

# Kennedy, Financier and Diplomat, Built

By ALDEN WHITMAN

WITH single-minded perseverance Joseph Patrick Kennedy devoted himself to founding a family political dynasty. To this purpose he committed his extraordinary skill for making money, his far-reaching business and political friendships and his unquestioned position as a paterfamilias.

In pursuing his goal (in which pride of name was a conspicuous part) he amassed a tremendous fortune, perhaps \$500-million, and with it a reputation for financial shrewdness. In the end, however, he discounted his riches, saying:

"The measure of a man's success in life is not the money he's made. It's the kind of family he's raised."

And after the election of his son to the Presidency in 1960 he put it this way:

"I have a strong idea that there is no other success for a father and a mother except to feel that they have made some contribution to the development of their children."

Mr. Kennedy was forthright about his own contribution. He had nurtured his eldest son, Joseph Jr., for a political career that he hoped would culminate in the White House; but the young man was killed in World War II. He then turned his attention to John, his second son.

"I got Jack into politics, I was the one," Mr. Kennedy said in 1957 of his son, then a United States Senator who hoped to become President. "I told him Joe was dead and that it was his responsibility to run for Congress. He didn't want to. He felt he didn't have the ability and he still feels that way. But I told him he had to."

"It was like being drafted," John F. Kennedy said later. "My father wanted his eldest son in politics. 'Wanted' isn't the right word. He demanded it. You know my father."

Later, with John in the White House and Robert, another son, appointed Attorney General, Mr. Kennedy insisted that Edward M., his youngest son, have his share of public office, a Senatorship from Massachusetts.

The elder Kennedy laid down the law in a conversation with the President and the Attorney General:

"You boys have what you want and everybody worked to to help you get it. Now it's Teddy's turn. I'm going to see that he gets what he wants."

And Edward got the Senate

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## Fortune to Gain Real

## Goal, Fame for Sons



United Press International

FATHER AND SON: Watching inaugural parade in 1961

seat that he wanted in 1962, but without the active participation of his father, who had been partly paralyzed by a stroke in December, 1961.

Mr. Kennedy's pride in his sons was immense. John's election to the Presidency—he was the first Roman Catholic to sit in the White House—gave his father unexampled satisfaction. The beam on Mr. Kennedy's face in photographs at the time reflected the sweet triumph he felt.

Afterward, when his son was assassinated in November, 1963, Mr. Kennedy was a frail invalid, yet he met the tragedy with stoic fortitude, concealing his intense grief in silence. For the fulfillment of his family ambitions, he would have to look to Edward and to Robert, the elder surviving son, in whose election to the Senate from New York in 1964 Mr. Kennedy found pleasure.

But tragedy continued to stalk the Kennedys. On June 5, 1968, only minutes after he had won the California primary for the Democratic Presidential nomination, Robert Kennedy was shot by an assassin in a Los Angeles hotel. He died the next day.

A cloud was cast over Edward Kennedy's political future last July 18, when a car he was driving plunged off a bridge near Edgartown, Mass., and a woman passenger, Mary Jo Kopechne, was killed. The young Senator's actions and statements following the accident stirred widespread criticism.

Mr. Kennedy had nine children. Three of his four sons predeceased him, as did a daughter, Kathleen, who was killed in an air accident in 1948. Rosemary, another daughter, has been in an institution since the nineteen-forties as mentally retarded.

Of the three other daughters, Jean was married to Stephen Smith, later active in the Kennedy financial dealings; Eunice was married to Sargent Shriver, manager of the Kennedys' Merchandise Mart in Chicago and

later director of the Peace Corps and the Office of Economic Opportunity and Ambassador to France; and Patricia was married to Peter Lawford, the actor. The Lawfords were divorced in February, 1966.

Mr. Kennedy's success as a dynast was equaled by that in the realm of finance. He enjoyed making money, and was very good at it indeed. He coined millions in stock speculation, the movies, liquor importing, real estate, oil ventures and corporate reorganization. Sharp and shrewd, he was not primarily interested in industry and production, but rather in stocks and securities. Of these he was an astute analyst, so keen, in fact, that he developed a prescience of what the stock market would do. His exquisite sense of timing gave him an edge over many other speculators.

In explaining Mr. Kennedy's success in the stock market, Richard J. Whalen wrote in "The Founding Father":

"He mixed well in all kinds of company, against every background. He was equally at ease with hard-eyed manipulators like [Ben] Smith and Wall Street patricians like Jeremiah Milbank, with corporation bosses as different as Paramount's [Adolph] Zukor and G.E.'s Owen D. Young, with bantering newspapermen and press lords like William Randolph Hearst, Col. Robert R. McCormick and Joseph M. Patterson. He could enjoy the companionship of celebrities at the Ziegfeld Roof and of roistering theatrical unknowns at Bertolotti's in Greenwich Village. Kennedy moved through many worlds, and only the keenest observer would detect the profound detachment of this gregarious man who belonged to no world but his own."

#### A Political Career

Mr. Kennedy's eagerness to make money was so strong that many observers considered him brusque and unfeeling in his use of economic power. As an example, his critics cite the fact that, shortly after buying control of the Keith-Albee-Orpheum theater chain in 1928, Mr. Kennedy responded to a business suggestion from E. F. Albee, the chain's titular president, by telling him:

"Didn't you know, Ed? You're washed up, you're through."

At one time Mr. Kennedy had political ambitions for himself.

He served with distinction as first chairman of the Securities and Exchange Commission and he supported President Franklin D. Roosevelt when other business leaders reviled him.

Mr. Kennedy was named Ambassador to Britain in 1938 and served through 1940. There, during the crisis over Czechoslovakia at Munich, he made known his support of Prime Minister Neville Chamberlain's appeasement policy.

"It is true," Mr. Kennedy said then, "that the democratic and dictator countries have important and fundamental divergencies of outlook. But there is simply no sense, common or otherwise, in letting these differences grow into unrelenting antagonism. After all, we have to live together in the same world, whether we like it or not."

War, in Mr. Kennedy's view, was a fearsome catastrophe. "Joe thought war was irrational and debasing," a confidant said. "War destroyed capital. What could be worse than that?"

In 1940, after war had broken out, Mr. Kennedy explained his view in a letter to a friend in the United States:

"I always believed that if England stayed out of war it would be better for the United States and for that reason I was a great believer in appeasement. I felt that if war came, that was the beginning of the end for everybody, provided it lasted for two or three years. I see no reason yet for changing my mind one bit."

Meanwhile, Mr. Kennedy expressed somewhat similar views in public in the United States. "As you love America," he told one Boston audience in 1939, "don't let anything that comes out of any country in the world make you believe you can make a situation one whit better by getting into the war. There is no place in this fight for us."

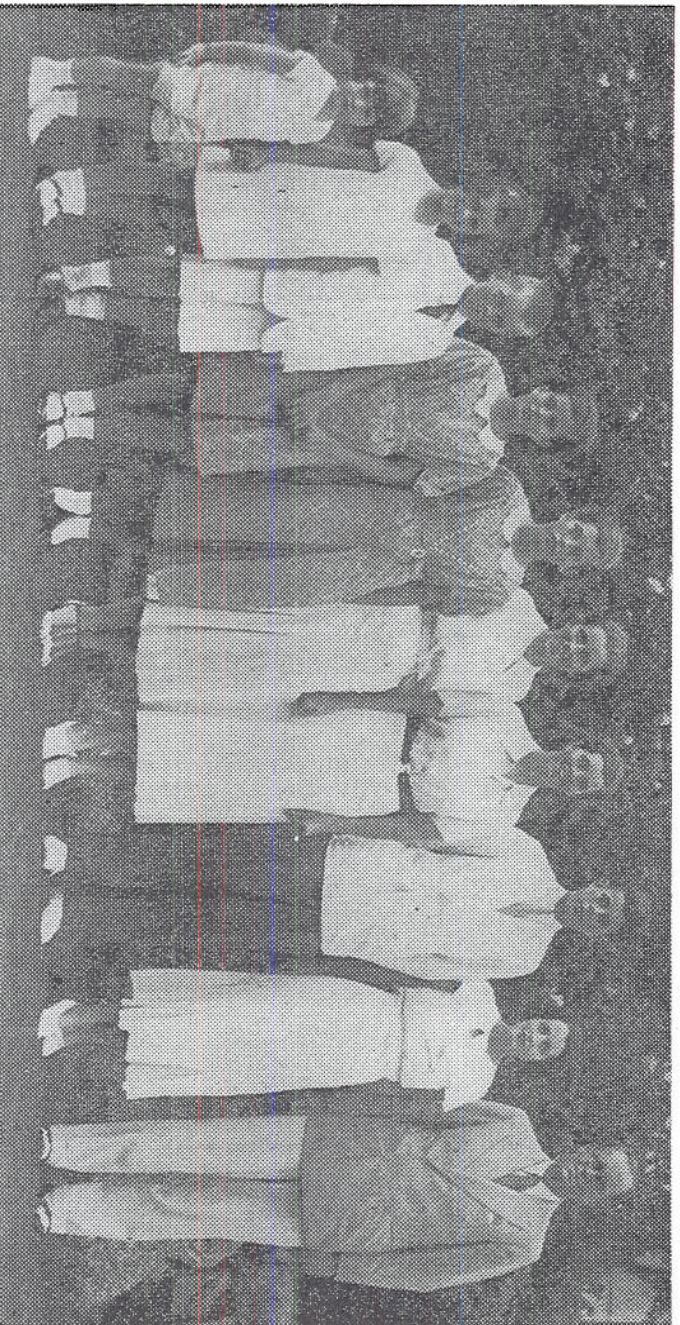
These remarks caused Mr. Kennedy to lose prestige abroad and at home, for in the climate of those times his isolationism was severely criticized. He had



IN 1960: With Joseph P. Kennedy at home in Hyannis Port, Mass., were, seated from left: Mrs. Sargent Shriver, Mrs. Joseph P. Kennedy, Mrs. John F. Kennedy and Edward M. Kennedy. Standing, from left: Mrs.

Robert F. Kennedy, Stephen E. Smith, Mrs. Smith, the then President-elect Kennedy, Robert F. Kennedy, Mrs. Peter Lawford, Mr. Shriver, Mrs. Edward M. Kennedy and Mr. Lawford. Lawfords were divorced in 1966.

Associated Press



IN 1934: He posed with his wife and, from left, Edward, Jean, Robert, Patricia, Eunice, Kathleen, Rosemary and John

seemingly misjudged the thrust of events and in doing so he voiced opinions that proved to be political liabilities not only to himself but also to his son John.

After John Kennedy began his rise in politics, his father's isolationism was kept in the background lest it be misunderstood.

At the time there were whispers that Mr. Kennedy was anti-Semitic. These reports were based in part on Mr. Kennedy's habit of referring in conversation to Jews as "sheenies" and "kikes." (He was, it was pointed out in his defense, equally inelegant about Italians—he called them "wops"—and the Irish, who were "micks" to him.) In part, the whispers were also based on documents in the Nazi archives, among them dispatches from Herbert von Dirksen, the German envoy in London. In one message allegedly covering a long talk with Ambassador Kennedy, von Dirksen wrote:

"The Ambassador then touched upon the Jewish question. In this connection it was not so much the fact that we wanted to get rid of the Jews that was so harmful to us, but rather the loud clamor with which we accomplished this purpose."

Mr. Kennedy denied the authenticity of the interview and said that the views attributed to him were "complete poppycock." Mr. Kennedy often criticized Hitler's persecution of the Jews in later years.

#### Father's Determination

Joseph P. Kennedy's independence and his fierce will to succeed were bred into him as a child. His father, Patrick J. Kennedy, was born in an East Boston slum, but he became a "lace-curtain" Irishman, with a comfortable income derived from ownership of saloons, a wholesale liquor business and an interest in a bank. He was determined that his son, who was born Sept. 6, 1888, should rise high in the world.

With this in mind, he sent Joseph to Boston Latin School and to Harvard, schools that few Boston Irish Catholics attended in those years. There the young man experienced the hauteur of the established families. He got to know the well-connected at Harvard (his class was 1912) but he was not a member of the best clubs. (Mr. Kennedy's connections with Harvard were never enthusiastic, and they became positively frigid when he was turned down for an honorary degree later in life.)

In addition to giving his son educational advantages that most Roman Catholic boys of his day did not enjoy, Patrick Kennedy endowed Joseph with a political heritage that was to come in handy for Joseph's sons. Patrick was a power in Boston politics, serving five terms as a State Representative and one as a State Senator. He was also a member of the famous Board of Strategy, the inner circle of Boston Irish ward leaders.

Quiet spoken, Patrick Ken-

neddy had little in common temperamentally with the ebullient John F. (Honey Fitz) Fitzgerald, the maternal grandfather of the 35th President. In fact, Pat Kennedy found Honey Fitz, who served three terms in Congress and was Mayor of Boston, a barely tolerable buffoon, much given to singing "Sweet Adeline."

But the families were on social terms, and in 1914, Joseph P. Kennedy married Rose Fitzgerald, daughter of Honey Fitz.

Joseph was at that time a lanky youth with pale blue eyes and sandy-red hair who had showed business acumen by earning \$5,000 as entrepreneur of a tourist-bus enterprise during summer vacations at Harvard.

He told friends that he would be a millionaire before he was 35. Within two years of his graduation he was president of a bank, the Columbia Trust Company, in which his father was a director. He and Mrs. Kennedy moved to Brookline, then a moderately fashionable suburb of Boston. The family expanded rapidly—five babies in six years, nine in all.

John F. Kennedy, their second child, was born in the Brookline house May 29, 1917. Shortly after his birth, the father accepted Charles M. Schwab's offer of a wartime executive job at the Bethlehem Steel Company's big Fore River plant in Quincy, Mass.

At the end of World War I, he joined an investment banking firm in Boston. He foresaw the beginning of a wild financial boom and soon he was in Wall

Street, trying his luck as a lone-wolf operator.

During the nineteen-twenties Mr. Kennedy dabbled in show business. He bought a chain of New England movie houses, got control of a small producing company and finally flourished as a board chairman, special adviser or reorganizer of five film, vaudeville and radio companies: Paramount, Pathé, First National, Keith-Albee-Orpheum and the Radio Corporation of America. He is said to have made \$5-million in three years in the motion-picture business.

In pursuit of his motion-picture ventures, Mr. Kennedy spent a considerable time on the West Coast, leaving the day-to-day rearing of the family to his wife. It was she who ruled the children in her husband's name and saw to it that, absent though he was, he retained their respect.

Among the movie stars Mr. Kennedy backed was Gloria Swanson, whose banker, adviser and close friend he was for several years. The end of their relationship was abrupt. "I questioned his judgment," Miss Swanson recalled. "He did not like to be questioned." Earlier, however, she had named her adopted son for him.

All the while Mr. Kennedy was managing Miss Swanson's fortunes and making money in Hollywood, he was busy in Wall Street. When the crash came in 1929 he was largely out of the

market, having taken his winnings early and in cash. "Only a fool," he said at the time, "holds out for the top dollar." He also made money in the crash itself by selling stocks short.

Meanwhile, by 1926, Mr. Kennedy's varied business interests were concentrated so exclusively in New York that he decided to uproot his family from the Boston scene. The move was made in style—a private railroad car brought the family from Brookline to their new home in the Riverdale section of the Bronx.

Later the family moved to Bronxville, N. Y., where Mr. Kennedy had purchased an 11-bedroom red-brick mansion surrounded by spacious lawns. This was the family homestead until World War II.

Mr. Kennedy had announced his intention of settling a \$1-million trust fund on each of the children. He said he wanted them to be able to look him in the eye and tell him to go to hell. Yet, with all this outward show of encouraging independence, he somehow managed to instill in the children a fierce kind of tribal loyalty.

Mr. Kennedy entered national politics in 1932. Through dealings with William Randolph Hearst, the publisher, he was of significant help in obtaining the Democratic Presidential nomination for Mr. Roosevelt. Moreover, he gave \$25,000 to his campaign fund, lent it \$50,000 and raised \$100,000 for it from friends.

He had a hope of being named Secretary of the Treasury, but President Roosevelt chose him as the first chairman of the Securities and Exchange Commission. In this post he was responsible for writing the stern regulations that outlawed wild buying on margin and that protected investors from sharp Wall Street practices.

Just before taking the Government job, Mr. Kennedy made a million dollars or more by cornering the important franchise for several Scotch whiskeys and a British gin. With repeal imminent, he obtained a Government permit to import thousands of cases of his whiskey and gin for medicinal pur-

poses. Kennedy warehouses were bulging and ready to flow when repeal came.

The franchise had cost \$118,000. Mr. Kennedy sold it 13 years later for \$8.5-million.

#### Questioned by Moley

Just before his appointment to the S.E.C. Mr. Kennedy was questioned by President Roosevelt in the presence of Raymond Moley, a New Deal adviser. In the conversation, Mr. Moley told Mr. Kennedy that "if anything in your career in business could injure the President, this is the time to spill it."

In his book "After Seven Years," Mr. Moley recalled what happened next:

"Kennedy reacted precisely as I thought he would. With a burst of profanity he defied anyone to question his devotion to the public interest or to point to a single shady act in his whole life. The President did not need to worry about that, he said. What was more, he would give his critics — and here again the profanity flowed freely — an administration of the S.E.C. that would be a credit to the country, the President, himself and his family — clear down to the ninth child."

And, indeed, liberals who had protested Mr. Kennedy's appointment were obliged to concede that he did a splendid job at the commission. He was a good administrator — conscientious, outspoken, thorough.

He resigned in 1935, but was recalled to Washington as chairman of the Maritime Commission, a post in which he served with distinction in an attempt to reorganize the nation's merchant navy.

In 1936, when many business leaders were joining the Liberty League to battle the New Deal, Mr. Kennedy supported Mr. Roosevelt's second-term bid, writing an effective tract, "I'm for Roosevelt," that argued that the New Deal was saving the capitalist economic structure.

His reward this time was the post of Ambassador to the Court of St. James's. He was to represent the United States in London at one of the most crucial periods of Anglo-American relations—1938 through the outbreak of World War II and until his resignation in the fall of 1940.

Mr. Kennedy's honeymoon with the British press was short-lived. A chill also quickly developed between the Ambassador and the White House. In London Mr. Kennedy had be-

come a close and frequently consulted friend of Prime Minister Chamberlain and other leading appeasers of Hitler in the Government—Sir Horace Wilson and Sir John Simon. Like them, he felt that Munich assured "peace in our time."

He made a widely quoted speech at the British Navy League dinner in 1938 in which he said that the world was big enough for the democracies and the dictatorships, and there was no reason why they couldn't get along together without war.

#### Annoyed Roosevelt

President Roosevelt had not yet taken an open stand against the Munich agreement, but he found Mr. Kennedy's words hard to swallow. Shortly after the Navy League speech, the Ambassador was in the news again with a plan to remove 600,000 Nazi-persecuted Jews from Germany and resettle them in sparsely populated parts of the world. In Washington, President Roosevelt and Secretary of State Cordell Hull, clearly annoyed, said they knew nothing of the Kennedy plan.

The war years were grim for the Kennedys. Mr. Kennedy's eldest son and namesake went to war as a Navy pilot, and was killed when his plane exploded over England on Aug. 12, 1944. His death cut off a political career that had begun in 1940 when he was a 25-year-old delegate to the Democratic National Convention.

Mr. Kennedy was emotionally shattered, for at that time his son John, also a Navy lieutenant, was in Chelsea Naval Hospital, Boston, recovering from severe injuries suffered when a Japanese destroyer rammed his PT boat in the Solomon Islands. Only a few weeks after the death of Joseph Jr., Mr. Kennedy lost his son-in-law, the Marquess of Hartington, the husband of Kathleen. He was killed while leading an infantry charge in Normandy. (Four years later Kathleen was killed in a plane crash in France.)

After the war, Mr. Kennedy increased his fortune by Texas oil investments and the purchase of real estate in New York, Palm Beach and Chicago. He bought Chicago's Merchandise Mart, the world's largest commercial building, from Marshall Field in 1945 for \$12.5-million, putting up only \$800,000 in cash, and promptly mortgaged it for \$18-million.

By the end of 1945 Mr. Ken-

nedy owned real estate in New York having an assessed valuation of \$15-million. His transactions were spectacular. He bought a property at 51st Street and Lexington Avenue for \$600,000 and sold it for \$3,970,000; another at 46th Street and Lexington for \$1.7-million, selling it for \$4,975,000, and another at 59th and Lexington for \$1.9-million, which skyrocketed in value to more than \$5.5-million.

As fast as he moved into real estate, Mr. Kennedy got his money out by mortgaging his properties to the hilt. Much of the money he made went into oil ventures offering depletion allowances for tax purposes.

He joined syndicates backing wildcat wells, and although his luck ran hot and cold he managed to earn high profits.

Meanwhile, in 1946, John F. Kennedy was persuaded to get into politics. A family council decided that he should make his debut in a race for the House of Representatives from the 11th Massachusetts District, which embraced Harvard, slum areas and middle-class Irish and Italian wards in Boston.

At the time, the elder Kennedys were not legal residents of Massachusetts and John was not a registered Democrat, a qualification he met as the deadline was about to expire.

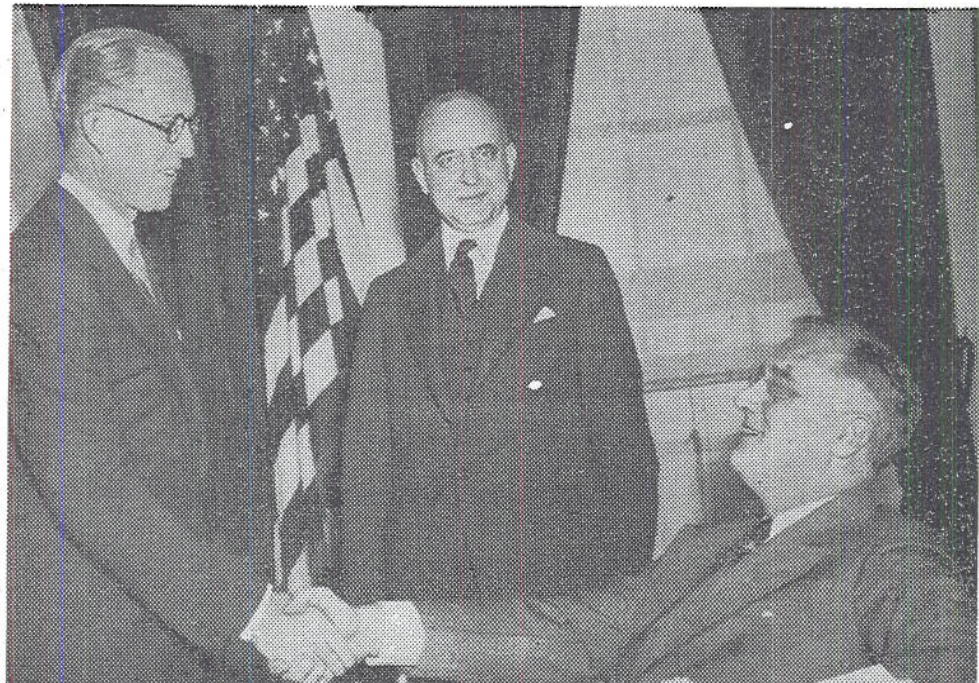
The primary in June, 1946, not the election, was crucial, since the district was solidly Democratic. Ten aspirants sought the nomination, but only one had Joseph P. Kennedy for a father, whose command post was a suite in Boston's Ritz-Carlton Hotel.

"I just called people," Mr. Kennedy said modestly in after years. "I got in touch with people I knew. I have a lot of contacts."

Describing Mr. Kennedy's role in that campaign, Mr. Whalen wrote in "The Founding Father":

"The telephone was the instrument and symbol of Kennedy's power. That a man with his enormous wealth enjoyed influence was not unusual; but the scope of his influence was extraordinary. He knew precisely whom to call to move the levers of local political power.

"Jack's campaign had two separate and distinct sides. On display before the voters was the candidate, surrounded by clean-cut, youthful volunteer workers, the total effect being one of wholesome amateurism.



ENVOY: Mr. Kennedy shaking hands with President Roosevelt after being sworn in as Ambassador to London in 1938. Supreme Court Justice Stanley F. Reed is in the center.

At work on the hidden side of the campaign were the professional politicians whom Joe Kennedy had quietly recruited. In his hotel suite and other private meeting places, they sat with their hats on and cigars aglow, a hard-eyed, cynical band, brainstorming strategy."

The result was that John Kennedy's district was saturated with his name, and he himself went from door to door soliciting votes. His brothers and sisters also pitched in. Joseph Kennedy did not believe in leaving politics to chance. His son won easily; his father's cash outlay, according to Mr. Whalen, was \$50,000. Once in office, Representative Kennedy was re-elected handily in 1948 and 1950.

As early as 1949, however, John (and his father) had an eye on Henry Cabot Lodge's Senate seat, which would be up for contest in 1952. Every weekend John was in Massachusetts on speaking engagements, in preparation for that campaign. "We're going to sell Jack like soap flakes," his father said.

#### Senate Campaign

And again in 1952 Mr. Kennedy moved into the Ritz-Carlton, recruited campaign personnel and worked out of the public view. How much he spent was never disclosed, but the cost of the Kennedy campaign was estimated to exceed \$500,000.

The campaign against Mr. Lodge and his defeat had overtones for Mr. Kennedy. In 1916, Mr. Lodge's grandfather had barely beaten Mr. Fitzgerald, Mrs. Joseph Kennedy's father. Moreover, since 1936, Mr. Lodge, the quintessence of Brahminism, had defeated James M. Curley, Joseph Casey and David I. Walsh, three popular Irish politicians who had sought the Senatorship.

A few weeks before the election, The Boston Post switched support from Mr. Lodge to his opponent. Six years later a House investigating committee discovered that Joseph Kennedy had lent John Fox, owner of The Boston Post, \$500,000. The loan was made after the election and Mr. Kennedy insisted that it was "simply a commercial transaction."

This was a time when the late Senator Joseph R. McCarthy, Republican of Wisconsin, was at the height of his power in Washington. Mr. Kennedy contributed to Mr. McCarthy's campaign. It was later alleged that one purpose of Mr. Kennedy's contribution was to keep the Wisconsin Senator from coming into Massachusetts and campaigning in behalf of Mr. Lodge. Whatever the truth of this, the fact was that Mr. McCarthy stayed out of Massachusetts. And John F. Kennedy suppressed any urge he may have had to attack Mr. McCarthy.

But when he ran for President in 1960 his father was a

definite albatross. At the Democratic convention in Los Angeles, supporters of Adlai E. Stevenson charged that Joseph P. Kennedy had attempted to buy the nomination for his son and had tried to influence delegates, notably from New York and New Jersey. Mrs. Franklin D. Roosevelt, who had never liked Joseph Kennedy, wondered about the father's influence on the son.

And just a few hours before John F. Kennedy won the nomination, Senator Lyndon B. Johnson of Texas, a leading contender for the nomination, made a bitter attack on his father.

"I was never any Chamberlain umbrella policy man," Senator Johnson said. "I never thought Hitler was right."

If the Johnson slur angered Senator Kennedy, political expediency dictated an overnight healing of wounds. Next day he said he wanted Senator Johnson as running mate and, to the astonishment of many, Mr. Johnson accepted. He succeeded President Kennedy after his assassination in 1963.

The idea that Senator Kennedy seldom, if ever, agreed with "Old Joe" on political issues was carefully nurtured by the Democrats in the campaign and by the candidate himself.

"Dad is a financial genius, all right," his son once said, "but in politics he is something else."

#### Returned for Election

Joseph Kennedy was more than 3,000 miles from American shores, in a villa at Cap d'Antibes, when his son won the nomination. He stayed there most of the summer. He was back in his rambling beachfront home at Hyannis Port, Mass., on Cape Cod, in time for the election.

"I just think it's time for 72-year-old men like me to step aside and let the young people take over," he told a correspondent who hunted him out on the Riviera. Rose, his wife, had another explanation:

"He has been rather a controversial figure all his life and he thinks it's easier for his sons if he doesn't appear on the scene."

He surfaced quickly when the election had been won. Shortly after Richard M. Nixon, the Republican candidate, had conceded, the Kennedys gathered for news photographers at Hyannis Port. The photos included a beaming Joseph Kennedy, sitting at the right of the new President.

Subsequently, until his crippling stroke, Mr. Kennedy was prominent in photos and articles on the activities of the First Family at the White House, Palm Beach and Cape Cod.

After his stroke, Mr. Kennedy lived in virtual seclusion either in Palm Beach or in Hyannis Port. When he recovered some of his facility for speech, he enjoyed the presence of his children and grandchildren.