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WILBUR MILLS ORAL HISTORY, INTERVIEW III

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Wilbur Mills

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ACCESSION NUMBER 94-19

INTERVIEW III

DATE: May 15, 1987

INTERVIEWEE: WILBUR MILLS

INTERVIEWER: Michael L. Gillette

PLACE: Congressman Mills' office, Washington, D. C.

Tape 1 of 1, Side 1

G: Mr. Chairman, let's start today with a discussion of that tax surcharge, which I suppose began in 1967--

M: 1967, yes.

G: --which was first mentioned in the State of the Union [Message].

M: I was never opposed to it. What I wanted to do was to see if we couldn't balance the budget. I didn't want that additional money to be spent for new things, because he [President Johnson] had a reputation of throwing dollars at any question and the question would disappear. I asked him if he wouldn't agree, and he wouldn't. He amazed me, and this I wouldn't want repeated, but he said, "Walter Reuther would throw me out." I said, "Is Walter Reuther the president, or are you the president?" (Laughter) He was talking about labor generally when he said Walter Reuther.

G: Did you and he relate the need for a surcharge to Vietnam; was that--?

M: That's right, the additional cost. About thirty billion dollars a year it was costing us then in Vietnam. And I didn't like deficits, ever, and he knew that. I was not opposed to it; I knew Congress wouldn't do it; it never does do the job of cutting back. I wanted him to withhold money. And that was the argument all along, is whether or not he would do that. We required him, you know, in connection with it, to withhold six billion of monies that we had made available. Well, he actually withheld 8.2 billion, and the greatest result of it all was that the deficit of thirty billion dollars in one year was reduced to a surplus of 2.5 billion the next year; all as a result of the tax and his withholding.

G: It was viewed, I understand, as a temporary measure.

M: Oh, it was, and it extended on through his time. And Nixon actually asked us to reduce it to 5 per cent, you remember, at one point after he'd been in office, I believe.

G: You were on record, I believe, at the time as having the belief that once these taxes got put in place it was difficult to get them repealed after wars. Would you elaborate on that sentiment, such as after Korea?

M: Well, it's always difficult, because you find a need for the money. After the war is over, there's something else comes up that requires that amount of money. So it's always difficult for Congress to repeal a tax. I didn't put any time limit on it; I thought about doing it at one point, but we didn't do that. We made it permanent.

G: The President said in his memoir that you had a steady contact with the White House when they were drafting the message. Let me ask you to describe the kind of involvement that you had with the White House during this period--in 1967, I'm talking about.

M: Yes. I made a speech, either for Barber Conable or the Republican member from Pennsylvania who was the ranking Republican at the time. I made a speech in one or the other's district; I've forgotten which one it was. I made both appearances. But at any rate, he called me as I was having breakfast one morning, or having my coffee, and he had read in the paper where I had said that there would be a thirty-billion-dollar deficit in that year. He wanted me to come by the White House. I could tell he was angry. So I stopped by on the way to work, and I told him that the corporations were not going to pay the amount of tax that the budget had suggested. He got Gardner Ackley on the phone right quick and said, "Gardner, the Chairman is sitting here with me and tells me we're going to have a thirty-billion-dollar deficit." "Yes, Mr. President." "Well, why in the hell didn't you tell me?" (Laughter) So that was just prior to the time that he asked for this tax, and he knew I didn't like deficits; he knew [Robert] Byrd didn't like deficits and he was chairman of the Finance Committee. He wanted to get the tax, but he wouldn't agree to this withholding. On one occasion he had every Democratic chairman in the House in there.

(Interruption)

G: You were talking about the meeting with the President here.

M: Oh, yes. He started with George Mahon, who was the elder statesman at the time in the crowd, and [said], "George, you're with me, aren't you?" "Oh, yes, Mr. President." Went all around the list; everyone was with him. He said, "Now, you see? All your colleagues are with me but you." (Laughter) He was always putting that kind of pressure on. I told him I wasn't, and I got up and left. But he would do

those things to you; he was a past master at getting things done. There's no question about that.

G: Was there an issue of how much of a corporate tax there should be and how much of an individual surcharge?

M: No. No. You mean within this 10 per cent?

G: Yes.

M: No, it was across the board.

G: Was there any discussion that it should be weighted one way rather than another?

M: No, no. We never--

G: You agreed on--

M: Not that I remember. I agreed all the way with the tax, as far as that's concerned. I just wanted to be certain that it would not be used for some new programs. Not that I didn't trust the man, it's just that I had gone through this experience. I may have told you before about him carrying out Kennedy's deal with us in 1962, when the House had passed the big tax bill in 1962. We wanted to be certain that they wouldn't have a bigger deficit, so Kennedy agreed with me. We didn't write it into the bill, but he agreed with me that the budget would not be more than ninety-eight billion dollars of spending. And Johnson called me. I was at home, he called me sometime around or after Christmas, and he said, "I've got it down to a hundred and six and a half. That ought to satisfy you, wouldn't it?" I said, "No, sir, it won't. You won't get your tax bill through the Senate." We'd already passed it in the House. "But you won't get the tax bill now. It's got to be ninety-eight." He called me back two or three days later; he said, "I've got it down to a hundred and one and a half. That's got to satisfy you." I said, "No, Mr. President. That won't satisfy us, either. The Senate won't pass your bill. You know Byrd's not going to cut." "Well, you can talk him into it." "No, I can't." He called me then just before he submitted it; he said, "I've outdone you." "What do you mean, Mr. President?" He said, "Ninety-seven point eight," I think it was, or ninety-seven point nine or something. Anyway, he had gotten below ninety-eight. (Laughter) The bill sailed on through, then.

G: After he first submitted this surcharge in 1967, it seemed like there was a period where afterward he didn't consult with you and didn't seem to be as involved in keeping--

M: No, but he had Larry--what was his name? His liaison that he inherited from Kennedy.

G: Larry O'Brien?

M: Larry O'Brien. He had Larry O'Brien in constant touch with me.

G: You didn't feel that they let it drop for a while?

M: Oh, no, no. There wasn't any dropping of it. No, the interest was maintained.

G: Were you involved in the decision to put it on hold until the summer of 1967, because of the housing? Can you discuss that?

M: Actually, it all involved this question of him withholding money. That was the cause of the delay all along. He wouldn't agree to it. And it took a while to muster votes for it, of course; I had to get the votes before I proposed it, had to be sure I could win, had to be sure it would carry in the Senate, you know. And it did; it went right on through when we finally [inaudible] on it.

G: But he had called for this surcharge in the State of the Union Message--

M: I know he had.

G: --in January, and then they didn't actually go forward with it until summer.

M: That's right. We had a hearing; it was rather--as I remember, the hearing took some time. I don't remember how long. But we had the hearing, and when we got through with that we just put it on the shelf a while till we could get the votes to pass it with the six-billion-dollar withholding.

G: I guess one of the real questions that historians are going to confront is exactly what you yourself favored in terms of a spending reduction. Would you--?

M: Six billion; all along.

G: He thought at first maybe you would go along with four billion.

M: Oh, yes, well, we argued about the amount.

G: Let me ask you to just--as best as you can recall, would you have initially have gone along with four billion, do you--?

M: No. No. No, I had in mind the fact that we could balance the budget. The economy was growing and all, and we were over that decline and corporate slowdown. The corporations were progressing pretty well, and I figured, and my own people that estimate those things for me thought, that they'd pay a lot more taxes, that we'd get a whole lot more from the existing rates, plus the 10 per cent, and if we withheld about six billion, we might have a balanced budget. Well, actually, we wouldn't have had, at six. We might have had a fraction of a billion, but since he withheld eight point two, that put it to a two-and-a-half-billion surplus.

You see, in those days we had Social Security, which was always running at a big surplus, to offset some of the deficits in the other parts of the budget, and the railroad retirement, and the highway trust fund had to be balanced. There was always a surplus in that, a small amount. All those things together brought about the--in the old budget, the way the old budget was figured, we didn't have a balanced budget. But he had talked me into the idea of consolidating it all into one budget, and we did that earlier.

G: There was a proposal tied into this to establish a commission to examine federal programs and to report after the 1968 election on budget priorities. This was something I believe that you favored, wasn't it?

M: Oh, yes, I did.

G: Let me ask you to talk about where that idea came from and your effort to get that incorporated with the--(Interruption)

M: I don't remember just where the idea came from, frankly. I may have had it, or it may have been one of my staff men or somebody. I don't know. It may have come out in the hearing; have you gone over the hearing?

G: No, I need to look at that.

M: Somebody may have suggested it. Burns or somebody like that may have recommended it. I don't know where it came from.

G: Did you see this as a way to establish priorities--

M: But, anyway, I bought it.

G: --or what was the advantage of this, as far as you were concerned?

M: I don't know. It never did develop into anything, of course. Maybe it was just a point to help the bill. It might have been.

(Interruption)

G: There was a question of shared executive-congressional responsibility in determining where the cuts would be made.

M: Yes.

G: Could you discuss that, elaborate on that?

M: Oh, yes. I don't remember that too well; I don't know where that idea came from either. But I was for it; I know that. I bought it, whoever suggested it. Or maybe it came from me; I don't know. My memory is just not as good as it used to be, and I have trouble with it. In fact, a fellow told me the other day I had a short memory.

(Laughter)

G: I guess a lot of this involved some of the relationships between different committees in the House, and the Ways and Means and Appropriations--

M: Had we established the Budget Committee at that time? I don't think we had.

G: No.

M: No, I don't think we had. The Ways and Means Committee set that up; Arthur Burns gave us that idea, that we had lost the budget, which originally was an adjunct of Congress, and that we needed it. And we went along with it.

G: But you seem to have favored an indication of where the cuts would be made and an assurance that you would get the six billion dollars in cuts.

M: Yes.

G: And LBJ, on the other hand, seemed to favor getting the appropriation measures through first and seeing how much they had to work with and then making a determination on the cuts.

M: Yes.

G: Now, let me ask you to discuss this issue there.

M: Well, Congress would have, well, maybe not even by October, completed its work on the appropriations. I didn't think that was feasible, frankly, to wait. I wanted to go ahead with it. We were in constant disagreement about it all the way through, so most anything I'd suggest he didn't like; anything he suggested I didn't like. I don't mean we were angry or anything of that sort; we just had a difference.

But the way we did it I thought at the time was the only way it could be done. We'd never have had a tax bill if we'd waited for the appropriations. You remember, we changed the fiscal year in order to get Congress to complete the appropriations by the new fiscal year end, and yet it never has done it. (Laughter)

G: Did George Mahon feel that you were moving in on the territory of his committee?

M: No, no, he never said anything to me about it, never did. And I wondered if he was going to, sometime or another. Had he done it, I'd have said, "All right, *you* do it. You do it."

G: LBJ went public with a series of press conferences--

M: Oh, yes.

G: --I guess that were really aimed at you.

M: Oh, they were; of course they were.

G: Describe those, if you will, and your reaction to them.

M: Oh, I knew what he was up to; it didn't bother me, didn't embarrass me in any way. I knew what he was up to all along. That was just one of his ways of putting pressure on you. He thought he'd get some support from the public, really, that they'd start writing me, I'm sure. But it didn't work that way.

G: It didn't distress you?

M: Oh, no, no. I could stand pressure, I guess.

G: Did he contact constituents of yours--

M: No, no, never.

G: --that he thought might have some influence with you?

M: No, he never did that. I don't think he knew any of them.

(Laughter)

He might have; I won't say he didn't. They didn't call me, at least. But he did everything in the world to twist my arm, I know that. And I admire him for it. He wanted to get the job done.

G: They ended up with an amendment to a Senate excise tax that incorporated this formula. Did you feel that was bypassing the Ways and Means Committee's authority?

M: Well, actually I understood at the time why they did it. I didn't like it, but I had to accept it. They'll do that to you, occasionally.

G: Was this something that the White House--?

M: I don't think the White House had anything to do with it. I never knew of it; I never heard it.

G: It was [John] Williams and [George] Smathers, I think, that--

M: Yes, yes.

G: Had you any advance notice that this was going to happen?

M: I don't think I did; I don't recall any. I don't recall any. Smathers was not one of my favorites on the committee at the time.

G: There was a balance of trade component of this whole issue, too. Let me ask you to discuss that.

M: I don't recall that. Tell me about it; what was it? Maybe it would come back to me.

G: Apparently they felt that we needed this surcharge to gain a more favorable balance of payments, as well as--

M: I don't think I ever bought that. I don't think I ever bought that as an argument. I don't think I ever mentioned it in any statement to the House, or anything. I may have, but I don't recall it. I wouldn't buy it today as an argument.

G: The White House memoranda from Larry O'Brien's office indicate that there was a Gallup Poll that scared some members of the House, because it showed the public opposition to a surtax.

M: Oh, there's always opposition to a tax bill, you know.

G: Let me ask you to assess the mood of the House during the time this--and did it change through this period from, let's say, November 1967 to May of 1968?

M: Was it May of 1968 when it finally passed?

G: Yes.

M: Yes. I don't remember all the details of the work that I did, but I had John McCormack at the time helping me, of course, the Speaker, helping me with members I was contacting with him, and all, about every member of the House, certainly all the Democrats. I didn't expect many Republican votes. I wanted to get my votes on the Democratic side, but I got some Republican votes, as I remember, not many. John could always pick up a few, and I could, too. But we worked at it diligently every day for a long time till we contacted them. And in those days, you could run pretty accurate polls, and we felt pretty secure with it passing when I brought it to the floor of the House. I never brought a bill up any time that I didn't think I had the votes, except one time in Johnson's days I let Joe Fowler talk me into a debt ceiling that I knew the House wouldn't take, 365 billion, and I told him it wouldn't. The next week I brought it back, 358 billion permanent and 7 billion temporary, the start of that temporary debt, and the House passed it.

(Interruption)

You know, there was a fellow that worked for me that was head of our staff for years, John Martin, here in town. Did I tell you about him the last time you were here?

G: I think you did.

M: John has a good memory, and a lot of this he can tell you about, and you could just use it as my words if you want to, whatever he says or however you want to use it.

G: I'll talk to him.

M: But I'd see him if I were you, because he's much better than I am at remembering. I couldn't remember how this cost-of-living thing finally passed through the Congress, [how] the cost-of-living increase for Social Security finally passed. I had to talk to him about that. I knew I had lost it on the floor of the House in a motion to recommit in 1972. I couldn't remember it.

G: Now, in April 1968 the Senate passed that excise bill with the amendments, with a cut of six billion, and the House Appropriations Committee evidently favored only a four-billion cut.

M: Yes, that's right.

G: And the next week, LBJ says in his book that he had a long meeting with you.

M: He did.

G: And he said that his notes showed that you said that you thought that you could get by with a five-billion-dollar spending cut, in other words, somewhere midway in between.

M: I was trying, I guess he caught me trying to yield; I don't remember all the details of that, even. But it was sort of compromising, I guess. I wanted six, though. I never did want less than that. I might have agreed to five if he'd have said he'd take it, just as a compromise.

G: The White House files seem to reflect an inability to get you to really commit to any figure, that you were just kind of trying to press for whatever--

M: Well, I was hoping to get an agreement from him. Finally I just gave up on it and went ahead. But I couldn't get anything out of him.

G: Really?

M: No, not any satisfactory figure. Four billion wouldn't have been [enough]; that wouldn't have done it. It wouldn't have done it. And even my six wouldn't have done it, as I thought.

G: What was the atmosphere in that meeting between you and him?

M: It was always friendly. We would argue, but it was always a friendly argument. We were never hostile toward one another, never any malice or anything like that. I was very fond of him; he seemed to be very fond of me.

G: Did any understanding come out of that particular meeting?

M: Oh, no, we never did have an understanding about it, never did. I just went ahead.

G: Did he ever talk about this issue in retrospect with you, and characterize it?

M: No, no, never did. But he always seemed to be very happy about the fact that he had balanced the budget, you see. He was always very happy about that, and I said, "Well, you see what you've done, now. You withheld the money." (Laughter)

G: Both the Appropriations Committee and Ways and Means approved a resolution with a cut of--the words "at least four billion," rather than just four billion. And then when it went to conference, the House and Senate conferees went with the six billion, your figure.

M: Yes, that's right.

G: Tell me how this evolved and [about] the deliberations in conference that you remember.

M: I don't [remember]. John can help you on that, again. John Martin will help you. It just doesn't come back to me. I've been trying to think since you called to tell me you were coming, but it just doesn't come back to me, the details of it don't. I remember that we had these figures before us. I guess I insisted--I don't know; maybe John can tell you.

G: Smathers appears to have been persuaded to your view in this. Is that [right]?

M: That's right. I never had much trouble ever in a conference in having my way, frankly. I'm bragging, but it worked out that way usually.

G: Why was this?

M: (Laughter) I don't know, I don't know.

G: Would you attribute it to having a degree of unity within your committee that they didn't have in the Senate?

M: Oh, we were always unanimous, we were always unanimous.

G: But would this have helped you in conference?

M: Oh, no doubt about it, no doubt about it. I never did just deal with Democrats; I always had the Republicans on my side, too, in a conference. Of course, the Republicans naturally have been for any reduction in government that we could bring about--in spending, I mean.

G: Did this whole matter point up the need for reform in the budgetary process, do you think?

M: It did, to me. I was struggling when Burns suggested we establish this joint budget committee, House and Senate. I was struggling for something to give Congress a better perspective of where it was going and all, and just the fact that they were appropriating the money [and] they had no idea when it was going to be spent or anything else. They'd get a report back from the Treasury that the Treasury had paid so many bills. That's about the only way we could tell where we were going. I was always very conservative in this respect, maybe liberal in others, but very conservative on the budget. I guess I got that from being with Senator Byrd so much.

G: Did you consider a conditional approval, that you would go along with this if they would do that?

M: No.

G: Let me ask you to describe the relationship between the surcharge and the 1968 elections.

M: I don't know that it had any effect in 1968.

G: Really?

M: I don't think it did.

G: Did the 1968 elections have an effect on the progress of the bill? Did they slow it down? Did fear of not being reelected cause members not to support it, do you think?

M: No, I don't think so, I don't think so. I never thought members in those days were concerned about just being reelected, frankly. I know they showed a lot of nerve at times.

G: A lot of the liberal Democrats in the House apparently didn't want a spending cut of more than four billion.

M: They didn't want any, to tell you the truth. They didn't want any, and we had to do some real arm-twisting on some of them.

G: Really? What was the critical--?

M: Oh, well, it's just this idea that has developed over the years that everybody, whether he can afford it or not, is entitled to this and that, and if he can't afford it the government has to make it available; this idea that's grown up. And I don't see anything in the Constitution that suggests it as a right, but yet it's taken as a right now. You've got to have a home; you've got have whatever you need.

G: But can you recall the strategy that you used for clearing that Democratic--?

M: No, I can't, but it was just a case of sitting down with members. I know I spent an awful lot of time with individual members, and visited with them. I had, of course, some members obligated to me. I'd been in their districts and all, and when they could they'd return a favor. I put everything on the line on it.

G: There was some fear that you wouldn't be able to get a rule.

M: Oh, yes.

G: How did you do that?

M: I never thought that there was any trouble; I was told that I'd have some trouble in getting a rule. I never envisioned it and it turned out I didn't. I never did fail to get a rule that I asked for, even the first time I went up. Judge [Howard] Smith accused me of endorsing the British dole system, you know. Eisenhower had asked for a federal

extension of the unemployment benefits paid by the states, and I put a title in the bill. Charlie Halleck had said there wasn't a Republican in the House that would vote for it, and I knew that, and I knew it was going to be a narrow thing, so I had to get something to distract the attention from that to something else to enable them to pass it. And I put a title in the bill--it's Title II--that provided for the payment to an individual whether he'd ever worked or not. (Laughter) That was the votes, and I got 175 votes for it in the House. Members would come in; they'd ask what was Wilbur's position? They'd tell them I was having to stand behind the [inaudible] to get Democrats to vote against it. Here I'd made a speech for it. But then all the Republicans voted for it, practically, on final passage. They'd gotten out of the thing the one thing that concerned them, you see. I'd diverted their attention from what I wanted. Eisenhower told me I'd been very slick in doing that.

G: Mahon during this time seems to have been distressed that the administration would not go public with a formula, either a--

M: I know it.

G: --ten-six formula or something. Was this--?

M: Yes. George was in my corner on this thing all the way through, as I remember. I never had any argument with him about it, and he supported it.

G: Did he?

M: Yes.

G: But he didn't feel that you were encroaching on Appropriations?

M: He may have, but he never mentioned it to me, as I remember. George and I were always very close, and he felt free to talk to me about anything. But he never mentioned it. Nobody on the Appropriations Committee did.

G: Would it be fair to say that he had, in essence, a more liberal composition to his committee than you did on the Ways and Means?

M: I don't think there's any question about it. My committee was more conservative than most any committee in the House at the time. You get conservative when you're dipping into everybody's pocketbook.

G: At the same time, you did work out an agreement with the administration on a textile bill. Do you recall that?

M: I didn't work it out with the administration. That actually came into existence when Nixon was in office, you know, and Nixon thought I had dealt with the government of Japan, and had the FBI investigating me.

G: Really?

M: Oh, yes. He was mad because he tried to get such an agreement and couldn't get it. The textile people didn't support what I got from them, but I did finally get them to cut back on their shipment of textiles to us. I had a relationship with the Japanese manufacturers that was very cordial in those days, and they'd believe anything I told them. I just told them, "If you don't do something, I'm going to have to impose some limitations on it. I don't want to do that." And they agreed with me. I'll tell you, there's a fellow named Tony Solomon who was in the State Department at the time, who helped me on that.

But then in Johnson's day, we worked out an agreement on stainless steel. Now, that may be what you're thinking about. I got an agreement on that, to limit the importation of stainless steel to us. I never had any argument with him about that; I don't know that he was even trying to get it, I've forgotten.

But I know Nixon was mad as hell at me about this thing, the fact that I could get something that he couldn't. We were friends and all that, but only two times did I have any differences with Nixon, and one was about the amount of money that he owed in taxes and then this situation.

(Interruption)

G: You were saying this is an amendment to--

M: To the legislation that was pending from the House and the Senate, and they didn't want it. I didn't want it either. They said they were surprised that I'd be for it. I don't know why. But anyway, it was knocked out.

G: Let me ask you, in retrospect, Mr. Chairman, should there be a different budgetary process in Congress for coordinating revenues with expenditures?

M: There should be. The question always arises, is the Budget Committee taking over the responsibility of the Appropriations Committee? In the House it hasn't existed, but when [Edmund] Muskie was chairman of the Budget Committee there was an awful lot of resentment on the part of the chairman and other members of the Appropriations Committee--I quite well remember that--from time to time. Muskie had a fiery temper, and they didn't appreciate some of the things he said and did. It hasn't worked like I thought it would; it hasn't worked for some reason, I don't know. I envisioned that it would be a closer control, that they'd have a greater knowledge of what was going on than apparently they do have. Now they get into a big argument on the spending side, always. Every dollar there, of course, is a political dollar that's in the spending stream; they just can't cut back on anything, it looks like. They're talking about a budget with a deficit of 171 billion for this upcoming fiscal year. Ridiculous.

G: In 1968, did you have your own view of where the cuts should come from?

M: No, I didn't. I didn't have any particular thought in mind. I thought if we cut a little bit in everything it might work, maybe. I always felt like we had overappropriated for every agency of government. You remember, so many of them carry over. Now the money doesn't revert at the end of the fiscal year like it used to; we stopped that reversion in World War II. Now they can carry it over and spend it in the next fiscal year. My God, there must be well over a trillion dollars, I don't know how much, maybe two trillion dollars, in the spending stream now. I haven't seen a report of the budget from the Bureau of the Budget in a long time, but they always had more money in the spending stream than you were adding in that particular year. The Department of Defense was why we stopped it in World War II; they had to build ships and took five years to build them and all that. But we didn't revert. I thought when we did it that at the end of the war we'd go back to the old way, but we didn't, and the money was left there and it may be spent ten years after you appropriate it. Nobody knows. Well, Congress needs to know, and apparently they don't get that information. It just hasn't worked like I thought it would.

I got the ranking member of the Ways and Means Committee elected over the leadership's choice; they wanted Brock Adams, who was then in the House, who's now in the Senate. But I wanted Al Ullman. I had gotten him to offer the motion in the Committee, and I used that as an argument in the Democratic caucus to get him elected. And he served there until he became chairman of the Ways and Means Committee. But Carl Albert and Tip O'Neill were for Brock and all, but we won in the caucus.

End of Tape 1 of 1 and Interview III