INTERVIEW LII

DATE: August 15, 1989

INTERVIEWEE: JOSEPH A. CALIFANO, JR.

INTERVIEWER: Michael L. Gillette

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

Tape 1 of 1, Side 1

G: In the 1966 Minimum Wage Bill it appears that one of the first tasks--

(Interruption)

--it appears that one of the first tasks was to come up with a united solution within the administration as to what the minimum wage standard should be without violating the wage-price guideposts.

C: That was part of it, and part of it was also to get the labor movement on board. The President, when we proposed an increase in the minimum wage in the State of the Union, we did not know what numbers we were going to propose. And the House had been considering a minimum wage for the last year and had had difficulty increasing it. There was a tremendous split in the administration, with [Willard] Wirtz wanting a minimum wage to be increased to $1.40 in September of 1966 and $1.60 in September of 1967. The minimum wage at that point had been set at $1.25, I think. Is that right?

G: Yes.

C: The Council of Economic Advisers and Secretary [John] Connor would go to $1.40 in September of 1966. They suggested going to $1.50 in September of 1968 and $1.60 in September of 1970.

(Interruption)

You have to take all of this in the context of how low this was. Ackley was concerned about breaking the guideposts. He admitted there was a low-wage exception to the guideposts, but he was concerned about breaking the guideposts, as was Connor.

G: Was there a fear that it would reflect a lack of even-handedness on the part of the administration if they did not apply the guideposts to labor with the same vigor that they applied [them] to business?

C: Connor may have been concerned about that. I think the President was just concerned about enforcing the guideposts, about holding down inflation every place he could. We had going at the same time here a terrific battle with the construction industry, in which wages were rising far faster than the guideposts and in which we were having very little success in doing anything about it. I think we talked about it in New Jersey; we tried to do something there to no avail.

We also had going at the same--in these times--the labor part of it became very sensitive because we also had going at these times, one, against, I think, everybody's advice, the President stuck in the State of the Union Message a statement that he was going to ask for legislation to--and let me just find it here--"I also intend to ask the Congress to consider measures which, without improperly invading state and local authority, will enable us effectively to deal with strikes which threaten irreparable damage to the national interest." Something as I recall, nobody really wanted him to stick in.

Something he stuck in in part to stick it to [John] Lindsay, Mayor Lindsay of New York, because of the settlement he had just agreed to with the transportation workers who went on their annual New Year's Eve strike. And we had no idea how we were going to draft that legislation at the time we put that in. We knew it would be very, very difficult. And labor didn't like that. Labor also was not happy that we'd been unable to get [repeal of Section] 14(b) [of the Taft-Hartley Act] passed. If my recollection is right now, the turning over of the minimum wage came at the same time we had 14(b) on the floor of the Senate. And ultimately, although I see here [that] between the President and his immediate staff, we called sixty-one senators on 14(b), we could not break a filibuster. And [Mike] Mansfield finally in late February--I think February 22 from something else I read in the last couple of weeks--jerked it from the floor and said, "not being able to break a filibuster," and 14(b) was dead, so labor was very dicey, and--

G: They really blamed the administration, apparently, for not succeeding.

C: Well, I mean, you know, the hardest thing in the world is to look at yourself. I mean, it was just--the mood was not right. We tried for two years to get 14(b) [repealed]. And they had another bill they wanted which we were not at all enthusiastic about, and which they ultimately--which was the Common Situs Picketing Bill, which was. . . . I guess 14(b) would have repealed the right to work laws in the states. The Common Situs Picketing would have allowed you to picket--

G: Sites of secondary contractors or something.

C: Yes. Secondary boycotts, I guess, in fact. And we were very lukewarm on that, because we didn't think it had a chance of passage. So the fact that we were--it was really a rock and a hard place. I mean, 14(b) was not going to fly. We were in at least a verbal fight,

albeit unsuccessful, with the construction industry. The President wanted to do something in the minimum wage for the labor people, but he didn't want to break the guidelines. We were cool on the Common Situs Picketing Bill, so he was worried about labor, and, indeed, over the course of this thing, it was--now that I look at these clippings, I mean, I remember, [George] Meany and this whole position that, "We'll support liberal candidates whatever party they're from. We're not going to get hooked to any party," and all these sort of veiled threats.

Within the administration, the President faced really strenuous disagreement and had me start meeting with Wirtz and Connor and [Gardner] Ackley in some attempt to get them to agree. And on February 9, 1966, I thought I had--I didn't have agreement, but I reached the point where--excuse me--in order to get agreement I really had to have a clear signal from the President as to what he wanted, so I could tell these guys, "This is what he wants. Let's give it to him." And I sent him a memo, reflecting that Wirtz was for the $1.40 in 1966 and the $1.60 in 1967, and Ackley and Connor wanted $1.40 in 1966, $1.50 in September of 1968, and $1.60 in September of 1970. Laying out that Ackley thought it would violate the guidelines, and Connor also thought it would put the small businessmen out of business and that it would hurt people in terms of employment. And I indicated that I personally would go with Wirtz' view on the ground that a wage of even $1.60 an hour was only $3,200 a year, and that it was hard to see how anybody could live on that.

I then told him that labor was strong on this, that [Walter] Reuther and Meany had sent their lieutenants over to see me; they knew what Wirtz was arguing for, and that's what they wanted, and that we faced action in the House very soon. And I suggested that

I thought he should meet with them, and we should try to resolve this. He sent a note back to me, a handwritten note, which said, "I don't see how I can break the guidelines. See me," and the result of the "See me" meeting was that he was not about to meet with them, and he simply was not going to meet with them.

We're now at February 9 and 10. I sent that memo to the President on the ninth, and he talked to me, and I've got a note in my steno pad in which he indicated that--I wonder what--do we have the whole steno pad? I bet Marcel [Bryar, of Califano's office] does. Hold on a second.

(Interruption)

On the tenth--I sent that memo to the President some time on the ninth--I have an indication that, "Get Meany over here and talk to him about reluctantly going along with 1968 as a date to go to $1.60 on the minimum wage." On the next day, we lost the Taft-Hartley. We lost our attempt and the filibuster on 14(b); that was the tenth of February. On the eleventh, knowing now what the President wants, which was a September 1966 $1.40 wage increase and a September 1968 $1.60 for the minimum wage, I met with Connor, Wirtz, and Ackley in an attempt to get them to agree.

G: Was his decision simply a compromise, sort of a middle road between--?

C: I think he picked the middle ground. You know, I can't remember exactly, but I think what he talked to me about was what it would take--how far we could push Ackley. I think he was genuinely less concerned about Connor than Ackley, and how far could we go and stay within the guidelines. And we came up there we thought we could do that. And it was a compromise between seventy [1970?], if you will, and sixty-seven [1967?], or what had then become, I think, sixty-nine [1969?] and sixty-seven [1967?].

Wirtz--and I asked each of them because I'm sure the President asked me to. I asked each of them to send the President a memo recommending a $1.40 in September 1966, and $1.60 in September 1968.

G: How did they react to that?

C: Well, Wirtz sent such a memo, but he covered it with a personal memo here saying, "Joe Califano has asked me to prepare a memorandum to you recommending and justifying--" and then he says at a meeting in my office yesterday afternoon, "a meeting in Joe's office, he advised us, Connor, Ackley, and myself, that you wanted an agreed-upon recommendation from the four of us. It was impossible to get such an agreement on my terms, so I joined, therefore, in what I understood to be a substantial agreement that the $1.60 in 1968 would be recommended to you as the highest figure and shortest schedule consistent with the guideposts." Then, as usual, he was terribly concerned about how he looks since he told labor he was fighting for something else. And then he did enclose a sort of formal memo that recommended that schedule.

G: Why wasn't the low-wage exception to the guidepost utilized here as a--?

C: Well, it was, but Ackley thought that the percentages involved in moving faster were so high that it was beyond the low-wage exception.

G: I see.

C: But Connor sent a memo over recommending the $1.40 in 1966 and recommending the $1.60 in 1969 rather than 1968, and he laid out the reasons for that. He would not play ball as the President saw it. I remember not showing Wirtz Connor's memo because I didn't want to inflame Wirtz and get a memo from Wirtz back on the other side. And we

got no memo from Ackley that next day. Ackley was very reluctant to provide any memo. Meanwhile--

G: Why did you want a memo at all?

C: Well, the President wanted the memo. I mean, that was the way he operated. He wanted everybody aboard. He wanted everybody signed in blood, so he had a memo that said, "This is what they recommended and . . ." and he never liked the memo to say, "You asked me for . . ."

G: But was he thinking of a contemporary use for the memorandum to show to the press or congressional leaders, or was he thinking of a long-term use to sort of demonstrate a unanimity?

C: I think he was thinking of both, but he also wanted to be in a position to say to Meany, "I have this memo from Wirtz. This is what he recommends. Don't tell me he recommended 1967," or to the Fed [Federal Reserve Board] or the conservatives, "Ackley says this is within the guidelines. Don't tell me it isn't." He wanted that as well. That locked his people in.

As I said, Connor wouldn't play. Ackley did not give me anything the next day, and I remember lots of conversations with Ackley after that meeting on this. It was a point on which he thought we were right on the edge of his integrity as an economist in terms of recommending this.

Meantime, I told Wirtz to call Meany and tell him we were most reluctantly going to go for $1.60 in 1968, and Meany's reaction was that--I think that's about what Meany probably expected. He was concerned about David Dubinsky and [Jacob] Potofsky, the

garment worker's guys, that they would really be very unhappy with it. And in any case, not getting an explosion from Meany on that, the President knew that we could go.

Then the President himself had a meeting with Meany in which one of the topics was the building trades issue, and I said to him that the Counsel [of Economic Advisers] suggested to the President for that meeting, and he could honestly say that he was pressing the Counsel to the edge of the guidelines, that it was only with a lot of pressure that they came aboard, and they didn't come aboard for a while, not until--well, I guess Ackley did come aboard on the twelfth. I'm sorry. Ackley followed with a memo, but basically the memo said, "Under the gen--applying the general guidepost rules, $1.40 [inaudible] by September 1966, but 3.2 per cent would bring the minimum to $1.60 in 1970. You notice that there is a low exception [inaudible]." He said, "It is difficult justifying going"--this is Gardner Ackley--"going to $1.60 in 1968. That's an increase of 6.5 per cent a year, more than twice the general guidepost rate, but we could probably stretch the rule that much." And then he said, "Going to $1.60 in 1969 could easily be justified." I sent the President the memo on, I think it was February 16--was it? Okay--on February 22, noting that he sent it under great pressure. Obviously off of the President's meeting with Meany, he began to wonder whether--Meany must have argued for more, because the President began to think about whether he could have $1.40 in 1966, $1.50 in 1967, and $1.60 in 1968.

I gave the President a whole variety of schedules; he picked out one. But for a variety of reasons, I think partly because we began to recognize it might be hard to pass that, partly because Gardner really did gag on the $1.50, the President decided not to go with it. Even a couple of days later, the President is still very itchy about this thing,

because [Henry Hall] Wilson sends him a memo saying that *The [New York] Times* is asking what we are going to do, and Ackley, and Johnson says, "I would not get firm in any statements."

G: You said in your memo to him on February 23, "It is important that neither Connor nor Wirtz know we are exploring objectives. If they should discover this, it would surely leak to their people and then to labor and business."

C: We were--

G: Was that a way to discourage the President from taking that, pursuing that middle ground, or . . . ?

C: I think it was just that--remember Connors never bought at all. Wirtz is difficult to deal with under the best of circumstances, and if, after we forced him to sign that memo, we came in with an interim, with a little more in it, he would have gone bananas, so, I mean, that was what I was concerned about, and it was difficult to deal with them both.

Really, after that, I think, as we went down the road while we got our bill out of the House for September 1968, the House on the floor amended it to move it to 1969. I prepared a statement for the President, because we got everything else we wanted in the bill. There was another important piece to this bill which was to extend the coverage to farm workers and others, several million people that weren't previously covered, and we got almost all of that. We didn't get all the migrant workers. We only got about, less than half of them, but we got almost half of them.

G: Yes. 390,000 or something.

C: And we got retail workers and a lot of people like that. But in any case, I prepared a statement for the President which he did not issue, I'm sure, because he didn't want to

have any more problems with the labor movement. We went to work on the Senate, and we got the $1.60 in 1968 out of the Senate, and we got it out of conference. When we got the bill in conference--periodically the President would become enamored of someone or something, and--let's remember to have a session just on the legislative program, exactly just how we did the legislative program. Maybe you've already done that with Larry [O'Brien] or somebody. And Johnson on this one fell in love with the--one other thing we've got to do is the weekly price reports.

G: Okay.

C: We should get somebody to pull them together and really do something on it, really go into the way we ran that, and he got into that. Notes he'd make on them, calls. Okay?

In on this, he had--Mary Wells [Lawrence] was the current writer [with whom he was enamored]. She had written some statement for him that he liked; I can't remember what it was. But, in any case, he wanted her to write the statement on the minimum wage bill, and every time he'd go into something like this, he'd totally demoralize the speechwriters.

G: Why? How would he do that?

C: Well, because he'd say they couldn't write as well as she could and what have you. She was off, as I recall, in Mexico. We ran her down. She sent us a copy of a statement she did, which I reworked because she was very politically insensitive, and she--and I notice here in one of them, she called the South "a depressed area;" she overstated what we were doing in terms of coverage of workers; she gave too much credit to the minimum wage. I mean, it was an advertising statement, not a political statement. And I notice here things like, "Lastly, to eliminate some clichés I believe are not presidential in tone such as, 'The

new minimum wage doesn't allow anyone to live off the fat of the land, not by a long shot.' Get that kind of crap out of there."

G: How did he react to it?

C: As far as I can tell, on a quick comparison of what I sent him and what he delivered, he basically took the statement as it was. He ad-libbed some stuff about David Dubinsky and a lot of stuff about the senators that were there. I mean, he was--just to give you an example, the statement I sent him said, "If a businessman can't do well with this minimum wage in our growing economy, maybe he isn't a good businessman." And the President, when he got to actually saying it, said, "If a businessman can't do well with this minimum wage in our booming economy that we have today, well, maybe, perhaps, he might not be just a good businessman." But he used this statement.

And I think that's really it. I think the thing that--a couple of things about him. I mean, one, he was not about to meet with Wirtz, Connor, and Ackley in the state of disagreement they were in.

G: Because he didn't want to referee a--?

C: He didn't want to referee that. He never wanted to referee that kind of a battle, and I don't think most presidents do. I mean, I think that's one of the reasons--they may do it once or twice early on, but I can remember [John] Kennedy once literally walked--the only meeting I ever went to, when he was President, with him, was over a covert action in Cuba. And [Roswell] Gilpatric and [Cyrus] Vance were arguing for one thing, and [George] Ball was arguing for something else, and I ended up going to that meeting. And I remember President Kennedy literally just getting up in the middle of the argument and just walking to do something else, and then having Kenny O'Donnell come in and say,

"That's it." Presidents don't like that, I don't think, and that's what aides are for in part. And the other part of it was, you know, everybody signed up. Everybody signed in blood, which we can talk about more when we get to the tax bills, but, I mean, that was getting those three memos. One of the things that made life difficult between him and Connor was that at this stage in the game most people that were street smart in public life and political life would send the memo. And here we had one guy, Wirtz, who sent it but had to send a cover memo to protect his own ass and because he, to save his kid [?] was telling him, "This is what you want." Two, we had a guy, Connor, who wouldn't send the memo, for whom everything like this became a matter of principle. And three, we had Ackley, who genuinely was a team player in my judgment, but who felt very deeply about this, and when push came to shove, he did. He sent the memo eventually, and he also sent the letter to [John?] Dent or [Arthur] Okun did.

G: Did this kind of striving for consensus represent a lack of intellectual integrity on LBJ's part? I mean, did he tend to gloss over what were legitimate differences here?

C: I think he felt that at least through me and through the memos he'd read, he'd heard the differences, and then he made up his mind, and I don't think he liked--but at the point at which he made up his mind, he wanted everybody aboard. And often in situations like this, it wasn't enough for him that he'd say, "All right. This is my decision. I understand your different views. Now I want you to support it." He would often want to do as he did here, "I want you to recommend to me that I take this position." On something like this, I would indicate, or I tried never to indicate to the players, Connor, Wirtz, and Ackley, what I thought. I would indicate it to the President, as I did here, that I thought Wirtz was

right, that we should go all the way. But I'd never tell any of them that's what I told the President.

The other thing is in situations like this you are never 100 per cent sure what he would do. I mean, he was capable of changing his mind. I mean, I just wrote this stuff on [Robert] Weaver and his resignation, just to be told, "We want to get him to resign," and then twenty-four hours later have the President [say], "Why the hell is he resigning? I don't want him to resign." That was the first time that happened to me, but I got used to that, and here you were never 100 per cent sure in a situation, particularly like this, where he would end up. But I think he had to have--don't ask me why--once he decided that he had to have those guys on board in a way in which--part of it was that he didn't trust anybody, and so he wanted something he could stick at them. "You signed the confession. Therefore, remember that."

G: Anything on his relationship with George Meany during this battle?

C: I think he liked Meany personally. I mean, Meany stayed with him on the war. He'd done a lot with Meany over the years. And I think it didn't--I think he was a pro, and he understood Meany's sort of posturing, "We'll support liberal candidates whatever party they're from," and that kind of stuff. I also think he realized how important labor was. It should be on our list, both the legislation to stop the railroad strike, which comes in 1967. You know, during that I remember--either during that or during the legislative fight on the airlines--the President said, "We'll never get either Kennedy." Both brothers were on the committee or the subcommittee. "We'll never get either Kennedy to vote once labor makes it an anti-labor vote," which they made breaking the strike. He said, "We'll never get either Kennedy to vote for it because nobody with presidential ambitions in the

Democratic Party can cast a vote that's anti-labor." And he knew we needed labor. He knew we needed labor for money. He knew we needed labor for workers and politics. He knew we needed labor on our side in the legislative program, so he dealt with Meany with great care. He liked Meany more than--I think he had very mixed feelings about Walter Reuther. I think he did think he was a little bit of a "bomb thrower," as he said. And here, this was a very difficult period, *vis-à-vis* Meany, because 14(b) was going down the tubes, and Meany had put so much on it, because we'd made this proposal about the strikes that affect the national interest. I mean, we didn't have a proposal. Because we were at war with the construction industry, albeit an ineffective way.

G: Did he use that as leverage against Meany?

C: No. I don't think so.

G: How about the expansion of the minimum wage to cover these agricultural, these farm workers? Any insight on where that came from?

C: No. I mean, I can't tell from these papers. That was our idea. It may also have been percolating on the Hill. I think it was one of the great Democratic ideas.

G: Did LBJ himself have a sense of this [inaudible]?

C: Yes, he did. Oh, yes. No. No. This was a big part of the bill. But this would sail through remarkably easily, this part of the bill, and all the fight came on the amounts, but no. You have to remember something. That and the increase in the minimum Social Security benefit were--increase the establishment of a minimum Social Security benefit of a hundred bucks a month, or whatever it was, this minimum wage--these were key elements of raising people above the poverty level. And he was very conscious of this, and we pressed, so that was--and he saw it. I don't see it in the papers, but in the context

of my talking to him or telling him in some way, my recollection is that he understood that.

G: This was to him an anti-poverty bill as well as a labor bill?

C: That's right, and certainly was to me, as establishing a minimum benefit for Social Security. I think the minimum benefit for Social Security--I have to go back, but my recollection was that it instantly brought two million people above the poverty line. Something very significant.

G: His dealings with Adam Clayton Powell on this. Powell seems to have been a somewhat shaky ally.

C: Well, Powell always was a shaky ally and we recognized that, but increasingly, Powell was not a man of great power. He didn't have a lot of power in the House.

End of Tape 1 of 1 and Interview LII

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

LYNDON B. JOHNSON PRESIDENTIAL LIBRARY

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)

Joseph A. Califano Jr. — Donor

5-28-19 — Dated

Susan K. Donius

Director for Presidential Libraries

July 17, 2019 — Dated