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WILBUR MILLS ORAL HISTORY, INTERVIEW I

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ACCESSION NUMBER 79-41

INTERVIEW I

DATE: November 2, 1971

INTERVIEWEE: WILBUR MILLS

INTERVIEWER: JOE B. FRANTZ

PLACE: The Capitol in Washington

Tape 1 of 1

F: Mr. Congressman, you came to Congress in 1938, or [were] elected in 1938, came in 1939, right?

M: That's right, January 3.

F: Did you know Lyndon Johnson previously to that?

M: I did not, but I became acquainted with him almost immediately after I came to Congress.

F: Because you were bordering states, or some other reason?

M: That's right.

F: How did you first meet him?

M: My recollection is behind the rail on the House floor.

F: Did you develop a fairly close relationship in that time?

M: I thought we had a very close relationship, yes.

F: I presume that Sam Rayburn sort of acted as, to use the expression, midwife in this in a way.

M: We were thrown together an awful lot as a result of Sam Rayburn, yes.

F: You have often been spoken of, in a sense, as one of Sam Rayburn's boys.

M: I am always honored when anybody says that.

F: Did you get in on these Board of Education meetings that came along?

M: Oh, yes.

F: Did you have a feeling in those days that Lyndon Johnson was going to go beyond the House and try for something a little broader?

M: I didn't get that impression of him. I didn't know enough about his ambitions, of course, but I thought he was ideally fitted for the legislative branch of government, and that when he was elected to the Senate and became majority leader that that was probably what he had as his top ambition. I was not intimately acquainted with his desires or with his ambitions.

F: Did you work with him on any committees in the House?

M: No, he was on the old Naval Affairs Committee in the House. I was on the Banking and Currency first and then the Ways and Means later. So we were not on the same committees. I worked with him not only in the House but to an even greater extent after he went to the United States Senate and became majority leader.

F: Yes. Now then, when he became Senate majority leader your relations continued, in fact, if anything it seemed to deepen. Is that right?

M: Oh, yes, we became much closer while he was in the Senate, really, than had been the case while we were in the House.

F: Now, why is that?

M: I don't know unless it was the fact that he occupied a more preeminent position in the Senate than he did in the House. He had no real seniority in the House by the time he ran for the Senate. He had been here a while, but he had not gone up to be chairman of the committee or anything.

F: Meanwhile though you're climbing the seniority level.

M: Yes.

F: Did you work together on legislation?

M: Oh yes, altogether.

F: Did you find any sort of House-Senate conflict under his leadership?

M: No. The Senate, I think, under Lyndon Johnson operated far more cooperatively with the House than at any time since I have been here.

F: That's before or since?

M: Before or since.

F: Were there feelings in the House among the House members that maybe he paid too much attention to the House, which is not his body?

M: No, I don't think that could be said of him. He was very loyal to the House while he was here, but then after he became a senator his loyalty shifted to the Senate, He was intensely loyal to that body while a member of it.

F: Were you active in the 1956 Democratic convention, the one that picked Adlai Stevenson for the second time and nominated Estes Kefauver?

M: Yes, I was there.

F: Do you have any light to throw on why Texas abandoned Kefauver and went for Kennedy?

M: I was not really in on a lot of the caucusing that took place at that time. My own state went for Kennedy as well.

F: Yes.

M: I never really knew why the old pros of the Democratic Party did not like Estes Kefauver enough to want him to be nominated. Apparently they thought more of Kennedy than they did of Kefauver, because practically all of them that I knew anything about it at the convention were very definitely for Kennedy.

F: This would have extended to Sam Rayburn, too?

M: I don't know about that. I don't about that. He was presiding as the permanent chairman of the convention. I never did talk to him about it. I don't know what his views were. But I think very definitely the Senate Majority Leader at the time was on the Kennedy side.

F: Did you ever have any opportunity in these Senate days of Lyndon Johnson to observe his relationship with J. William Fulbright?

M: No, I thought they were pretty good friends in those days. I had occasion to visit with

both of them. I don't know that I ever heard Lyndon Johnson say anything about Bill Fulbright, but it is my recollection that Bill had a great deal of respect for him as majority leader. Whether they were close personally, I never knew.

F: Was there a feeling that quite apart from being a Texas senator and a majority leader for the whole nation, that Johnson was a fairly good representative of a section?

M: Oh, absolutely, he was probably the greatest senator Texas has had since I have been here, and so far as Texas interests are concerned that includes Senator [Tom] Connally and Senator [Morris] Sheppard, who were in the Senate when I first came. I don't mean to say they weren't great senators--they were. But I do know that Lyndon Johnson was very tenacious when it came to resolving problems and obtaining things for his native state.

F: Did the passage of the civil rights act in the late 1950's reduce Johnson's influence among the southern delegations?

M: I don't think so. I never detected it.

F: Did they sort of accept it as something he had to do.

M: He was very close to members of the Senate from the South when he became president. He was very close to them when he was running for the presidency in 1960. They were unable to deliver perhaps as much as he thought they would be able to deliver.

F: Did you have any intimation of his making a try for the nomination in 1960?

M: I think all of us knew sometime in early 1960 or late 1959 that he would make this try to get the Democratic nomination in 1960. It was rather common talk around the Capitol that he was interested in the nomination and that he in all probability would enter some of the primaries and make an effort to get the nomination at the convention.

F: What was the general feeling about his chances?

M: I don't know what the general feeling was. I personally did not think he had much of a chance.

F: Did you go to Los Angeles?

M: I was not in Los Angeles in 1960.

F: Were you surprised when he accepted the vice presidential nomination?

M: Yes, I was.

F: Did you have any contact with him on it?

M: No, I did not.

F: Did you do more than just more nominal working for the ticket. Of course, you had a race yourself in 1960.

M: No, I had no campaign in 1960. I was very active in support of the ticket that fall, Kennedy and Johnson, yes.

F: Where did you campaign mostly, in Arkansas?

M: In Arkansas.

F: Did Johnson have a reassuring effect on the populace, because I know the church problem was real?

M: Oh, yes, it was real in parts of our state, parts of the country, and I think undoubtedly he did have a reassuring effect upon the people of our own state. They were for him at the convention in 1960, preferred him for the office of president over Kennedy. The ticket was an ideal ticket as far as the Democratic Party was concerned, and he gave a great deal of strength to the ticket.

F: How did you handle this religious problem? How did you handle the ticket for that matter?

M: Well, I'd always contend--I don't know whether I believed it as much as I might have appeared to believe it--that the people in my state would not make a decision on the basis of religion or ethnic origin. I denied all of that when anybody told me.

F: Of course, you and I both remember Joe Robinson and Smith, which was a little different kettle of fish.

M: No, but I would approach it on that affirmative basis, that I didn't believe these statements that some people were prone to make that people in Arkansas would make a decision on those bases.

F: Did you have any personal contact with Johnson during the campaign?

M: Yes, more with Kennedy, frankly. More with Kennedy in 1960.

- F: Did Johnson do any campaigning in Arkansas?
- M: I don't recall that he did. Bobby Kennedy came into our state representing the ticket.
- F: How did Bobby go over?
- M: Went over big. He was introduced by Senator McClellan at a large meeting over in northeast Arkansas and did quite well.
- F: Jonesboro?
- M: No, it was Blytheville. But he did quite well. John McClellan and I were very active for the ticket. We went to Oklahoma City at the nominee's request to hear Kennedy speak at a meeting in Oklahoma City. You must bear in mind that Senator McClellan had been close to Joe Kennedy over the years and knew other members of the family. He had Bobby Kennedy on his Government Operations [Committee] staff at one time and then this special committee, too. So there was a warm feeling between him and the Kennedy family.
- F: Did you get into Texas at all during the campaign?
- M: I did not. No.
- F: When Johnson became vice president did you see anything of him during those vice presidential years more than just--
- M: I got a definite impression that Kennedy made a very grievous and serious mistake in not utilizing the Vice President to the extent of the Vice President's abilities. He was a great master at getting things legislated. I think the President should have used him in that capacity more than he did. I think perhaps I had a feeling at least that the President had more or less shelved the Vice President or, as we say in Texas and Arkansas, turned him out to pasture. I didn't think the President's relationship with the Vice President was as good as it should have been. I don't think they were as close as they should have been. I have already said that the President I didn't think utilized him to the extent that he should have.
- F: You didn't see much of Johnson in a congressional liaison role?
- M: No, no, none at all. Now he may have been in that capacity in the Senate, I wouldn't have known about it. But he could have also worked over here, too.
- F: Did Johnson surface much within your purview on certain types of legislation that would have affected you like Medicare and the various tax bills?

- M: No, I never talked to anyone within the administration about legislation other than the President [and] Larry O'Brien or someone like that, some member of his cabinet.
- F: Looking ahead, was there an essential difference between White House congressional liaison under Johnson over the way it was pursued under Kennedy, or was it just about the same pattern?
- M: It was about the same pattern. I think perhaps President Johnson became involved himself more than President Kennedy did--not with me, now don't misunderstand, but I think with other chairmen and with other members of the Congress, perhaps.
- F: Did you sort of get the feeling that the White House pushed a little harder under Johnson?
- M: You didn't have to get that feeling. Any time President Johnson was involved the push was all out. He was a very forceful individual, very much of a mind of what he wanted.
- F: Now then, you were where at the time of the assassination?
- M: I was in the Ways and Means Committee room conducting a hearing.
- F: What did they do, come and pull you out of it?
- M: No, word was passed in to me, and we adjourned, of course. I didn't know at the time that the President was dead. Our report was that he had been shot.
- F: Did you have a feeling that there was going to be much change under Johnson when you enter a new administration, or did you think it was pretty much a continuation?
- M: No, I thought there would be a decided change.
- F: In what way?
- M: Well, I thought the two personalities were different. Their viewpoints were different with respect to many things, and I thought there would be some change in thinking at the White House.
- F: Did you expect as much push for social legislation as you got?
- M: I didn't realize that President Johnson would go into office with such a dedication to enact everything that President Kennedy had suggested, but that was his record and he got everything.

- F: Yes. Did Johnson contact a group of key congressmen like you very shortly after he became president?
- M: Yes, I was at the White House, my wife and I were, for dinner one night with the President and his wife within a very short time of the swearing-in in Texas. I am sure others were there on other occasions, but on this occasion just the four of us had dinner to talk about various matters, generally about the problems he was faced with, possible solutions to some of those problems.
- F: Now you have before the Congress at this time particularly as one of the sort of crucial bills this health and hospital insurance program.
- M: National health insurance, yes.
- F: Did Johnson talk with you specifically about that?
- M: Not national health insurance. We talked specifically about Medicare and Medicaid on many occasions, yes.
- F: Was there any fundamental conflict between you?
- M: No, it was a question of details always. I was always for a program, but I wanted certain details of it different from what he had suggested. What he had recommended, what Kennedy had recommended merely took care of the costs, or most of the costs of hospitalization; they did not take care of the costs of the doctor bill and other related services.
- F: You also had as something that was hung over from the Kennedy days that immediately got underway this question of the tax cut.
- M: That had passed the House before Kennedy was assassinated. Yes, we passed it through the House in September before he was assassinated; however, he did not get it passed in the Senate. President Johnson completed the job.
- F: It was February.
- M: He signed it into law in February, yes.
- F: There wasn't anything further for you to do on it after Johnson came?
- M: No, no.
- F: What was your feeling on this tax cut? Did you think it was due?

M: Oh, I was very strong for it, had been long before it was even born. This resulted from several meetings with President Kennedy in 1962. The speech that he made to the Economic Club in New York City in December, 1962, spelled it out in more detail. I was in on the writing of that speech.

F: Does the Keynesian economic theory work both ways?

M: I never heard the word Keynesian economic theory in any of our discussions.

F: This is something they argue in the newspapers

M: This is the name that the newspapers gave to it. It was not the President's thought to create a deficit; that was not his thought. We were dedicated to the idea that the economy had to be stimulated; [that] the best way to stimulate the economy was through reduction of taxes rather than increased federal spending; that if we could hold the line on spending it would not be long until our new revenues generated under the new tax program would cross the line representing expenditures; that we would get a balance in our budget; that we would improve our balance of payments position; that we could get the economy going that way without the creation of inflation in the process. So all of these things were in our mind. It was not to create a deficit.

F: Does the semi-independent status of the Federal Reserve Board give you much of a difficulty in the House?

M: Only in this respect: it is awfully hard to get a proper mixture between fiscal policy and monetary policy when you are in the dark at any given time as to what the monetary policy is. I was quite provoked when in fact the 10 per cent surcharge was completely nullified. The effect that it would have normally had on the economy was dissipated by a very liberal monetary policy during the period of time that we had it in effect. President Johnson was going in the right direction when he asked for a tax increase to minimize the pressures of inflation, but that was completely offset by an overly liberal creation of money and credit by the Federal Reserve. So that people paid additional taxes to no avail insofar as inflation was concerned.

F: Is there much interaction between congressmen on different committees who have some aim toward the same problem? I am thinking particularly of you and Wright Patman.

M: Oh, Wright Patman and I are the best of friends.

F: Did you exchange a lot of information?

M: Yes. Yes, as I say, we were very close, the best of friends. [We] talk a lot, exchange a lot of viewpoints, yes. I have asked Wright to do certain things that he could do

through the Banking and Currency Committee, or through the Small Business Committee of which he was chairman at one time, that I just didn't have time to do on the Ways and Means Committee, make investigations into certain aspects of taxation, the effect upon small businesses, foundations and things like that he did.

F: In this period of talking money and the problems of the national economy, did you have pretty quick access to the White House when you needed it?

M: Oh, I could pick up the telephone and get Lyndon Johnson or President Kennedy either on the telephone within a very, very short time. Usually I was invited down there, many times, in both instances, five days out of the week straight running or six days out of the week.

F: You kind of wore a furrow--

M: They called me. I never called them. They were always calling me to come down and discuss various problems that they had. They might or might not have been problems before the Ways and Means Committee, but problems generally. My relationship with both of them was very good and very close, even when the newspapers thought that President Johnson and I were at daggers points. That was not true.

F: That's one thing I wanted to ask you.

M: That was not true.

F: In the press, sometimes you seemed to be heading on a collision course.

M: Oh, that's the press making that up.

F: The two of you understood what each one had to do.

M: Of course we did. All I ever was trying to do in respect to the 10 per cent surcharge was to describe the circumstances that would have to be brought to bear in order to get the 10 per cent tax increase passed. The President knew what I was doing. He couldn't buy it.

F: I would presume the President always understood the politics of your--

M: Well, I'm sure, but there was no political motivation on my part whatsoever. There was nothing more or less than what I thought was necessary.

F: I mean politics in the finer sense of the [word].

M: There was nothing more or less than my evaluation of what was necessary to pass a bill. I thought the expenditure limitation and some cutback in the area of spending was essential to do that. Everything I said was devoted to that, and I remarked that I was merely trying to tell them what it would take to pass a bill.

F: You mentioned a while ago that you and President disagreed with some of the details on Medicare, not on fundamentals.

M: Yes, I described some of that. The President's program was not what we have. It is not the Medicare that we have. Neither was Kennedy's proposition.

F: Well now, was part of the sticker there how much to put under Social Security?

M: One thing, they didn't propose to do anything except pay the hospital bill, and that was by a payroll tax. There was no argument about that. But I didn't want the elderly citizens to be told that we were taking care of their medical expense, pass their bill, and then they find out that we were only taking care of about 25 per cent of their total cost in an ordinary sickness. I wanted to do a complete job once we started in that direction, because I have a fear of what would happen if we did it piecemeal, step by step. I wanted a total package, and that's what we finally got.

F: You pretty well prevailed on this. How did you educate the President?

M: I didn't.

F: He came around.

M: Oh, no, he was not in opposition at all to what we worked out. He was very agreeable to it and I think on several occasions told me that it was a top notch job, [that] the bill that we had passed was better than the program that he had recommended. There was no doubt in my mind that it was. But we worked completely in total harmony and completely in accord about it and on it. I had complete access to all the information that we needed out of the executive department, complete cooperation from all that were under him working on it, including the President himself.

F: In 1965, when we are talking about this tax cut, the President on May 18 asked for a three billion dollar tax cut. You came out a couple of days later and boosted the cut to 4.8 billion. How do you all arrive at the figures?

M: What he wanted was a partial elimination of excise taxes.

F: I might say he came up to your figure.

M: Well, yes, and it was only this: both of us agreed that if we ever started through the House what he was recommending, before it became law all of the excise taxes at manufacture and retail level would be eliminated, so why not get the credit for it initially in the House and in the White House. So he was perfectly amenable to what we did.

F: You and the President both came out with a sort of a suggestion to business that business pass on the savings to the consumer.

M: Oh, yes, we insisted upon that.

F: Did this eventuate?

M: We set up an arrangement--I have forgotten just what the details of it [were]--to see to it that their actions were checked in this respect. I think we had remarkable success in getting the three percentage points reductions in the wholesale price of automobiles passed on. We thought we did with respect to all the others. In some instances, I am sure, in some areas there was a variance in that performance.

F: Both of you believed that you were going to stimulate the economy enough that there would be no revenue lost to the government.

M: Actually that is a part of it, but the real reason why this was done [was that] there was such a feeling of opposition throughout the country to the federal government being in the area of excises. They were viewed as a sales tax. This was an area of very greatly used, very widespread in its use among states, localities. The best thing for us to do was to get out of this area of taxation so that the states could take it over. Now most of the states that have sales taxes have increased their sales taxes as we eliminated this, so I doubt the consumer perhaps is any better off today than he was then. As we backed out, the states moved heavier into this field.

F: You had been putting a bigger share of the percentage--

M: Oh, yes. Really, that was a lot of it. Then everyone knew that once the bill ever hit the floor of the House or the floor of the Senate eliminating the retail excises, that was where the fight, the big drive was. The retail merchants had put on a tremendous drive to get out from under the collection of these retail excise taxes. [I knew] that it would go far beyond that, and this is what I told the President all along, that if you recommend the elimination of some of it you are going to get all of it done anyway, so you might as well just recommend all or most of it.

F: You have a long record of fighting for tax reform, particularly with regard to how we pay our [federal] income taxes, the deductions and so on. Did the President encourage

you in pursuing this at this time, or did you pretty well play your own role?

M: No, President Kennedy did. And there were within the revenue act of 1962 and again the revenue act of 1964 quite a number of individual reforms--I'm talking about not a complete reform like we tried to do in 1969 but many, many instances of reform. I am not certain just what President Johnson's views were with respect to reforms. There are, as you know, many pet provisions within the tax law that his constituency saw fit to use and use to an advantage. I never discussed tax reform with him. I did send over a bill while he was majority leader that had passed the House virtually unanimously rewriting subchapters J and K. J is the one having to do with trusts and K is the one having to do with partnerships.

What we were doing in J was correcting an abuse that we saw in the use of trusts extensively by the same grantor to the same grantee. Instead of having one trust they'd have any number of trusts, because trusts were taxed and are taxed under the individual tax law rather than the corporate law. So that the more income a trust has the higher rate of tax it finally reaches. If you could set up 365 to where the income was never more than two thousand dollars per trust, the total of the income was automatically taxed at a lower rate of tax. Well, this was a practice that had grown up, a practice that we thought was nothing more than a loophole. So we did have a provision that corrected that. That bill never passed the Senate. I don't know why it didn't. It came out of the Finance Committee and I think it came out of the Finance Committee unanimously, but it was never scheduled. This was during the time that Lyndon Johnson was Senator Johnson and majority leader of the Senate. Whether he had anything to do about it, I don't know.

F: What has held up tax reform? Is it a kind of an inbuilt inertia, or do you have that much pressure from various sources?

M: You have so much pressure to preserve preferences within the law and so little pressure on the part of those who contend generally that they want tax reform and equality of taxation. They have no lobby. The others are personally represented or they belong to a lobby that can represent them.

F: I presume your pushers for reform, that is, the vast public body, doesn't ever articulate what it wants.

M: No.

F: So that really you are working on your own, aren't you?

M: They have no program, so that you are working on your own against tremendous pressures any time you start out to reform the tax law and bring a greater degree of

equity to it.

F: You are going to tell me when you need to go.

M: I am not going anywhere.

F: All right. Did you go out to the signing of the Medicare bill in the summer of 1965 at Harry Truman's place?

M: Yes.

F: Tell me a little about that.

M: I was there on the platform at the Library when the President signed the bill. He had former President Harry Truman sitting by him, and then when he began to sign it he or President Truman one pulled me, from back over in an inconspicuous position that I had placed myself in, to them. I have pictures in my office of it. They were laughing big, dragging me in, forcing me to stand there by them.

F: Truman was still pretty spry at that time?

M: Oh, very witty, very quick. He is still all right mentally. He was very spry physically and mentally at that time, and he was greatly pleased that all of us came out. There were a great number of people from here out there. His old friend George Meany was there and a number of people from the departments of government, a number of people who were interested in the Medicare program. It was a great day and very thoughtful on the part of the President in going out there to sign it.

F: Did you go out with the Air Force One?

M: Yes, that is my recollection. I think I did.

F: By 1966, you are beginning to get some real intimations of inflation. Now then, you have a rise in interest rates. Can you do anything in Ways and Means about the interest rates?

M: No, nothing at all. But we did take action in 1966, and very little is ever said about it anymore. By moving forward tax collections, enlarging our withholdings and other things that we did, social security tax rate increase, we took ten billion dollars more away from taxpayers that year than they would have had under the provisions of law before we changed the law. So we did take in ten billions more, which most of us thought would give dampening effects, as far as fiscal policy was concerned, sufficient to reduce these inflationary pressures. Earlier in the year, in 1966 or in the latter part

of 1965 and say the month of January of 1966, there were many economists who thought that 1966 would be a year of downturn even in the economy.

F: Even despite Vietnam?

M: Oh, yes, because nobody really, I think, at that time was aware of just how much buildup was occurring in Vietnam.

F: Do you have accurate figures at the time that you are doing your planning on what something like that is costing and is going to cost, or are you guessing?

M: Vietnam? No, I don't think anybody had any figures as to what it would cost or what it was even costing then.

F: Then you never--

M: I am talking about in Congress.

F: Yes. You never really subscribed to the doctrine of that we could have--in the old time phrase--guns and butter both.

M: No, and I kept saying that all the time. I kept saying it all the time.

F: Did you get Johnson's ear on this?

M: Yes, I talked to him about it, but it didn't appear to make a lot of difference to him. Lyndon Johnson always was a spender, in a sense, different from Kennedy. He thought that you could always stimulate the economy better, I think, through public spending than you could through private spending. That's the old Roosevelt doctrine, you remember, and he grew up in that environment, under that influence.

F: I also gather that there is something constitutionally impossible within him not to do things that he thinks need to be done.

M: Oh, well, he'll do it or break a belt buckle doing it.

F: And hang the costs, he's got to do it. Did you have any fight over restoring the excise taxes, which was an early move you made, on the telephones and automobiles?

M: No, none at all.

F: That just goes right through without any problem.

- M: I am not certain whether he recommended it or not, but it was entirely favorable.
- F: The administration asked it, and it was done.
- M: Yes, we did it. I was thinking he asked that it be done. We postponed the reductions. That's really what it amounted to.
- F: Now, I would like to shift this slightly. We've got this question that comes up in 1966 of most favored nation treatment to East European communist countries.
- M: He recommended that we give him authority to indiscriminately, without exception extend most favored nation treatment to the satellite countries. My recollection is that Cuba, Red China and perhaps Russia were eliminated from that authority as he requested it. The timing of it was bad. We were then all aware of the fact that we were engaged in a war in Asia against a communist move and against communist forces, and it was utterly impossible to consider it or to get it passed.
- F: Did he continue to push? It seems to me that your public statement in opposition pretty well killed it.
- M: I don't remember that we talked about it any more after that. We had talked about it privately, and I think he was well aware of the very facts to which I called his attention.
- F: Beginning in the fall of 1966 you are beginning to get some push from the administration and from you to put in tax curbs against inflation and high interest.
- M: Right.
- F: Was there any difference essentially between what the two of you felt was necessary?
- M: I doubt if there was any real difference fundamentally. On the record, there appeared to be.
- F: What about the bill that was passed in November, 1966, in which you cut the tax rate of foreign investment in the U.S. to spur investment here?
- M: We did. We tried to get investments here by foreigners. That was a balance of payments problem project.
- F: Strictly a matter of trying to get some money in this direction?
- M: That's right, and to offset monies going out of here.

F: In 1967 you got somewhat the turndown that you expected in 1966 in the economy.

M: Very little. We did--corporate profits were off, if that's what you are talking about.

F: Yes.

M: We didn't collect the monies that the budget in January, 1967, indicated that we would collect during the year 1967. There was a fall off in corporate profits.

F: Right at the beginning of 1967 Johnson requested a 6 per cent surcharge on personal corporate taxes for two years to help finance Vietnam.

M: That was also in his budget.

F: And this begins to create a little division between him and the Hill.

M: That's right.

F: Was it ever considered giving him a sort of a limited range of authority to adjust?

M: No. President Kennedy had asked for that, and we publicly turned it down. I don't recall that Johnson ever pressed for anything like that. He may have had it in his message to Congress in January, 1964.

F: I don't have that he pressed, I just wanted to explore that question.

M: But he never did press me at least.

F: This is strictly a matter of going back to the fact that the House is the revenue source.

M: That's right. There is no place downtown to hold a hearing on a question of raising taxes.

F: One other thing came up in 1967 that ought to be mentioned, and that is the Bobby Baker situation. How much of a swath did Bobby cut and how much was newspaper talk?

M: Bobby Baker was a--

F: I gather he was a good floor man.

M: He was a tremendous fellow to count votes. He had access, apparently, to the senators over there to the extent that he could always get from them a fairly accurate reflection

of their position on any given piece of legislation. I don't know too much about how he operated. I knew him when I'd see him, but I have always understood that Lyndon Johnson and other senators would use him to poll the Senate on matters in which they had an interest. Of course, the Majority Leader of the Senate had to do that, I guess, with respect to everything that was scheduled to come up. How he got the information, whether it was from this source alone or from other sources, I don't know, but the Majority Leader of the Senate, Lyndon Johnson, was a past master at being able to tell you just how the Senate would vote on any bill that I ever asked him about. The votes would always turn out just within very close approximation of what he said the vote would be.

F: Getting back to the matter of economics for a moment, do you think Lyndon Johnson understands economics?

M: No, I never did think so. I never did think so.

F: Has he just kind of got a belief that the money will come in?

M: I don't know that that is necessarily the situation, but I don't think that he ever did quite understand the economic impact of some of the things that he set out to do, and therefore he was not in the position to guard against the consequences of a single act by connecting it with some other act.

F: He saw each one independently?

M: I think he did, to a great extent.

F: Do this because it is good, regardless of its effect on something else. It seems to me in boning up on you that you and your number one Republican on the Ways and Means, Congressman Burns, always had a very good working relationship.

M: We have.

F: Am I correct in assuming that during this period there was very little sort of Republican versus Democratic conflict in what the two of you were striving for, that you both were basically looking for the best way to handle the economic situation?

M: That's right. We both have, I think, always approached these things more or less on a nonpolitical basis.

F: I remember you suggested there in 1967 that rising hospital costs may force Congress to ask for more tax money for Medicare.

M: Happened every two years.

F: Is that just one of these things that is irreversible?

M: Well, it has been.

F: Or are we failing to do something that you think ought to be done.

M: No. It is not that there is anything that we can do that we haven't done. We have provided for various procedures that we think within the law and regulations of the department tend to hold down these costs, but despite all of our effort to hold them down they've still gone up. Because medical costs have risen faster than anything else in the consumer budget. They have gone up faster, about twice as fast, as have incomes.

F: Do hospitals and doctors take advantage of Medicare?

M: I don't want to say that. Hospitals complain all the time that we don't even allow them their full cost. Doctor bills have not gone up as fast as have some other items, that is, in their office charges and things of that sort. But the total of it has gone up. It has gone up, I think, primarily because of the great increase that has occurred in medical knowledge and the tests through which doctors now put a patient that were not available when I was a boy or growing up. The doctor would look at you and make a diagnosis after he probed a little bit on what was wrong with you. Today when you go to the hospital it takes three or four days of testing before the doctor concludes as to what is wrong with you. It is just reversed. In those days, if there were any tests that could be made the doctors got the original diagnosis put against those tests to see if he was right. Today you perform all the tests first, then the doctor comes up with a diagnosis. So all of that costs a lot more than the old way of practicing medicine cost.

F: I contrast that a little bit with my kinds and with my own experience and you probably have the same thing. I can remember an old country doctor we had that invariably when my mother would take me in with some presumed ailment he would just say, "Well, just give him more grub, Mrs. Frantz," and we would go home. Now you take a kid in and you are there half the day.

M: That's right.

F: They take blood and everything else.

In the spring of 1967 the President asked for an immediate restoration of the 7 per cent investment tax credit to try to spur slow corporate investing.

- M: He asked first for it to be eliminated or suspended for twelve months, I believe it was. I told him when he did that he would have us back there in six months asking us to restore it, and he had us back in four months and five days, I believe it was.
- F: There is something a little contradictory there between a surcharge tax hike and a tax credit going kind of side by side.
- M: That's right. It was inconsistent. But you want to remember that the suspension of the investment tax credit went along with the levying of the 10 per cent surcharge in his mind. You see, both things were anti-inflationary. But what I don't think he was fully aware of was that business profits were dropping at a time when he asked us to take off this little incentive to business, and orders for machine tools and things of that sort just stopped. So in four months and five days he was back asking us to reinstate it, though we had initially suspended it for twelve months.
- F: By the summer of 1967 you can see that you are heading for a real deficit and real--
- M: Well, I saw that in May. I made a speech in Rochester, New York, and the President ate me up about making it because I said that we would end up with a deficit of twenty-nine billion dollars for the upcoming fiscal year, which was fiscal year 1968.
- F: What did he do in a case like that, just call you up and say, "Wilbur--"?
- M: "Come down here I want to talk to you." I got down there, and he started giving me fits for making a speech that Republicans could use. And that wasn't true. I said, "Well, hold on just a minute. You have got a tremendous drop in corporate profits, and therefore corporate taxes which will not develop as estimated. So he picks up the telephone and gets Gardner Ackley on the squawk box. He said, "Chairman Mills is here, and he says we've got corporate profits overestimated." "Yes, Mr. President, we do." "Why?" "Because you can't as President of the United States predict a downturn in business." "How much will it be?" "Well, considerably less than we have in the budget." "Is he right then that we are going to get a lot less corporate taxes?" "Oh, yes, he's right." He shut up, never said another word about it.
- F: Didn't say anything to you about it, either.
- M: About my speech.
- F: This brings on a little curiosity. You were both almost freshmen together. You came in right on his tail in the Congress and developed a long first name, reasonably close relationship. He is the president of the United States. You are a powerful congressman. He is still the president of the United States. Can you give and take pretty freely with him at this stage, or does he remind you from time to time that 'I am

the President'?

M: No, he was never that way. We did sit down and discuss matters very freely any time we were together. I always thought he wanted that. I never told him he was wrong about this, wrong about that, or anything of that sort. I was always very well aware of the fact that he was president of the United States--I was not. But even during the period of time when they said in the press that we were at daggers points, he was always calling me, and I was still going down there. He reminded me when I saw him one time down on the Ranch after he went back home that I was down there helping him with speeches on occasion during that period, which was true. I had just forgotten it.

F: What did you do? He would send over a draft and you would tinker with it or you would suggest a paragraph here and there?

M: Something like that. Changing words here and there.

F: Is it true that the President gets insulated from contrary advice. Are you an exception, or is it a fact that a lot of people won't give it to him?

M: I don't think that I was any exception at all, because I think others were doing the same thing. He was perhaps less policed against outside communication than most presidents because he would just pick up the phone and call you himself. Some other presidents that I have known about have become completely surrounded and completely isolated from the public.

F: Everything has got to be filtered through somebody.

M: That's right. Eisenhower was in that position. Roosevelt was in that position. Nixon is now in that position, But Kennedy and Johnson, as far as I could ever find out, or Harry Truman, neither one allowed the "palace police" to just take over completely, the palace guard." They always utilized outside people. President Johnson perhaps more so than most anyone because he was an indefatigable worker. He worked late hours of the night, and he was forever calling people and talking to people and inviting people to the White House to sit down and visit with him on problems. Many senators, many of us in the House I know, he called on.

F: Now in the summer of 1967, when the President asked for the surcharge--

M: It was August, 1967.

F: --the feeling was that politically this couldn't be done.

M: It was definitely my thought that politically the House would not pass it. That's why I kept saying to them that the House would pass it if they would agree to some spending limitation so that the additional money would not just be spent in additional amounts. It really would get the effect on your fiscal situation of the increased revenue. He wouldn't agree to a spending limitation of any realistic value, nor a reduction either. We finally enacted one, and then he always took great pride and credit and talked to me about the fact that we were asking him to reduce spending 6 billion and he really cut 8.3 billion off, which he did. We left some items uncontrolled and outside of that, and they went up about 6 billion more as a result of congressional action--more than he had requested in his budget. So the net saving was 2.3, but had we not put the limitation on it there wouldn't have been any 8.3 billion dollars cut out. I am sure of that.

F: Did you again have a problem with the Federal Reserve Board on this?

M: Well, they went right ahead with a very liberal monetary policy at a time when we were shifting from a very heavy deficit into the black, about 2.3 billion as I remember, which should have had a dramatic effect upon inflation. It should have been sufficient to have halted it in its steps, and would have had the Federal Reserve not just opened the faucet completely.

F: Other than just calling in the chairman of the board for consultation and education and so forth, what can you do about it?

M: There is nothing. Nothing. Now the chairman and I did talk on many occasions, but you never know what position the Federal Reserve has taken until the position has been in effect some time. By the time that we got around to realizing what they were doing the damage had already occurred, and it was too late then to halt it--I mean to halt the effects of it. That was done by President Nixon and Secretary [David] Kennedy shortly after he came into office. They succeeded in reversing, or by conversation getting the Federal Reserve Board to reverse its position. Remember, they cut back very dramatically at that point in the amount of money and credit that they were making available, but we still had inflation resulting from the policy of the Federal Reserve twelve months earlier. It is slower on the monetary side, apparently, in being fully effective upon the economy than is even fiscal policy, it looks like to me. I don't know whether I am right or not, but I have just about concluded that your after-effect of the monetary policy is the most pronounced aspect of monetary policy. You can create an inflationary situation that doesn't bring about inflation today but it will twelve months from now.

F: Did you really get at loggerheads with the White House on this, or was this just a matter of two of you trying to hammer out the policy?

M: No, we were at loggerheads on this issue, but we were not at daggers points or

anything of that sort.

F: It never became personal?

M: Oh, no.

F: Just a good honest difference of opinion.

M: Well, the President had his limitations.

F: Yes.

M: I don't think there was any question as to whether he thought I was right in what I was doing, but he just couldn't politically agree to it.

F: This is a reluctance to cut down, in effect?

M: That's right. So many of the people around him were even greater spenders than he was.

F: Yes. Now, in the middle of all this Secretary Joe Fowler organized a hundred and thirteen businessmen to send you a wire demanding the surcharge. Does that have any real effect?

M: It doesn't on me when I know it is planned and promoted. If it were a spontaneous action it would have more effect upon me, but it wouldn't then sway my viewpoint. It takes more than a telegram or a letter or a telephone call.

F: How did the President finally come to agree to the cut?

M: He never did agree. He never did agree to what we did. He would have agreed to a four billion dollar reduction. He would have agreed to the elimination from the pipeline [of] even more than we suggested be taken out. What he didn't want was so much new obligational authority of reduction as we wanted. He did not want as much actual reduction in actual cash spending as we wanted. But there was never any agreement on the package between us. I just went ahead.

F: In the middle of all this you raised [a] question--Wright Patman has also raised it--and that is the tax exempt foundation.

M: That's right.

F: Is this because they are using the foundations sometimes for political purposes, or is it

because they are tax dodgers?

M: They were using it for personal reasons as well as sometimes for political reasons. I don't think that they can now under the amendments that we adopted in 1969. I think, in some instances, we probably went a little further than we intended with respect to foundations. But they are paying now some into the federal treasurer.

F: Did the European run on gold at the end of 1967, do you think, have an impact on Johnson's thinking?

M: I don't think there is any question about it. I think it reacted on him just like the recent monetary crisis in Europe reacted on Nixon and caused Nixon finally to do what many of us had recommended that he do earlier. I don't think he did it as a result of Arthur Burns and me recommending it. I think he did it when he became aware of the condition the dollar was in.

F: Out of sheer necessity.

M: Out of necessity when he became aware. And I think that is true of President Johnson, that he was scared almost out of his body when he woke up to the fact that people in Europe were having trouble exchanging dollars for foreign currency.

F: Did you ever seriously consider raising gold prices?

M: No. We didn't. I didn't discuss this with anybody. No one discussed that with me. I don't know. I think, really, why it never was done is it would serve no purpose to do it unilaterally, because other countries would revalue their own currencies and you would be in the end right back where you were at the beginning and all that had profited from it would have been speculators plus the gold producers in South Africa and Russia. That is a different thing if you want to do it as a part of a multilateral arrangement.

F: I was going to say, since gold prices and since money generally and since the economy generally does not exist a vacuum, how does a House Ways and Means Committee somehow balance the international end of the thing?

M: We have nothing whatsoever in our committee to do with the price of gold. That's the Banking and Currency Committee. We are interested in balance of payments, much of what goes into balance and payments tabulation.

F: But you have to coordinate in a sense.

M: Yes. It is within our committee and it is our responsibility to try to coordinate, in a

sense, as you say. We have to do it on the basis of, more or less, guestimates of what the situation is at a given time. Sometimes we are right, sometimes these estimates are not right.

F: How much of an effect do you think the seriousness of the economic situation forced the President to his March 31 speech in saying that he would not run again and also to announce the cutback in bombing instead of the acceleration that had been recommended?

M: I have never talked to the President, either at the time or since, as to what motivated him. I think what he was trying to do was get himself into the posture of exercising a degree of influence on world thinking all for the good of us as a non-candidate, which he could not have as a candidate. I don't think for one minute that he made the decision on the basis of any estimate of whether he could be reelected or not. I have always thought that he could have been. Many people said he couldn't, but I never took that to be the truth. I think he did it to get himself more or less in the posture of being a non-candidate because he thought that in that posture he could exercise a great deal more influence upon events, upon the war itself, upon the rest of the world, than he would exercise as an avowed candidate for reelection,

F: Did that speech catch you by surprise?

M: It did, very much so.

F: Were you listening?

M: I was listening to it, yes.

F: Was it kind of your own self-imposed command performance when the president goes on the air regardless of the president, just to keep up you listen to what he says?

M: Oh, yes, whenever I'm at home I do, whoever the president is.

F: He called you and some others down to the White House I think almost immediately, within a week, to talk about the economic situation again.

M: Yes, it was less than a week.

F: Yes. Still talking, I presume, about the surcharge?

M: Yes. Oh, he had rafts of members down and they'd all be in accord with him, and he'd come to me--had I changed my mind? No, I hadn't changed my mind. All of them for the purpose of trying to impress me, I guess of my own hardheadedness and

unwillingness to go along.

F: "Everybody will move except you Wilbur"?

M: Oh, yes. He very often said, "I have got everybody on my side except you, and you are the one I have got to have." But I knew what it took to pass a bill. We could have passed the bill in October, 1967, had we been able to work it out on the basis that we finally worked it out in June when we passed it through the House.

F: Are you open to the charge of playing with the economy by that delay?

M: I think the economy suffered as a result of that delay, but I shouldn't be charged with it because I told the President all the time what it took to pass a bill. I think everyone readily admitted that that was the only way it could pass, but he wouldn't agree.

F: I would presume a majority of the committee agreed with you, or you wouldn't have been able to hold the line.

M: Oh, the committee agreed on both sides, not just a majority but an overwhelming majority. They realized we couldn't pass a bill without a spending limitation and a reduction in federal spending.

F: Was a part of this lined up with now the emotional opposition of the war?

M: No, that wasn't a factor.

F: It was just strictly a matter [of], "We don't want to give more money for more spending."

M: I thought I knew the President well enough to know that if we gave him ten billion dollars more money to spend, that he would spend it if we didn't tie his hands to where he couldn't spend it. I am not critical of him for that because that was just the nature of the President.

F: The President requested about that same time, maybe at that same meeting, a tax on travel and also on--

M: We passed it through the House.

F: Yes.

M: The Senate never did pass it.

F: Were you enthusiastic about it?

M: I thought it had to be done. I wouldn't say I was very enthusiastic about it, but I just thought it had to be done to help our balance of payments.

F: It was just one of the drops in the bucket that you needed to fill it.

M: That's right. That's our balance of payments problem again. Our net deficit was about two billion dollars in travel, that is, we were spending that much more traveling than were people of the world spending coming to us.

F: Now in early May the President used some pretty strong language against Congress; among other things, he said that you were blackmailing him on spending cuts.

M: Well, he was talking to me.

F: Yes.

M: He wasn't talking about the Congress.

F: He was using the press to let you know.

M: To put additional pressure on me. We understood each other.

F: Do you think he really felt he could move you?

M: I think he did. No, I think he probably thought he could bring about enough public reaction that I would hear from the public enough, but he didn't do it.

F: Did the public respond?

M: It backfired on him. Oh yes, they responded by telling me to hold the line [with] telegrams, letters, telephone calls from all over the United States. People were on my side in that, and I knew they were.

F: Do you ever in a case like that tell the President, "Look, the majority of my mail favors the position I am taking."

M: It doesn't do any good because the majority of his mail goes in his direction, too, so he says always.

F: There's no way you can--

M: Whoever the president is.

F: Yes.

M: At least that's what he is told.

F: You were quoted in U.S. News and World Report on May 6 that there was going to be no tax increase without formal congressional controls over future spending. Now what kind of controls did you have in mind?

M: Just what we put in the bill. You see, we had a provision on controls in the bill. We also had a provision on control of federal personnel in the bill that he signed requiring reductions in personnel. The Congress immediately whittled away at that and that part became ineffective, but they did not whittle away at the other. It was just that we left outside of our control certain items that we considered to be non-controllable like Commodity Credit Corporation, welfare, Medicaid, programs like that that did go up about 6 billion dollars in excess of what he had earlier estimated would be the needs. But these are areas where no one can make an estimate. We didn't think it was quite fair to include them within the limitation, and as a result of it those items went up 6 billion while in the areas that we told him to reduce by six billion he cut 8.3 billion. We took monies out of the pipeline, and we reduced the authorizations within keeping with the limitations that were in this bill.

F: You got a warning this may bring on a credit squeeze, and we did get a squeeze. Do you think that is because of the bill, or do you think the credit squeeze was coming?

M: No, that was due entirely to monetary policy on the part of the Federal Reserve. It was because of that credit squeeze then that they opened the faucet all the way and therefore undermined what we were doing. But they had gotten themselves, by holding the line too tight on new money and new credit, into a monetary squeeze. The tax bill didn't have anything to do with that.

F: You have at this time 222 plus billion dollars in I suppose what you might call unspent authorizations.

M: No, it was 256 billion as we entered into this fiscal year.

F: Who gives the authority?

M: Congress.

F: When it is unspent, can it then be let loose by the administration?

M: Oh, yes, yes. What we do in the way of appropriating is different from what the American people, I think, understand that we do. We do not appropriate dollars. What we do is to give to the executive departments involved certain amounts for certain specific programs. We don't say, "If you don't spend it this year, it reverts at the end of the year." That obligational authority continues indefinitely. Sometimes it is never used, very rarely is it never used, but there is always the amount and it's a growing amount. It has gone up in Nixon's time by about 16 or 18 billion dollars each year. This vast number of dollars, that is authority to obligate dollars, carries over into the subsequent fiscal year, so that Nixon had 256 billion at the end of June 30, 1971. Then he asked us to give him 249 plus billion of additional obligational authority, which means that he wanted 500 billion dollars in the pipeline, more than any other president's ever had.

F: Half a trillion.

M: Far more than any other president has ever had.

F: Do you have any sort of a fundamental conflict between the Ways and Means Committee and the House Appropriations Committee?

M: Not a conflict.

F: Do you have any rivalry?

M: But certainly not enough cooperation between the two. I don't think there is any rivalry. I just think there is not enough cooperation, not enough understanding on the part of each committee as to what the other committee is doing.

F: Do you have any machinery for a regular exchange of--

M: There is in the Reorganization Act of 1946, but it was only used about two years and then abandoned. We have no machinery, really, that we use.

F: Did you get much static from the bankers and economics as well as the administration on this matter of standing firm on the gold situation?

M: Not on the gold situation, no. I don't remember any static about that. We got a lot of static from those people about not going forward with the surcharge at the time. That was all. The bankers all seemed to be for it. The economists all seemed to be for it.

F: This is an interlude, but you had a presumed demonstration here in late May, 1968, by the SCLC and the Reverend Jesse Jackson. They were supposed to have an appointment with you they claimed.

M: I don't remember.

F: That does not make any impression on you?

M: (Speaking to an aide) Has Jesse Jackson ever had an appointment with me? Oh, no, they never had an appointment. What they tried to do was to come in to see me, about four or five hundred or a thousand of them. Well, that's what he is talking about, I think. The only group that ever tried to come to see me, they came without an appointment, was Doctor Wiley leading them down the avenue. He came into the office building, and they had no appointment so I didn't see them.

F: Doctor who?

M: Wiley, head of the welfare rights organization. No, Abernathy's group never did try to see me.

F: Back to our economics-

M: Now, this happened at the time they were down there in the Mall, if that is what you are thinking about. That same time, Wiley's group.

F: This is during the Resurrection City.

M: Yes. Wiley is a local person and most of them that Wiley had with him I think were local people. [They] never kept any appointments after I would make appointments. They didn't want that--all they wanted was publicity of a mob coming.

F: Did you get any insight into Johnson's relationship with Charles De Gaulle?

M: Never did. No, never did talk to him about it.

F: I would be interested in your opinion of the effects of De Gaulle's attack on the dollar and the U.S. gold supply and what you thought of it. Was it more than kind of a personal spite, or do you think there was good French justification for it.

M: I never did think he did altogether for spite. I thought he felt there was justification for it, but I never could see it myself.

F: Did you think perhaps we should have retaliated when they got in a bind later?

M: Oh, I wouldn't hold grudges, no. Not in matters of this importance.

F: When Johnson finally got around in the summer of 1968 to signing the tax bill, did you

go down?

M: I don't believe he had any ceremony on that one, did he?

F: He just signed it.

M: I think he just signed it. I don't believe he had a ceremony on that bill.

F: Did his lame duck situation--he'd hate that term of course--but the fact that he wasn't a candidate again, did that reduce his effectiveness any in getting the sort of tax bill that he wanted?

M: Actually, he didn't get what he wanted. We gave him a package that we developed out here and everything we knew how to pass, because we knew that the situation had gotten to the point where we needed to act. The time was ripe in the Congress for us to act. We knew all along what kind of a package it took to pass, and we passed it, as you remember, rather overwhelmingly when we did pass it. This was more or less a project of our own at that time. It included what we wanted in the way of a 10 per cent surcharge, that's true, but it includes a lot of other things that he was not agreeable to.

F: Some of your critics charge you with being a protectionist. How would you evaluate that charge?

M: A protectionist? No, I became a protectionist in theory in outwardly trying to help Nixon get an agreement with Japan. Then he endorsed the bill that I had introduced that he had asked me to introduce. I never had any thought in my mind that he would ever be for it.

F: Kind of left you standing out there.

M: Oh, I think he pulled the rug out from under me and did what I thought he had said he would never do.

F: When you come down to the end of the Johnson Administration in December of 1968, you've got the question of whether you are going to have a further extension of the surtax.

M: I recommended to him as he went out of office, and this is other further evidence of how close we always were, that he first get an understanding out of the incoming president that he would be for it. I am not certain whether they ever had such an understanding, but knowing the President as I did I knew that he would do what he thought was the necessary thing. The situation was no different then from what it had been at the time we enacted it, so I thought that it was necessary for it to be extended

and I agreed with the President's thinking when he recommended that it be extended. Then you remember Nixon came along.

F: Yes.

M: I made a real blunder, as it has turned out, recommending that it be 10 per cent for the remainder of the year 1969 and then drop to 5 per cent between January 1 and June 30 of 1970 and that he would not ask for its continuation.

F: You talked too much.

M: Well, that is not the first time, nor will it be the last time.

F: Did the President--talking about Johnson now--ever push you on revenue sharing?

M: Oh, no, he was against revenue sharing.

F: This really wasn't an issue during his administration?

M: No. The same people that sold it to Nixon tried to sell it to Truman and tried to sell it to Eisenhower, they tried to sell it to Kennedy, they tried to sell it to Johnson, and couldn't sell it to any of them. Eisenhower and many of the others viewed it as being disastrous and were quoted as saying it, but Nixon buys it because he sees in it a political value.

F: Are the pushers on this mainly the states and the cities, league of mayors and this sort of thing trying to get out of a bind?

M: Nobody except somebody who is elected to some local level of government. They can't get the monies they want through their own processes and come to us to give them the monies that their own people turn them down on. The same people, of course, that they get monies from.

F: You find yourself wondering, in a way, that if they were in the Senate or the Congress they wouldn't be the same people who scream against foreign aid without strings.

M: That's right, and they would probably be just in a reversed position to what they're in as heads of local governments.

F: There was some movement to make you speaker to replace John McCormack. Did you ever--?

M: No, there was talk of it, and some people came to me about it. But I would not have

ever run against John or anybody else or in a wide open contest for speaker. I never wanted to be speaker.

F: Johnson never showed any hand in that, did he?

M: Oh, no.

F: As far as you could tell--

M: Johnson would have been outspoken, I am sure, for John McCormack. They were very devoted.

F: As far as you could tell, was Johnson disappointed in John McCormack's force as a leader?

M: I wouldn't think so. They were very close. Johnson could never have had anybody that worked closer with him as a speaker than did John McCormack.

F: Have you seen much of Johnson since?

M: No, I have seen him, but not on a weekly basis.

F: I am sure of that. (Laughter) You don't get those calls all the time. Have you been down to the Ranch?

M: Yes, I have.

F: How do you think he is doing?

M: I think he is wearing out, rusting out. I think it is a shame for a man to--

F: What do you do with a man like that?

M: He ought to be back in politics somewhere. I've suggested that he ought to run for the Senate.

F: This might be the time for him to do it.

M: Yes, he should run for the Senate. I think he could win it just staying at the Ranch. All the factions that exist within Texas, he could solidify.

F: You all, I presume, parted the same good friends you always were?

M: Oh, yes, we are very good friends. When I was down at the Ranch he had photographers come out and take some pictures of us. He sent me an autograph picture and sent me one to autograph to him. There's never been any difference basically between us or personally between us.

F: Do you think that he could have avoided setting this inflation into motion if he hadn't gotten mixed up in Vietnam?

M: I think he could have. I don't think it would have happened if What we did was to pass everything that he asked us to pass that Kennedy had ever espoused. If you will look at the spending performance, you will notice that September jumped precipitously in 1965 over the level of September, 1964, even over the level of August, 1965. It went up very sharply. Add to that an additional 30 billion or more that was spent in dollars in Asia, and I think you have the makings, of course, of a very serious inflationary crunch. I don't know that he realized it. I don't know that any of us realized it just at that time. But he was getting advice from Gardner Ackley and a lot of people that 1966 would not be a good year. I know that when we put the Medicare program into effect the tax was to be, I thought, .9 per cent combined in January, 1966. I let Gardner talk me into making it .7 per cent because of the difference of the impact of the two rates on our economy. But we didn't begin to tax at as high a level as we should; therefore, now we have the tax at a higher level than it would have been had we started it at the proper level in the beginning. This is all their thinking down there, the information the President was getting.

F: You were opposed to the Vietnam War?

M: Yes, from the very beginning.

F: Did this make any difference in your relationship with the President?

M: Not at all.

F: Did he ever ask your advice on it?

M: No, but I gave it to him one time by referring to the fact that he didn't have to pay attention to the recommendations of two men who were pressing him very hard from within his administration.

F: Who were they?

M: McGeorge and George Ball.

F: Did you get the feeling that he tended to listen to them and to, say, Robert McNamara

more than he did to the regular Pentagon people?

M: I don't know to whom you could really direct the charge that he listened more. Frankly, it is my understanding that of all the people that he had around him the only one really that argued with him about going in with larger forces was Dean Rusk. And after the decision was made, then Dean Rusk became the principal spokesman for that point of view, which meant that he was a team player and certainly was not going to take out after the President after he made his decision as some of the others did. I didn't think that has served any useful purpose, and I guess I was more of a team player, too, than to be criticizing.

F: Is it possible to continue a sort of an expanding domestic program when you are engaged in some sort of overseas conflict?

M: I think it is possible, yes. Invariably it brought about inflation along with it. Every time we have ever done it, at least our history says that, somewhere along the line we make some mistakes or something goes wrong. I don't think it should follow that any time and every time you have full employment that you should have inflation, or more inflation.

F: We've seen an attempt to curb inflation. We've seen that unemployment came with it. Is there a fundamental conflict there?

M: There is, [and] any time you have both at the same time, when you move to correct one almost invariably you intensify the other problem. What they have done is to create more inflation than Johnson had during his administration through their very liberal monetary and fiscal policies, which were conceived to try to reduce unemployment.

F: How have you found John Connally on the economic matters? Do you think he understands it?

M: I would hope so. He is in a position where he must.

F: He better, I know.

M: I haven't talked to John as much as some others may have. I talk to him a lot, but not about economic matters necessarily.

F: You don't nurse any idea that Connally's any kind of a stalking horse for Johnson, do you?

M: Oh, no. President Johnson told me he had no notice at all that Connally was being considered and was to be appointed till after it was over. I didn't have any notice of it

either.

F: That's the story I get. He got about the same amount of notice you and I have.

M: I have known John Connally almost as long as I have Lyndon Johnson. He was working for Lyndon when I first came here.

F: Incidentally, you have been working with presidents now since Roosevelt. Is there much difference in staff work between various administrations?

M: Oh, yes. A question of degree, more than anything else.

F: Comparably, was the Johnson staff work good staff?

M: Oh, yes. Kennedy's and Johnson's--of course, they had almost identical staffs for some time--were very high caliber staffs. I don't know that I could say the same thing about Eisenhower's or about Truman's or about Nixon's. Roosevelt didn't need a staff because he had such connections with members, and he pretty nearly ran everything he had anything to do with himself.

F: Pretty much a personal diplomacy in this thing?

M: Oh, yes, Roosevelt was unique in that he could keep many balls bouncing at the same time without making a mistake.

F: Has Johnson spoken to you about becoming president?

M: No, we have not talked about anything of that sort.

F: I think you would carry Texas. Well, thank you, Mr. Congressman.

M: Thank you.

[End of Tape 1 of 1 and Interview I]