college. This goes back to there, when the government started trying to be all things to all people. Roosevelt's theory was that the government should take care of everybody. Now the government doesn't have any money to do this with except money it takes from the people. The government is a very ineffective and inefficient doer of things. It is not nearly as effective and efficient as the free enterprise system, as the people doing it themselves, so it's very costly to do it that way. But there is some fallout, because a lot of people that can't do anything else become very powerful, handling all of the money that comes to Washington and trying to do all of these things.

I've worked in this process--I've worked for conservative causes--all of my life, even though for a good many years of my life I at least was aligned in a small way with the Democrat Party. As time marched on, a few years back, I became completely disillusioned with the Democrat Party. I realized that it was becoming more and more socialized, becoming more socialistic, and the Republican Party was the only hope, so I quit the Democrat Party. I changed

to the Republican Party, and about that time I became so disillusioned about it that I felt like that it was time to make a stand and say, "You've gone far enough; you're not going to go any farther! You stop right here!" I said this about the government. So this was my way of saying it to the government: "As far as I'm concerned, you've gone too far, and you are not going to go any farther! You stop right there!"

Smallwood: About when did you develop this campaign--about how many years ago?

Chiles: It started in mid-1977, just a little bit at a time. It started with a few radio stations in the Metroplex, and then from there it spread out a little more and a little wider and a little wider. The big push came beginning the latter part of 1979 and the early part of 1980.

Smallwood: Was there any particular event that triggered your decision to do this, or was it just something that sort of evolved and then one day you decided to do it?

Chiles: The particular series of events that triggered it was the government's handling of the energy crisis.

Smallwood: I see.

Chiles: The energy crisis began in 1974, but when Carter got elected in 1976 and he formed the Department of Energy, the DOE, the handling of the energy crisis or the energy operation of this country really got in a mess. By mid-1977,

all of the laws that the Congress was trying to pass--the gas bill and deregulation and regulation and over-swollen budgets for DOE and all these things--by mid-1977, I was very angry and frustrated about the handling of basically the energy situation as well as everything else.

Smallwood: That was just sort of on top of your general disillusionment.

Chiles: Yes, on top of everything else. That's when I finally just took off and started the fight.

Smallwood: You talk a lot about the free enterprise system. Could you give me your ideas on what the free enterprise system is?

Chiles: Well, the free enterprise system came out of Adam Smith's book The Wealth of Nations, which was published in 1776, along about the time another great document was published, wherein he stated that we should have a free market and let the public--the buyer, the consumer--determine which goods he wanted to buy based on the quality of the goods, the service he got, and the price. The market, then, would allocate labor, would allocate the goods and services, would actually allocate the capital. The capital would flow to the place where it would make the greatest return on the investment. The business would flow to the most effective producer, who produced the best quality and at the best price. The consumer would be served because he would get the highest quality goods and services at the least price in a climate of free competition.

That's a pretty simple system, but people in the government and people in this country don't understand it and really don't believe in it. They think there has to be some powerful force up here somewhere that's controlling everything and overseeing everything and looking after everything. The only powerful force outside of God is a "government," whether it's a communist government or the socialist government or what at one time was a representative democracy here in this country. So the free enterprise system is when the market itself allocates capital, labor, prices, and goods and services.

Smallwood: So you'd say you're pretty much a follower of a pure Adam Smith concept here.

Chiles: Yes, except that in any game that you play, you have to have some rules and regulations. The pure Adam Smith theory would not work if we didn't have free competition. We've got to have a government, all right. We've got to have enough government to see to it that we do have free and real competition in all phases of business. We've got to have that. We've got to have a certain amount of controls. We've got to have some policemen. We've got to have some laws to see that we get free competition. We've got to have some anti-trust laws. We've got to have all of these things.

Smallwood: But you feel that we've gone much beyond that.

Chiles: We have and I liken it to a football game. We couldn't play the game of football unless we had some officials. We've got to have a referee and a head linesman and a field judge. We've got to have about five, six, seven officials on the field to play a football game. We've got to have some rules, and we've got to know where the goal lines and the sidelines are. We've got to have some rules and regulations and also some boundaries. The game of football works very well if we have good officials that do a good job and if we have the field well-marked and well-laid-out so that everybody knows where the sidelines are and where the goal lines are.

If we had twenty-five officials out on the field with twenty-two players, the game of football would be ruined--it wouldn't work. The fans wouldn't go; they'd quit it. You never would get the game played. It would just be a mess. That's what we have right now in our government, but more than that, not only do we have it greatly over-officiated--we have far too many officials--but we actually got some of them playing in the ball game.

Smallwood: They're telling the quarterback what to do, right?

Chiles: Yes, that's right. They're calling the signals.

Smallwood: You commented on the importance, once, of government in helping to clean up pollution. I'd like to know how you view the responsibilities of business in protecting the

environment.

Chiles: Well, here again, as in every aspect of our life, we have to have some rules and regulations. At one time in this nation, we didn't need anything regarding the environment because we didn't use very much of the environment.

At the time this nation was founded, we only had about three million people, and they were way off out there on the East Coast. That didn't count all the Indians back in this country.

Smallwood: We didn't have all your technological developments to help us exploit the environment.

Chiles: That's right. We didn't have all of those. But as the nation became more populated, and as we covered the whole land area of the United States, at least most of it, as we used more and more energy--the use of energy develops all sorts of pollutants and so forth--and as other things happened, we have to have a certain amount of control, again. We have to police those controls. Being able to know when enough's enough seems an impossible thing for a Congress anymore. I don't know how we're going to get back to knowing when enough is enough and where to stop, but it's easy to know when you've gone too far. We've gone way too far, so I guess, by a cut-and-dried method, we can back, back, back to some place and find out where the ideal spot is, and maybe we can stop there.

Smallwood: Can the businessman do anything in this area independent of the government, or do you see the government as sort of setting the rules and the businessman following the rules? Is there anything that the businessman can do voluntarily that would help with the environmental problems?

Chiles: Well, of course, an enlightened businessman would automatically do now what he knows is for the best interest of the country as a whole. Many, many of the plants that polluted the atmosphere several years ago and many of the, shall we say, processes that created pollutants of some kind were developed and put into effect before we knew anything about pollutants, before we realized that we could pollute the atmosphere like we have. When you built up a vast industrial complex in this country, and built it when you didn't have to think about pollution and didn't have to think about all of these aspects of handling these damaging materials, cancer-forming materials, naturally, it grew up over a period of 150 or 200 years, and it's just not possible to change it just overnight. So the government had to step in and require and force a lot of changes, which was right. Now most any responsible businessman, knowing that he can't do these things, after we finally find them out and discover them, would design and build into the newer plants the capacity for avoiding this pollution.

Smallwood: This pretty much concludes the discussion of your public career and your involvement in politics. I'd like to ask you, just for the record, a few questions about your family history and this sort of thing. How many children do you have?

Chiles: I have two children--a boy and a girl.

Smallwood: When were they born? Do you mind saying?

Chiles: My daughter was born in 1940, and my son was born in 1943. They both live in Houston. My daughter is married to Leslie Ballard, and they have one daughter who is--at this present time--about six years old.

Smallwood: One of the magazines had a picture of you with your granddaughter.

Chiles: No, that was a picture of me with one of my nieces.

Smallwood: I see,

Chiles: This little girl is about the same age as the niece that I had the picture taken with. They're very happily married. My son-in-law is in the oil business and has been very successful.

My son has his own off-shore drilling business--the same business that I'm in. His company is called Houston Off-Shore International. He has, at the present time, about five rigs either under construction or operating, and he has a real nice off-shore business of his own.

Smallwood: So oil is sort of the family business at this point (chuckle).

Chiles: Yes, it is.

Smallwood: Is there anything you'd like to add to the record about your personal history?

Chiles: No, not that I can think of.

Smallwood: I would like to ask you a few questions about your interest in sports, if I may.

Chiles: Sure

Smallwood: I guess one of the first questions that comes to mind is why a person as busy as you are--and that's obvious from today--would take on the responsibilities of a baseball team.

Chiles: I've been interested in sports all my life. I've enjoyed them. I've tried to play them in my younger days, and not being a very good athlete, I didn't do much good. But more than that, I really didn't have time for them. I had to go to work. I worked my way through school, and I didn't have time to engage in actual college competition. So I've had to satisfy myself by just being a spectator all these years, and I have been a very ardent sports spectator in baseball and football and golf and a few others. I've always done a little hunting and a very little fishing. But I did enjoy baseball and football. In recent years, the last twenty years or so, when professional football has become so popular, I've always sort of dreamed, "Well, wouldn't it be nice to own a

professional football team like some of the teams in this area?"

Smallwood: Lamar Hunt . . .

Chiles: Lamar Hunt or Clint Murchison or somebody. So I never even thought . . . I knew it would be impossible, that it never would happen, but I just thought, "Well, it would be fun."

I never really thought about owning a professional baseball team, but I did get interested in the Rangers here in the Dallas-Fort Worth area, and I got acquainted with Brad Corbett, who in about 1974 became the owner of the Rangers, or the principal owner. So back about 1977 or 1978, I used to see Brad frequently and talk to him about some of his problems and troubles with the Rangers, and most of them were financial. About the latter part or middle of 1978, I started helping him a little bit. I bought some stock; I advanced some money and made some investments in the Texas Rangers in order to sort of keep them afloat, keep them going.

One thing led to another, and I got a little more and a little more involved until the latter part of 1979, when Brad came to me and said he wanted to sell the Rangers, that he had to get a few people together that would buy it, if possible, and would I help him. So I said, "Yes," and to make a long story short, I ended up

getting a few people together along with myself and buying the Rangers from Brad Corbett and his group of people, his investors. So about the first of May or thereabouts in 1980, why, my partners and I just took full control of the Rangers and paid Mr. Corbett and his group off and bought all of their interest. So now we have it.

Smallwood: Are you glad you did it?

Chiles: Yes, I really am. Owning a professional baseball team is a very nice avocation, shall we say? It would be much nicer if I didn't have so many other things to do, but it's a lot of fun. So far, in this area, it's been a loser money-wise--it's lost a lot of money--and will continue to be until we get a winning team and until we get the radio and televisoin rights out here, which we don't have but which we'll get in 1982. We have one more year to go.

Smallwood: I want to ask you a few questions about your appointment to the North Texas Board of Regents, if you are willing to comment on that at this time.

Chiles: The appointment came as quite a surprise. One day Tobin Armstrong, one of the governor's close lieutenants down there, and close friend of the appointments secretary, called me up and talked and said, "We have an appointment to make on this board." I said, "Well, that's fine. That's a good school." He says, "Well, we want to know

if you'll take it." I said, "Who? Me?" I said, "Well, I don't know anything about the regents business." I said, "I wouldn't make you a very good regent; and besides that, I'm busy." Tobin's a good friend of mine, and I was just kidding him a little bit. I said, "I appreciate it." "No," he said, "the governor really wants you. He's not just giving it to you as a favor or anything or as an honor. He wants you to take that job on." I said, "Well, why me?" He says, "Well, you live close by, and the school's been in some trouble, and it's a little disorganized. He wants you to go up there, and he's going to appoint one more regent, and he wants the two of you up there to go in there and see if we can get the school back on the right road." I said, "Well, if the governor specifically wants me, if this is the job he wants me to do for him, I'll take it on on that basis. I don't want it for any other reason." He said, "Well, that's it." So I said, "I'll agree to take it and work on it to the best of my ability to see if I can set it up like the governor wants." So he appointed "Win" Brown and me, and there was a third appointment he had which was . . .

Smallwood: Stuessy.

Chiles: Stuessy. He said he was keeping Stuessy on because Stuessy had spent a lot of time trying to unravel some of the problems, and I guess he had. So he reappointed Stuessy.

Anyway, that's how I happened to get my appointment.

Smallwood: Would you like to comment on your experience, since you said you didn't know anything about the regents business (chuckle).

Chiles: Well, it's been a very gratifying experience. In the first place, North Texas State is a fine university to be associated with. It has a fine reputation. It's a big school. Since I've got acquainted with it, I've sort of fallen in love with North Texas State University. Then, too, it's a challenging job because the school had been in a little trouble.

I enjoyed the search for the new president, which I think was successful. I believe we got a good man. I enjoy all the associations that I have at North Texas. I enjoy associating with an academic operation. I loved college when I was there, and I always thought the ideal situation would be to be located in a college town, to live in a college town, where you could be associated with a university, particularly a smaller town like Norman, Oklahoma. That's what I had in mind.

Smallwood: How about Denton, Texas?

Chiles: Denton is very much the same. I always thought it'd be nice to just live in a college atmosphere. So this, while I don't live there, affords me a close association to a college or university, which I always thought would be a

great honor and a great pleasure, but I never really had the chance until recently.

So it's a gratifying thing, and it's worth the trouble and effort, and it is some amount of trouble and effort. It's worth all of it. So I'm enjoying it, and I like it. I expect to continue to enjoy it.

Smallwood: Well, "Eddie," I'd like to thank you for taking the time out of your very busy schedule to give these interviews, and I think this about wraps it up, unless you have something you want to add.

Chiles: Well, J. B., from time to time, we'll get together and see each other, and I'll be thinking about it, and if something comes up that we need to talk about, I'll tell you, and you do the same. We don't have to just quit it here. We can continue on it from time to time, whenever we have an opportunity, particularly after the election's over, when things have slowed down a little bit.

Smallwood: Okay.