

INTERVIEW XLIII

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

INTERVIEWER: Michael L. Gillette

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

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C: As we were trying to draw to some kind of consensus, the President had me check everybody to see where they stood on various pieces of--on a tax program. Everyone was aboard, one--as my memo indicates--on some kind of statement from the President saying he'd recommend whatever measures were necessary to cover any add-ons by congressional action or because of the war in Vietnam. Secondly, we scrapped an idea that [Henry "Joe"] Fowler had, to get a congressional resolution for--in effect directing the President to reduce expenditures, and instead just went with a unilateral announcement that he would reduce federal programs by 1.1 billion and highway contracts by 400 million. This would be done by the President just withholding funds. Not spending money the Congress had appropriated. And on the highway thing, in part [it was] justified by saying this would hold down capital expenditures but would also provide work for the boys when they came back from Vietnam. Everyone except [Willard] Wirtz favored a directive by the President to [Charles] Schultze to take another two billion out of the budget if it was necessary to hold down expenditures to where they

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were. As you might expect I--and I notice [Robert] McNamara as well wanted to include a statement that the Great Society was going forward. Everyone except Fowler now favored suspension of the investment tax credit at least until January 1, 1969. We picked that date so that it wouldn't look like we were going to lift it before the election.

He--Fowler--by this point now with all the meetings in Cambridge and all the meetings from me and everyone else, was at least willing to think a little more about it but he was still opposed to it.

G: His middle position seems to have been a reduction rather than an absolute suspension.

C: Well, it was just a compromise. I think that all that was from him was a compromise.

There was also a move for everybody except Fowler and Wirtz to suspend the accelerated depreciation provisions in the tax code until January 1, 1969. Wirtz didn't think Johnson would be able to do it. Schultze would rather have a shorter period of suspension. And as another alternative we had looked at, one of the authorities the President did have was to use Regulation W in effect to put controls on consumer credit through the Federal Reserve Board. His advisers were mixed on it and there was great concern that the Fed would be so opposed they wouldn't do it properly.

G: Would that have been feasible in terms of, congressionally, or would that be done simply administratively?

C: Well, it was an executive action. It was authority on the law. It was one of the things in which the Justice Department and my office agreed the President could do. There was a move to reduce the amount of federal paper we were putting in the private market--the farm, the home loan administration all that stuff. This ultimately led to requiring that every proposed issue of federal paper had to be cleared by me. And so it would come

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first to Fowler and then to the White House allegedly for clearance by the President. I guess he actually began clearing it for some months.

G: This was part of a move to unify the--?

C: No, the object of this was to slow down, was to take the pressure off capital investment so that we wouldn't be going to the capital markets unless we really had to as a government, and we did. I think we both had an inhibiting effect because knowing they both had to come to the President to get approval was helpful in slowing things down and secondly, knowing, once I think we trimmed back a couple just to make the point.

G: But this also seems to be part of a larger process unifying the tools for managing the economy, centralizing--

C: In that sense, if you look at it, whenever we'd had them in--the businessmen--we asked them to hold down capital expenditures. After the dinner or luncheon that we had for the businessmen, at the President's direction, I sent a letter to everybody at the luncheon and said, "Please tell us what you are doing to hold down capital expenditures." The reduction of the highway funds was another way to hold down capital expenditures. Suspending the investment tax credit would, we hoped, slow down capital expenditures. And then holding back and reducing the amount of federal borrowing that went on in the market, all of this designed to hold down interest rates and capital expenditures to take the pressure off. It was, yes, we were managing as much as we could.

The last piece of the memo [to] the President was on speeding up tax payments by small business. We had some administrative authority to do this to get them to pay more promptly than they were paying and the advisers were mixed on this. Nobody wanted to go for legislation except McNamara and even without regard to legislation. Many people

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worried about doing it administratively. At some point on--where are the presidential diaries for September 1 [1966]? Well, armed with that memo, which he had that afternoon and also spending that morning, you look at his calendar and [he had] several conversations with me, one with Fowler, one with [Russell] Long, about the investment tax credit. Met with [Everett] Dirksen undoubtedly to talk about this--we went to McNamara's daughter's wedding at the National Cathedral--

G: Anything significant about--

C: No. He took me partly because of McNamara. But this was a day devoted to his making up his mind about what he wanted. Ending either that night when he talked to me or the next morning he called me to get everybody in my office and get agreement on a program, which he had outlined. I noticed my memo is--must have told him--some point I guess I reported to him that--well, and what I did was get Fowler, McNamara, [Nicholas] Katzenbach, [Larry] O'Brien, Schultze, [Gardner] Ackley, [David] Ginsburg, and myself. I guess Wirtz wasn't there for whatever reason at that meeting. And we all initialed, in our own hand, a memo which proposed, which indicated, one, he'd ask [for] whatever tax measures were necessary; he'd take actions to reduce the budget by slow[ing] down spending by one and a half billion. Go with Schultze's two-billion dollar program. He'd recommend suspension of the investment tax credit and accelerated depreciation for buildings. He'd announce the federal agency and we had participation certificates, which was one way we used to raise money so we wouldn't have to increase taxes, would not be sold so as to add capital requirements to the private market for the rest of this year. The reason we phrased that that way was because we had in the back of our minds and my recollection is that we indeed started doing it. We started selling participation certificates

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to the Social Security trust funds in order to ease the financial burden, which we didn't consider to be the markets. We recommended that he not do anything about consumer credit with Regulation W, and that he not speed up tax payments for small business. And everybody thought he ought to act the following week.

G: Why did he want everyone to sign it?

C: He just wanted everybody on board. He wanted to force them. Both the symbolic act of forcing them to actually do that and secondly, the desire to make it clear that everybody-- you know, he'd have a piece of paper saying, "every one of my advisers suggested this."

G: Did this memo flow from the one on the previous day where you outlined where everyone stood on the--

C: Yes. It did. My recollection is. . . . Well, I mean, the first one was, I mean that was as close as I could get them. That's where we were. They were sort of honest, individual opinions from everybody. And the second one was--this was where he wanted everybody.

G: What was necessary to bring everyone together in this thing? Was it difficult to--?

C: I think the most difficult was Fowler and I guess the President talked to him. I started that meeting at ten o'clock; McNamara joined it at eleven. My memo's timed 2:20, so it was a long meeting; it probably went, you know, four and a half hours. So there was probably a lot of discussion. . . .

G: Did the suspension of the accelerated depreciation receive much attention? It almost seems like a--

C: Well, it did on the Hill and we had to modify it a little bit. Did it receive much attention within the administration? Yeah. I don't think--I don't have a recollection that there

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was--that wasn't the focal point of the fight. The focal point of the fight--see, he's got me calling [John Kenneth] Galbraith.

G: And Galbraith did come down. You met with Galbraith the next day, I guess, the third.

C: The people, and I notice, the people who weren't there I called later in the day. Wirtz, [John] Connor, and [Clark] Clifford, and my hunch is I must have gotten them aboard at that point.

G: It's interesting that--

C: We got Wirtz and [Walter] Heller down, didn't we? We have Heller down? I called Heller too. Is this when we had everybody in different rooms, different places?

G: Let's see.

C: I think.

G: It's interesting that Connor was not asked to initial this document.

C: Well, I don't think it was that he wasn't asked to initial it. For some reason he and Wirtz couldn't be there. They would have been asked to initial it. There's another document like this. Do you know?

G: Surtax, is that what it really is?

C: Is that what it was?

G: I think so. Yes. I've seen it.

C: Okay, well we'll get that. They just weren't there. In any case the main guy we were concerned about was Fowler. Everybody else would have suspended the investment tax credit. We weren't doing the things that--Wirtz wasn't a player on the--Wirtz's objection to the accelerated depreciation was not the substance of anything the President would get through the committee.

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G: Was there any alternative at this point that you seriously considered, or was it a question of doing this or essentially not doing anything.

C: I think the only alternative--I can't tell you when. I think we knew there was enormous pressure on the capital markets. The President was very sensitive to the rising interest rates, inflation, what have you. You notice in the meetings with the congressional leaders he's very candid about if the war doesn't end by June 30, of the coming year--and I'm sure we had hopes that it would. But the relevance of that is the budget was written as though the war ended on June 30, so the budget that went to Congress did not contain the cost of items that would be required to carry the war on to July 1 or 2 or 3, which essentially guaranteed a major military supplemental appropriation if the war didn't end. In other words, we have to go in January to get money for tanks and planes and helicopters and stuff that had lead time that you'd have to spend in the fiscal year ending June 30, 1967, in order to be there after June 30.

So the budget starts out being very low. The military part of the budget starts out being very low. The budget messages state this candidly; McNamara's testimony states it candidly: we hope the war will end and budget according to that. And while--I never--I always had a sense when I read Tom Johnson's notes [that] I don't think most members of the leadership or the Congress fully understood [that]. Either they didn't fully understand what we were doing or, to the extent they understood it, they said they were happy to go along with it because, just like the President, they didn't want to face that issue. They didn't want to face the issue of either a massive tax bill or cuts in those programs that, as difficult as they were to get passed initially, once that money started going out, constituencies were created and they wanted them. Just look at the Elementary and

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Secondary Education Act. That bill was only passed--it was passed in 1965 after twenty years of trying and failing. By September of 1966, and August of 1966, and July of 1966 we're dealing with an add-on of two billion on top of 1.3 billion because those schools started to taste that federal money. So nobody wanted to face up to that. So this was--everybody loved that method of budgeting. So in addition to all the pressures that were visible immediately, what we knew and what I'm sure the appropriations committees knew, people like George Mahon and others--and [John] McCormack at one point says, "Let's be realistic. You're going to give the generals whatever they want." [They knew] that there is another big request for money coming out of the military side.

On--[in] any case the President also wanted to get Galbraith down there to help work on the message, and . . . remembering this is Labor Day weekend. This is now the second straight Labor Day weekend in which we're in total crisis and chaos. It's also the President's birthday around this time, too, isn't it? August--?

G: Twenty-seventh.

C: The first Labor Day weekend was the steel negotiations. Now we're doing this.

Galbraith came down. We sent a plane to get him and we brought [Walter] Heller down. Neither of them knew the other was down there, and the President didn't want them to know that each was down there.

G: Why didn't he want them to know?

C: I don't know. We had one of them in his hotel and in the Mansion, and the other one was in the Executive Office Building. I think in part, I mean I don't think it was one, he didn't want--I'm sure they both had enormous egos, but I think he probably wanted to make sure

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he got independent views from each of them; he didn't want them to have a chance to consult with each other and give him some unified view.

These memos are coming to me from Ackley giving us the arguments for suspending the investment tax credit and the buildings. I'm sure that's all in connection with the work I'm doing on the message to Congress. And then it begins: make an exception for small business. By this time we're in a vast--I don't know if you can get it, but it would be good to have--I'd like to see the Sunday--this is my memo, September 4, 1966, 8:35 p.m. Sunday, where I say the ink changes of the [Jack] Valenti draft are mine. This may be--no, this is the speech in Detroit into which--I'm sorry. No, I thought it was the other--this is the speech in Detroit. The--he was going out to give the Labor Day speech in Detroit to which we added significant pieces of stuff about inflation and being [a] pick pocket ["Inflation is a pickpocket."].

G: The handwriting is your writing? Is that correct?

C: On this draft, number five, yes, but what I'm referring to in the Valenti draft of September 4 is this speech in Detroit, okay?

G: I don't have--

C: No, we don't need it. I don't need it. I thought it was something else. He gave a Labor Day speech and he just had us insert some stuff on the economy. Okay. God it's amazing that all these things still exist. This is all my handwriting. This is all my editing on this draft. I have no idea who did the first part of it. I guess Galbraith--this is September 5, that's when [LBJ delivered the speech]. Galbraith was down there on Saturday the third. Yes. Okay, Galbraith came down Saturday--Galbraith was picked up early in the

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morning [on] Saturday, then they picked me up in New Jersey and we came down. We worked all day Saturday with Ackley on the speech. Okay?

G: And my notes indicate that LBJ returned from West Virginia and Pennsylvania. Anything significant about that?

C: No. And then we met with him when he got in at 4:52 which shows here. For about an hour Galbraith went back home. Jack Valenti went out on the boat with the President, and I worked my ass off on the message. In any case, that night--Sunday I guess I was working, too, certainly talking to him. I'm sure all this was on the message [?]. Ackley. Okay. Labor Day he went off to Detroit. And then Heller came in--okay, by whatever point--I don't know whether it's changing; I doubt if it's changing very much in substance but-- God, Ackley's memos were wonderful, weren't they? The final comments on the draft message: "Let's stop whipping the bankers. They're no more to blame for our economic woes than the farmers, the M.D.s, the autoworkers, or the plumbers. If anyone is to blame for tight money it's the Fed. However, we should keep in mind that at least six of the seven members of the Fed are Democrats, one appointed by Truman, two by Kennedy, and three by Johnson. . . . The policy that follows is no different than any Board would follow and they made some mistakes but so has the administration, . . . I don't pretend to know the politics of the problem. It may well be that the promise of a tax increase is bad medicine. Larry O'Brien now thinks so, though. He signed the statement we all made the other day endorsing the program." That really stuck in their craw forcing them to initial that all.

G: Did any of them not want to initial it?

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- C: I don't know. When we did the next one, I do remember Katzenbach saying, you know, "You bring in a notary public to take our oath." In any case, I don't remember--Heller came in, I started circulating the message, and I would get comments back. Then Ackley prepared more detailed facts and back-up papers to support what we were doing. Then, I don't know when--when did we actually send the message to Congress? Okay, we sent it that morning. On the eighth he's got me calling businessmen or Connor, I guess, calling businessmen to get their support. We had enthusiastic support I notice from Stuart Saunders. Wanted to make sure he could merge his railroads.
- G: You know, that's interesting because it seems that one of the big problems is the railroads and depreciation of box cars, or taking the tax credit on box cars.
- C: Well, he was so interested in the merger. When did that merger issue come up? The end of 1966? The Penn-Central?
- G: It started long before that.
- C: Yes, but when did we have the meetings and [Abe] Fortas--I can't remember. We got a paper on it.
- B: Thanksgiving. 1966.
- C: So it's November. So he's going to be there all the way. It's the mixed return but . . .
- G: There doesn't seem to be any pattern though, in business, either by sector--
- C: Businessmen, by and large, were really not that engaged in government in those days. We got them more engaged. [Harry] McPherson sends a note to the President that night, "I'm told by a stockbroker friend on Wall Street that the details of this afternoon's message on the economy were known on the street by twelve noon today." Thought that was fine. Said the market was headed for a new low this morning and it turned it around.

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Well, [in] any case, we got, by and large, good press with the businessmen. God, Max would die if he. . . . This is two reports later, but the last sentence says, "Frankel said he wanted to be helpful to the administration." Okay. Then the slowdown. Okay. What this reflects is we're just going everywhere. We're going--getting [Charles] Murphy to talk to the head of the CAB [Civil Aeronautics Board] to talk to Tipton [Charles Tillinghast?] of TWA [Trans World Airlines] on not opposing the investment tax credit. That was classic Johnson, having the guy regulating the industry start calling the industry to see how they felt about the President's program and if they could support it. He said he didn't agree with it, but he wouldn't say anything about it. We also have here [Mike] Manatos' statement. Whenever we sent a message like this to Congress we would have enormous--we would have things prepared, messages prepared.

G: Speeches and things like that.

C: Yes, for people to deliver on the floor, and here's Manatos, knowing that the President would be looking for those speeches the next day, covering himself by saying, "I went up to see Senator [Mike] Mansfield about distribution of the statements for Senate comment today on the investment tax credit," and that, "Mansfield told me that in view of the delicate nature of a matter of this kind he would do it himself."

G: Delicate because the White House was telling these senators what to say?

C: Well, delicate, that's right, and also this was a tough bone to swallow. This was a very controversial piece of legislation. And the same thing from [Henry Hall] Wilson. The best (inaudible) House not in session is to persuade those in (inaudible) have them delivered in their names to the wire service. And then a long list of people have delivered.

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G: Was the purpose of this to get these members of Congress on record?

C: The purpose was twofold. It was of course to get them on record but also to provide a sense of momentum that here we had a program and this program was going forward. Congress was for it, to kind of build a little momentum. I notice [William] Proxmire and Gene McCarthy must have both issued statements opposing it and he instantly moved very hard on that. Then Dirksen saying that some of the Republicans--[Wallace] Bennett and [John] Williams--saying they weren't consulted enough, and Johnson saying he talked to Dirksen, twice.

Here's Max Frankel. Now. God, [here is] all this Frankel stuff in the *Times* about the meetings in Cambridge. We gave him all that stuff. See, then we would have the jump and then you would have these other things coming in, "Chamber Announces Johnson Tax Plan," and all that stuff, so the object was to get the momentum on our side. And then we started working our way through the House.

G: Wilbur Mills seems to have been genuinely confused, or at least ambivalent, about what course to pursue.

C: Well, I think business--Mills liked businessmen and I remember hearing that. I remember we lined up a group of businessmen, including [William Beverly] Murphy from Campbell's Soup and Saunders and Fred Kappel who's head of the AT&T to go testify before Mills to put some businessmen on the record in support of this. Dirksen then comes out in support of it. Says he's not going to fight the tax bill, labor people back us. (Long pause). Okay.

G: This Fowler memo deals with the effective date, or the cutoff date, of the suspension and TWA placed a very large order for planes.

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C: On September 2?

G: Yes.

C: And they got their--they got covered. I think. Didn't they? I think the day was moved to September 8.

G: I think so. (Long pause)

(End of Side 1, Tape 1)

C: [In] any case, we got our bill. God, you stop and think of everything else that was going on. I mean, here were fighting in the Rules Committee over Demonstration Cities, Elementary and Secondary Education, clean rivers and reconsideration (inaudible) establish a select committee to investigate HEW [Department of Health, Education, and Welfare] desegregation guidelines. Adam Clayton Powell starts down the tubes. Okay.

This is really wonderful, as an example--this [Abraham] Ribicoff memo--as an example of somebody that--I visit Ribicoff to solicit support of the tax bill. The Senator wouldn't talk about the bill. Said he'd been shabbily treated by the administration, and therefore he wouldn't support the bill. The only specific example he gave concerned a job in his state which had been promised for a young man. He received word that the job had been abolished subsequent to the demonstration cities hearings that he held, which would make the point that we weren't doing enough for the cities. He said his remarks at the hearings were not intended as criticism of the administration. He said Bobby Kennedy got a lot of publicity from them but that he, Ribicoff, did not seek any publicity. And the hearings were something the administration had capitalized on them. Bowman told Manatos about this conversation. [Reading a memo] "Mike and Joe Califano visited Senator Ribicoff separately. Last night the Senator called Joe Bowman and told him that

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things had certainly started moving beautifully. He seemed most satisfied. I think the situation is clearing up." [This is a memo] from Fowler to the President. I don't know.

Okay.

G: Do you remember that visit with Ribicoff?

C: No. I don't know when it would have been. Let's see. Let me just see if it's even on my calendar. September 23?

G: So it would have probably been the twenty-second or earlier.

C: Senator Ribicoff, twelve noon on September 21.

G: How often--did you go up to the Hill to see him?

C: Yes.

G: How often did you--

C: Go up to the Hill?

G: Go up to the Hill to talk--

C: A lot.

G: Would you say once a day? Would that be--?

C: Not once a day. It depended on the bill. If we got into something like the Model Cities fight I spent a lot of time up there because the legislation was complicated. I spent a lot of time up there on the Transportation Department. Except in the most big-picture sense, you know we'll include the Maritime Administration in the Transportation Department or we'll agree to take it out. O'Brien's guys, [Henry Hall] Wilson and Manatos and [Claude] Desautels really didn't have--they couldn't with their jobs. One, they didn't have detailed knowledge of the legislation, so they really couldn't negotiate it. They could tell me what somebody wanted, and they could figure out because they're pretty shrewd why they

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wanted it, but they didn't have enough knowledge to compromise and when we got into real detailed stuff like that O'Brien would call me and I'd go up there. Or I'd go up there with him or I'd go up there alone and try and work these things out. For somebody like Ribicoff, I mean, that was obviously Manatos saying, "You've got to go up there. He's pissed off." Demonstration cities was an incredibly controversial bill made more difficult to deal with because Ribicoff held those hearings on the cities saying it still wasn't enough, and we--it took everything we had to get it passed. In fact, I told you about Bill Barrett didn't I? Pennsylvania? Arguing with him in this incredibly hot room and his toupée curling up. I'll never forget that.

G: Would senators or members of Congress request you to come up there personally because they wanted to speak to someone closer to the center of power in the White House or--?

C: Well, maybe on occasion there was some of that, but O'Brien was not outside the center of power. And there were times, I think, as the press--as you appear to the outside world to be closer and closer and closer to the President, or if you see the *Times* story and your name is all over it on putting this package together, then guys say, yes, they want to see you. But I didn't--I went up there whenever I had to. It was--the staff worked well together. My recollections are--they were all the personality problems you have in firestorm situations every day, but by and large people worked well together. If Larry called or somebody called and said, "We have a real problem with this guy," I'd go. I mean, I'd also go because you've got a President who we just couldn't get it up there fast enough, and once we got it up there we couldn't get it out of committee fast enough, and we couldn't get it on the floor fast enough. It was never--in any case. We've got the poverty bill on the floor.

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G: Tom Curtis criticized the administration for not providing the details of the budget cuts and for making the decisions behind closed doors based on data withheld from Congress and the public. This was in the *New York Times*. Let's see, 9-13 [September 13].

C: I don't.

G: To what extent would the administration, on something like this, brief the Republican leadership and supply them with, or furnish them with the information upon which the decision was based?

C: I think we were pretty--we were reasonably good about that. It was different in the Senate than the House. Dirksen had much more power than Jerry Ford. We had a much greater majority in the House. In 1966 we had an overwhelming majority and we really didn't need the Republicans at all. It depended on the bill. If we needed the Republicans for something like the poverty bill where we'd lose a lot of conservative Democrats, we'd do it. And we did more of it in 1967 and 1968 than we did in 1966 when we lost the forty seats or whatever we lost in the election. The Senate side--we had instructions to take care of Dirksen basically, and that was--he was LBJ's friend and he supported this. He supported the civil rights legislation. They were pals and--

G: But when you say "take care of him," you mean in terms of keeping him abreast of where you were going with the legislation, or in terms of--?

C: Dirksen was not a detail man as I recall, but I think by and large the President, with all the qualifications you have to put on this word and Washington, trusted Dirksen. We would let him know what we were doing, but nobody got a hell of a lot of notice. Nobody got a week's notice. They got a day's notice or they'd know the night before. With legislative programs, we would only count the Democrats with rare exceptions. If I was proposing a

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truth-in-packaging [bill], we'd go count the Democrats on the Commerce Committee and take them through the bill and see if we had their support and we'd bring them down to the White House the night before to brief him on the legislation, not the Republicans. You have to remember we were in a world in which there was no--with the exception of those occasions of high drama like the Voting Rights Act--there was essentially no support for the Great Society in either the House or the Senate. When we got the bill out of the House, we had to deal with the Senate Finance Committee.

G: Did you see this--the head count on the--?

C: Yes.

G: That really suggests that the heavy lobbying was done by the railroads or at least some of them.

C: For their box cars. But they didn't get them out of the House, did they?

G: No.

C: Mills held tight. Yes. I just don't have it. I know it's a big problem. I just don't have a present recollection of that. We then started our meetings with the Senate Finance Committee. We got out of the House; [it] did not take us to January 1, 1969. It took us to the end of 1967. It's wonderful. Russell Long having fun with Fowler as to why he changed his mind on the investment tax credit.

G: Did you see this, September thirtieth, are you there yet?

C: Yes. I was past this. This was just [saying], "Have all the Democrats on the committee, not just some of them."

(Interruption)

This memo to the President which just reviews the legislative program?

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G: This thirteen key bills?

C: I don't know how many of these we wrote, but . . .

G: October fifth?

C: Yes. This is just a classic example of--

G: A score card--

C: It really is a--didn't we get (inaudible) pick the first--that's interesting. Child safety.

There's a memo, of October 5, 1966, which is from Larry O'Brien and me to the President which I really ought to deal with at some point. Not now, but just in the book it reminds me of a lot of bills. Okay. No recession.

(Interruption)

Okay. [I] see Robert Weaver coming in.

G: Weaver was opposed to the suspension of the depreciation provision?

C: Yes. But he came in after it was too late. On residential housing and . . .

G: Really this was the same time that the President signed another bill to aid--this was increasing--providing mortgage funds for financing new homes. Was this in any way tied in as a way to boost the building trades at a time that--?

C: No. Well, sure we were conscious of that, but it was really because the one part of the economy that wasn't going as rapidly as we wanted was housing. And the timing was affected by when Congress passed the bill. But I'm sure. . . . The bill we got out of the Senate Finance Committee (long pause) had several exemption we didn't want, the box cars and what have you, and I guess all of them were knocked out in the conference and we got basically the bill we asked for. The--

G: Any recollection of the pro football merger as a rider on this?

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C: Did it become a rider?

G: Yes.

C: It did. It passed.

G: And it was passed.

C: Yes.

G: Russell Long expressed the hope that one of the teams would end up in New Orleans.

C: Which he got.

(Laughter)

C: No I remember it being put on. There was concern over--I noticed it was in--Wilbur mentioned here, over Russell Long wanted to put his presidential campaign financing bill on this, which Wilbur Mills regarded as a tax bill, and I do remember Mills one Sunday afternoon telling us that if Long put that on and wouldn't give, that that was originating tax legislation in the Senate. He wouldn't tolerate it. But he didn't have to. Let me just go through this and see if--

G: Well, the merger rider was apparently a way to get around Manny Cellar, [House] Judiciary [Committee] Chairman.

C: Yes. Kind of thing you couldn't do today, very difficult to do that in the way Congress is organized today because committees have too much control over each other.

G: So, in a sense, were the committee chairmen more powerful now than they were then, or is it just a question of being able to check each other?

C: I think what it is, then there wasn't as much concurrent jurisdiction as there is now, sequential jurisdiction of bills; committee jurisdiction didn't overlap the way it did, one. Two, today there's a tremendous overlap. Bills have to go through two and three

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committees unless they--and so if you run over a chairman on one, he's got plenty of opportunity to take care of you on another.

G: So that, in effect, means that they have more power.

C: Yes, I think also that Johnson probably would not have raised a finger to help Cellar because he--Cellar was opposed to the investment tax credit suspension, so. We can't do it now, but I think we might at least tomorrow just briefly start with the notes.

G: Okay.

C: And you know, we ought to have these notes for the top. I mean, you ought to check automatically if we're doing one of these things, my steno pads for that period of time to see if there's anything.

G: There are.

C: No, I have a bunch of these. Whose are these? Ours or--?

G: Those are yours.

End of Tape 1 of 1 and interview XLIII

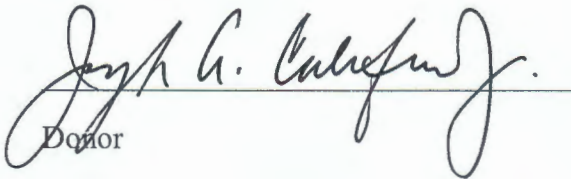
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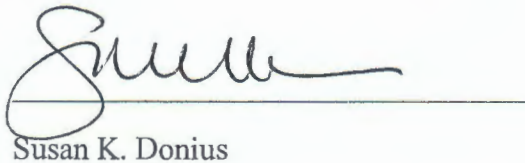
Joseph A. Califano

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

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