

## INTERVIEW XLI

DATE: January 18, 1989

INTERVIEWEE: JOSEPH A. CALIFANO, JR.

INTERVIEWER: Michael L. Gillette

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

### Tape 1 of 1, Side 1

C: --while it's in my head. When the President went on his trip to Southeast Asia on October 17, 1966, I believe he left from the helicopter from the lawn of the White House but before he left--and he took a good part of the staff with him--he had me up in the bedroom, and, as only he could put it, he said, "You're going to be the President; you're going to be here. We have to get all this legislation passed. We have to do this, and we have to do that." And then he proceeded to load me up. He gave me cufflinks. He gave me an electric toothbrush with the presidential seal on it. He gave me a tie clasp; he gave me cigarette lighters. And I ended up walking with my arms full of all these presents, to say goodbye to him.

And he then proceeded--I'll have to look at the daily diaries, but [he] constantly called me and they were twelve hours [difference]. And I don't think I slept; I think hardly slept for all the time he was away. I worked so hard, because all these bills were on the Hill. They were twelve hours off from us so the calls were always in the middle of

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the night. There was no, ever, never any, "I'm sorry it's three in the morning." It was just as though we were all sitting at the desk.

G: Well, would he call from the plane? There was a phone--

C: No, he'd call from wherever they were, in whatever country they were, the plane, or wherever, but there was no sense of time.

G: How was the reception? Could you--

C: Reception was fine. Reception was fine. Okay, I just wanted to--

(Interruption)

G: Okay on the investment tax credit suspension in 1966. Why don't you begin by assessing the differences of views among the different administration advisers?

C: Well, we sent the tax adjustment act up early in the year to make some modest tinkering, accelerating corporate payments and what have you, and even as we were driving that through the Congress as fast as we could, we were beginning to realize that pressures were increasing, and we were moving, and the President was moving, on every conceivable front: prices, wages, rollbacks. But sometime I guess it's early March of 1966 we are starting to get numbers that indicate a substantial quickening of the economy. On March 5 I had a meeting with [Robert] McNamara, [Henry] Fowler, [Charles] Schultze, [Gardner] Ackley, Ginsburg--David Ginsburg--Kermit Gordon, and later that day at some point I talked to Clark Clifford about this. At that point in time there was general agreement that the first thing to do was to get the tax bill we had, pending the adjustment act, passed and out of Congress. Although Bob McNamara and David Ginsburg said if there was some way to quickly attach to that suspending the investment tax credit, which was a tax credit for construction and we were getting early

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numbers that capitol spending was going through the ceiling. No one else wanted to do it as part of the Tax Adjustment Act. At some point down the road everyone agreed that it would make sense to suspend the tax credit except Fowler. He felt strongly that [as] he'd testified a couple of years before when Johnson had introduced the investment tax credit, that this would be a permanent part of America's financial structure and this helped us modernize, and he'd be terribly embarrassed and so would the administration.

G: So his opposition was not of an economic nature but just one of a commitment?

C: I always felt it was that, that that was driving him more than anything else.

G: How about Jack Connor?

C: Now he would in the long haul--Connor wasn't at this meeting, so I can't--in the long haul, I'm sure Fowler was saying at that point that you can't do anything economically if your word isn't any good and if you're going to constantly be juggling and tinkering. We also thought that--but Connor, I don't know. Connor came along later but he was reluctant--he didn't have this. He didn't come with the vigor. I mean, he was not in favor of it in the early stages, but [his opposition was] nothing like Fowler's. Fowler was really opposed, and he really fought to stop it.

There was a strong sense that we had to move in every way we could to trim back federal construction because that was pushing up capital spending, pushing up interest rates, and that we were now going to see unemployment below 4 per cent, which had been a dream of Democrats for half a century. But Ackley was worried about the inflationary impact of that. We were also worried about the high cost of wages in construction. If both the cost of money goes up and the cost of labor goes up, you have your two major construction costs going through the ceiling. You really have a hell of a

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mess on your hands, and because of that McNamara wanted us to get involved in a construction labor dispute in New Jersey, which probably we should talk about separately at some point, which I remember being very reluctant to get involved in because I didn't know whether we had any chance of dealing with it. On that particular thing, we--Ginsburg was going to look at that over the weekend. We all thought that the President should look for some way to reinforce our commitment to the guideposts, and that was one of the ways we had for doing that was the pay bill which was about to go up and I'm sure we ought to--pay bill stuff isn't here, but it's worth checking that.

(Interruption)

Off of that I see this is March fifth [1966] we're meeting, Saturday. I suggested that we accelerate sending Congress the message on pay. Federal pay. And use it to drive home the guidepost (inaudible). We did in the message say, "I also urge Congress to take into account two other considerations, among those are (inaudible) all wage earners of the nation as a whole the wage-price guideposts which were key in our fight against inflation. And he issued a separate statement saying government employees were going be the ones to set the example of how to keep the wage increases within the guideposts so we did do that. Then we thought we ought to take on and do a lot of other things in the food area, in the price area. This led to conversations with the President in which he wanted me to, as far as the price of milk was concerned, to see if it was something we could move aggressively in the antitrust area against some of the big companies. There was--and I don't know when it was--a major lawsuit filed against Borden's for price fixing.

G: Was that a result of this?

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C: I can't remember. You might take a look. Ask--it's actually in the--Dewey Ballantine [law firm] represented Borden's and they've recently done a redo of the case. It was such a big case. Just when that suit started. Somebody can just check in the bull [?], the Dewey Ballantine paper. Okay? I just don't know. And also with respect to wheat the President wanted me to get [Orville] Freeman to put out the most optimistic forecast possible on wheat, on how much wheat we'd have, on what the weather was going to be like so that we would hold back the price of flour, hold down the price of flour, out of which bread was made, those kind of things.

Whatever the mechanism though, I think everybody believed that we would have to ask for some kind of tax action beyond the Tax Adjustment Act, later in the year. McNamara did not--I should go back. As part of any tax action we'd have to both have increased military costs and reveal them and show some reduction in the civilian budget, or holding in the civilian budget. And since we'd just gone in January with our military budget, McNamara felt strongly that his credibility would be destroyed if we'd didn't wait until after June before we moved and changed the military figures. Fowler felt his credibility would be destroyed if we went right back up with the tax bill just after the Tax Adjustment Act. This put, eventually put, enormous pressure on me and on the little group we had Ackley in terms of wages and prices and fighting fires to continue doing that until as long into the year as we could to postpone asking for a tax increase.

G: This was Schultze, Ackley, yourself and--

C: These were all the--yes. Ginsburg, Kermit Gordon, and Fowler, and McNamara, [met] on March 5, 1966. I'm trying to think of--when did we--okay, it was September. Any case, it looked like it would be fall before we'd move on this. I mean, from that session in

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March between the Tax Adjustment Act and the wage-and-price fights and the consideration of what the right policy was in the future in dealing with the Fed [Federal Reserve Board] in some attempt to keep interest rates in line, we were really in kind of nonstop conversation about the economy. In May the stock market is sliding. Ackley is predicting more rapid consumer prices and unemployment [is] going down to the 3.2 per cent area. That's really low. Schultze is telling the President that we're going to have--Congress is adding on to its budget. And in May, Ackley and Schultze are pressing for an immediate tax increase. McNamara then comes in--the situation was sort of--everybody knew you were going to have increased military expenditures, but McNamara comes in because he was worried about his own credibility and takes the position, he has no idea whether he'll need any more military money until January 1967, and therefore he can't provide any number as an increase. And he wouldn't--he also didn't even want to start the Pentagon staff looking at this issue until the President in his own mind was committed to doing something about taxes because he was afraid of all that it would unravel.

G: He was afraid of a leak?

C: He was afraid of a leak.

G: Does this suggest that he wasn't--

C: So McNamara says there shouldn't be any--McNamara then says, "Therefore some time in June the President ought to figure out what he wants to do, then I'll start doing the staff studies." And Fowler said that we wouldn't be able to have a tax bill until July, and Congress would get mad as hell about that, which is too late. I then--I just don't know the answers to this--I then in a memo on May 7--a cable, I guess--to the President, asked him

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for approval to start a whole series of economic studies about consumer credit, unemployment, and a whole lot of stuff like that. I also at some point in this course said to him, "We think everybody ought to stop talking about the economy," because we had [Willard] Wirtz speaking one way and Connor another and Fowler another and that the President should be the sole voice or somebody he designated and told them what to say. And we imposed that rule at some point in the spring of 1967.

That precipitated--and then--I don't know. Do you want me to repeat what's in this memo or is it in--? In May of 1966--I said the spring of 1967, I meant the Spring of 1966. But in May of 1966 Fowler, Connor, Schultze, and [Arthur] Okun were supposed to appear on a panel before the Advertising Council on May 17, and they were going to discuss economic policy, the need for taxes, balance of payments, unemployment prices, and we couldn't have that. Johnson was supposed to speak to the Council on, or visit the Council or something, and thank them for their public service advertising budget and urge them to--urge people to buy savings bonds. We were trying to get people to save more and not spend so much to cut down demand. And we thought we could change that at the last minute. We thought that if we canceled all these economic guides we'd have a hell of a lot of news stories. We were worried about what would happen in the stock market and everyone would get scared but that we could, late on the afternoon of the sixteenth, say to the Council the President's schedule only permits him to see you at this time. You've got to come to the White House, make that time, the time these guys were supposed to speak and cancel the appearances that way. Which is indeed what we did. But it's an indication of how sensitive we were to this whole problem.

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Unemployment blipped and slipped up a little bit in May and prices seemed to hold but it didn't change the general fury of the economy. By the middle of June we've now done some staff work and I start to have some meetings on how people feel about a tax increase, and I had one in June 14, 1966, with Ackley, Schultze, McNamara, Fowler, Connor and Wirtz, and reported to the President that Connor, Ackley, and Schultze wanted a tax increase as soon as possible. They were really talking about a rate increase, although they'd take anything, I think. Fowler wanted to have a [inaudible] come around, thought we've have a special session in November and he wanted a tax increase. He was still opposed to the investment tax credit being suspended and I sided with McNamara in opposing any tax increase at this point in time and I also was very concerned about a November session.

G: Why in each case?

C: Well, I'm sure I opposed the tax increase because, I, one, didn't know whether we could get to--well, I guess I knew we couldn't get a rate increase. That becomes clear later in these papers but. . . . Two, I was worried--I really was worried about credibility. We'd gone with the Tax Adjustment Act; McNamara had sent up his budget. The need for more money would have to be based on more money being needed for the military. That was our only hope. To ask for a tax increase because we'd miscalculated, or we were spending more money. And every time we took another step in this direction we further endangered the Great Society programs, and I wanted to keep them going. And that's why Wirtz opposed the tax increase.

G: On June 11, you sent the President a conglomerate forecast of economic doom.



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- C: He must have asked me for that. He must have asked me about--I don't know whether the forecast is--I guess what he wanted to show--in fact, I now remember what he wanted to show. He had all these guys saying, "We've got to have a tax increase. We've got to. We're going to have a disaster; we're going to have this," and he asked me to get from the CEA [Council of Economic Advisers] staff. He remembered that in--when was that--in May and June of 1965 there'd been predictions that we'd have slower growth, recession, all this stuff and they all turned out to be wrong. So he wanted me to get all those, which I did get for him, so that he could use them in arguing with his advisers who were saying you had to have a tax increase now to show them that everybody was wrong a year ago. There is no reason to think they're right. Because one of the things Ackley and Schultze and Connor would constantly do would be to say, "Look. Everybody on the street says we've got to have a tax increase." It's sort of like today, you know. I mean, everybody says, "We've got to close the deficit or we're going to have a disaster." There are a handful of people that say, "You close that deficit down and you're going to bring on a recession." Now maybe you have to do that but any case, he wanted that point. He wanted that ammunition to use with his own advisers.
- G: Was any pressure put on Fowler to bring him around or do you think it was simply the passage of the Adjustment Act and the passage of time?
- C: There was tremendous pressure put on Fowler. Constant. I was arguing with him, talking to him all the time. I'm sure the President was. But I think there has to have been a point. You have to ask Joe this, but my hunch is there has to have been a point in which Fowler said, "It's going to happen and if I'm going to get raped at least I don't want to get raped when I could get pregnant. If I could postpone it a while, I'll be too old to give

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birth and therefore I'll take it." And the longer it got postponed, the less damage it did to his credibility. And when you get later on, you notice that even when Fowler went up and testified, in his testimony, and I remember this vividly because we argued about whether he should include it or not--Fowler insisted on putting in there that the investment tax credit was a permanent part of the landscape, and this was nothing. Actually, his feelings here, they were incredibly strong but we'll get to it later in 1968. They were modest compared to how he felt. I remember when I started talking to him about reinstating the investment tax credit again, in which the President effectively used his testimony. Fowler said, "You can't put it back on again. You just jerked it off." And the President said, "But, Joe, you said"--I remember giving the President quotes from his testimony--"you said it was a permanent part of the landscape."

G: Do you think to some extent it was simply that Fowler was closer to business than the other advisers? That he had a . . . ?

C: Anybody--there's no question that the business community looked at it, said there ought to be a tax increase. Okay? Just as if you look at the world today you'd say, "Well, for those people making a million dollars a year, they probably ought to pay a little more than 28 per cent. Maybe when you get over half a million you ought to pay 35 per cent? So. But the politics of the situation are that any increase in rates at the top scares the shit out of the whole country and everybody that's making anything says, "God, I don't want to pay any more." The politics of this situation was we couldn't have gotten a tax--and my own view is, even with twenty years hindsight--we could not have passed a tax increase. So we had to do those things that we could do, and one of those things was suspending the investment tax credit. We could do that. It also had the benefit of being sort of a rifle

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shot. Nobody could argue with us that capital spending was going crazy. Okay? And capital spending was something we could do something about in the federal budget without hitting the Great Society programs. If we defined the problem as, one of the sorest wounds, as a tremendous increase in capital spending, which in turn is putting pressure on interest rates, so they're going up, which in turn is making construction--you know, it feeds itself, construction. That's making the stock market go down. And we say, "All right. You do this, Congress. You pass the investment tax credit. We'll do this. We'll go after business to slow down capital spending," which we did--and we probably ought to get to that dinner. That dinner ought to be one of our topics, with the businessmen.

I then sent a letter to all businessmen that attended the dinner asking them what they were doing, and then I did a press briefing, a backgrounder. That happened during this time. We'll do that and we'll also cut back in the federal budget to deal with this problem surgically. That had the great advantage for us of not requiring us to go after the Great Society programs. We were talking about public works; we were talking about highway construction, dams. We're not talking about health or education or welfare. It also illustrates in June as we're getting into this. [Walter] Heller was coming in town; he was coming by to see me. I don't know whether the President saw him or not. We ought to get an answer to that because it relates to something that happened later. This is a June 14 memo. Whether he saw him or not I'm sure--let me just skip while I'm. . . . The President's also begun his--

G: The [President's Daily] Diary will show if he saw him.

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C: We'll just take a look at it right now. It's June 14, [1966]. [Reading Daily Diary] Capitol pages. Boy, that was a long day. We had one of our meetings--all right, sure. I guess he didn't. He had a dinner that night for the UN ambassadors. No. Let me just check the next morning but I don't. . . . You know, you wonder what people were working on when you see [Harry] McPherson--this happened to me--"McPherson, McPherson, McPherson." Obviously [McPherson was] working on a speech of the President's. Well, wait a minute. Yes, we did see him for about ten or fifteen minutes on June 15. That's the way the President was now beginning to try and collect his intelligence.

G: This is not the one that we were looking for. This is something from another project.

C: Okay. Well, let's just stay with this for the moment.

Then we started sending people out to take the temperature of [Russell B.] Long and [Wilbur] Mills. You've got to remember now, we're in a world now in which by and large if you cut the deal with Long and Mills, chairman of the [Senate] Finance Committee and the [House] Ways and Means Committee, you by and large got your deal. Especially if you can then wrap in [Everett] Dirksen. Because we've got an overwhelmingly Democratic House. Long being Long, I mean Long indicated to--and I reported to the President that Long had told people that he was opposed to a tax bill. He might be for some controls on consumer credit and for suspension of the investment tax credit. He didn't say he might be for it; he said that it might pass. Mills also said that he didn't think any across-the-board tax bill could pass the House. And he came as he did, beginning in early 1966 and throughout the rest of the Johnson presidency, he was constantly for trimming domestic expenditures, putting a cap on, holding back the Great Society. And Mills wanted a cut in non-defense expenditures and a big military

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supplemental if we'd have any chance to do anything. And we set up a Quadriad meeting, I guess, for the next day which I don't have any notes on. The President's also beginning to get a lot of free advice from friends and others. There's a note in here from John Loeb that says, "Suspend the investment tax credit. Stretch out non-defense expenditures." In August--well, no--before we get to August, in July the President has a meeting with the bipartisan leadership July 18 in the Cabinet Room. Have you got the July 18 diary?

(Long pause) Yes, we had the bipartisan leadership meeting, [John] McCormack, [Hale] Boggs, [Gerald] Ford. Can we get a copy of Tom Johnson's detailed notes of this meeting? It [the Daily Diary] says, "Tom Johnson made detailed notes of this meeting, put them together in a memorandum to the President dated this date, 10:30 p.m. Xeroxed copy of Tom Johnson's memo to D.T.." Who is D.T.?

G: Dorothy Territo.

C: Territo. This is a meeting of July 18. In any case--here. (Long pause) Okay. At that meeting Johnson talked about the economy, how difficult it would be to guess what the military needs would be in the future. That he expected the deficit would be less than three billion for I guess fiscal [year] 1966, the year we just--I'm not clear. We'd have to check that. Because the fiscal years were ending on June 30 then. That the Defense Department had pushed all it could into June into the prior fiscal year. Maybe he's talking about fiscal. . . . He reviewed a memo Charlie Schultze had sent him on the economy. Maybe we could get it; it's almost certainly dated that date. Talked about the civilian pay bill. Talked about the need to cut the budget. And said he's willing to veto any increase. If he had a chance of sustaining the veto, he was willing to veto any increases they made above his budget, because the Congress was increasing his budget by a billion and a half

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or two billion. Dirksen said, as I have it in my notes, "Mr. President, in an election year you can't win on a veto because everyone has a sacred cow. If you do veto, you cannot be sustained." The sky is the limit, Dirksen said. They'd add to the Independent Offices Act. And he had a letter from Fowler which I think we ought to get, too. It's probably dated the same date that he read from. Dirksen said he'd be with him on whatever he wanted to do to hold the budget in line, and there was some talk about controls. There was some talk about cutting expenditures and there was some conversation about a tax bill. I think I'd really like to get Tom's memo and probably even revisit this subject when you get it.

In mid-August we're now in high gear, still not sure what we want to do or when we want to do it, but the economy is really--Ackley sends the President a memo, says we're really steaming up again. On the sixteenth of August, I suggest to the President that we go up and meet with a group of people at Harvard that have been working on economic issues: Dick Neustadt, Otto Eckstein, John Dunlop, Derek Bok, who was not then president of Harvard, Carl Kaysen, Robert Solow, Lester Thurow, and John Meyer. First class. And the President knew Eckstein because he'd been on the CEA, and he knew Dick Neustadt because he'd worked with us on legislative programs. The group had asked McNamara, Ackley, and me to go to Cambridge; the President added Fowler to the group.

(Interruption)

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C: They added Fowler to the meeting and I think what happened was that I told the President. . . . Get me the Presidential Diary for August. This is August 16, 12:45 a.m. Shit. You forget. Let me just see something. Yes, I spent--okay. See, this is what's

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wonderful about it, 9:25, 10:25, 10:26--see, you get involved in these things. Okay.

What happened here was--I'll give you that back in a minute. God, it's also the day we had the Advert--

G: They day you had what?

C: The Advertising Council members. The President called me and said, "What do these guys think? Where are they at?" And I said to him, "They are for sure for suspending the investment tax credit. At a minimum. I'm sure there will be other things they'll want to do, too. At which point he says, "You take Fowler with you," because he wants to get Fowler to field people on the other side. He wants Fowler to start feeling some pressures on the other side, and he's beginning to start [to] manipulate the process a little bit. He got Fowler's report on Wilbur Mills and Russell Long, but he's never--before he even starts to play with these guys he wants other reports, so he sends [Larry] O'Brien and [Henry Hall] Wilson up to see Wilbur. And they're seeing him on the unemployment compensation bill, but he's now got all the troops picking up anything they can about views on the economy and the tax thing. And he gets Mill's view that he's concerned about a general tax increase. Mills is inclined to favor eliminating the investment tax credit.

You'll notice here now something that Mills says to O'Brien and Wilson on August 19, something that's not reported in Fowler's memo to Johnson of his meetings with Russell Long and Mills. He reports that Long said that. Okay? This memo saying, "We attempted"--this is from O'Brien and Wilson to the President on August 19--"We attempted to explore lightly the question of whether he would put up with permitting the repeal of the investment credit to be tacked on in the Senate. He brushed this aside, but

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we did not press the point sufficiently to be able to report definitely to these ad men on the point." And then they told Johnson that there's a guy named Norman Terre who walked in the room who is Mills' tax adviser, the kinds of information Johnson loved to have, and never forgot. I have to check my own book. Friday, August 19. Let me just look at this. Because I have another. . . . Boy these calls. We really must have been going full tilt on the economy. I believe, and I just can't--I don't have evidence there. At some point, we suggested that Walter Heller go by and see Wilbur Mills and give us a report. This is Johnson again not knowing whether Mills will be straight with Fowler, not knowing whether Mills will be straight with O'Brien, and just trying to get as many people to talk to these guys who he can then get intelligence from before he goes in to deal with them.

G: Was there a fear also that Fowler might put his own spin on--

C: Well, Johnson never--I think Johnson assumed everybody would put their own spin on everything they told them, all the time, so it wasn't that he was particularly worried about Fowler, and the more deeply they believe in something, the more concerned he was. But he would discount for that. Before he dealt with Mills he wanted to understand everything that was in Mills' head. This was big stuff now. We couldn't lose this or we're in shambles. The Great Society is down the tubes; we're in trouble on the war.

So Heller goes and sees Mills on the nineteenth and he sends the President a memo saying, Mills stating, "I can pass the tax bill, but I don't have the information I need. The administration won't level with me on the budget. When they do, I'll go to work." Mills talks about the need to impound funds as a prerequisite. Mills condemning tight money and the interest rate. Heller reads Mills as maybe thinking the investment tax



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credit will cool off investment a little bit and also calm labor down because of the crying about corporate profits, and I just want to make one point here, just to reiterate it and so you notice, I mean, nowhere in these papers is there what I really have come to believe, was one of the central forces moving Johnson. It's sort of like, I used to say, "If we knew 99 reasons why Johnson wanted to do something, we probably didn't know the three critical reasons often." And I really have come to believe that one of the things that made this suspension of the investment tax credit so attractive to him was that it really protected the Great Society programs. The cuts he could make then could be related to that and didn't have to go to these human resource programs, but you'll notice that that's nowhere in any of these papers. I mean, I'm not thinking of it making that point. None of those other guys are. And whether I'm right or wrong, we won't know until we get to heaven, but in any case, Walter Heller then either came by to see me--oh, it is at my request. Oh, all right. Heller did. I see my memo reflects. Heller is hot to suspend the investment tax credit. I guess the President has me checking with [Abe] Fortas who thinks the investment tax credit should be suspended but doesn't think it's enough. And Fortas thinks that the action has to be taken both to curb credit and interest rates, and suggests that Johnson get the SEC [Securities and Exchange Commission], which was chaired by a guy named Manny Cohen then, who was a tough, liberal, New Deal sort of anti-business chairman, to do an investigation of brokers and bankers and others, Fortas saying that he picked the SEC because he thinks they do a really tough, mean investigation on interest rates.

I guess I couldn't get McNamara on August 20. I don't know where he was. It's Saturday afternoon so . . .

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Fowler is still very much opposed to the investment tax credit being suspended.

A few days later I send the President a summary of Otto Eckstein's summary of our meeting in Cambridge. I might say the meeting in Cambridge was marvelous, only because you have to picture how--we're at Neustadt's house. We're sitting around his living room. You've got all these heavies from Harvard, and you've got myself, the Secretary of Defense, the Secretary of the Treasury, the Chairman of the Council of Economic Advisers, and David Ginsburg. By this point, I'm convinced in my own mind that if it's doable, we're going to suspend the investment tax credit, and what we're going through now is a process to educate Fowler, and get him to understand this, and a process to get McNamara to be more willing to lay out some military expenditures and not be embarrassed by it. When and if you interview Neustadt--have you ever interviewed him? Well, you ought to put him on your list for the Library before he dies. Looked pretty old in the last picture I saw. I think you should ask him--I'd be curious to see whether he remembers whether I talked to him before the meeting. I'm getting a recollection that I did, and said, "We've really got to put it to Fowler on this."

G: Maybe in person? Your phone log wouldn't reflect that.

C: Well, my phone log reflects calls to Neustadt, but I can't--no, it would have been in a phone call before. In any case, just think about us quietly going up there. The other thing we need, unless I'm mistaken--Max Frankel, I had to have leaked that to Frankel. I mean, he's the [*New York Times*] White House reporter; it's not bouncing around in Cambridge. 8:22, 8:20. It must have been [in the] paper. I must have been in a constant conversation with [Attorney General Nicholas] Katzenbach about the President's power to control

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wages and prices from these phone calls. Well, I have calls to [Bill] Moyers. I can't tell from this.

G: Well, I'll get the Frankel piece, and maybe . . .

C: Get the Frankel piece. My hunch is either I leaked it to him or I told Bill to do it, and the President wanted it out there. Because it was, remember for him, another way to test the water.

G: Okay. Do you want to stop here? It's noon.

C: Okay, I think I'd better.

End of Tape 1 and Interview XLI

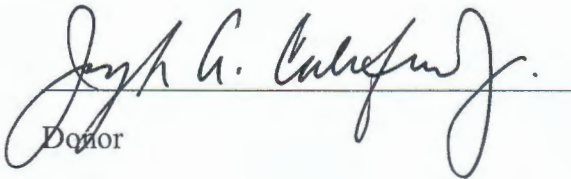
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**Addendum to the Legal Agreement Pertaining to the Oral History Interviews of**

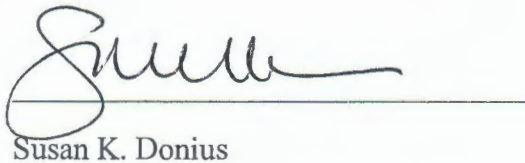
Joseph A. Califano

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

I, Joseph A. Califano, hereby remove the restrictions on the use of the transcripts and recordings that states, "During my lifetime I retain all copyright in the material given to the United States by the terms of this instrument. Thereafter the copyright in both the transcripts and tape recordings shall pass to the United States Government. During my lifetime researchers may publish 'fair use' quotations from the transcripts and tape recordings without my express consent in each case." of the sixty-three personal interviews conducted with me by Paige Mulhollan, Joe B. Frantz, and Michael L. Gillette, currently at the Lyndon Baines Johnson Presidential Library. (see attachment for interview details)

  
Donor

5-28-19  
Dated

  
Susan K. Donius

July 17, 2019  
Dated

Director for Presidential Libraries