

## INTERVIEW XXXIV

DATE: September 19, 1988

INTERVIEWEE: JOSEPH A. CALIFANO, JR., with comments by Marcel Bryar

INTERVIEWER: Michael L. Gillette

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

Tape 1 of 1, Side 1

G: Okay, let's start with the airline strike, [by the] machinists union, [the] International Association of Machinists. Any insights on the appointment of that emergency board with Wayne Morse, [David] Ginsburg, and Dick Neustadt?

C: Yes. At some point in April 1966, we decided that we would set up an emergency board under the Railway Labor Act to investigate the dispute between the airlines and the machinists.

G: Is that simply a device to prolong the--or delay the strike, or--

C: Well, the act, it's really a device. The law is set up basically to provide time for the parties to negotiate the issues. And it was originally for the railroads and then it was extended to the airlines to provide them time to reach a settlement. [Willard] Wirtz very much wanted a board set up. The President was a little bit wary of setting up a board for fear that emergency boards tend to propose something that will settle the case and, kind of like the Mediation Service, they're willing to give more normally to unions than is the

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case, but. . . . And so that in addition to, when we got Wirtz's memo, he asked me to get a memo from [Gardner] Ackley, which gave him the arguments for and the arguments against setting up a board. When he eventually decided to set up a board, he had me call Charlie Murphy, the head of the CAB. In those days the Civil Aeronautics Board set the rates which airlines could charge for particular routes and he wanted me to have Murphy call all the airline presidents and tell them that there would be no increase in rates regardless of how they settle so that they'd have plenty of spine in their back when they went in to face the board. My recollection is that several of the airline presidents were very--they were not happy about that. They were stunned, I think.

G: Any in particular that you--

C: I can't remember. I'll have to go through my phone book maybe but the White House would call the chairman of the CAB and then he, in turn, would call them and tell them that. But remember, we're still strenuously hanging on to the [wage/price] guideposts and Wirtz sent me a list of names of people who might go on the board, only two of whom I knew, Neustadt and Warren Christopher. Just the very fact that Wirtz sent them would make the President very suspicious of how strong they'd be in a situation like this. And I sent those papers into the President on April 20, although we'd talked about this before then, the machinists, the possibility of a strike and the danger of breaking the guidelines was on my radar screen before the twentieth, I'm sure of that. I had, fortuitously, Dick Neustadt coming to see me on April 21 to work on a message on quality of government. Did we ever send that message forward in 1966?

?: (Inaudible)

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C: I think we did. I think this was going to deal with things like, I don't know, the four-year term, the voting stuff, whatever; I can't remember. But any case, he was coming down for that. Well, we went to lunch with the President and, with that remarkable memory he had, he remembered that Neustadt in his younger years had been secretary, sort of staff secretary, to an emergency board that Wayne Morse had chaired. So he picked up the phone and called Morse and actually Morse returned his call during lunch. Johnson took the call and he hadn't even talked to Neustadt about sitting on the board, on the emergency board, and he told Morse that he had an old friend of his and former staffer, Dick Neustadt, and Morse remembered that and that Neustadt was going to be on the--Neustadt wanted to serve--wanted to serve on this airline strike emergency board if Wayne Morse would be the chairman. Because he had such fond memories of their--Neustadt just sitting there at lunch listening to this. (Laughter) Morse agreed to chair the board. That alone, incidentally, was that use of Morse by the President in the steel strike in September and now was a reflection I think of one, of Johnson's Senate relationships; two, of the fact that he--I thought even though Morse was his earliest, I guess, and most vigorous opponent on the war, that he had enormous respect for him. And we used to tease him about wanting--Morse wanting to impeach Johnson and that he wanted to keep this line open. And Morse, for his part, was, while he didn't agree with the war, he did agree with the importance of holding down inflation and not having wage-and-price controls and he thought this settlement, if it really busted the guidelines, could lead to wage-and-price controls.

G: He felt that Morse would not be pro-labor, necessarily, on this.

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C: He thought that Morse would be very pro-president. Now let me--

G: Before you get away from it, let me ask you to just elaborate on one thing. When you say Johnson would tease Morse about wanting to impeach him, how would he do it?

C: Morse at some point proposed impeaching Johnson or made a speech. I'd like to get that speech if somebody can find it. Maybe they can get it in the [LBJ] Library. And Johnson would say, you know, "The reason Wayne Morse wants to impeach me is because I keep giving him all these dirty jobs to do." (Laughter) Now let me give you a more Machiavellian view of this, which certainly crossed my mind down the road, okay? I don't know when Morse next ran for re-election but we ought to get that. When he next ran for re-election, labor opposed him, in part because of what happened with respect to this board, and the strong statements he made, for which he was being prodded by the President. And I always wondered whether the President had set him up to chair this board, knowing that this thing could blow up because going in we knew [P.L. "Roy"] Siemiller was going to be incredibly difficult to deal with, and hoping that this might, in effect, cut off Wayne Morse's labor support, result in his losing the election, and get him the hell out of the Senate so that he wouldn't be there to oppose him on Vietnam. I would emphasize, I have no [proof]. I can't prove that, but by this time I'd worked for the President for nine months and that certainly entered my mind as this thing unfolded.

G: LBJ never mentioned anything to that effect, though, is that right?

C: No. Never mentioned anything to that effect to me, but I always--he kept pushing Morse out front on this thing, even after the board.

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Now, and another reason I think you have to remember, Morse was the labor guru of the Senate, and if this did blow up, and the union didn't settle or we had a major strike after the time period ran out, and it were necessary to get legislation through the Senate, as it turned out to be, that would have provided an additional cooling-off period and no-strike period, that to have the key senator, the chairman of the labor subcommittee--or if he wasn't chairman, certainly the key senator on labor--have chaired the board and saying, "We've got to get legislation now; these guys are being unreasonable because we made a reasonable report," would bring the Senate behind them. And indeed, that did turn out to be the case. Morse became our champion in the Senate, the Senate did follow him, and we got the bill passed in the Senate first. The House was a little dicier and more difficult. We ultimately got something passed in the House, but without Morse we wouldn't have done it, and I think that's another reason why Johnson wanted him to chair the board. I think in many ways it was Lyndon Johnson at his best and most cunning and shrewdest in just looking all the way down the road at what could happen here. There was no--

G: Did Morse resist?

C: --better person in terms of this situation that could have done this than Wayne Morse, as far as for the President.

G: Did Morse feel that he was politically vulnerable in accepting this post and did he resist the President's--

C: He agreed during that phone conversation. I don't know how long that phone conversation lasted. He tried to get--I don't know when the President placed his original call to Morse. That's not indicated here. If I met with him--I talked with him that

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morning; I'm sure it was about this--a couple of times, then Wirtz and I met with him.

My recollection is that--I have two recollections which I guess really--I didn't remember Wirtz being at that lunch, maybe he was. One, I believe that Johnson called Morse while we were at lunch and Morse called him right back. He wasn't there. Johnson hung up; a minute later Wayne Morse called back. I do vividly remember that Neustadt learned about going on the board as the President was talking to Wayne Morse on the telephone. I think Neustadt just was sort of ga-gaed and after the lunch said, "I can't. I don't want to serve on the board." I said, "It's over. There's no way. You should have told him, not me." (Laughter)

G: How about Ginsburg?

C: Well, I notice here in my own phone book that I tried to get--it's interesting. These things don't catch every call, do they?

G: No.

C: I talked to the President four times that morning: 9:15, 9:25, 10:20, 10:55. My sense of that is. . . . And then I was calling, I called David Ginsburg at 1:10. I think by 1:10 I called Warren Christopher, too. I don't know whether Christopher--I have no recollection whether I talked to Christopher about this board or not. But I think the President talked to me about Ginsburg. I don't know whether we had already begun to use Ginsburg in our wage and price stuff, but he was an old OPA--Office of Price Administration--lawyer, and would clearly be very supportive of the wage-price guidelines and holding to them, and he'd very much be LBJ's man and Ginsburg knew Morse from those World War II days. I just can't remember. I mean, the only reason I would have called Ginsburg, the

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most likely reason I would have called Ginsburg, would have been to ask would he serve on that board. At 3:20, the President calls Ginsburg and obviously tells him to serve on the board. At 3:45, I've got calls from Ginsburg, and I get Ginsburg and Morse and I guess ultimately, to tell him where [we were] announcing the board. And that's how the board got set up.

G: And then the board reports to the President five weeks later, June 6.

C: I know there's calls in here and what have you, but--

G: There was the question of whether the board should present their report to the President at the Ranch. Apparently Wayne Morse wanted to fly down to the Ranch and present it in person.

C: I think Morse thought that, one, it should be presented on the very day it was due; two, there ought to be a little drama about it to help drive home the importance of it. I don't think we thought that was important, and I think the President just didn't want to do it that weekend. I don't think there was anything ulterior about that.

I notice that I met on Saturday afternoon, June 4, with Morse, Neustadt, Ginsburg, and Jim Reynolds for a couple of hours going over the report. I had suggested to the President that the meeting--I sent him what the other people wanted, but I suggested that he do the meeting on Tuesday morning when he got back to Washington. That was in a memo I sent him on June 2. And that's when we did the meeting.

I'd also note just, Morse was key to us on education. I think he chaired the education subcommittee. And I notice in my memo--by this time I've been well-trained by the President and it's not only traditional for the President to receive the board, but it

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would be important to have a strong presidential statement in support of the recommendations if you agree with them to avoid an airline strike. In addition, such a meeting will give you the opportunity to talk to Wayne Morse about education bills which he is holding in the Senate. There was one element of this that I think is important. I notice here, and I remember it. Both David Ginsburg and Dick Neustadt thought that the Wirtz and Reynolds--and the guy that was the head of the National Mediation Board, a guy named Howard Gamser--none of three of those individuals liked the guideposts and wanted to get rid of them, and they both thought that Wirtz and Reynolds and Gamser had in the very negotiation had been advocating breaking the guideposts.

We had set up a labor management advisory committee--something we should talk about, you should get the papers on--to help give strength to the guideposts and vitality to them. Wirtz wanted to break up that, end the use of the guideposts in that committee. I--Morse made a big issue. I notice here, "Morse talked to me thirty minutes last night," which would have been Friday night; this is a Saturday memo I sent to the President, 3:47 p.m. Saturday, June 4, 1966. Morse very much wanted to go to the Ranch and told me there was an absolute legal requirement that the report be delivered on that day and I remember calling [Nicholas] Katzenbach Friday night and having Nick check it out and Nick said that it--the report can be delivered to the President. There's nothing--it's the President who decides when, whether, if to make the report public.

G: Why do you think--do you think Morse just wanted the publicity, or do you think he wanted to talk with the President about another matter, or just wanted to add some drama to it?



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C: I think there was nothing. I think--he was a senator. All senators have egos and I think he just wanted to do it with a lot of pizzazz. They'd worked very hard on this and I think he probably sensed, as we all did, that this report would need all the pizzazz in the world to get this damned thing settled. When I got the report Saturday afternoon, I sent it to the President; I sent it to Ackley to analyze it. You have to remember these things, Ackley was the only guy we had that really. . . . We found it, and the President found it, very difficult to trust Wirtz or [John] Connor on something as slippery as the wage-price guideposts, especially in a complicated contract where you're changing the hours worked and vacation times and all kinds of benefits. It's the whole cost of the package, 3.2 per cent or more or less, so Ackley became our honest assessor, if you will, our auditor of that. And another thing that waiting for the meeting until Tuesday gave us was that we had time--now I remember. I didn't want the report flown to the President either, and the reason was there was no way I could tell what the report said. I tried. And Ginsburg and Neustadt told me it was to impossible to determine whether it was within or without the guideposts, and I wanted time for Ackley to do an analysis of this so that before the President issued a statement or met with these guys we knew what the damned report actually provided. I remember that now. And that in a conversation with the President was decisive. I mean, when I said that, that was the end. We [were] clearly going to go Tuesday. God, I'd forgotten all about that.

G: But did Morse and Ginsburg and Neustadt didn't necessarily know that this was a factor, did they?

C: That this was the reason?

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G: Yes.

C: No. I didn't tell them. That coupled with the fact that I don't--I think the President wanted to be at the Ranch. This was not something he wanted going on at the Ranch, but I do remember that and I do remember telling him that.

By Monday, by the day, having studied the report, getting some feedback from Ackley we also had--were getting word from Wirtz that the report would be rejected by the union. And it was quite clear we were in a very dicey situation. Once the report comes in, then there's a--I don't know what the period is under the law--thirty or sixty days during which there can't be a strike while the parties study the report. Off the top of his head in two minutes Gerry Rosberg can tell you how the--or Konrad Alt, the associate, Konrad Alt [Rosberg and Alt were attorneys with Califano at Dewey Ballantine at the time of the interview] can give you the--ask him to give you a one-pager on the time periods for the Railway Labor Act, because it's involved in a case we're working on now, okay?

B: Bring out the report?

C: Well, no, just how the act works when the President sets up an emergency board. Okay? And the time periods, all right? Okay. Johnson met with them on . . .

B: July or June.

C: July 7. I'll need, okay. June 7. I'm sorry. I want June. Yes. (Inaudible) see them at the Ranch. Mr. President flew up from the Ranch that day, then--okay--met with the board that afternoon for about an hour, half an hour, and then went out and I guess called the press into the Cabinet Room. We issued the statement and he made a statement along

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those lines. What I am confused about is I have here, I don't know what this is. Did I meet with these people? Let me just see. I have nothing on either his calendar or mine that indicates--

G: Maybe the date is wrong. I have a note on June 7, in your office. Well . . .

C: [There is] something not right about that. We'll just have to, I mean, I just don't know.

B: (Inaudible)

C: I know when he made his statement, but I have no record or recollection of meeting with these guys.

End of Side 1 and Interview XXXIV

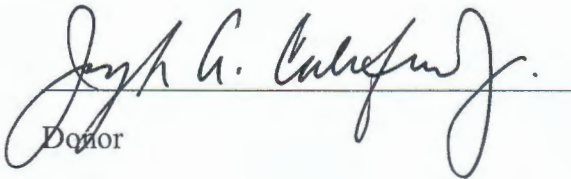
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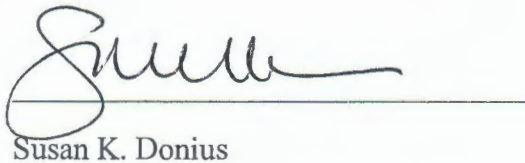
Joseph A. Califano

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

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