

## INTERVIEW XIV

DATE: November 18, 1987

INTERVIEWEE: JOSEPH A. CALIFANO, JR.

INTERVIEWER: Michael L. Gillette

PLACE: Mr. Califano's office, Washington, D.C.

### Tape 1 of 2, Side 1

C: At some point in early November [1965], before we had rolled aluminum back--we're in the middle of the fight--there was an increase in the price of copper. First, by a small company and then other companies began to follow. Two cents, from thirty-six to thirty-eight cents a pound. The source of the basic increase was Chile which had raised--well, let me go back. We got word of the increase, and the Council [of Economic Advisers] was worried about it, even though they thought there was maybe some merit to copper prices going up, for two reasons. One, they thought that in the wake with our fight with aluminum to roll back the price, we couldn't let copper sit out there. We were worried about a steel price increase and we couldn't have any precedent set. Secondly, the copper companies were, by and large, even more profitable than the aluminum companies, and we didn't want to give that argument to the aluminum companies. I was concerned, and so the President said, "Let's try and roll the price back."

I was concerned about how little we knew about the copper market. We didn't have a stockpile of copper that we could break the price with. We didn't have, totally

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within our power, the ability to break the price. Also, [Robert] McNamara was worried that we were operating with a blunderbuss. With aluminum we ought to find a more delicate, surgical way to do this. And I shared that because we didn't want the President looking like he was running around with an elephant gun. In some conversation I had with the President early on I said we really needed to know something about the copper market, and as I went around the government, we didn't have any expertise. Remember, in aluminum we were going through the experience where we put 200,000 tons on the market and we thought that, in and of itself, would break the price. It wasn't enough to break the price, so we were really concerned here. Then other companies started to follow, and the President said that, "There's a guy names Joe Zimmerman. He knows copper unlike anybody else in this country. He once worked on the staff of my Preparedness Subcommittee as a young man during the war. Get him." So I went hunting for Joe Zimmerman. All I had was the name. Found him in New York. Got him on the phone.

G: I show November 16 in my--

C: No, he came down for a meeting we had on the thirteenth, on a Saturday.

G: I see, yes.

C: I found Joe Zimmerman and got him on the phone at 12:45, on Saturday, November 13. If my recollection is right, he was in Westchester. He was stunned; he was absolutely flabbergasted. This is a very short guy. Maybe there are some pictures. I don't know if [Yoichi] Okamoto took any pictures of these meetings that day. He was stunned. He was a very short guy. I'd been trying to get him, finally broke through, got him at his

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apartment, told him we needed him. He said, "When?" I said, "This afternoon. We'll send a plane up there right away and bring you down here." I sent a Learjet up to pick him up and flew him down to the White House. He walked into the Cabinet Room at four o'clock where he was greeted by myself and McNamara, [Nicholas] Katzenbach, McGeorge Bundy, Gardner Ackley, [Henry] Fowler, Governor [Buford] Ellington, Tom Mann, the assistant secretary. Is the President at the Ranch at this point?

G: Yes.

C: These guys are sitting at his feet and were asking him what makes the copper market tick, how would you roll back this two cent price in copper? And Zimmerman gave us a lesson in copper. He told us, and the bottom lines were in immediate terms, to roll back the price in the U.S., we had to roll back the world price and that meant we had to roll back Chile. In longer-run terms, we had legislation on the Hill. We had to get more control over copper exports and the copper market was very prone to speculation because the margins were so low on the exchanges. We had no power over the exchanges in any direct way.

For our immediate purposes, the key thing was Chile, and I, at whatever point, reported to the President about all this. I don't see memos in here--I may have some in my own chron file--but I reported to him. That precipitated a cable that Bundy and I sent to [Ralph] Dungan, who was the ambassador to Chile, which I don't see in this stack of cables but which was something like, "What combination of carrots and sticks will it take to get [Salvador] Allende, get Chile to roll back the price of copper?" Dungan was flabbergasted.

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G: Really?

C: At the cable. I don't know if he's still around or if you've interviewed him. I probably ought to talk to him. Then it was clear that we had to send somebody to see Allende.

G: Frei at that time.

C: Frei, was it Frei?

G: Yes.

C: Frei was the head of Cuba [Chile]. What is his name? What was his first name? I don't know.

G: Eduardo.

C: Eduardo Frei. Somebody had to go down and see him. On Saturday, the following Saturday, the twentieth, the President decided that we should send Averell Harriman.

G: Why Harriman?

C: Well, let me just look at my book here. (Long pause) I don't see him, listed here, but Harriman came to my office. I explained [the situation] and I said, "Explain this to him." Well, [before this] I said to the President, "How are we going to get Harriman?" You know, just wrench him out of his house in Georgetown and put him on a plane and send him to Chile. Johnson said, "Just tell him we'll put a couple of beautiful nurses on the plane."

(Laughter)

G: Why did he want Harriman?

C: "And they'll start working on him and it will be a wonderful flight." It was really incredible.

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He wanted Harriman because he wanted someone of high prestige that would make it clear to Frei that we were deadly serious, okay? When Ralph Dungan found out that Harriman was coming, he was again flabbergasted because I remember him telling me later he got this cable from [McGeorge] Bundy and me. Then the next thing he got was a cable or a phone call saying Harriman was en route. Set up an appointment with Frei; we've got to roll back the price of copper. I talked to Harriman, gave him a briefing, told him we had to roll the price back and off Harriman went. This was done within hours. My recollection--I don't see anything in the book--is I called him early on Saturday morning, he came to my office and we briefed him. And he was off on a plane Saturday night, and he went to Chile.

G: Was Zimmerman knowledgeable about this aspect as well?

C: Well, Zimmerman was the guy that convinced us that the only way we could roll the price back effectively was to get Chile to pull the price back, to get the immediate price hike rollback.

G: Was he himself actively involved in the copper industry or the market?

C: He was a broker of copper, a metals broker. As I said, he was a very short man. He was just overwhelmed.

G: Had he had any continuing contact with the President?

C: Had had no contact with LBJ from the time Johnson left the Preparedness Subcommittee.

It was twenty years before. Yes, he was involved because I kept talking to him. I think he came down again after that first meeting. He wasn't directly involved in terms of being out front in any way. He was a wise adviser; he knew what he was doing.

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Harriman went to work on Frei. You'll have to check records but my recollection was that we ultimately made a deal with him which was, "You roll back the price of copper and we'll give you some more AID [Agency for International Development] money." This could be way off--my recollection is it was fifteen million dollars, ten or fifteen million dollars in AID money. That didn't happen in a couple of hours but it did happen within a couple of days. By the time Harriman left Chile--I don't think he was there more than a couple of days. Harriman went down that Saturday, if my recollection is right about that, and he talked to Frei on Sunday the twenty-first or Saturday the twentieth, whatever. Chile moved within twenty-four or forty-eight hours because on the twenty-second everyone except Copper Range rolled their price back. There had been, incidentally, some conversations within the government and there were conversations with the major copper companies relating to--the arguments were they shouldn't be taking advantage of the situation in Vietnam, the increased demand for copper; they should be patriotic. We also, I'm sure, in the course of this, raised through one channel or another the antitrust issues of everybody following one after the other.

David Ginsburg was a little bit involved in aluminum but he got more deeply involved in copper. Johnson had me talk to him because Johnson knew him from the days of, I guess the OPA, the Office of Price Administration. He and [John Kenneth] Galbraith and some others were in either the Office of Price Administration or the Office of Emergency Planning during World War II. Johnson got to know them as bright, young people. He became involved in that part of the strategy. We got no reaction from the copper companies. They were not about to budge and I think they had no idea that we

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would--nor did I--when Zimmerman first said to me, "You have to get Chile to roll the price back," I had thought "tsk." When I told that to the President, he said, "All right, let's get somebody down to see Frei. Let's go. We'll get Chile to roll the price back." We didn't even blink an eyelash. I think they were stunned at what we achieved. I mean that we did get Chile to roll back. They then had no excuse for their price increases. They rolled back. We then moved, in the course of this I think through the council and through Joe Fowler maybe, to get the exchanges to increase the margins to avoid more speculation in copper. We had no authority but we did get them to increase the margins and we did that again with Zimmerman advising us. I guess it was Fowler because I reported to the President in early--that did not come until after we got the rollback that they doubled what their margins were to 20 per cent but Zimmerman didn't think it was enough to slow speculation as much as we wanted to.

I also remember something else. We were worried about what we called the "black market" in copper, and I gave a briefing in which I talked about the black market in copper. The copper industry, the American metals industry, went bananas for using that term, and I had to write a letter apologizing for the pejorative nature of the term, which was published in the *American Metals Industry Journal* in the course of time. But we were worried about having a copper price in which there were formal sales at thirty-six cents but used copper, if you will, and copper that was pulled out of radiators and stuff from cars was selling at a higher price, which is why we wanted to move on the margins. We didn't want that to happen, and that's what precipitated my attack on the black market in copper. I think we all felt we did copper better than we did aluminum. I

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think the heads of those companies, from my recollections from Fowler's talking to me, their heads were spinning at the rollback by Chile which left them out there naked and left them with no choice. They just didn't expect it.

G: How involved was the State Department in this aspect of the copper settlement?

C: They were involved in the sense that the cables went out through them. I know we also were concerned about the copper price coming on the London exchange, and we may even have tried to get the margins increased over there through our ambassador. The State Department didn't like it. They don't like stuff like this. They didn't like it when we get to it down the road. We wanted them to move on drugs and on Turkey and opium. Even [Dean] Rusk, I remember in conversations with Rusk, somebody as good as he was didn't want to do it, which was another reason why--I mean Tom Mann was with the President. He was the President's man, really. He was as close to the President as Rusk was in personal terms, and he had him there in Latin America. He was fine, but the bureaucracy over there didn't want to deal with it, which was another reason why we sent Harriman. We didn't really think anybody within the government would go with the mission in mind. Also, probably in the President's mind, the alternative was Rusk. I mean Rusk or [George] Ball; we weren't screwing around. We were going to roll it back, and I can't remember who came up with the idea of the AID grant. I'm surprised it isn't in the cables. Maybe we just didn't want to put it in the cables, but we gave an AID grant to Chile. We may not have done it that day, but at some point.

G: I wonder if there was also some sort of understanding that after the aluminum situation was resolved then Chile could go ahead and hike its price back up, that this was a



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temporary measure?

C: I have no recollection of that.

G: Okay.

C: And I think I'd be surprised. We were living in a world in which nothing was permanent. We were kids sticking their fingers in holes in the dike.

G: How about Zambia, any initiative there?

C: I don't think we really made any. I don't think we thought we had the ability to do anything, and Zambia was not--I think we focused on Chile in good measure because Zimmerman said, "You get Chile to pull the price back, and you've got the world price back." We may have even tried to lure the copper companies into agreeing that if Chile pulled the price back, they would pull the price back, because I remember people saying, "Well, the world markets are in great turmoil and you can't tell which market is--it's not the way it used to be. Chile doesn't really control the price," and what have you. But Zimmerman was confident of that, and he struck us as knowing what he was talking about. The President certainly had confidence in him, and no leaks. Stop and think about the fact that a guy went through something like that--I notice here this terrific letter which he sent to me in which I said to the President, "The only reason he sent it to me was because he was just so awed at the honor of performing this."

G: Did he meet with the President at all during this--?

C: Yes, he did. He said, "I shall always be grateful to you"--writing to me--"for having enabled me to meet President Johnson. That meeting will always remain an exciting and pleasant memory." If that was the first time he met him, just think about the fact that

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Johnson was sitting chairing the staff and this guy was some low-level staff guy that hadn't met him before that he knew was there. It was really quite--

G: And remembered it all these years.

C: Yes.

G: Was there a domestic, political component to this, too? Arizona, for example, was the largest producing state. Was [Carl] Hayden a force to be reckoned with? Was he involved?

C: I have no sense of that. I have no recollection of our talking about it or being worried about it.

This one, I see, talking to [Thomas] Dewey. That was obviously on some crime message.

G: Really the bottom line is that you didn't have as much leverage--

C: We had no leverage except--well, we knew what we had to do and we did what we had to do to do it. I believe that this coming with aluminum and when we then rolled back steel at the end of the year or early next year, that really held it. My own view is we got a lot out of this.

Also, I can't remember at what point but this led to the establishment of--to my bringing in John Robson to work for me really as a special assistant. We nominally made him a special assistant to the budget director to do nothing but mount a jawboning operation on everything. We started saying that if the lumber prices went up we wouldn't buy wooden desks; we'd buy plastic desks in the government which accounted for a whole generation of plastic desks in the government.

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You know, eggs--I don't know whether there's stuff in the files on it. Somebody raised the price of eggs and we did two things. One, we got the Pentagon to stop buying large eggs and move to medium or small eggs, and, secondly, we got HEW to start talking about cholesterol to do everything we could to dampen that market.

When gasoline prices went up, the chairman of Exxon, Mike Wright--gasoline prices went up at some point in maybe the next year. Have you got that in your list? While I remember it, let me just get the papers and we can get it right in the numbers.

G: Okay.

C: There was an increase in gasoline prices. We decided to go after it, and to roll it back. Let's say it was a three cent increase per gallon. We went aggressively and publicly after the gasoline industry. Mike Wright, who was the chairman of Exxon at the time, came to see me, and said, "We really don't want to get in a fight with the President and the White House. We'd like to roll back the price part of the way, and we'll roll back a penny if you guys will cool it." I said, "Let me talk to the President about that and I'll be right back." I got up and left my office and I walked down the hall and I talked to the President. I came back and I said, "The President has to get more than half. We can't be in a situation where we don't get more than half. You roll back two cents and just go for a one cent increase. We won't like it but we'll live with it." And they did that.

I had not seen Mike Wright since those years and in 1980 he came to see me. He was chairman of the board of governors of the Postal Service. He came to see me and he asked me to be the lawyer for the board of governors. I agreed to do it. I said, "Why are you coming to me?" And he said, "Well, you may not remember" and then he recounted

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that story to me. He said, "One, I never got anything done by government faster. I never got a faster decision out of the government in all my life. Two, I never knew whether you went to see the President or not." (Laughter)

But we moved on everything. We started monitoring government purchasing. I'm sure if you go into the records you'll see we wouldn't even allow the government to go out and borrow money over a certain amount without a clearance from the White House, and we made Fowler the clearing point for all the agencies. They'd go to Fowler and Fowler would come over to me, which he didn't like and the agencies didn't like. He certainly didn't like sending memos over to this thirty-four year old kid on borrowing. If you go look at that, we often chopped down the amount that people went out to borrow. So it was a very Johnsonian massive effort.

--Do you have Robson's papers?

G: I'll check. I don't know.

C: Maybe we'll find something in my files and in the CEA papers--there should be a tremendous amount of material on a whole batch of things. I, for a while there, had weekly meetings in my office on stockpile sales and actions we were taking to drive down inflation.

Also we had a dinner in the White House which you may want to get the--we had a dinner in which the President brought in the chairmen of a couple of hundred major corporations and we asked them to forego capital spending. Then, to their astonishment, the President said to me, "I want you to send a letter to everybody and ask them what they're doing, to report what they're doing." I sent a letter out the next day to every one of

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them and some of them reported. They were stunned to get a letter. They thought they were just getting an exhortation at a dinner. I remember doing a press briefing on how they were withholding capital spending. We suspended the investment tax credit. You ought to get the papers on that because that was quite a fight in the government. Fowler didn't want to do it.

G: Okay.

C: My point is we really were touching every single economic lever we could touch to hold down capital spending, to hold down interest rates. Again, you ought to get the papers relating to--another thing which was a big event was [William McChesney] Martin's--

G: The discount rate in 1965.

C: Yes. I remember calling Martin and we hauled him down to the Ranch. I've got a picture in there of that meeting. That was quite a meeting, all of it directed at holding down interest rates, holding down prices, holding down every pressure we could on the economy because we didn't want the war to inhibit our ability to get domestic programs. We just didn't want to get into a wartime mode. We didn't want inflation. And we did hold back inflation. People can say, "Well, Christ, you held it back but then all hell broke loose in 1968 or 1969, 1970," that we bore the fruit of it. But we held it back for years and it was just a massive operation. And one in which the President was deeply involved.

There have to be scores and scores of memos to him on the subject from me and from others, from Ackley. I think you'll find--in fact, it may even be that there was a weekly report. I sent a report every week off of our meetings and he would have notes, you know, "Go after eggs. Do this. Call this guy. Get this. Do that." It's all off the

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beaten path of copper but--

G: Well, I think you've covered it.

(Interruption)

C: Johnson was very aggressive about birth control and wanted major birth control programs in this country and also abroad. India, for example. There should be documents on India, the famine in India.

G: The food for peace.

C: Okay? Because that was quite a dramatic thing. I won't get into that now, but this was when--giving them food during their famine and his withholding food and then going all over. That's when he sent me the memo which says, "Are you out of your fucking mind?" I don't know if you've got that in the Library. I hope I can find it in these papers. But you've got the memo in which I proposed a compromise. If you get that . . . I'll stay out of that.

In any case, there was a report. It may have been [Rowland] Evans and [Robert] Novak or it may have been more generally in the press with the Catholic bishops blasting Johnson for his aggressive stance on birth control. So the President calls me up and he says, "You've got to work out something with the bishops. You've got to tell them to stop." I said, "Well, you know, this is sort of fundamental church doctrine," at that point. "Well," he said, "you've got to work something out."

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G: That's a good story. I'll see what we can find on that.

C: All of this is confidential now, I take it.

G: Sure.

C: Okay. For whatever it's worth, I've got [Monsignor Frank] Hurley here alone on

November 12. I've got him, I notice now, again with a group of people on November 16.

I don't know whether this was the time when it was done because I also dealt with him on the legislative program, to get them aboard.

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(Long pause)

C: The Department of Housing and Urban Development was established on August 11, 1965, and the President signed the bill a month later on September 10. The bill contained a provision that said that sixty days after the bill was enacted, May 11, which became November 9, all the powers and functions of all the agencies that were going to the Department of Housing and Urban Development would lapse and they'd go into the Department of Housing and Urban Development, and that if the President did not designate anyone as secretary or acting secretary, the head of the Housing and Home Finance Administration would become acting secretary.

The head of the Housing and Home Finance Administration was Robert Weaver,



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who was black. In the earlier sixties when President Kennedy proposed the creation of a Department of Housing and Urban Development and announced at the time that he intended to appoint Weaver or a black--I can't remember which, I think it was Weaver--as secretary--the bill was defeated. It either never got out of committee or it was defeated on the floor of the House and Senate. President Johnson was very conscious of that.

As we got nearer to the date, I think he didn't know and I certainly didn't know, [and] wasn't really focused on that provision in the HUD act, so as we got to the middle of October or sometime in October, a couple of weeks before the department was supposed to go into effect, I brought that to his attention. I assumed we would go with Weaver. He came back at me and said he didn't know who he wanted to appoint as secretary; maybe it would be Weaver, maybe it should be others. I should get up a list of all the best candidates for the job, which I then proceeded to do. I can remember Edgar Kaiser being on the list. I remember, I think, Ben Heineman being on the list. I can't remember who else was on the list. It's probably in my papers or in my notes. Talking to him about a list of candidates, even soliciting lists of candidates.

Weaver became increasingly antsy, and the President started talking to me about why did he have to do this, why did he have to name Weaver at this point in time. The press started speculating, having read the bill as well as we had, about who would be named with Weaver being most frequently mentioned. Weaver then came over to see me on October 27 with a big stack, two or three inches of paper, with all the draft orders and regulations to be signed to get the new department in effect, to issue all the orders changing all the titles and names and everything. In the absence of an appointment of

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anybody, he, as the head of the Housing and Home Finance would become the acting secretary. The papers were all there for all that. By this point the President had talked to me enough about not acting at all and not having anything happen that I said to Weaver it wasn't clear that we had to do anything, appreciated the papers, but it wasn't clear that we had to do anything.

The President was also saying at this point in time, "If he wants to resign, let him resign." Weaver was stunned. He was ashen. It was inconceivable to him. It couldn't make any sense. I might say some other things. He said this would be terribly embarrassing to him. No, that came later. He was just stunned; he was really stunned. I called the President and told him Weaver was stunned. The President then sent me on an aggressive spin of looking for people and talking to people. He said he was concerned about Weaver's relationships with Congress and also how narrow Weaver was, all he knew was housing. We needed someone that could understand all the cities and all that stuff; he was sort of a housing guy.

G: Did he question Weaver's loyalty?

C: Well, not at this point. Okay? I started talking to people about Weaver, John Macy and others, and essentially picked up that he was clearly one of the most, if not the most, experienced guy in the housing field, the urban field, at the state and local level where he had worked as well at the national level. I guess he worked in New York as a housing administrator. But that there was a general belief that he was exclusively concerned with housing, that he did not have good relations on the Hill. Other names I came up with--Macy suggested Dave Bell and Ben Heineman. In talking to Katzenbach about the

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Negro community, Katzenbach said that right now--this is late October--we had peace in the Negro community, that they all expected Weaver, but it wouldn't in his mind create a lot of problem with blacks, it would create a hell of a problem with liberal whites, who would raise hell if Johnson didn't appoint Weaver.

We talked with Katzenbach about the alternatives. [He] was worried about Weaver, and then got into an extensive conversation with the President. The President said, "Let's have the status quo. Let's leave everything as we are." I said, "Weaver might resign." He said, "If he resigns, fine. We'll heap praise on him and let him go." I said, "You could appoint someone else." That was another alternative. He said maybe he would; maybe that was the thing to do. I said he could appoint Weaver, but he said he wanted a legal opinion. He wanted Katzenbach to give him a legal opinion on this, that the act didn't require anything to happen at all. In the course of this conversation he said, "You know, if he doesn't resign, he may just hang in there." Johnson said, "Well, maybe we'll get him to resign. Maybe we ought to get him to resign." I also talked some more with Katzenbach after that and we talked about David Rockefeller as a possibility, Laurance Rockefeller as a possibility. But I think I talked to Burke Marshall who told me that the blacks really were looking for an appointment. He or Nick thought that if we appointed another black we'd be okay. Where are you going to find another black, what about Roy Wilkins? He was a possibility.

I went over all of this with the President, and the President said, "Tell Weaver he's on the list and I'm not going to act. Let's get an opinion from Katzenbach." So I called Katzenbach and I asked him for an opinion. Nick sent me a memo on October 31, which

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I passed on to the President in which he basically said he didn't think that the President could just hold everything in the status quo; he felt we would have to do something, designate somebody as acting, let the head of Housing and Home Finance become acting, because of the way the act was written. [It] said all these powers shall lapse and they'll be vested in the department. We talked about words. In the memo I suggested to the President that, instead of making him acting, which I knew Johnson didn't want to do, we could say the Director of Housing and Home Finance will perform the duties and functions of the office of the secretary. All on the basis that we couldn't do this.

Then, after sending him Katzenbach's memo, I pointed out to him and later had extensive conversations with him and with [Jake] Jacobsen, who was down there--in fact, I want to get that day and find out for the first time in my life who was there. I said, "It's not only Katzenbach we have to worry about; we've got to worry about the Comptroller General because he won't pay these guys." That really came out of my navy experience. I had worked in the office of paying allowances in JAG [Judge Advocate General] and I knew the power of the comptroller general. Whatever we decide to do, we've got to get the leadership, [Mike] Mansfield and [Everett] Dirksen, the Senate leadership, and the committee chairman aboard. And ended by saying, "Whatever you do"--it was another weekend; it was a Sunday when I sent him this memo--"we've got to move fast." Off of that memo, I get a call from--I guess I called the President and talked to him the next morning about the memo and there was very little give, a lot of grumbling. He didn't want to act. Then I get a call from Jake Jacobsen telling me that he's got a lawyer down there or he's talking to a lawyer, not identified, of course, [who's saying], "By God, this

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act doesn't require this." Okay? Who's the lawyer? I can't tell you.

G: Do you have the date?

C: Yes, I'm looking at November 1 and I want to look at October 31. He's got Judge [A. W.] Moursund down there on October 31.

G: Could have been.

C: J. C. Kellam wasn't a lawyer, was he?

G: No.

C: He's got Judge Moursund. Okay. That's who he had. I didn't know who it was, and Jake wouldn't tell me who it was. I see he talked to Eddie Weisl there, but this was Moursund.

So I go back to Katzenbach, and I say, "Look, Nick, we've got to have an opinion that allows him to leave everything in the status quo." I had many arguments with Nick about this, and ultimately, either he or I or both of us came up with the dictionary, which is the last refuge of a lawyer when he's got nothing else. What did the dictionary say about the word "lapse?" Well, Katzenbach was worried about something else. There was a prior Justice Department opinion of the attorney general, which would have to be overruled to come to this conclusion, and he was worried about that. Finally, we came up with the dictionary and made a distinction between words like "is hereby established" and said that the word "lapse" is commonly used to connote a gradual process--*Webster's New International Dictionary* i.e., to pass gradually or pass slowly or by degrees. Because of that, and because they use the word "lapse," they certainly didn't mean for this department to come into effect until all the regulations were issued and they could even contemplate something like the Senate being out of session. Then either Nick or I talked to--I don't

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know whether we had [Elmer] Staats in the job as comptroller general by then or not but we talked to the comptroller general and got them aboard. The comptroller general agreed with this opinion, and I got that opinion down to the Ranch.

Actually, when I think about it now, the reason the earlier opinion is probably not in the papers you had, my earlier memo, is because in situations like this the President wanted everything that preceded destroyed. I probably just didn't destroy the copy that went into my chron file. There's a budget memo I wrote him in 1969, which we can talk about when we get there, that he ordered destroyed that I think did get destroyed. That's probably why you don't have it. He didn't want any record of what the Attorney General really thought or originally thought.

In any case, armed with that, knowing that we had that aboard, Nick and I did drafts. Incidentally, somewhere there is this memo in non-cable form signed by the Attorney General and signed by me because the President wanted us both to sign it, wanted signatures on it. I don't know where it would be. Maybe it's gotten lost. In any case, knowing that by November 10--and then we started getting leaks in the press. Johnson got worried about whether Weaver--he didn't want to let him hang out there. I think he was afraid he would make a mistake; he was afraid then he'd come up for confirmation, he'd take some actions in the interim that would alienate the Senate and we'd have a hell of a fight in the Senate. He was worried about that. There were enough rumbles in the press so that we thought Weaver's people--or the President did--were publicly pressing for the job, and the President said, "I want his resignation. Get him the hell out of there and we'll get somebody else. Take the time to do it."

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So, I called Weaver up on November 2 and he came over to see me late that afternoon. We sat and talked, and I urged him to resign, encouraged him to resign. He was broken. I was sort of being the tough guy and Lee White, [who] was involved in this too, was kind of being the nice guy. Lee, in a nicer way, told him maybe with it all said and done that's the way to do and maybe when the time comes he'll call you back. He was crushed and a man broken--his whole life.

G: What were you using to advance your urging?

C: I was using his arguments. I was using his points about if you don't create the department--I was just playing on what he had talked about. It's a vote of no confidence in me. It looks terrible. Everyone knows how the law reads. Every bond lawyer, every financing lawyer in the country--and we were worried about that, too, what would happen to the paper. Weaver didn't know whether he wanted to do that or not. He was clearly angry, hurt and broken. Talked to Lee and then went. Called me the next morning, Wednesday the third, Weaver called me at 1:40--this is the third of November--well I just can't . . . Let me just see the President's calls on the third. I guess he came over the next day in the morning to talk to me once more. I reported to the President, either Tuesday night or Wednesday morning we talked. The President, I see, called me early on the morning of the third. I talked to him and the President said, "Did you get it? Did you get it?" I said, "I think I have it. He wasn't decided." "Goddamn it, get the resignation."

So Weaver came over at 11:45, still undecided. At that meeting, I pushed him to resign. He went back to write a letter, which he wrote, I think, in his own hand. I don't think it ever got into--he wrote. Sitting in my office and he's to bring it back that day.

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Then the President called me as Weaver--I just can't tell which of these calls, but there's one at 1:05. At some point the President calls me and I said, "I've got the resignation of Weaver." He said, "What resignation?" I said, "You know, he's going to resign." He said, "I don't want him to resign." I said, "My God." He said, "I think you ought to just let him sit there. Let him make--we've got the opinion from the Attorney General now"--which he had in hand, I guess by then. I don't know whether he had it by then but he knew he had it. So I remember talking to Lee White and saying, "What the hell am I going to do?"

So Weaver came over and I believe Lee White was with him; I can't remember. I see them marked down. Weaver comes, he sits in the chair and he's got the letter in his hand. I said to the President, "What am I going to do?" He said, "Well, you tell him that he can't resign without talking to me. No way to accept his resignation unless he talks to me." So Weaver came over with his letter, and I said, "The President doesn't want your resignation. I don't know why you've come this far and done all that." And he was so confused; he wasn't angry. I mean, he was angry, but he was really confused. He said, "No, I'm through. I don't want any more of this. I'm through." I said, "Well, I can't accept your resignation. I have no authority to. You've got to call the President." I said, "You can call him. He's not going to accept it but you've got to talk to him if you want to do it." Weaver did not want to call the President so he decided not to resign.

I think he went home that night and just--he was not a drinking man, Weaver, but I think he got just plastered [inaudible]. (Laughter) I remember talking to him about it later. Lee talked to him. Lee may have even gone by his house that night, I don't know,



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to calm him down and what have you. The President called me that night, nine or ten o'clock I see on the chart, and asked me how things had gone. I said, "He's not going to resign. He's going to sit there."

The President then announced--I can't remember the date, but we issued a White House statement saying that the President was not going to make any appointment, didn't have to. Maybe we did it on the fifth because I notice I've got a cable to [Bill] Moyers on the fifth. We probably did it on the fifth or sixth. Yes, "Sent to the Ranch 8:11 p.m., November 4." We probably on November 5 announced that we were not going to create a new department. We redid a paper, gave Moyers some Qs and As and I think we did something else. I don't know whether Nick did it or Weaver did it, but we were worried about the paper that would be issued by the financial paper so we sent that opinion all over the street and called up there.

Then Weaver sometime subsequent made this [statement]. On the ninth of November with the *Times* doing a story, sort of, "This is the day it would have been," quotes Weaver as saying that he'd like to head HUD but he doesn't know what the President is going to do. He called me at some point that day. I don't know whether he was talking to--God, that was the same day of the power failure. We ought to do the power failure, the night the lights went out. Okay? I talked to him so many times that night. Johnson was quite pissed at Weaver for that statement. "What is he doing, applying for the job? Call him up. Tell him you don't apply for a job through the *New York Times*. That's not the way he's going to get the job," and what have you. I didn't pass it to Weaver as roughly as the President put it because I thought Weaver was still

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very fragile.

G: But you did call Weaver.

C: I did call Weaver, and I told him, in his own interest, to stay the hell out of the press and just draw a blanket over himself for the next few weeks.

Now, why did we do all of this? Then we ultimately picked Weaver. Well, when we picked Weaver we were worried about his capability to do the job, the President was. So, we basically picked Weaver's whole team. I interviewed people, picked Bob Wood to be the undersecretary; Weaver agreed. Wood had been chairing a task force. Picked Charlie Haar who I had known from my law school days at Harvard, picked Phil Brownstein who was widely regarded as first-class professional and who Johnson knew, and took somebody from the Budget Bureau, Bill Ross, to go over there for program planning. We ran on a--I can't tell the dates of this, but we first announced Weaver and Wood. Everything was greased. I did all the other things you normally do. I called Mansfield; I called Dirksen. I can't remember who was chairman of the housing committee or whatever, banking--I guess it was banking. Maybe it was [William] Proxmire even in those days, I don't know, but I did all the phone calls and all that stuff and it just flew through. Then we picked those guys. I remember with Haar there was a wonderful moment in the President's office when Haar said he didn't know whether he--Haar really wanted to be undersecretary. He didn't know whether he wanted to be the assistant secretary for metropolitan development, whatever the title was--secretary for metropolitan planning. Haar said he had to go and talk to his wife. President Johnson said, "That's like Roger Blough telling me he's got to talk to the board of directors before

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he can roll back the price of steel. That's bullshit." Haar said, "What?" He said, "I'm announcing you." And we announced him with the others. He said, "You just say yes or no."

Write down [John] Hechinger, then the chairman of the D.C. City Council. We ought to get the papers on that. [Max] Kampelman was the first guy [nominated and he withdrew] and then we went with Hechinger. The whole D.C. City Council that we had to select, that's an extraordinary story.

In any case, we went with that. Why did the President do all of this? I've always thought that there were at least a couple of reasons. He really didn't want to take a chance on putting the first black in the cabinet and if possible he wanted a unanimous Senate vote and he wanted it done. And we got a unanimous Senate vote in the sense that we got a voice vote. We got an unanimous 14-0 vote out of the committee and then we got a voice vote. And he wanted that. He was afraid that if he moved with Weaver in advance he wouldn't get it. He wanted to wait until the Senate was in session. We used to say this would give the Senate a chance to--one of the reasons the President didn't act was he wanted the Senate to be in session when he acted. The other reason that I've always suspected, and it's not as lofty as that reason, was that he really wanted to sort of break Weaver and remake him and make him totally his. And we did that. I mean, we broke Weaver. Weaver was really shattered by this experience. I watched the guy just go to jelly and then come back again. To give Weaver a tremendous sense that the President had the power over him. Maybe that's too cynical.

G: It appears that he waited a long time before signing the legislation; he waited almost

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thirty days after Senate passage.

C: I think that's the end of the session. We probably had a lot of legislation and we used to parse those out for media events, basically, so I would not--

G: You don't see any significance in it.

C: I don't see any significance to that.

G: Were you getting pressure from the Hill, one way or another? One of your notes indicates that Jack Brooks, an old friend of the President, had been angered by Weaver, perhaps.

C: Yes, Brooks did not like Weaver. What we found out when I called around about him was that he did not have good relations on the Hill. He was not well-regarded up there and that was another thing that made us a little wary of acting in the absence of the Senate being in session. If you let it hang out there for two or three months--we're talking about November, December, January, over two months--a lot of people didn't want a Negro in the cabinet. You give them plenty of time to write to Strom Thurmond or whoever and rev it up. There were a lot of people in the Senate that had even voted against Weaver as head of the Housing and Home Finance Agency, if I remember correctly. We didn't want any firestorm. He wanted it to sail through. I'm sure that was a significant part of his motive. I also think the other was--it was done in such a devastating way to Weaver. I remember reporting having done the job, that Weaver was headed over with his resignation, and to have the President say, "What resignation?"

Tape 2 of 2, Side 1

G: There's an indication that he [Johnson] was receiving some pressure and urging from civil rights leaders and some through Louis Martin. Did you have any involvement with

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them?

C: Sure. I'm sure I talked to Roy Wilkins; he wanted Weaver. When Wilkins found out he was on a list I had, he called me and said he didn't want to be secretary of housing and urban development; he wanted Bob Weaver to be secretary. Louis Martin told me, you know, the brothers would really blow.

G: Excuse me?

C: Louis Martin used to say, "The brothers will really blow on this one if you don't go with Weaver."

G: Martin suggests that the President was telling you and Lee White one thing and him something else, that the President perhaps almost assured him that the appointment was inevitable, that he would ultimately appoint Weaver, that he just wanted to go through this process first.

C: My own view was that from the moment he stunned me on the phone by saying, "What resignation?"--when I look at it now--from that moment he'd decided he'd go with Weaver. He wouldn't say in a situation like that, "Joe, I'm going to go with Weaver, but I don't want anybody to know," because he wouldn't want me in a position of having to say to a reporter or somebody else on the staff or anybody that he was really going to go with Weaver. He wanted me in a position of saying, "Honestly, I've been told by the President to put a list together, to check out these names." I notice there, even on the day we announced Weaver, somebody sending me a memo from Klutznick, Phil Klutznick, in Chicago, that there are no real estate developers that really could do this job. After the flap over the ninth, tenth and eleventh, in that subsequent period, I know I checked out

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Edgar Kaiser, Roy Wilkins, Heineman, Rockefeller, both Rockefellers. I did some checking on people. I think all of that was to make sure that nobody--the President was certainly capable of having me do that, including talking to congressmen and senators about it, to make sure that there was nobody that could say he'd decided on Weaver. But in my own head, once we asked Weaver not to resign, I thought he was going to go with him, unless Weaver blew it. You know, he also liked to watch people under enormous pressure. He put Katzenbach under enormous pressure before he appointed him attorney general. I think it was part of sort of making them his.

G: Sort of an initiation rite, almost.

C: But this one was tough. It was tough on Weaver. Remember, Weaver's sitting there. I'm sure Louis Martin is calling Weaver saying, "Hang in, hang in. It's going to be awful, but hang in." You'd think under ordinary circumstances if the President's domestic White House aide says to you, "You ought to resign, get out," you wouldn't take a day to think about it. So, he had other people thinking about that.

G: Did the homebuilders exert influence on this appointment?

C: I don't think so. I did not sense any pressure from them. My hunch is they were probably for Weaver because he was one of them, almost. They knew him, he was a known quantity.

G: How did Weaver measure up as a cabinet officer?

C: He was not a strong cabinet member. And Wood was not a strong administrator as undersecretary, so the department was not well-administered. Now, in defense of those guys, I've got to say that you have to remember we immediately dumped on them--they're

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starting a new department--we dumped on them one of the central pieces of Great Society legislation, the Model Cities Program, [a] complicated, difficult piece of legislation. We dumped the Fair Housing Act into the mill in 1966, as well. It wasn't as though they could spend all their time putting the department together. These were tough pieces of legislation that we wanted passed. We took a lot of their time and energy for that. Nevertheless, he was not one of the strong men. But I don't think in the long haul, I think the point was he was good. He was a respected professional in his field, and I really think that at whatever stage--had we put Thurgood Marshall on the Court by this time?

G: I don't know. I'll have to check that.

C: There was some point at which it became clear to me that we were going to make the first Supreme Court, the first cabinet, and the first Federal Reserve Board [appointment of a black].

G: I think this preceded Marshall's appointment.

C: Yes, it did because there was a point at which--Marshall was still solicitor general when we had the fight over the railroad merger because I remember talking to him in Atlantic City that Thanksgiving. Another thing you ought to put on your list is the appointment of Andrew Brimmer for me. That's way down the road but that's another one I won't forget.

End of Tape 2 of 2 and Interview XIV

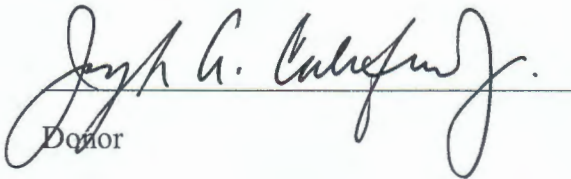
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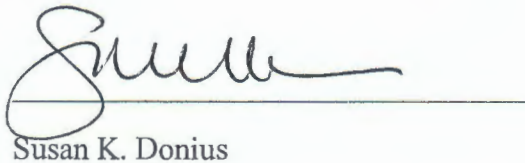
Joseph A. Califano

Interviewed by: Paige Mulhollan, Joe B. Frantz and Michael L. Gillette

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