INTERVIEW XVI

DATE: December 16, 1987

INTERVIEWEE: JOSEPH A. CALIFANO, JR.

INTERVIEWER: Michael L. Gillette

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

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C: I was meeting with [Robert] McNamara, [Nicholas] Katzenbach, [John] Douglas, [Henry] Fowler, [John] Connor, [Buford] Ellington, [Gardner] Ackley. That's clearly on the aluminum pricing.

(Interruption)

G: What about your call to the President? Do you remember the circumstances of it?

C: Yes, I do. I just would like you to find out--do they have the wires down there, the tickers--

G: Yes.

C: --when that came over the wire, and get me the wire, could you, for November 9?

G: Sure. Yes.

C: I'm not sure, but I believe that it was at some point during the meeting on rolling back the price of aluminum that somebody brought me the wire on the power failure in the Northeast, which, if we're right here about times, occurred about five o'clock. I immediately went. It was a total power failure. New York City was knocked out. The

airports were knocked out, as I recall. I went and called--our immediate first concern was, was there anything nefarious that had occurred.

G: Sabotage.

C: Yes, not terrorism in those days, but sabotage. I called the President at 5:08, it shows on his log. He was in the car at Judge [A. W.] Moursund's ranch. I got him on the car radio, telling him that lights and electricity are out in New York City. Actually, the President called me at 5:08 and I guess pulled me out of that meeting. That may have been how I found out about it. But I'd still like to get the wire, so we know when it occurred, or the *New York Times* for that day. But the wires were--

G: Yes.

C: The President called me. He was in his car at Moursund's ranch. He told me to find out what had happened, to check with McNamara to see if there was sabotage involved. Although it's not noted here, I think he also told me to check with the FBI and have them check.

G: Did he have any idea the extent of the blackout by this time?

C: No. Then I called him back. He knew it was New York City. He had just heard it on a radio news broadcast because he listened to the news all the time. I called him back nine minutes later at 5:17--he's still in the car driving around Moursund's ranch--and told him that it was not only New York but it was Boston and Canada, and that the landline to Moscow was down. I told him I thought he should get out of the car and get to some regular phone somewhere. I set about trying to figure out what to do. The President called Cross, who was his pilot, Jim Cross, from the car and told him to get ready for an

emergency, get the planes ready. And Cross told him everything was ready; they were ready to leave immediately. Then, there ensued over the night a whole series of calls from the President to me, and back and forth, with the President telling me to do things like call Mayor [Robert] Wagner, call Governor [Nelson] Rockefeller, see what we could do. He got very worried about panic, and he wanted to be on top of it.

I notice here in my phone log here, Lady Jackson, Barbara Ward, calling from New York and said--you have to remember now the whole city was gridlocked, so nothing could move around--Barbara Ward called me and said she thought we ought to get the army from the Brooklyn Army Terminal to come over and start directing traffic and what have you and clean out the gridlock. I remember sort of laughing and saying, "How the hell are we going to get them? They can't drive over the Brooklyn Bridge. There's no way to get them into Manhattan."

The lightest moment of the evening was the President and Governor Rockefeller--the President telling me that there was a CBS news special on television and that [Bill] Moyers has arranged for me to go on the show, and I should go on the show and put everybody in New York at ease. He wanted me to do that, and Rockefeller thought it was terribly important. So I jump in the car--I mean they called at like 10:20 and I was supposed to go on at 10:30 or 10:40--I jump in the car, rush over to 2020 M Street, and as I'm on the way over, it occurs to me that here I've got the President of the United States and the Governor of New York telling me to do this, to calm down the people of the city, but they've got no electricity; there's no way they can hear the television show. But I did.

Johnson was worried about people in elevators. We got down to points where I was calling Bob Wagner and saying, "With all those tall buildings you have in New York, have you got somebody focused on people that are stuck in elevators? They can panic. They can have heart attacks. They can die." It got to that level of kind of advice. I think he also had Moyers doing a sort of running commentary from the Ranch of how the President was on top of it. We ordered [Joseph] Swidler to do an investigation. As the bureau [Federal Bureau of Investigation] and the Pentagon and Swidler and everybody started to look at it, it began at some point during the evening to look not like sabotage, but more like some kind of a serious power failure, which we know from the ultimate report it turned out to be.

G: Was there anything specifically that Wagner or Rockefeller asked you to do that the federal government could do in the way of logistics, helping--?

C: Well, we were ready to do whatever we could do with helicopters and stuff like that, but they really didn't need them. As it turned out, the people responded pretty well, and it worked out. We were prepared to move generators for hospitals and things like that. The main thing was to, of course, get the power back on. I think it was more--here was a power failure in the Northeast and we were in a world--we really, I guess, both felt responsible for everything that happened in the country, and felt we could do something about everything that happened. But it was just the President sort of blanketing it. Then we ordered Swidler to study it, and in December we released his report.

G: Would you say that the White House got high marks?

C: Governor [John] Volpe I talked to, Governor [William] Scranton, I see, Governor Rockefeller, Admiral [William] Raborn, the Chairman of the Joint Chiefs of Staff. So even at 6:30 at night we were still worried about power failure and preparedness. Governor [John] Reed of Maine, Governor [John] Dempsey of Connecticut, Governor [Phillip] Hoff of Vermont, Governor [John] King--I guess the President told me to call every governor in the Northeast and offer anything we could do. And I did talk to all of them and to Mayor Wagner several times, my last conversation I guess being with Swidler at quarter to twelve that night. But I think that was basically--

G: Anything else about the mood of the President or his attitude?

C: No. You know it's really interesting to look at his logs here. I know classically, as he'd tell me to call Wagner, he'd call Wagner. He'd tell me to call Rockefeller; he'd call Rockefeller. Here I am calling Wagner at 8:15--6:30 at night and 8:15. Actually, I'm calling Wagner at 6:30, talking to him. He's calling me at 8:15. The President is talking to him here at 9:30. No, I see the President closing out at work at least around 10:30 or so. At some point, I also wired him a memo ordering Swidler to do the study. He signed the memo and sent it to him. What I don't remember is at what point--there was a point at which, in the early part of it, we were genuinely worried about sabotage, about the Russians, about something happening. Then, at some point during the evening, we came off of that. I would guess that we must have been off of that . . . I don't know. . . . We were probably--certainly before ten o'clock we were not worried about it, because I certainly would not have gone on CBS News.

G: Was the military put on alert at all?

C: I can't remember. I look at that call to Admiral Raborn, and I just don't remember what I told him. He was chairman of the Joint Chiefs [Earle Wheeler?]. I don't think I would have told the Chairman of the Joint Chiefs to put people on alert. I would have called McNamara and told him.

One other thing in the aluminum, while I think of it, just from talking to McNamara on Monday. A few days before the aluminum price went up, or we got into the flap, or before the weekend of the big crunch, McNamara talked to the President. [He] told me he talked to the President and said that his son, Craig, was on the football team at--I think it was St. Paul's. And he wanted to go up. He hadn't been able to see him play once all year, and he wanted to see him play, and he was kind of the star of the team. The President said, "Fine." He went up to see him that Saturday, and the President ran him down up there that Saturday and asked him where the hell he was, and he told him. The President said he needed him back in Washington, because the aluminum industry had raised their prices, and they were going to bring the country down, and they were going to kick off inflation, and they were hurting our boys in Vietnam. McNamara explained; he said, you know, his son was there. Bob said that the President said, "Well, you know, your country really needs you, and you're up there at some goddamn football game." He finally said he made arrangements whereby he flew back that Saturday night, and, as he recalls at least, met with me on Sunday morning. In any case, I think that's it for the power failure.

Incidentally, while I think [about it], we should make some formal arrangement about these tapes, to hold them until after I die or something. Okay?

G: Sure.

C: When you're dead you're being judged by God, not worried about these other people, but . . .

From the first time I went to the Ranch and the President talked to me about the legislative program for 1966--this is in July of 1965--he said that there were three pieces he wanted. One was a program to rebuild the cities, show we could rebuild the cities. One was a program for fair housing so people could live together and to end discrimination in housing. And one was a transportation program. The transportation program was, he thought the first step had to be the creation of a department. He thought we were way behind in transportation in our system, we were going to fall further behind, and the first step was to get all the transportation agencies under one umbrella. Then he said, "Anything else you want? We have lots of other programs. All the other liberal programs you want, we'll pass, but those three things we've got to do." So from the very beginning, literally from the day I went to work for him, I considered that to be, in the legislative arena, one of the top three priorities for the January 1966 legislative program. And [I] set about finding out what was around and what the agencies were. The lead, in terms of the task force in the government to the extent we had a committee or a group, was in the Commerce Department and was taken by Alan Boyd, who was the undersecretary of commerce for transportation. I got a lot of help on the White House staff from Lee White, who, I guess from his experience on the Hill when he worked for [Warren] Magnuson or whoever, knew a lot about this. And we began. We began recognizing it was going to be a tough, really tough bureaucratic fight.

G: Just because of turf?

C: Turf. Just pulling stuff out of where it was and putting them all into one agency. I mean, [in] the FAA [Federal Aviation Adminstration] there was a corps of engineers piece, I guess, what pieces of the ICC [Interstate Commerce Commission] move into the Transportation Department, safety pieces--

G: Commerce.

C: Commerce. It was like thirty-five different agencies. I had become also interested in another piece, which I guess we ought to do separately, but we shouldn't forget, which is the highway safety legislation, auto safety, which became part of that program for 1966 and was very controversial within the government. It involved Connor [and] Henry Ford coming to see the President, coming to see me, what have you. But let's stay with the department.

We had recommendations from task forces to create a Department of Transportation. We had a recommendation from [Najeeb] Halaby as he resigned that the FAA ought to be folded into a Department of Transportation. I had Charlie Schultze, I guess, suggesting a Department of Transportation. The problem, I guess, was never whether we were going to try and create one, but how we were going to put it together, how we were going to get the political strength to put it together. Also, the FAA, the CAB [Civil Aeronautics Board], the Maritime Commission, which became a major, major fight, what pieces of the ICC [Interstate Commerce Commission] we were going to put into it. What we'd do with the Bureau of Public Roads . . . and the Coast Guard, from

the Treasury Department, which sure as hell didn't want to go in. And the main problem was really not . . .

G: Was there also a Labor Department component?

C: Was there? I can't remember. Labor became a terrific opponent because of the Maritime Administration.

G: I was thinking about a trucking . . .

C: Okay, oh, here's the "Hurray" memo.

G: Yes, I read that.

C: God, deregulation.

By and large, now that I look at this I know . . . The government--Boyd, the other people in the government--that the President--my sense was the President probably wanted to go big on transportation. The government was really coming up with not very good ideas, and even the Transportation Department was really a kind of gingerly proposal. Connor was never sure he wanted a Transportation Department. Boyd wanted it, but he feared that the politics of a big proposal were impossible, and therefore would be happy to just take the undersecretary's office, add a little scratch on here and there out of Commerce, and call it a Department of Transportation.

G: Was it generally understood that he would be the secretary?

C: No.

G: Really? So there was potentially--

C: But he thought he had a good shot at it, obviously. Go ahead.

G: I was going to say, there was potentially for him a net loss in the deal if he lost his--

C: Yes, sure. But I think he was willing to gamble on the fact that, you know, if he was nice to the President and nice to me, nice to everybody, he'd be the first secretary of transportation.

This was my first legislative program. So I [was] at some point, I guess, frustrated, also getting reports from the council--I notice Art Okun's thing to [John] Gardner and from OMB [Office of Management and Budget], or what was the Budget Bureau then--that there was a lot of pussyfooting and the guys weren't thinking big enough. [I] sent a memo to the President September 22 basically reflecting my view, and others, that we wanted a much bigger program. It also reflected--it's interesting. I never would have written a memo like this even four months later. I was going to say a year later. "Furthermore, it is my understanding that you have asked Secretary Connor and Secretary Boyd to come up with a national transportation program." I wanted some nod from the President that he was hot to go big, and so I suggested a Department of Transportation, really a big Department of Transportation, trying to reorganize the regulatory functions, a deregulation program to rationalize the rates and hope fully bring them down, and a big highway safety program, a program certainly in which Connor was not particularly interested as we began.

G: Where did this idea come from, the highway safety program?

C: I can't remember whether [Ralph] Nader's book was out, *Unsafe at Any Speed*. If it wasn't, I may have had galleys of it. It was also, unless I'm wildly mistaken, I have a dim recollection that [Daniel] Moynihan, who was in the Labor Department, may have done a paper on automobile safety. So it came from somewhere, okay? What appealed to me

about it, and what really got the President aboard instantly, was the fact that if fifty thousand people were killed, you add that to the number of people injured, as I said in my memo to him, everybody, every American had a friend or a relative every year, or once in their lifetime, that was either killed or injured seriously in an automobile accident, so this would have instant appeal. Secondly, while part of the problem inevitably is poor driving, speeding, drunk driving, the reality of all of us as individuals is that we don't want to blame ourselves. We always try and blame somebody else for what goes wrong. So it touched everybody, it would help everybody, and there was an easy villain here; it was the guys making the automobiles. So it was a perfect program. And we ought to do a separate--we can talk about it now, but you still--

G: Let's do. Well, now you're talking about automotive safety.

C: Both automotive safety and highway safety.

G: First automotive safety. Were you thinking in terms of seat belts and--?

C: We were thinking in terms of--I mean, it was seat belts; it was fins. How do you design a car? Those fins, you know, with somebody just--I forget what you call it when somebody goes--

G: Impaled--?

C: Impaled on a fin. It was padding the dashboards; it was putting . . . strengthening the doors, the steel bars in the doors, whatever it was. Now those little things that are on the hood of the car all snap down and back. It will just bend over. In those days they were soldered on. They were dangerous, too. It was all of that. It was all of the above. In any case, let me just say I sent the President a memo saying these are the things we ought to

do, and he wrote on the bottom of the memo not only "Approved," but "Hurray!" with an exclamation point. And then I knew I had it. I knew I had tremendous clout going on. He also said at a later point--he knew how difficult the Transportation Department was going to be and there was a point in which he had so much trouble in the government, and we expected so much trouble from outside that at a cabinet meeting the President said, "When Joe speaks, that's my voice you hear." He made that comment in connection with the Transportation Department because he knew what a son of a bitch it was going to be to get that department put together.

G: You say you wouldn't have written that memo four months later.

C: Well, because I would have known how enthusiastic he was or what he wanted or what have you. I wouldn't have been that tentative.

G: So you would have just gone ahead and done it?

C: Well, off of a conversation--I would have known in the conversation whether he was really ready to go and I would have just gone. Yes. You got to know him after a while, but I just wasn't sure enough, and I was meeting so much resistance in the bureaucracy to anything significant.

G: How did this resistance take shape? Was it just specific--?

C: Secretary Connor really didn't want a Transportation Department. Boyd didn't want a big one, because he didn't want to take on all the fights. Fowler did not want the Coast Guard moved out of the Treasury Department. The Maritime Administration wanted to stay independent. [William] Bozo McKee did not want to go in the Transportation Department. He wanted the FAA to be an independent agency. Charlie Murphy did not

want to give up anything from the CAB. We put Willard Deason on the ICC so we had somebody who was really close to the President during the course of this. Nobody wanted to give up their safety function, the creation of the National Transportation Safety Board which was part of this legislation. It was that kind of--whatever the public roads/corps of engineer relationships, the corps and the Interior Department had little pieces here. Nobody wanted to give anything. That was one set of resistance. On the automobile safety legislation, by and large, people didn't want a tough bill. Jack Connor regarded a tough bill, particularly one with criminal penalties, as sort of anti-business, and he just didn't want a part of it. So it was really a situation in which there were no allies, except you have yourself and you have, I guess, Art Okun who was into transportation for the council wanted it and whoever Charlie Schultze had on transportation. But I didn't have guys--we had Halaby's memo, but Halaby was not a guy that was highly respected because he had sort of blown the SST [supersonic transport].

G: What about, with regard to automotive safety in particular, the insurance industry? Wouldn't they be a natural ally there?

C: I have no recollection of their being a major player. I was really talking about people in the government.

G: Okay. One normally thinks of proposals like this as coming up to the White House from different departments and agencies, and the way you've described it, it actually originated in the White House.

C: Halaby had recommended that there be a Department of Transportation when he left and [that] it be in the FAA. There had been outside task forces suggesting it. I don't want to

belittle the people in the Johnson Administration, but my sense very strongly was that for imaginative ideas, for big ideas, we got very few, if any of them, from inside the government. Most of them came from outside task forces or visits or books or reading.

G: Did you meet with Nader during this period, do you recall?

C: No. Well, not that I remember.

(Interruption)

G: Henry Ford had been a major supporter of the President's re-election in 1964. Did the automotive safety provisions create a problem here?

(Interruption)

C: On auto safety, as far as Nader is concerned, I just can't remember whether I ever talked to him. I certainly knew who he was. I may well have talked to him. Whether I talked to him about our legislation or not, I just don't know. Indeed, we probably ought to get--somebody ought to run the Nader history, I mean just the big points, the GM [General Motors] stuff, the book that went on the bestseller list. Nader's book had been written, I think, about--was it about the VW [Volkswagen] (being) unsafe?

G: Corvair.

C: Corvair, *Unsafe at Any Speed*. Within the government, the big fight on the auto safety bill was the issue of criminal penalties--I mean there were other fights, but--and Jack Connor was very much opposed to them. I was for them. There was a point at which Henry Ford came to see the President, and then the President sent him in to see me, and he was very much opposed to them. But we put them in the bill; we put criminal penalties in the bill. That's the best of my recollection.

G: Tell me a little bit about the balance here between LBJ and Henry Ford. I mean, they were allies and friends, and this was something that was a concern to Ford. How was it handled?

C: I don't think it ever deeply affected Ford's relationship with LBJ, because I think in situations like this, people tend to think that it's the aide, this s.o.b. aide that's really doing this. The President's fine, but if you could just get the aide out of the picture. I'm sure that Ford viewed--expecially since I assume that Jack Connor was talking to the automobile executives--me as the bad guy in pushing for criminal penalties. Secondly, as had been the case with [Nelson] Rockefeller, the President was very sensitive about, and shrewd about, the personal relationships of individuals. I can remember, for example, when Rockefeller was climbing out the fire escape when he was married to Mary and he got caught with Happy [Murphy Rockefeller] at some point--very embarrassing. Divorced, then married Happy--Johnson saying to me, "Invite Rockefeller to this dinner with Happy. We have to show that he's not ostracized." Same thing with Henry Ford and Cristina [Austin Ford]. I mean, he was very sensitive about Anne McDonnell Ford, because I remember when he read about the divorce, he called her. I was with him. He said, "You know, she's a Catholic. This is going to be devastating to her." And he called her, just on the spot. The other side was also after Henry married Cristina and that was sort of a scandal, he promptly had Henry and Cristina to the White House to kind of provide what blessing it did. So he had that kind of a relationship with him.

After we sent the bill up--we did the State of the Union Message in 1966, and auto safety was in the lead of virtually every story. I noticed that immediately. The President

noticed that immediately and said, "Every member of Congress has noticed that immediately. This bill is going to fly." We couldn't get it up fast enough. Everybody wanted to act on it. We sent the bill up. Then there were hearings set. And Ford had a guy named [John] Bugas, B-U-G-A-S--I can't remember his first name--who was going to testify against the bill. Henry Ford and Bugas and Rod Markley, who was the Ford Washington representative, came by to give me a copy of Bugas' testimony as a courtesy before he testified. It was an all-out attack on the bill. I said, "You're crazy. This makes no sense. You're going to be clobbered up there. There is such a head of steam behind this bill. Maybe you want to make some changes, but if you testify against it, you will become a target." He did, and he was clobbered, and he did become a target.

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C: At some point the bill was not moving as fast as we wanted it to, and the auto industry was fighting it strenuously. They came in with an idea of--there was some state organization, "V" something or other, Vehicle something or other, of the States, which was bankrolled by the auto industry and was a total captive. Lloyd Cutler proposed this as an alternative to the bill. I told him it was preposterous. The auto industry proposed it and they kept fighting. They started to slow things down a little bit. So we had a National Transportation Day or National Transportation Week ceremony in the White House. You'll have to get the papers on this.

G: Okay.

C: Among other people, I believe Lynn Townsend was there, of Chrysler. Henry Ford was there, and I think Jim Roche or John Roche, whoever was the head of General Motors

[James Roche]. This would be 1966. Please get those, and get his speech. In the course of his speech, Johnson veered from his prepared remarks, pumping for the automobile safety bill and the Transportation Department and started talking about people, "in this room were people with blood on their hands" for blocking the bill. Standing in the back of the room, I said, "This is it. We are now at war." Back to my office, Rod Markley, the Ford guy, called me. Henry Ford was shattered, wanted an apology. The tape of that speech, which is probably somewhere in the [LBJ] Library, was instantly jerked. The "as delivered" [version], if I recall correctly, was never put out, and the President basically took the position that he never said it.

G: Oh, did he really?

C: Marvin Watson said--that's why I want you to get all the papers on this. In any case, that did create some real friction with the automobile industry executives, but the head of steam was so great that finally--and he had such a good relationship with Magnuson--literally at some point he called Magnuson, said he wanted the bill out. Magnuson sent over a fellow named [Gerald] Jerry Grinstein, who was his chief counsel in and a guy named Mike Purchek [?], who was then a young lawyer. I sat in my office, I think with Larry Levinson, and we, on a Saturday morning, went over the bill, retooled it a little bit here and there, and as it left my office that Saturday, it passed verbatim the Senate and the House. You couldn't legislate like that today.

At the signing ceremony for the auto safety bill, it was a big deal. We made it a big event. Nader was there. The President didn't know who Nader was, and Nader came up and shook hands with him. And that was the picture--again, I'd like you to check the

signing, but that was the picture on the front page, I believe, of the *New York Times* the morning after the signing. I was home and the President called me and said, "Why the hell"--it was not a good picture of him--"didn't you tell me who this was? If I had known who it was, it would have been a better picture of me." I don't know whether they got the wrong side of his face or whatever. Because Nader was sort of straggling at the end of the line. And that was it. Then we went aggressively on the bill. The Transportation Department was much more difficult.

G: One other point on this auto safety. Did LBJ at any point show any inclination to back off from the program?

C: None. This was go all the way.

G: He saw it as a way to save lives.

C: He saw it as a way to save lives. It has worked. I mean we've changed--just think about it. We're now still, what, about forty-five thousand--with the population we had then of fifty thousand, have we doubled since then? We may have come close to doubling it. We'd be killing over a hundred thousand people a year today, so it did save lives. He saw it as a way to save lives. He saw it as a very popular program, and he saw it in the context of the consumer being one person, you or me, against this array of talent that just couldn't win. There's no way for us to say, for God's sakes, those fins are going to get people impaled on them and make it much more likely you'll die in an accident; pad the dashboard. That was the other thing. Oh, God. We were at the Ranch about two years later, and Henry Ford used to send these Lincolns down for the President. We're in the new Lincoln and the President--it's got the padded dashboard, everything's recessed, we're

beginning to see the affects of the law--and he couldn't find anything. He went bullshit about the car. And I said, "It's the auto safety bill. It's the auto"--(Laughter)

G: How'd he react?

C: Oh, he was just goddamning Henry Ford. And "Henry Ford did this to make me mad," and he's mad. It was that kind of thing. But, in any case, go ahead.

G: Was the press there when he made that speech, "blood on their hands" reference?

C: Yes, the press was there. It was an open session. And unless I'm mistaken it was in the paper. I can't remember. I know the auto people were really mad and I know that Marvin Watson would not allow me to have the "as delivered," so I assume the President knew what he did, confiscated that tape.

G: That's a great story.

C: But I'd like to get--will you get that stuff?

G: Yes. In terms of highway safety--

C: I think it went as two titles of the same bill. I can't remember. Maybe it was separate bills. Highway safety was not the problem auto safety [was]. It wasn't because--by and large, highway safety meant more money. It meant designing roads that were curved and, you know, a little wider medians to deal with lights, better signs, all that stuff. It didn't have any controversial issues like speed limits or stuff like that. So, from the vantage points of the states, it was more money for road building, and we didn't have the problem you have now, the ideological problem of what's the state's right versus the federal right. You know, does the state have the right to say how the road will be curved and what have you. Lastly, you had this great tradition stemming back to the Eisenhower years--and

Johnson had been one of the prime movers of the interstate highway program--of the federal government building the interstate highway program. That was one way we kept the nation cohesive. So it was not a problem.

G: Now, you want to go back to Transportation and talk about the--?

C: Well, Transportation was a tough problem in the government and outside the government. In the government, most agencies that were independent wanted to stay independent, and we wanted most of them in. Bozo McKee, for example, head of the FAA, did not want the FAA rolled in. Ultimately, I believe, we brought him on board most reluctantly by giving the head of the FAA a greater salary or a higher GS level as part of the package. Fowler took the issue of the Coast Guard all the way to the President and my recollection of that is it was a marvelous meeting. We're in the little green office of President Johnson. Fowler came in to appeal, didn't want the Coast Guard brought in the Transportation Department, and Fowler made his case.

G: Which was based on history or--?

C: I even had him on the history. I think I had him on the history because my recollection is that the Coast Guard--this is coming back to me now. I had gone back and done the history, and Coast Guard was originally in the Commerce Department. So I even had him there. But he laid it out: history, heritage, the relationship of the Coast Guard to the alcohol--

G: Narcotics.

C: --functions of the Treasury Department, immigration functions, what have you, customs functions. He went through all of that, and the President smiled and he said, "Joe, what is

it? Do you have a boat? Do you have a yacht? Do you have a plane you want to keep? Is it the Coast Guard mess you want to keep? Do you like to wear the Coast Guard uniform? Are you an admiral in the Coast Guard?" (Laughter) He got Fowler. I mean, he really nailed him. Fowler was, one, embarrassed but, two, started laughing about it a little bit and it was over; it was done. I guess Joe could go back. We also had him on another count, which was I had been talking directly to the head of the Coast Guard, and he wanted in, because we were telling him how terrific it would be in the Transportation Department, instead of being sort of hind tit and a sideline of what was going on, he'd be right in the mainstream of what was going on. Actually, I had never seriously considered leaving the Coast Guard in Treasury. The only alternative we had seriously considered was whether to move it to the Defense Department.

G: Why was Transportation the logical place for the Coast Guard?

C: Well, it was more logical than Treasury, and they have a lot to do with safety in terms of boats. We were getting more and more boats, more and more motorboats. And we were thinking about--I don't know whether we did it that year or in a later year--and I think we sent up something called the Boat Safety Act. I don't know whether it ever passed. It wasn't as incredible as the Camp Safety Act but we sent up the Boat Safety Act at some point. In any case, that's--

G: The Camp Safety Act?

C: Yes. You'll find somewhere--I think it was [Abraham] Ribicoff's idea. I don't know whether we actually sent it up or just endorsed it. It was to have standards--this was the detail into which we'd go--a set of standards of safety for summer camps for kids.

The Maritime Administration, the maritime industry were the only people that were able to extricate themselves from the Transportation Department during the legislative process. They were all for going in because Nicholas Johnson was head of the Maritime Administration. Actually, when you're interviewing [Lawrence] O'Brien--I don't know if you can see whether he remembers or not, but Nick Johnson was despised by the Maritime--the Maritime Administration basically was in the bag for maritime industry and labor. It created a wonderful situation in which the labor rates were out of sight because they just increased their maritime rates and went on. The Maritime Administration just blessed whatever labor rates the unions asked for. So there's no incentive, and we considered them the great rip-off of the federal government. Nick Johnson had a lot of guts. He wasn't politically shrewd, but he had a lot of guts, and he took it on. He really took them on. So I didn't have enough warning of how tough they would ultimately be on the Hill--I knew they'd be tough--because Johnson was not a problem for me within the government as other people were, and we took them on. They thought going into the Transportation Department would end their cozy little deal and it probably would have had a lot to do with that, so they ultimately fought their way out. The thing about O'Brien is in the end of the Johnson Administration, the maritime people, because I was after their subsidies and I was trying to get them in the Transportation Department, I became absolutely their enemy, their *bête noire* in the federal government. When O'Brien was running Hubert Humphrey's campaign in 1968 there was one point at which he said to me, "The maritime people were in today, and they said they're going to contribute seventy-five thousand dollars to Humphrey's campaign. The only thing they

wanted was an assurance that you would have nothing to do with transportation policy in the Humphrey Administration." I said, "Christ, Larry, what did you do?" He said, "I took the seventy-five grand and I gave them the assurance." (Laughter)

In addition to working within the government, I started working outside the government. I don't think all the memos are here. Oh, here they are. I see we're getting closer to the--I then began a series--do you have the presidential message here on Transportation? No? Hold on, let me just get it.

(Interruption)

Okay, once I had that enthusiastic shot from the President, I knew I was on firm ground. And if this was the twenty-second of September on a Wednesday, I met that Saturday with Boyd and Connor after sending the President this. It was a good meeting. They didn't agree, but basically the thrust of the meeting was, "Here's what the President wants. Let's get off this sort of gingerly stuff we're doing. We're going to have a full blast traffic safety bill. We're going to have a full blast highway safety bill. We're going to set performance standards for cars, all of this stuff. On the Transportation Department, we're going to bring it all in." At that time we were also still thinking we wanted to put all the regulatory functions in one sort of super regulatory transportation agency. At some point we realized that we couldn't do both. We wanted the department, and we wanted the truckers, among others, aboard--I'll get to that because that's another interesting--we wanted the department and we wanted the truckers aboard. We would have to cool it on changing the regulatory structure at that point in time because our objective in changing the regulatory structure was deregulation. It was to stop the monopoly practices in

carving up the routes, bring down prices--the same as where now Reagan is being praised for it. It's fascinating actually to look at that.

G: This was largely the ICC, is that right, in terms of the truckers?

C: Well, it was airline routes--oh, the truckers were the ICC. Yes, that's right. We also were dealing with airline routes and railroads. The ICC was regulating railroads, too. The truckers, while I think of it, I see here we met with the airline presidents. We met with the trucking; the trucking association was on January fifth. I sent the President a memo. "[Inaudible] were in to see me today. They again expressed their opposition to user charges. They also talked about some of the transportation matters Lee and I had discussed with the presidents of some of the trucking companies. They would not oppose, and they said many truckers would favor, a Department of Transportation. They also indicated that they thought the ICC chairman should be appointed by the president. On the other hand, I'm quite confident that they would oppose any economic regulatory changes that increased competition." Let's see, waterways, railroad companies--I'll find it somewhere. (Long pause) Again, I've got to just run some of this stuff--well, on the trucking thing while I think of it, I told him that we had the truckers with us. He said he was very happy. And he said, "We're going to get our bill, our department. They're going to be the biggest help in getting the Department of Transportation bill." I said "Why?" And he said, "Because they deal only one-on-one and only in cash." (Laughter) I just remember that so vividly.

G: Were they a large help in getting that?

C: Yes, they were a large [help]. We were the main help. When I go through this and I look at this now, we met with the railroad companies, Stuart Saunders, Ben Heineman, Tom Rice. They didn't see a lot of difficulty. We also made some rate change proposals that [they] were suggesting they liked at that point in time. They all held the meeting confidential actually. I don't know whose handwriting that is. Maybe it's Lee's. The inland waterways people--and everybody had their--were not enthusiastic about the Transportation Department, but they were willing to go along.

G: Two major elements, the water resource project and all of the grants-in-aid program, such as airport construction and highway construction from the highway trust fund, were apparently not brought into the department.

C: Yes.

G: Do you recall that issue?

C: I'm sorry, would you go back again?

G: Yes. Some of the exemptions, elements that were not brought into Transportation, were evidently the water resource projects, the grants-in-aid programs like airport construction--

C: That's in there now.

G: But do you recall why they were not brought in at the time?

C: We brought in everything we thought we could bring in. The airport construction is in there now. I don't know about the other. We brought in everything we thought we could bring in, and we held everything except the maritime, and they really beat us. We really fought them, and they beat us. I just noticed again another indication, this memo from

Jack Connor to the President, which the President obviously asked me to get, or to me, "I support the idea of a Department of Transportation." The airline presidents, one trip was for the creation of a Department of Transportation; [Charles] Tillinghast, who was the head of TWA, was very much against it. He really was irrational about it I notice here. I mean he was saying he had too many people reporting to him and the President shouldn't have more people. And, in reality, this cut down the number of people reporting to the President.

G: How much of it was in the interest of administrative efficiency and how much of it was designed to raise it to a higher level of priority?

C: Both of them were important. Basically, we saw enormous transportation problems in the country, congested highways, congested airports, a railroad system collapsing, inability to make systematic trade-offs--just take the northeast corridor. In an ideal world when you're trying to figure out what you do about National Airport and LaGuardia Airport, and Philadelphia's airport, one of the relevant considerations really should be, "Do you want to spend the money there or do you want to build a bullet train like the Japanese have to get from downtown Washington to downtown New York in two hours"--about what it takes to fly, really, really takes to fly--"with stops in Philadelphia or Trenton or what have you?" That was the dream we had. Now that hasn't come to pass, but I'd hate to think what this country would be like today without a Transportation Department. At least there is some consideration in those things. It was both.

Also, a recognition that I had come upon in the Pentagon and probably not with the level of sophistication the President held it, which was that the larger the number of

agencies, the smaller agencies basically weren't supervised by anybody. In time, what that meant was that they were total captives of their constituents or of the Congress, the subcommittees at random. I mean that was really driven home to me, not in the Johnson Administration, [but] when I was working for President Carter when I was at HEW [Department of Health, Education, and Welfare] and Grace Olivarez, who was head of the Community Relations--CRS, whatever it was, about a half a billion dollar piece of the poverty program, kind of what survived of the community action agencies. We ought to get into the poverty program. Even though it was put in place while I was still in the Pentagon, I was involved in it and in what happened later. On the community action agencies, she came to see me because she said she had no control over what was happening, that her people were totally in the pocket of individual senators and congressman, and would I take it into HEW. I was sitting there at HEW with women holding hangers up dipped in ketchup, and the disabled, and the civil rights, and I said, "Grace, I can't. I've got so much here now; there's no way I can try and reorganize the community action agencies." So it still sits out there. So we were very conscious of that in these little agencies.

G: This was at a time when the basic transportation sector was changing and more people were flying and the railroads were certainly in a decline.

C: It was changing, and we were going to get into it. And that's another thing you ought to get the papers on, the mergers of the railroads and that Supreme Court case. That came up, I think, around Thanksgiving of, I don't know, 1965 or 1966--1966 probably--yes, because Boyd was acting like a. . . . It was clearly the right thing to do. It was a question

of how politically astute we'd be. Today, I would think you'd have an enormous problem pulling twenty or thirty agencies together like that. It would be exponentially more difficult. You know, we had the committee over. We got Magnuson on board. The President was really behind it, which was very important.

The other stuff--highway safety, I notice in one of my memos to him, they're all fighting to see who should introduce the bill, want to get their name on the bill. But it was worth the fight.

G: Aside from that one instance where the President told the cabinet officers that when you were speaking, you were speaking for him, did--?

C: He literally said, "It's my voice." Then he had Moyers put it out. It was in print. It was somewhere in the *Times*. Moyers was gone by then, I guess. He had [George] Christian or somebody. And boy, I needed it. I want to tell you, I needed every ounce of it.

G: You also described the meeting with Fowler with regard to the Coast Guard. Can you think of any other specific encounters that he had with reluctant cabinet officers?

C: No, I think I did McKee. I don't think Bozo McKee ever saw him. I don't remember. We'd have to go get the bill and see what we gave McKee. There aren't memos in here about McKee; I'm surprised. Maybe I just did that orally with him. No, I don't think he did that. I think, either right after the State of the Union or whenever we sent the message up, in my recollection, it was about that time that he [Johnson] said, "This is going to be a tough fight, this Transportation Department. And when Joe speaks, that's my voice, and you guys do what he says," and all that stuff. Maybe he did it when we were trying to put it together. I know that I talked to him a lot about this, because it was so difficult, and

because I didn't trust anybody. Everybody was kind of--by the time we sent it up, there were no enthusiastic proponents, except the President and myself and probably Charlie Schultze and the council, because even Boyd, who wanted it, was afraid that we would self-destruct because it was such a big thing.

G: Any other congressional contact other than Magnuson? Did the President get involved with the legislators?

C: I'm sure I talked to--you'd have to go get my memo. You know you ought to look at--when I sent him a legislative message, I usually sent him a memo which said, "Here's the head count," very close to the day we sent the message up. Yes, unless I'm mistaken, I think I talked to every Democrat on the House and Senate committees, taking them through this. We got the presidential appointment of the chairman of the ICC which we wanted. The Office of the Undersecretary, the Bureau of Public Roads went in. The Federal Aviation Agency went in. The Coast Guard went in. The Maritime Administration was recommended and didn't go in. The safety functions of the CAB went in. The safety functions and car service function of the ICC went in. The Great Lakes Pilotage Administration went in. The National Transportation Safety Board we got. We left the subsidy function of the CAB there. We left the navigation program of the corps there. We put the secretary into the international aviation business along with . . . . We left urban mass transit with the Department of Housing and Urban Development, not because we thought it belonged there over the long haul--it made enough sense to be there--but we were afraid of unraveling something we just created.

G: And it was tied so closely to urban affairs.

C: We recommended the President appoint the chairman of the ICC. We got that. Safeties, boats--"motor vehicles, aircraft, boats and railroads." Where we only had motor vehicles was the safety act. God, it really rings, you know. "We spend billions for constructing new highways, but comparatively little for traffic control devices. We spend millions for fast jet aircraft, but little on the traveler's problem of getting to and from the airport." I'm just smiling; I think, God, we really were sure we could change the world. Have we done it for today when we were . . . ?

After this, while this was going on and when it was over, we had a discussion; we were looking for somebody to put on the FCC [Federal Communications Commission]. The President wanted to really shake up the networks, and he put Nick Johnson on with that. Very much--I remember sitting in the little green office with him talking about that. I think it was Moyers and me and the President, somehow or other Nick Johnson--and he said, "Let's go." We got him out of the Maritime Administration, which we had to get him out of before he was destroyed, and he did shake up the FCC.

G: Why did he want to shake up the networks?

C: He just wanted to keep them--he wanted everyone on balance. He had that great philosophy of everybody needs a little love and a little hate; love and fear are what move the world and the trick is, to move individuals, the trick is to get the right combination of each, the right amount of each.

(Long pause)

[William] Bresnahan was the head of the American Trucking Association. In its crudest terms, basically they went for the Department of Transportation, and we laid off

changing the rate-making rules, or changing something called recertification, which basically was how you got rid of--it knocked a trucker out of the trucking business.

End of Tape l of l and Interview XVI

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Addendum to the Legal Agreement Pertaining to the Oral History Interviews of

Joseph A. Califano

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

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Joseph A. Califano Jr. — Donor

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