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WALTER HELLER ORAL HISTORY, INTERVIEW I
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on pages 47-48 of Interview II

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Walter W. Heller

Donor

8-13-82

Date

Paul W. Johnson

Archivist of the United States

September 10, 1982

Date

INTERVIEW I

DATE: February 20, 1970
INTERVIEWEE: WALTER HELLER
INTERVIEWER: DAVID McCOMB
PLACE: Dr. Heller's office, the University of Minnesota,
Minneapolis, Minnesota

Tape 1 of 1

M: First of all, to get on the record, my understanding is that you did some other oral history work for the Kennedy project.

H: Yes I did. There were a couple of things. First, the members of the council during the Kennedy Administration, not all of them, but a group of us got together with Paul Samuelson and Joe Pechman.

M: Was Kermit Gordon there too?

H: Kermit Gordon, Jim Tobin, Paul Samuelson, Gardner Ackley and I. Yes he was. We got together at Camp Ritchie for a couple of days and went through our recollections in as systematic a form as we could. However there were some very substantial gaps. We got through all of 1961 and 1962, as I recall, except that we did not tell much of the story of the tax cut, which is a very vital part of both the Kennedy and Johnson economic programs. At that time we didn't go through the wage-price guideposts discussion, but later on Kermit Gordon and I, interrogated by Joe Pechman, did that at Brookings, and that became available for the Kennedy Library. On that earlier tape--we have the transcripts--but I understand of the

four or five people that were there the only one who actually went through and corrected his part of the transcript was Jim Tobin. It's a job we still have ahead of us.

M: Well, to shift the subject, can you tell me when you first met Lyndon Johnson, and what impressions you had of him at the time?

H: Yes, I met him first when he was vice president, very early in the Kennedy Administration. I'd never met him before. For whatever reason, we, I think it's fair to say, hit it off from the very beginning and were on a first-name basis within a couple of months of the Kennedy Administration. [A] somewhat, perhaps, unlikely alliance between an egghead professor and a Texas political leader, but we did find a lot of common ground.

I always had the feeling that, as vice president, Lyndon Johnson was entitled to be informed as to what was going on, and I have the impression that I was one of the relatively few in the administration who made a special effort to keep him informed. Not because I had a premonition that anything would ever happen, but because of the nature of his position and because of this rather, shall I say, unexpected bond that developed between us.

M: Do you suppose part of the cement of that bond is the fact that you did keep him informed?

H: I should think so, but even before that was much of a factor we just seemed to find that we could talk to one another. He seemed to feel that I was an economist he could understand. He often made a point of that. I must say that I approached the relationship with some

trepidation because I had been a long-time enemy of percentage depletion and a few other things that most Texans hold rather dear. And I seem to recall one incident. Actually it dropped completely from my mind. It was a reception, I think for the Vice President and Hale Boggs, that Charlie Davis had. It might have been at the Boggs'. Charlie Davis, you know, was the chief clerk of the Ways and Means Committee. I believe he still was at that time, or he had been earlier. That's right, he was in a Chicago law firm by then.

But when I first met the Vice President at that time I thought he was a little cold and not the height of friendliness, but that was just very quickly dissipated. The kinds of things I remember in this connection were that we always sat together at President Kennedy's briefing sessions before his press conference.

M: This is in the Cabinet Room?

H: No, Kennedy used to have briefing sessions, starting in about mid-1961--at least I became a part of the group at that time--at 8:45 a.m. breakfasts in the presidential quarters, not the big dining room but the small one. There were about eight of us or so who sat around the table. The story, I believe, of those briefing sessions is pretty well known. I always sat next to the Vice President, and I immediately gave him, because right at the first session he asked for, a copy of my briefing notes for the President. So it was not only those, but many other memos that I sent to him just to keep him informed.

M: Were you selective in those?

H: Oh yes, I didn't send him everything. We made a count one time, and we must have sent the President something like three hundred memos in those three years, and it didn't seem sensible to send him everything.

M: So the kind that you would send him would be what, more general information?

H: General information, or if it were a situation in which I felt that the Vice President was involved in terms of political decisions on fiscal or economic matters I would make a point of being sure that he was informed when it came to the matter of advising him. That is, where he was called upon for advice to the President, and then all the more general memos.

I suppose I have to inject a personal note here. I felt it was terribly important, among other things, to have everyone in the White House, to the extent that they were interested, to the extent that they had a bearing on the decision, to be informed about our main lines of thinking and what we were trying to push through in terms of particularly the expansionary efforts on the economic side. And after all, he was one of the complex of forces that was influencing decisions. So I had the dual motive, I suppose of [first], keeping a vice president informed--perhaps a triple motive--secondly, keeping, what shall I say, a friendly ally in the administration informed, and third, keeping informed a man who was called upon for advice, especially on the political aspects of some of the things we were trying to get across.

M: In some of the books that are written about Johnson, it is said that the Kennedy people tended to ignore him or treat him with disdain. Is there any truth in that sort of talk?

H: This is extremely hard for me to generalize about. Sure, there were some. I have no doubt that there were some who by-passed him. Of course, this happens to vice presidents, I guess, characteristically, endemically. I've seen it happen to Hubert Humphrey under Lyndon Johnson, and I think the vice presidency as far as participation in the policy-making decisions is concerned, is almost bound to be a sometime thing. How much of that is inherent in the nature of the office and how much of it might have been personal animosity I don't really know. Because you must understand that I was not part of the Kennedy establishment before I came to Washington, either the Eastern Establishment--after all, I'm a Midwestern populist, too, you know--or the Irish Mafia. There were two kinds of circles around him, and I was part of neither.

I had never known Kennedy. I didn't meet him until he came here during the campaign. I was apparently turned up by their very broad and far-flung recruiting net, and I came into the administration and had to make my way from scratch, just as Lyndon Johnson in a sense had to make his way from scratch. That may have been another bond. I had the confidence of the people, especially the economists that had been advising Kennedy, otherwise I wouldn't have been chairman of the council. But I had no personal contacts in the Kennedy group at all. That conditions, in a sense, the extent to which I would

have known about earlier animosities or what have you. But there is no doubt that there were people in the Kennedy camp who just felt they could go along perfectly well without consulting Lyndon Johnson.

M: Did Lyndon Johnson seemingly play his subordinate role of vice president the way he should have?

H: Gracefully, I think yes. I got this impression especially in cabinet meetings and in the breakfast briefing sessions. It was just the Vice President, Dean Rusk, George Ball, Mac Bundy, Pierre Salinger, Ted Sorensen, Mike Feldman and myself. Very seldom was anyone else brought into it. There quite often the President would ask the Vice President, "How do you feel about this? What is your view as to the reaction on the Hill?" It is true that in a great many ways the main reliance on LBJ was for political savvy, political information and so forth.

But I thought he played his role with great forbearance. To the best of my knowledge, not that I was an intimate of his, but to the best of my knowledge he didn't go around making a big fuss about the fact that he wasn't included in a lot of the decision-making processes, that he was by-passed by many of the people in the sense that they didn't keep him informed and so forth. Yet he must have felt that very keenly as a powerful and decision-oriented man. I should think it would have an extremely difficult role for him to play.

M: Did you have occasion to work with him on any projects, such as the SST, while he was vice president?

H: Yes. And also he would call me from time to time--not too often, he would never abuse this--for help on a speech. Not actually writing the speech, but feeding in information. And likewise we had a very nice session which is worth mentioning down in Puerto Rico at the Dorado Beach Hotel when there was the conference on middle-level manpower that the Peace Corps ran. He and I were the keynote speakers, and I remember so vividly as I came into that meeting his putting his arm around me and saying, "Walter, we have to be thinking about this problem and that problem," and so on, problems having to do with economic policy. I thought it was rather characteristic of our relationship.

Yes, on the SST I was on that committee, and remember very vividly the way he rode a bit roughshod over some of the people who opposed him.

M: You were one of the opponents, weren't you?

H: I was one of the opponents, that's right. This is one of the things that people do not understand about Lyndon Johnson, that he was capable of getting angry with, and at, his most intimate, beloved, most trusted, most respected advisers. Somebody once said to me, "You know the President called you a son-of-a-bitch the other day." And I said, "I'm not surprised, I'm sure that he thinks I am just that on revenue sharing, because he's turned against it and he thinks I'm a traitor on it." I said, "That is completely consistent with the proposition that he thinks I'm one of his most useful and productive advisers," which I have every reason to believe was the case. He

used to say, not just to me and to Kermit and to McNamara but told any number of people that the three of us were his best producers, so to speak, as advisers. Yet I'm sure at one time or another he got toweringly sore at all three of us. You may be on his black list for five minutes, and then you're off again. His fundamental confidence in you is much more the dominant theme.

M: Well, in the SST program--

H: What brought that up, you see, was the fact that he. . . . I remember so vividly this meeting in the Executive Office Building where he was rounding up the SST Committee's views--I can't give you the exact date, that's something the archives will show, no doubt--to help resolve the issue and decide whether to move ahead or not. The lineup was very, very curious, you know. Doug Dillon for balance of payments reasons, and Luther Hodges for national prestige reasons and the development of commerce et cetera, Najeeb Halaby for obvious reasons, and so on, were strong for going ahead in spite of our doubts about the economics of it, the finances of it, the sonic boom and so forth.

But McNamara and Gordon and I all voiced our severe doubts. We felt that it was an enormously costly venture. There was no assurance that it would price out satisfactorily. We felt that the amount the government was being asked to kick in ought to be shaved down, that if it wasn't viable as a private project in considerable part, it wasn't viable, period. McNamara made the point that it just was of no use to the military. There was some hope that, if it wasn't going

to be a completely sure thing on purely civilian grounds, it would still provide invaluable supersonic transports for the military. And McNamara just shot that full of holes. Whereupon Lyndon Johnson treated McNamara like a buck private, or at best a staff sergeant, and just told him, "I want some more detailed information on this, and you bring it here by Monday." He was extremely rough and tough as chairman of that committee at that particular meeting. It was a side of him that I don't believe I've ever seen before or since in the same way.

M: Why do you suppose he acted that way?

H: I think he was impatient. I think he felt there had been an awful lot of equivocating in that committee, and he himself was obviously thoroughly convinced that for reasons of national prestige we just had to go ahead with the SST. Leaving aside the question of whether he was right or wrong, that seemed to be his deep conviction, and those of us who spoke against it knew we were speaking against the desired position of Lyndon Johnson.

M: Do you suppose that he was so strongly in favor of the SST program because this was one of the major things he had to do with as vice president?

H: That's awfully hard to say. Sure, one develops vested interests in the things that one is very close to and responsible for. It's possible. I don't know whether you've talked to Kermit Gordon about this, but he'll remember this even more vividly than I because he was actually developing some of the numbers at the time, whereas

this was more peripheral to what I was doing. But I thought he felt terribly strongly that the U.S. just couldn't be left behind on this, and the Concorde was already underway.

M: Did you have occasion to work with him on any other such projects when he was vice president that you recall?

H: I don't believe so. No, in the sense of projects per se I don't at the moment recall anything. But the 1961 "Berlin Crisis" is perhaps worth recalling. Kennedy faced a fundamental decision as to whether to increase taxes or not, at the time that we had the Berlin buildup in the summer of 1961. I had delayed my departure for Paris a couple of times--I was going there as head of our delegation to the Economic Policy Committee of OECD--in order to fight the battle against the tax increase. It just didn't make a damned bit of sense in the slack days of 1961 to put in a tax increase. And we finally won the battle. But the last picture in my mind before I took off is that of Kennedy and Johnson sitting together over in the Mansion, alone, trying to hammer out the politics of it before the final decision was made. Kennedy told me that he would let me know their verdict the next day in Paris. I was sure the decision was by then turned around from Kennedy's initial tentative decision to call for the tax increase. I was sure he had turned against it but was checking it out with LBJ before signing off on it.

M: Now, I'm about to start into this section where Johnson becomes president after the assassination. Before I do that, is there

anything else, any other comment you wish to make about Johnson as vice president?

H: No, I think we've covered my thoughts in the matter pretty well.

M: Then let's go on to the assassination and the events immediately thereafter. I would assume you heard of the news of the assassination over the radio, or did someone phone you?

H: Oh no, I was in that planeload of cabinet officers going over the Pacific. You see there were seven of us who were members of that Japan-U.S. Trade and Economic Committee, the six cabinet secretaries and I. We were all on the plane, along with Pierre Salinger. As a matter of fact, I kept a little chronicle of the events on the plane which Manchester, as I recall, used in his book.

M: And is Manchester's account satisfactory to your knowledge?

H: Well, it's satisfactory insofar as he had an actual copy of my notes. I must say, his account of what happened afterwards isn't satisfactory because his hour-by-hour account missed completely the fact that I had almost an hour's conference with the President on the night of the twenty-third.

M: The plane turned back, you were told what happened, and you returned to Washington then?

H: Right.

M: Johnson, meanwhile, with Mrs. Kennedy and the rest of the group, also returned to Washington.

H: Right.

M: Then what did you do, did you call Johnson or his secretaries to tell them you were available?

H: No, the first thing that I did was go to my office where my staff and my colleagues, without any prompting from me, had already begun the process of giving the President a rundown on what the issues were that he had to confront in the economic field.

M: You did this on your own initiative. You realized that this was necessary.

H: Yes. Oh, sure.

M: So you immediately got to work on it.

H: I'd been thinking about it on the plane. It was a fascinating reaction and process after we had recovered a bit from the terrible initial shock and grief. We touched down at Honolulu, where there were soldiers with fixed bayonets every twenty feet, because of course they didn't know whether there was a conspiracy or not. We were not allowed off the plane. The Commander-in-Chief of the Pacific forces came and briefed us, and we took off again. On the flight from Honolulu to Washington, of course non-stop, we had a long, long caucus about Lyndon Johnson. The mood was that we simply had to look forward, look ahead. Orville Freeman, Luther Hodges, Stu Udall, and, who was the fourth cabinet officer who took an active part in this? Rusk and Dillon did not, they were up front and not--oh, Bill Wirtz. The five of us had a long, long seminar, so to speak, on Lyndon Johnson, everybody tossing in his impressions. We went back to the events of 1960, going back to the relationships that they had had

one way or another over the years, what kind of a man was this, and so forth.

M: What were your conclusions?

(Interruption)

Okay, we're on the plane back and you've made some conclusions about this man who is now president.

H: Well, this wasn't the sort of thing where you could say we had drawn firm conclusions about him, but where a whole variety of comments were offered about him. I think the kinds of things that were said, in the midst of the apprehensions about change and so forth, were considerably reassuring, in terms of his abilities, in terms of his likely response to such a crisis, in terms of his basic political and social objectives and so forth. And yet, I underscore the fact that there was a great deal of apprehension because of the fact that he was Lyndon Johnson of Texas, people didn't know how this was going to translate into the politics of a national administration. His intelligence, his ability to grasp things and so forth was never questioned.

M: Did you ever fear that he would be an economic conservative?

H: Well, we weren't sure. There was some fear that he might be quite conservative. There were voices raised on both sides of that issue. There was the fact on the one hand that he was a populist, that he had many of the inclinations or prejudices, let's say, in economic terms, of someone from the Southwest. In spite of the fact that he was from rich Texas, the "debtor area mentality" was important

in his thinking. Also the impact of his early experience teaching poor Mexican-Americans and his NYA experience. Yet it was quite easy to cite evidence on both sides of this issue. So it was by no means a certain conclusion that one could come up with, you just couldn't.

There was also a great deal of talk about his relationships with human beings, and how hard he could be, how demanding he could be of those around him, and how he really required the people around him to be totally devoted to his causes or to him personally. As somebody put it--it wasn't meant to be as harsh as it will sound or look on paper in a transcript--"He'll just suck the guts out of you." Meaning that he'll just get every last drop of contribution that you can make in terms of energy, thought, et cetera, and make use of that.

M: And this proved to be true?

H: I thought it did, yes. Of course in terms of what I was doing it made no difference, shall we say, in the hours that I worked or how hard I worked or how many deadlines I had to meet, because we were doing that anyway. Gardner Ackley and I got together one time and figured we put in an average of eighty hours a week in the office over a three-year period, or a two-year period that he'd been with me. That is, from the time he joined me in the middle of 1962, we were looking at this in the middle of 1964, there was no great difference between the Kennedy and the Johnson Administration demands on our time or the demands that we generated on ourselves, so to speak.

M: Where would your group in the plane get knowledge of his demands on his personnel? Is this just a reputation he had?

H: I suppose that was a good part of it, and I was not that close to him to know that. I was not the one who made that kind of an input, but I know that a couple of the people in the group chimed in very heartily on that, so they must have had some inkling.

M: So your feeling then about the new President was not despair?

H: Not at all, no.

M: Some hopefulness, but some apprehension too?

H: Some apprehension and also, of course, there was a lot of talk, as there was in those days, about the enormous difference in manner. You know, the idea of the sophisticated and polished Mr. Kennedy against the rather corny Mr. Johnson. I mean this was part of the atmosphere in those days, and there were some doubts expressed on that score.

Well, in any event, to get back to the other part of it. When I got back, I guess it was midnight that night, I went directly to the office. The group was working putting together memos to let the new President know what the problems were.

M: Your group then already anticipated what would be necessary?

H: Oh yes, sure. At the same time, I put together a memo which I entitled something like, "The Service of Your Council of Economic Advisers," and I'm sure I could dig up a copy of that if you like.

M: Sort of a primer.

H: A primer of the various things that the council did. I put that together, I don't recall whether it was the first day, but it certainly was the first weekend, to let him know what kinds of things we were prepared to do for him and for the administration. So that he could get a feel immediately for the sorts of things that we did in the economic field, what areas we were active in, what we had been doing for President Kennedy. After all, it was in the middle of intense year-end pressures on the council, on the President, on the Budget Bureau to produce these various message and documents and so forth. I wanted to be reassuring that these things would go on without any major interruption of the underlying work, in spite of the tragedy of the assassination, and I think we were able to reassure him on that score.

M: Did you get any sleep that night when you returned to your office?

H: I don't remember getting to bed that night, but I suppose since we'd been on the plane for twenty-four hours, and then in the office most of the night, I'm sure I slept a few hours in the morning before getting back. We had the cabinet meeting in the afternoon. Of course the Kennedy funeral arrangements and seeing the family and all the rest had to be done at the same time. I will say, since it fits into this basic question that you're asking about one's apprehension, sure, we were apprehensive in the sense that we did not know enough about Lyndon Johnson to know whether there were any economists that he was relying on. I might say that I eventually became thoroughly

convinced that I was the first professional economist that he had ever had a close relationship with. I probed this.

Now Eliot Janeway, who has a fixation about the President, about LBJ, apparently developed an enormous grievance against me. Although, for all practical purposes, I didn't know he had any relationship with the President at all, Janeway imagined himself an adviser of Lyndon Johnson who had somehow or another been alienated by Walter Heller. This was a most curious situation. I did check with the President later on, mentioned that Janeway seemed to have this passionate hate that he developed for the President, and in the process, for me. And he said, "I never had any substantial contact with the man at all. Sure, I saw him a few times."

But since LBJ had never worked closely, as far as one could find in his congressional career or as vice president, with professional economists before, naturally one had a great many unknowns and a great deal of uncertainty. But I can say from the very first day the relationship with the President was a satisfactory, fulfilling, responsive one. It would have been hard to ask for more. As economic adviser to the President it would have been hard to find a more responsive and more quickly comprehending boss and one who made more use of his Council of Economic Advisers than LBJ.

M: You didn't have any fear that he misunderstood what you were saying?

H: No, I didn't and of course--

M: He seemed to comprehend all of this?

H: Oh, yes. I did not feel that he had problems of comprehension in the economics field. At times he would say, "You know, Walter, I'm an old-fashioned economist, and I'm not sure I understand all these new-fashioned ideas, but I'm depending on you." Of course he understood the ideas; he knew what he was doing in economics. I don't mean to say that he had as detailed and penetrating and sophisticated an understanding as JFK developed in these three years that he was president. But after all, the main thing was that he should understand the main streams of economic interplay and interactions and understand the fundamental forces which were presented to him in a decision-making context on taxes or how to try to influence monetary policy or what have you. And there I felt there were no barriers.

M: Well then that first day, the twenty-third, you'd worked out some briefing notes for him, a primer about what the CEA was all about, what it had to offer. And then did he call for you, or did you make an appointment to see him, or what happened?

H: That's a little bit vague in my mind. I may have put that in my notes about that night, but one way or another. . . . Would Bill Moyers have been handling his schedule that day?

M: Possibly.

H: He was over in the Executive Office Building, where he held a number of meetings in what I would guess were his vice presidential offices. Again, I will supply some notes on this so that you will have it more precisely. I remember going over there in the evening. I remember

he was seeing both Bill Wirtz and Ted Sorensen, I think just before and after me. He saw Ted for maybe fifteen minutes, and then I guess he saw me while Bill Wirtz was waiting. We had something like forty minutes together. And it was a very satisfactory discussion of issues and of approaches and of the problems of the tax cut, and particularly I got the green light from him on the poverty program. I had, after all, initiated that in May and June of 1963 in the sense of trying to get Kennedy interested. I had difficulty getting him on board, so to speak. Ted Sorensen had told me, "Keep at it, it's the kind of an issue we should sign on to, and it's a terribly important thing." I'd had sessions on it with Kennedy in October and again three days before the assassination.

M: Had Johnson known about your work on the poverty program?

H: I don't think he had in any detail. I think this was quite new to him. I may have sent him some of the memos. I hadn't written many; I'd written just two or three or transmitted things that I'd asked Bob Lampman of my staff to write. But I don't think he was close to the general issue. I don't know whether he may have played a role in that special attempt to do something about poverty in Kentucky, my memory doesn't serve me on that. But I told him very early in our conversation that the very last substantive conversation that I had had with Kennedy was about a poverty program. The reason I had seen Kennedy before leaving for Japan was that I had made a big staff commitment to it. I had Bill Capron rounding up opinions all over the government on the poverty program, and I then heard

from Ted Sorensen some rather disquieting comment about, well, you know, "We may have to put more emphasis on the suburbs," or something like that. So I thought the only thing to do was to go directly to Kennedy and find out how he felt about it. And he said, "Yes, Walter, I am definitely going to have something in the line of an attack on poverty in my program. I don't know what yet. But, yes, keep your boys at work, and come back to me in a couple of weeks."

M: This is what Kennedy told you?

H: This is what Kennedy told me on November 19. In other words, he was saying, "I'm committed to doing something," but he did not at that point have a program. There was not a poverty program at that time. We were in the process of trying to pull one together. His own thinking, I'm sure, had not gone beyond the vague concept of doing something that would focus specifically on the roots of poverty. That part he was committed to.

M: And you related this conversation?

H: I related this conversation to Johnson, and his reaction immediately was, "That's my kind of program; I'll find money for it one way or another. If I have to, I'll take away money from things to get money for people." His response was favorable and immediate.

M: Now, judging from subsequent events and your knowledge after that, was this reaction one of sincere interest in poverty, or was it a means of gaining your support in the council and in the government?

H: His response was so spontaneous and so immediate--and without knowing, as I've intimated, that we were sort of battling within the

administration to get this kind of a program adopted--that I thought that it was an instinctive and intuitive and uncalculated response--calculated in the sense that your question suggests. The play for support, if you will, came in the comments as he led me to the door, telling me that he was really a Roosevelt type of liberal, and I should be sure to tell my friends that. I mean there he was Lyndon Johnson the politician working on the human relationship and a matter of gaining your support and loyalty and so forth by saying, "Yes, I am committed to the same general ideals you are." That was very clear in that context. But I did not have [that] feeling in the more formal part of our discussion, as we sat there going over issue by issue. I had written up a little agenda of things that I wanted to go over, and he held still for all of them. I got through the whole thing from a to z.

M: You got through the tax cut business.

H: And he decided then and there; he agreed. I said, "You know, we've got to hammer out some decisions on the strategy of this thing, and I'd like to have Dillon and Gordon and myself and perhaps a couple of others have a bull session with you on this." And we scheduled this, set it up for Monday night. And Monday night we had a long session on that, which I also wrote up and a copy of which by the way apparently got to Evans and Novak. Didn't they write a book on the Johnson Administration?

M: Yes. The Exercise of Power.

H: I have no ideas, and I have no way of finding out, but through my secretarial staff or something, some of the things in the Evans and Novak book were a word-for-word account, without quotes, from my memo on that affair. That distressed me very much, but there wasn't anything I could do about it.

M: Was Lyndon Johnson informed about the tax cut prior to his presidency? Did he know what was in the works there?

H: I have a little difficulty with your question. After all, the tax cut had been proposed in January of 1963, and we at CEA had been fighting the battle for that from the spring of 1962 on. So yes, he had been in the act.

M: Your problem really wasn't to sell him on the idea of the tax cut.

H: Oh no, although in retrospect he said--and this is Lyndon Johnson the flatterer and ego builder--"The reason I accepted it was because you were the author of it, and I was convinced that you knew what you were talking about," and so on. No, I think he was thoroughly sold on the tax cut idea, that wasn't necessary. My guess is that he just felt that it hadn't been handled too adroitly by the Kennedy team, and he was going to see that it was driven through by giving Harry Byrd what he wanted, namely, a budget that didn't exceed a hundred billion dollars. You know, this totally artificial administrative budget figure was just a will-o-the-wisp, but he was convinced that if he gave Byrd this assurance on the budget side that he'd get the tax cut. And he did.

M: My understanding is that you spent a long time with Kennedy talking about the tax cut, formulating the ideas, and in effect convincing Kennedy that this was what ought to happen.

H: That I did?

M: Yes. And that it took him a matter of years, really, to get all of this going.

H: Well, it was tough, because after all Kennedy went in on a pledge of sort of sacrifice and so forth. He used to tell me, "Walter, it's simply not consistent with my pledge of calling for sacrifice to get the country moving again." And I said, "Yes, but you pledged to get the country moving again, and you're not going to get this economy moving again without providing some stimulus to purchasing power and to investment and so forth, and you're obviously not going to get it through the expenditure route. You've been batting your head up against a brick wall on this. The Ken Galbraith method is just not going to work politically, and the only way to really drive this thing through is a huge tax cut."

And Treasury kept telling the President, "No, we need tax reform, and we should perhaps have two or three billion dollars of tax cut to lubricate tax reform. But after all, the economy is rising, and we've got a big deficit, and you can't have a massive tax cut in the face of that." Of course the argument, the absolutely inescapable correct economic argument was, "Sure the economy is moving up, but it's still running forty billion dollars below its potential. You need to take off this tremendous excess burden

of taxes." At full employment the tax system would have been producing about twelve billion dollars more than the government was paying out--but we couldn't get there under the economic pressure of that twelve billion dollar "full employment" surplus.

I mean just to talk for a moment about the economic logic of it. And that was logic that I think sold itself quite readily to Lyndon Johnson. Also, the logic that you couldn't get it through the expenditure side of the budget was perfectly patent to him. So when the administration went for this tax cut. . . . I know he [Johnson] sat in on some of the strategy sessions on it; I don't know to what extent he had bought it at the time that we sold it to John F. Kennedy. But he surely was completely behind it by the time he became president.

M: But then you didn't have to go through the burden of selling all of the ideas?

H: Oh no, no problem.

M: You just continued on then.

H: We, of course, underscored what we thought and cited chapter and verse on what we expected the tax cut to do for the economy. [We] also made clear that it would actually be consistent with balancing the budget to cut taxes, because of the added stimulus to an economy that was already rising. And secondly, that it would enable him to do so much more on his social program objectives to cut taxes rather than hold them and have the economy suffer the slack and slowdown and so forth that would be the result. Indeed, I remember

at the time when I talked to him about leaving, that is in April of 1964, when he walked me around the oval behind the White House he said, "Well, Walter, you know when you sold me on the idea that the tax cut was a good thing you told me among other things that it would stimulate the economy and help balance the budget. After you leave me and go back to Minnesota, I'll come out there and haul you back here and"--I don't know what he said, but something like-- "publicly horsewhip you if it doesn't come through."

Fortunately, by the first half of 1965 the cash budget was running a little surplus, and he had lots of money for the Great Society programs. Needless to say, the economic program, the Great Society programs and the reputation of Lyndon Johnson all went to hell in a hand basket as a result of Vietnam. That was such a great tragedy. We all know that, that's a cliché by now, but it was such a tragedy. Not just within the terms of Vietnam per se, but because it wrecked what was such a sound and well-balanced economic program, or economic experiment if you want to call it that. And because it got in the way of enjoying the fruits of this stimulus to the economy in the form of the social programs. Well, that's getting ahead of the story.

M: Back to your meeting on the twenty-third. You talked about the tax cut, and you talked about the poverty program. Anything else?

H: Let me just take care of that and save time now by giving you a copy of that memo; I have what must be a ten or twelve page memo that covers that event.

M: Then when you came out of the meeting, were you less apprehensive about the presidential program?

H: Yes, I was quite convinced that we were going to have a good working relationship. I went back to my staff. My council members and staff were still on deck there Saturday night, ready to go to work and work on--

Oh, we also talked about his message, his initial message, and I was able to go back and say, "Look, I'm convinced the President is going to use us the way we should be used. Indeed, I rather think that relative to other advisers in the Administration, Mr. Dillon, cabinet officers and so forth, I rather think our role will be enlarged, not shrunk." And that was exactly the case. I don't want to judge his relationships with others, but I can judge his relationship with the council, and he certainly used the council the way we thought it ought to be used. He was a tremendous consumer of our output.

M: I would think that a man taking office like this might make some decisions that he would later want to go back on. I mean, like the poverty program. He might say, "Go ahead with this," and make initial mistakes which might prove later disappointing to the people that he made those statements to. Did this happen with Lyndon Johnson?

H: Not in our relationship. I really can't say that there was any major area in which in the first day or two days or week he said, "Let's

go," and then later on said, "No, on reconsideration let's stop." In the poverty program he was extremely demanding. Kermit Gordon and I went down to the Ranch. Kermit has probably recorded this. Has he done his stuff?

M: Yes.

H: And the President just threw that back at us time and time and time again. He said, "Look, I've earmarked half a billion dollars to get this program started, but I'll withdraw that unless you fellows come through with something that's workable."

M: Was this at the Christmas meeting in 1963 out on his Ranch?

H: Yes, at the Ranch. He made very clear that it had to have some hard, bedrock content, and he kept referring time and again to his NYA-- National Youth Administration--experience in the thirties. He liked the idea of learning while doing, learning through doing.

M: About that December, 1963, meeting, you were there and Kermit Gordon and a number of the cabinet men as well?

H: Just Kermit and I on that occasion, though others came later. I recall quite vividly a night in that living room with the big fireplace down there at the Ranch. He had some neighboring ranchers in and so forth, and I believe just Kermit and I at that moment, apart from some immediate White House staff people. . . . I think probably Bill Moyers was around. But you know I'm not conscious of any cabinet people being there at all. That was the night when he had such great fun at our expense about beef imports. We'd written him a memo. Did you interview Kermit yourself?

M: Yes.

H: Well, then, maybe he told you that incident about the memo we'd written to the President, the two of us.

M: I've read about that.

H: Saying that it was too bad to curb the meat imports, especially that low-cost beef. He had just the greatest time in effect ridiculing us in front of his rancher friends and doing it, however, in a way in which we really couldn't take umbrage. We were just tremendously amused by it. But in effect, here were these two college professors who didn't know you know what from you know what about beef, and trying to tell him what he ought to do about beef imports.

M: According to the story I've read about this, the ranchers were brought in to tell you--

H: That's right, what the facts of life were.

M: --that beef prices were due to imports rather than domestic production.

H: Yes, that this would cut into their income. And one was almost expected to break down and weep. Of course, as always, Lyndon Johnson had at his fingertips the most fantastic array of figures and facts that disproved our thesis, or at least if not to disprove it, to throw very great doubts into the picture.

M: Well, then was the main purpose of that December meeting a discussion of the poverty program?

H: There were a lot of other things. I mean, Kermit had the whole budget thing to clear with him, and I thought that I was going to

start clearing the economic message with him, and in part I did. But in that or a later session, I identified at least seven different situations in which I was speaking with him. You know, one time driving around the Ranch, another time at meals, another time in the helicopter flying from a funeral in Austin, another time while he was sitting in the barber chair. It may not have been that meeting, because I don't recall Kermit being in those various situations. It may have been a time I was there alone. But it was characteristic of his using every single minute for discussion and so forth.

M: So he'd take you along to the barber shop to talk?

H: Yes, and of course he'd even take you along when he went to the bathroom.

M: That's a true story?

H: That is not a myth. That is, he might not take you right into the bathroom, but he would continue his conversation while he was answering nature's call, never broke stride in his conversation, kept right on going.

M: Did this shock you a little bit?

H: Oh, sure, a little, but I suppose it might have shocked an effete easterner more than a midwesterner. It happened often enough. I can think of at least four different occasions, so that one began to accept it just as routine. You know, why not? We were discussing something, and he had to take care of this little matter, and the conversation just didn't stop.

- M: While we're on this subject. Lyndon Johnson has the reputation of being earthy in language as in action.
- H: Oh, sure.
- M: Or as some people would put it, downright crude. Now is he earthy, is this really true? In his language, does he use colorful expressions?
- H: He has a fine vocabulary of four-letter words, and I've heard him use just about every four-letter word I've ever heard. I've heard him use them very, very effectively too. I recall one time on the Ranch about a year after I had left Washington. He'd called me down to the Ranch, and he had the president of Alcoa there. We were driving around the front two thousand. Later in the visit we drove around the back two thousand, Lynda's two thousand. That was with George Hamilton; that's when they went deer hunting from the white Continental convertible. But he said to John Harper, at the end of a very, I thought, perceptive, constructive, and deeply motivated discussion where Lyndon Johnson was expressing his philosophy about the interests of the people as a whole versus, say, the interests of business, "Frankly, John," I believe he called Harper by his first name, "if it came to a clear-cut choice between the interests of two hundred corporations and the interests of two hundred million people, you can just go 'blank' the corporations."

I was so amused because afterwards Harper said to me, "Well, I thought the President expressed a very sound philosophy today, and I surely can't disagree with what he said." And then at dinner that night Johnson said to me, "Walter, do you think I was too hard on

Harper?" I said, "No, as a matter of fact you got, without knowing it perhaps, a very positive response from the man." So that this earthiness, while it may have shocked some and may have been interpreted as crudeness by many, also served its purposes. I'll tell you, it enabled him to level with a lot of people in a way that they understood, however much they might have been surprised, startled, astonished, shocked to hear the President of the United States use language like that. It did not get in the way of communication. It furthered it. I'm sure there were other cases where it didn't. But let's not kid ourselves, John F. Kennedy was a pretty salty sailor too. He was capable of some very blue language, but he would never use it in the way that people would call crude. He might use the same words in the same situation and not be called crude.

M: Johnson also had a reputation for a raging temper, is that true?

H: Yes, although interestingly enough I was never the direct victim of that temper. I saw him rage. I was in his presence when he raged at someone else, and I was in his presence once when he was about to rage at me, but I'll give Jack Valenti credit. I was bringing the President some notes for a talk that he had to give fifteen minutes later. He was putting on his tux, and he was going to complain about how late it was, I don't know that he was going to rage. But Jack Valenti just interceded and said, "That's my fault, I told Walter to bring it in at this time."

He did tell Gardner Ackley one time--that's where I got this term I was using earlier--that I was a traitor on this tax-sharing

idea. I know he has vented his feelings to others on what I'm inclined to believe were very limited occasions, about something that I would be for that he was against, or the fact that I would talk a little bit too much to the press. That used to gripe him as much as any issue with anyone on his staff. But he never blew up at me, never. In personal terms, I have a very strong sense of fondness for him, therefore, which does not always extend to the policy positions he's taken.

M: Despite the fact that he did have a temper and might sometimes call you names, this never damaged your loyalty to him?

H: No. And the reason it didn't is that I interpreted it as a momentary sort of expression of annoyance, or irritation, which I thought he was entirely entitled to. I don't think you should get this out of perspective, though. I did not feel that this was going on constantly, but when I heard it my attitude wasn't to say, "Oh, no, that couldn't have happened." My attitude was, "Well, that sounds like Lyndon Johnson." That doesn't alter the basic relationship at all, and I never had the feeling over the years, either during the period I was working in the White House or after, that the fundamental relationship was anything but warm.

M: Were you convinced that he was as hard-working as you were?

H: Oh sure, no doubt about that.

M: I believe it was in your book New Dimensions of Political Economy that you quoted a statement you had made about him to the effect that there

would not be a recession because Lyndon Johnson wouldn't let it occur. What did you mean by that?

H: What I meant was, that he was such an enormous activist and he kept such close tabs on economic matters. Kermit Gordon probably has told you about this. We set up this system for him, three-times-a-week reports on the economy and so forth, and this says something about his understanding in the economic field. Whenever he heard of some economic development that was adverse he wanted to do something about it. Here of course Ackley and Okun can tell you so much more than I in terms of chapter and verse, [but] he was such an activist on the wage-price front. When he thought people were doing things against the national interest he took it almost as a personal affront on behalf of the public interest. It was in this connection that I said, "The economy wouldn't have a recession while Lyndon Johnson was President; it wouldn't dare." Because he would come charging out with countermeasures.

M: Now you may not be able to comment on this, but Lyndon Johnson had the reputation of being a superior politician, good at manipulating people and working with Congress to get things done. From your point of view is this true?

H: I'm not afraid to comment on it, I just don't consider myself terribly competent to comment on it. I am inclined, without being sure of myself, to go along with some of the judgments by Scotty [James] Reston and others that his kind of effectiveness politically was great

in Congress but not the optimum kind for presidential effectiveness. In other words, he was magnificent in something like the education bill, for example. After all, federal education aid failed time and time and time again, until Lyndon Johnson got the opposing forces behind the scenes and said, "Now look, you guys are going to kill each other if you don't get reasonable and make some compromise and then stick with it."

And you know, he got the Catholic interests and the NEA and all the rest, you probably know this story, and got them to agree. There his consensus politics could work. But once he lost his consensus, and lost a big majority, and didn't have the natural setting within which consensus politics could work, then I think the Lyndon Johnson kind of mastery in politics was not the kind of mastery that was needed for maximum effectiveness as a president. But of course he was by then in an impossible situation in Vietnam, and maybe there was nothing that could be done.

M: As chairman of the CEA--

H: Let me also say, that I saw him time and time and time again in private briefing sessions in the White House, with small groups and large. He'd often have me join him in speaking to small business, university presidents, big business, labor and so on. His powers of persuasion, his ability to get those groups to eat out of the palm of his hand, were something that I just don't think the country has any appreciation of. He never projected this same enormously commanding, forceful, and yet sort of sympathetic personality that he did in

those private meetings. It was something to behold. As I used to say, "When he was through, there wasn't a dry seat in the house!" These people just went out of there singing paeans of praise for Lyndon Johnson, and it didn't matter which group it was.

I thought he'd come a cropper when he came up against the university presidents. But he'd speak for, typically, ten minutes from his notes, and then he'd put his notes aside and lean over that lectern and talk to those people as if he was having a personal man-to-man conversation with every person in the room. He just put across some of the ideas in economics, among other things, calling upon them for meeting their responsibilities as business leaders and labor leaders, and showing them that he understood the problems of small business, and that he understood the problems of the university and was an educator at heart. He has a mastery of men in this respect. It was just a marvelous thing to behold.

M: As chairman of the CEA, did you deal with the Hill much?

H: I had to deal quite a bit, but not in the sense of nose-counting and arm-twisting. I had to deal with the Hill in the sense of appearing in open testimony, which I insisted upon doing--by that I mean I insisted on it being open rather than closed. Burns had kept it closed in his days up there. And then occasionally, as John Kennedy did, Lyndon Johnson would ask me to go and meet with some of the people on the Hill. After I left Washington he several times asked me to meet with the Democratic Study Group in the House and try to help sell it the surtax, the tax increase, and so on. But while I was CEA chairman that was a much smaller part, I mean it was a very

small part of my duties. But occasionally I would run that kind of an errand, if you will, on a specific issue where I had a specific friend up there.

M: Well, that's a topic to perhaps pursue in another session. The time is running out.

H: Well, we've covered only a very small part of this. I think that my memo I did on that initial meeting with the President will be of interest to you. I will also take a look at some of the other memos I've written, particularly the long memo on the conversation I had with the President in April of 1964, when I told him I had to leave because of financial reasons and the health of my wife and so forth, and he urged me to stay until November, when the election was over. Among other things he said, "I'm your commander-in-chief and if you try to leave I'll put you in uniform and I'll order you to stay here." This kind of thing, Lyndon Johnson at his hyperbolic best, I should say. I have that all written up which I'll take a look at it and see if it has to be expurgated or not. But it may be useful for the archives.

M: Thank you very much.

[End of Tape 1 of 1 and Interview 1]

For Walter Rusk file

DRAFT

WWH/sk 11/23/63

Chronology of Events on Board the Aircraft Carrying the Cabinet Group
to Japan on the Day of President Kennedy's Death

(This account covers some of the events in the plane ~~with~~ during the first two hours after receipt of the news that the President had been shot -- the times attached are approximate and subject to correction.)

1. About one hour and forty five minutes after take-off from Honolulu, members of the delegation, and Messrs. Salinger, Feldman, and Manning were called into ~~the~~ Secretary Rusk's forward compartment and told that a message had just been received that the President had been shot and "seriously wounded."

2. It was reported that Governor ~~William~~ Connally was also shot and that a Secret Service man, referring to the President en route to the hospital, was quoted as saying, "He's dead." It was soon found that the President was alive but critically wounded.

3. Within 10 to ~~ix~~ 15 minutes of the initial news, it was decided that the Japan meeting should be cancelled, and the plane turned around to return to Honolulu.

4. Secretary Rusk and Pierre Salinger were on the phone repeatedly.
5. There was discussion of who should go to Dallas, who to Washington, on the assumption that the President was still alive -- a list was made up. It was about 20 to 25 minutes after the first message that the ticker showed that Congressman Jim Wright was quoted as saying that both the President and Governor Connally were still alive.
6. A phone call from Under Secretary Ball to Secretary Rusk indicated that the President was receiving blood transfusions in the emergency room and that Connally was in the operating room.
7. There was a message from the White House to Salinger that all Cabinet officers return to the White House. The message was from "Stranger," code name for the communications officer with the President's party in Texas.

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8. Secretary Rusk raised the question, "Who is the White House under these circumstances?" and the matter of who had the authority to issue such an order was discussed.

9. Governor Freeman raised our hopes a bit by bearing witness from his own wartime experience that a man can be shot through the head and survive. We tried to analyze whether the news about the transfusion was good or bad. We did not know that the President had been shot through the temple.

10. The Secretary of State had announced that the President was seriously wounded, that we were returning to Hawaii -- I believe it was Colonel Toomey who announced that we would only refuel in Hawaii and that we ~~w~~ were all to stay on board since we were to be there about 20 minutes.

11. At a discussion of the Presidential succession, the sensitive problem of transference and exercise of the power of nuclear decision, the fear of disability if the President lived, and the awesome implications of succession if he died.

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12. It was agreed that if the President were dead, the Vice President ought to be sworn in in Texas by the nearest judge and immediately flown to Washington.

13. About two hours and 30 minutes out, Pierre Salinger was called to the phone again, and came back saying that there were "conflicting reports" and he was to get another phone call clarifying the matter within a few minutes.

14. About two hours and 40 minutes out, Pierre came back from the forward part of the plane and said, "He's dead."

15. As soon as he could regain his composure, which he quickly did, Secretary Rusk made the following announcement on the public address system: "This is the Secretary of State. I am sorry to bring you the grievous news that President Kennedy is dead. Lyndon Johnson is the new President." (The first part of that quote is, I believe, verbatim. The latter part I did not hear distinctly.)

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16. The plane fell into complete grief-stricken silence, for a period that no one can measure by the clock.

17. The group of ten reassembled in the Secretary's cabin. -- efforts were being made to find out where the Vice President was.

18. At about two hours and 55 minutes out of Honolulu, it was decided to issue a statement -- it was a statement that Dean Rusk would issue at Honolulu on behalf of the entire group.

19. Similarly, it was decided to send a message to Mrs. Kennedy from Secretary Rusk on behalf of the Cabinet members present.