INTERVIEW LVIII

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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: [My] recollection is as vivid as the one I had on the first briefing. It was done down at the Ranch. I was much more in synch with him in this point in time, so there was a lot more conversation, oral conversation along the way. I think, to the extent I remember, the briefing was short; he knew where we were. I'm just going through this to see if it jogs my memory. Yes, we were beginning to start to focus on health costs and to worry about the health delivery systems. He did like the proposal to extend Medicare to the disabled, and he liked--I forgot about this. We proposed it with the medical device bill that year--it wasn't a big proposal--but which gave the FDA [Food and Drug Administration] the authority to clear medical devices, without which this country would be in deep trouble. He liked the educational television proposal, and we were all aboard with a lot of enthusiasm on what ultimately became known as the Follow Through Program, the extension of Head Start into the early grades.

G: Was this as a result of studies that showed that the effect of Head Start was diminished unless you had this continuation?

C: Yes, that was part of it; the effect was diminished. And we didn't want it to be. I don't know whether this was the year or whether it was the following year, we did have a task force on child development in the earliest years, the three, four, two years. We did make proposals in that area, but I'm not sure it was this year.

Model Cities, a decision now that we had gotten the program passed in a bloody battle. Have we talked about Model Cities? Flying up to Maine with [Edmund] Muskie and all that stuff.

G: Yes.

C: We started to put some real money into it. We created our commission on zoning. To think of federal government to be involved in local zoning, because zoning was retarding the building of housing, and, secondly, it had a civil rights aspect to it as well. We were still struggling with manpower training. We really didn't come to the National Alliance for Businessmen until the following year, if I'm right. I don't remember, 1968.

B: You launched it in 1968.

C: Yes. With the Job Corps I notice here we did expand on the job training because we were beginning to think that that was one of the most effective ways to do it. Well, no, we started to get into childhood development. Maybe the task force reported that year.

[We proposed] summer programs because, one, kids needed them, and two, because we were worried about giving kids something to do in terms of riots, disturbances in the cities. Social Security was the biggest item, and that was a function of wanting to continue to move people out of poverty, but [we were] dealing with two other realities. One was the loss of the liberal majority in the House. So, rather than go for the more poverty poverty programs, it was hard for people to argue against increasing Social

Security benefits, and we could have the same effect. And, secondly, Social Security at this stage was not in the budget. We ultimately brought it in because it helped reduce the deficit for us, so that increased spending and Social Security didn't have any impact on the deficit. We had these surpluses in Social Security. And that's what precipitated that proposal. I don't know when we had the [Ben] Heineman Task Force on Income Maintenance, but we had looked at the programs of income maintenance generally, and in a perfect world we would have created, in effect, an income maintenance program of a negative income tax or some minimum payment. That just was politically undoable. So what we decided to do was deal through the existing programs; Social Security was one. I think you'll find we increased veterans' benefits significantly, unemployment compensation, extending it from thirteen to twenty-six weeks. We took all the existing programs we would get that would increase--in effect be an income maintenance program.

G: This was something that the President was in favor of in principle; he just thought politically it was not doable.

C: He thought politically it was not doable; we all thought politically it was not doable. So we went about achieving the same goal through our existing programs and we had a tremendous impact. I don't know what the numbers are. My recollection is that on the Social Security increase alone we brought about two and a half million people out of poverty. "A five million dollar pilot program to serve food in non-profit social centers for thirty-five thousand needy older Americans." This was Johnson. This really was the harbinger of senior citizen centers around the country. I don't know how he got it; I don't know where the idea came into his head. But he would talk about getting groups of old

people--the old people being alone and lonely--we ought to give them a place where they can come. We just give them a stove and a pot and a little food, they'll all come and congregate, and they'll have a happier, better old age. And out of that came this pilot program and out of the pilot program came what, by the time I became secretary, were I think thousands of senior citizen centers around the country at a very modest cost. All you need is a room, a large room. And then people started bringing their piano. The wife would die and she was a piano player and the guy would donate his piano to it and they'd dance. It was a damn good idea.

And I think, although it's not mentioned here, we kept pushing on age discrimination. I don't know whether we got that passed while he was president or not. Do you? You ought to see when the age discrimination--

G: I'll check.

C: Civil rights. We went back with our jury selection legislation. We went back with fair housing, but we knew that was a real uphill battle, and we went back with our legislation to protect civil rights workers. Crime became a big bill; Safe Streets and Crime Control Act was a major piece of legislation for us. In connection with that we really had--I might as well cover the Ramsey Clark thing. You want me to cover that now or while it's--? In connection with that bill the argument was not over the bill. We pretty much knew the substance of what we wanted to do in terms of grants and really beefing up state and local police forces. We had two big arguments within the administration. One was over the name of the bill, and Ramsey Clark made it a matter of principle. I had named the bill the Safe Streets Act; the President wanted a sort of--we were very conscious of names of bill and the reason we were conscious of it was because we got so badly burned

on what we called the Demonstration Cities Bill, which people who attacked the bill said it was a response to the demonstrations. So although the act is still I think to this day technically the Demonstration Cities Bill, we began calling it Model Cities. But the issue was so sensitive, our ability to pass it was so tenuous, that we couldn't even try and change "demonstration" to "model" when we were going through the Congress.

G: Was it a fact that the word "demonstration" had actually taken on a different connotation during the time that the bill was being advanced?

C: We blew it. We really blew it. That's the fact. You know how you think about one thing; we were looking at, "We'll demonstrate that you can rebuild a ghetto," but the world was filled with Watts and there were some other relatively minor disturbances. Then during the summer of 1966 we had more disturbances, so it took on a--and that's our opponents. You can just see it in the congressional debates. So we were very conscious of titles of bill, and the President was on me all the time about being careful of what I called the bill and [to] make sure it was sexy and that the title would help pass the bill. He said, "You need everything you can, and you have to make sure the title will help pass the bill." So I came up and said, "We'll call this the Safe Streets Act." That's what everybody wants. And Ramsey considered it a matter of principle that it was overselling; we couldn't make streets safe. He actually carried the issue all the way to the President. He wanted to call it the Crime Control Act. So in a kind of Solomon-like decision the President said to me, I remember in the bedroom one day, "We'll call it the Safe Streets and Crime Control Act. Let them write that into the law, but we'll just call it the Safe Streets Act." That's what happened.

The other big issue was wiretapping. The President wanted a really comprehensive ban on wiretapping. It was something he felt very strongly about. Part of it was related to the fact that he believed, and I'm sure he went to his grave believing, that Bobby Kennedy wiretapped him.

G: Wiretapped him?

C: Wiretapped him, both in the year or so when his brother was running for president and Johnson was majority leader, and when Johnson was vice president.

G: Well, how could Kennedy have done that?

C: Don't ask me. I don't know whether he did it or didn't do it, but Johnson believed that he did it. Part of it stemmed from that, and I don't know whether part of it stemmed from the fact that he was so uninhibited--he was manipulative and calculating in many ways, but he was so uninhibited also on the phone that he thought he was entitled to some sense of privacy.

G: Did he distrust J. Edgar Hoover as well in that regard?

C: Well, you know I used to say, I don't think he trusted anyone except Lady Bird and her only 90 per cent of the time. But I think, sure, he would not trust a guy like J. Edgar Hoover, just instinctively wouldn't trust him. He'd recognize his power as he did and he kept him around, but I don't think he ever trusted him--and he'd use him--anymore than I think he would trust Drew Pearson, but he used him.

G: Was the FBI resistant to the ban on wiretapping?

C: I think that the ban on wiretapping, if my recollection is right--and you really have to talk to Ramsey or look at the papers--I think the ban on wiretapping even went beyond what Ramsey wanted and the Justice Department lawyers wanted. As I recall, the

President--there was a fight in the crime commission over wiretapping that [Nicholas] Katzenbach chaired, or whoever. There was a disagreement there, and the President wanted a recommendation for a total ban, and I can't remember what the crime commission recommended. We ought to put this together, what exactly Johnson recommended, what the crime commission recommended, and if there's anything down at the [LBJ] Library on Ramsey sending me memos, or Nick--

In any case, Johnson wanted a ban, and my recollection is that we ended up with no wiretapping, except in cases of national security, and even then you needed a court order, but that may be wrong. It will be in our proposal. And that was the other big dispute in the crime program. The rest of the stuff--on the Hill we had arguments over whether there ought to be a three-member board that handed out these grants, or whether one person ought to hand it out, with the liberals being worried that we'd create another J. Edgar Hoover and the conservatives being worried that Ramsey Clark would have the power to give this money out. But in terms of the administration and LBJ, those were the two issues.

We urged gun control, as we had in the past. We had a special program for juvenile delinquents. Okay. In the consumer area--here it was called the National Commission on Household Products; it ultimately became the National Safety Commission or National Product Safety Commission. I don't know when that passed, but we proposed it. We did propose the Flammable Fabrics Act. I think that passed. I don't know whether our Fire Safety Act passed. Truth-in-lending we proposed and we got that. We repeatedly tried to repeal the fair trade laws, the laws that allowed a manufacturer to

set a minimum price below which a retailer wouldn't sell his products--resale price maintenance it was called--and we were repeatedly rejected.

We proposed a Wholesome Meat Act and a Wholesome Poultry Act. And the Wholesome Meat Act was how I met [Walter] Mondale. The President wanted--actually we ought to pull that together. Wholesome Meat we ought to pull together because there should be some papers by Betty Furness. It's good Johnson stuff, but let's do it accurately with the papers. Orville Freeman sort of issued a statement that would have gutted the act, or agreeing with something, and Johnson was very unhappy. We had Betty Furness come in and issue a statement that just took Freeman off at the knees. (Laughter) But we ought to get that. Also, the appointment of Betty Furness, when I brought her in to see Johnson. Do we have a folder on that?

B: Yes.

C: Okay. We did propose something for regulating mutual funds--I don't know when it passed--and to regulate the interstate sales of land which was really to protect old people from these Florida things. It's really amazing when I look at this stuff and think of today. Safeguard the welfare pension funds; I think we proposed legislation for pension funds. Protect shareholders in corporate takeover attempts.

B: It sounds like you were ahead of your time.

C: Air safety, isn't that wonderful. We had this emergency labor dispute problem which Johnson had stuck in the January 1966 State of the Union Message because he was annoyed with John Lindsay. We struggled all year with that and I think we gave birth to a mouse here. I don't know whether we even proposed it but we . . .

Electric power and pipeline safety were other pieces. Clean air--and this was the major clean air legislation. Was this the year? I think it was. I think we proposed a major clean air, what became minimum standards. We toughened up on auto emissions. Clean air was a big thing. Exploring the ocean depths. I hope somebody, some guy, some day writes a book about this stuff.

We continue with the National Park System. We added about eight to ten rivers as scenic rivers. We wanted to create a nationwide trail system. I think we proposed legislation for that. He liked all of this stuff. And we went after campaign financing. Did we propose the constitutional amendment for [voting by] eighteen year olds in 1967, or did we do it in 1968?

G: I don't know.

B: It was passed in 1968. I don't know when you proposed it.

C: Okay, maybe it was; we ought to know when we proposed it. We did that.

He was big on campaign reform. We may have talked about this. He would talk about how demeaning it was--have we talked about this? Johnson would talk about how demeaning it was, tell me how demeaning it was, for the President to have to go hat in hand to the wealthiest people in the country to get money to run for office, and that this was wrong, and this should be stopped and presidents shouldn't have to do this. And that's what led ultimately to his agreement with Russell Long on the tax check-off.

In terms of tax reform somewhere there's a memo I sent the President I think--we had a proposal for--I don't when this came. This probably came in 1968. In terms of continuing to raise money for the Great Society, Art Okun told me that if we had some relatively modest tax but really taxed everything on death except your house in some

modest amount, we'd pick up twenty-five billion dollars. And I thought that was a great idea. I went to the President with it. And they developed something. When I went to the President, I had to tell him that if we got something like this, it proposed that essentially every will in America would have to be redone. And he said we couldn't possibly pass it, and I said we were only talking about rich people or people with-- And he said, "But that's not the point. In America everybody thinks they're going to have a lot of money when they die, and they'll all think they're going to have a will and they're all think it's going to affect them and it will be just a fire storm." So we never proposed it.

Johnson was interested in the civil service, and we did several things along the way, creating the senior executive corps and a lot of stuff to--he wanted to improve the lot of civil servants. He truly believed in career civil service.

Reorganization. I had a deal to move the Bureau of Indian Affairs from Interior to HEW [Department of Health, Education, and Welfare], which was supposed to be in return for moving water pollution out of HEW and into the Interior Department and [Stewart] Udall welshed on the deal.

G: Did he?

C: Yes. He got water pollution and then screwed John Gardner. Indian Affairs and the American Indians have suffered ever since. They're still being treated in that sort of patronizing, paternalistic--

G: Why did he welsh on the deal?

C: He just was a bureaucrat. This is the guy that on January 20--

G: RFK [Robert F. Kennedy] Stadium?

C: --named RFK Stadium RFK Stadium. We ought to cover that.

B: You've got it.

C: Do we?

G: LBJ's reaction?

C: To that. You've got that one? Let's get that when we have the papers. Let's make sure it's on our list. Organizing the D.C. government. We really had a lot of. . . . Ah, the bill of rights for Indians. I don't know when we did that.

B: You got it in 1968.

C: Did we get it in 1968?

B: They tacked it on to the civil rights amendments.

C: Did we propose it in 1967?

B: I don't know.

C: We had a message on the American Indian at some point.

G: It's part of the State of the Union here.

C: Is it? "A ten-year program to bring Indian income, education, health and transportation up to the national average." Did we do anything for migratory workers, because he was also . . . ?

G: "We should embark upon a major effort to provide self-help assistance to the forgotten in our midst, the American Indians--"

C: The Forgotten American, that was the title of the message, I think.

G: And the migratory farm workers.

C: If there's a message on that, we ought to cover it. More veterans' benefits. Did we go to random selection? We ought to have a separate session on the draft thing, because it's [Lewis] Hershey. Do we have the stuff on Hershey and the draft?

B: We've got exit papers on his political (inaudible).

G: Hershey accelerating the drafting of people who protested. Then I got a letter from the university presidents and answered that letter. Pyramiding deferments. We ought to do something on the draft commission. Okay?

What we did when I think of it--the international center which is now just being completed. The Pennsylvania Avenue Commission. The railroad station being a visitor's transportation center, which Liddy [Elizabeth] Dole finally got done. These were all part of that D.C. program. The unfinished task, the civil rights bills basically, miscellaneous--ban eavesdropping and wiretapping.

I love this. "Improve the public assistance system, federal standards to eliminate incentives for family break-up, to increase incentives to work, and to raise the benefits for those in greatest need." I was back at that when I was at HEW; we had achieved none of those things. The forgotten Americans: Indians and migrant workers.

In any case, he approved the bulk of that program. As I said, it wasn't like the earlier session in the sense that I wasn't uncertain. I knew what he'd have trouble with and I knew what he'd grab on because I really, by the time I presented that to him, I had worked there eighteen months, and I knew what was on his mind. As I'd be working along, I'd tell him, because he was not easy to deal with all the time, so you had to pick times at which to suggest things to him. If the Indians had just demonstrated in front of the White House, carrying all kinds of abusive signs about LBJ--which they never did; I just use this as a hypothetical--that would not be the time to say we've got a great program for the American Indians. So I talked to him along the way; he knew what I was doing.

G: Why did you include the surtax proposal when you weren't going to press for it?

C: Well, we didn't know when we were going to press for it, and we needed the money in the budget to hold the deficit down. Our budget numbers were calculated on a surtax being effective on July 1 for the deficit. That would become apparent in the budget, so we had to include it. We really did not know. As you can just see from those papers, people were very mixed on this thing.

G: You've mentioned the--

C: Although I think I should say I always considered it--it was clearly what the President wanted to do if we could get the politics together because he did have a sense that the war should not be fought on the backs of poor people, and he talked about that a lot.

G: He talked about expanding the Social Security system as a way to avoid a budgetary increase. Any recollections of other ways to fit these new programs into your existing budget?

C: No, but eventually we ought to have a session on the unified budget we came up with. We moved Fannie Mae; we moved a lot of federal housing liabilities off the budget and created Fannie Mae. We brought Social Security into the budget because it had a tremendous surplus, and incidentally, makes economic sense. It was the right thing to do as a matter of economics. But the federal budget is always terribly distorted because what you or I in business would account for as capital expenditures and spread out over thirty years, [such as] building this building, in the federal budget is just written as though it's another expense like buying pencils, and written all to cost in one year.

In any case, yes, we did lots of things. Selling participation certificates. We did a whole host of things. I've got papers on that, don't I? Participation certificates? Yes. Believe me.

G: Any insights on the demise in the relationship between [Bill] Moyers and Johnson during this period as it related to the writing of the speech?

C: When did Bill leave, do you know?

G: I think it was February--

C: 1967? No, it was a complicated father/son relationship, and there was an increasing sense--and I can't tell you how I know it, but I know it--emanating from the President that Moyers was not straight with him, that Moyers would be supporting the war in the briefing but then privately saying he didn't agree with the President, for example. There was an increasing sense of that.

You have to remember that the staff--this is not totally true, but by and large the staff did not trust Moyers. So many guys had been clipped in one way or another by him. You have [Eric] Goldman's thing in his book [*The Tragedy of Lyndon Johnson*] about the way he was treated. I think if you talk to [Jack] Valenti or [Harry] McPherson or [Douglass] Cater or [Robert] Hardesty or anybody, they'll all talk to you about that. Bill really knew how to use the press. He really was a genius in manipulating the press, both for himself and for the administration. He did a lot for the administration in that connection. So that you probably had that churning all the time, too. And I think Bill was under enormous pressure, family pressure--his brother died, didn't he? Which certainly has got to give you a sense of mortality. I can't get into his head. From a distance my hunch is that Moyers reached a point where he said he'd be destroyed if he didn't get out of there, personally, humanly, his family, everything. Just had to get away. But a level of--really it was a father/son kind of tear. It wasn't a political tear. It was

deep and personal when it happened. I don't know who would know about that. The two of them would know about it. Valenti would have some insights, if he'd talk about it.

G: Did the President use you as leverage against Moyers?

C: That reminds me. I need Vicki McCammon's phone number because I should really call her. I'm ready to call her. Have we got it?

Well, the President would call Moyers, and Bill would go out for two hours and just drive around in a car. But I really don't know. He never--I never felt that he used me.

G: You didn't get tangled up in it.

C: I did not get tangled up in it and I never even felt that he used me indirectly. He could be incredibly tough. He'd get angry with me about something and--because after about a year, it was very difficult for him not to deal with me in a given day. It was just hard. There was just so much coming through from me to him or through my desk. But instead of calling me on the hotline, he'd call my secretary and he'd tell her to tell me to do something. Or he'd call [Larry] Levinson and he'd tell Levinson to tell me to do something. So you know, it was complicated.

G: How long would that generally last?

C: Well, a day or two. He froze Valenti for about a week or two. He really had Jack almost in tears at one point.

G: Why did he do it?

C: I can't remember what it was about, but he just absolutely cut him off. At the very end, we'll talk about, we ought to talk about the last budget and the proposal for a surcharge and Teddy Kennedy. I sent him a memo, which we haven't been able to find I guess, saying, "You've got to go with the surcharge. Nobody will believe you if you don't." And

Marvin [Watson] ordered all copies destroyed. We've never been able to find that, have we?

B: I'll check on that. We have a file.

C: It's late. It would be late 1967. I remember it has lines in it--it was a very tough memo--it has lines in it like, "Imagine what Joe [Henry] Fowler would tell his colleagues on the street if you go with a phony budget that doesn't have a 10 per cent surcharge." And he called Fowler down. What he did to me was he basically said, "You cannot. . . ." He called Art Okun and he said, "Why does Califano get copies of the memos that the Council of Economic Advisers send me? He's not suppose to get copies of that." Then he called Charlie Schultze and he said, "Why does Califano get any budget material? He's not supposed to get any of that." So they both called me. Marvin had called and said, "Destroy every copy of that memo," and I may have actually done it. I rarely did that. That's not the first time he'd done that, but it was such a tough memo I thought well maybe. We were at that end of the road, what the hell. I'd love to find it if any copy exists anywhere.

In any case, then he would--while we're on it, we might as well finish it--when all was said and done, he called Fowler up and had Fowler come down, but I think he told Joe not to let me know that he was coming down, not to talk to me. I think Joe did talk to me to find out what the hell the issues were. You can ask him. That's my vague recollection, but we can reconstruct this from the phone books I guess.

Then they drafted this budget message which had no surtax in it, all these phony cuts, and Johnson had the [congressional] leadership over for breakfast. The issue was whether he should propose--this is January of 1969 now--whether he should propose, as

he went out, the surtax. He gave a very distorted, one-sided presentation of the pros and cons, which would lead them all to say that he shouldn't recommend the surtax. I was at that breakfast. And he went around the table and he asked everybody and they all said, "Don't recommend it." [Mike] Mansfield, [John] McCormack, [Thomas Hale] Boggs, whoever. It came to Teddy, who had just been elected majority whip, I guess, and Teddy said he wanted to think about it and then went back. Later that morning Kennedy called me, and said he'd thought about it and he thought the President should recommend the surtax and that I should--he told the President he'd give him his view and--he said, "I'll lay it out in a letter." And I said, "I am not the person to pass that view to the President." I couldn't tell him why. And he said--

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C: I said to Jim Jones--I gave Jones the message. Teddy Kennedy does this and he's preparing a letter. The President was in some kind of a meeting. But within what seemed like seconds, but it was probably minutes, the hotline rang and he didn't even need the phone. I could have heard him from his office to mine. He said, "You call Teddy Kennedy and you tell him that I don't need any goddamn memo or letter from him, that I already got his memo from you two weeks ago." Slam. So I called Kennedy and I said, "You don't have to write a letter. He knows all the arguments." And he said, "How do I know he's got it?" I said, "Believe me, he'd gotten all the arguments on this." He said, "What do you think?" And I said, "I think whatever the President--" And he said, "No, you don't." Because the last thing I then wanted was a newspaper story, which I knew Kennedy would leak, that said that I was for the surtax. Nothing, absolute--he dealt with

me on other things we had to deal with. No mention of this. These budget meeting with Schultze, first time.

G: He froze you out.

C: Froze me out. And then he called me in one night and handed me this document and he said, "This isn't clear. This really needs to be spruced up and straightened out. Go to work on it. I want a clean draft tonight or tomorrow morning." And it was a draft of the budget message recommending the 10 per cent surcharge. What an experience. But he was capable of doing it. That was the worst I ever experienced with him in terms of the sort of freeze. Valenti I think got a total freeze for a week or two. He was, I think, literally in tears.

G: What did Okun tell him, do you know, when he called Okun and asked why they were sending copies--?

C: I don't know; I just remember the calls from Art and--it wasn't Charlie Schultze; it was Charlie Zwick. And I think Okun kept sending me the stuff. I can't remember whether Zwick did because he was good but he didn't have Charlie Schultze's independence.

G: Anything on the speech itself?

C: On the State of the Union? No, I don't think so. I guess I should mention a couple of things. He did get it in to his head--that innate political sense of his--I think the election in 1966 gave him a sense that his staff was out of touch with the country. Okay? Remember I'm the guy pushing all these liberal programs every day on him. So he got it into his head that I should get out and that Moyers should get out and travel around the country and get ideas. He put it in the context of getting ideas for the State of the Union Message, but what he really wanted I think, when I look back on it, was to just get out of

the White House and go travel around the country and get a sense for what people are thinking. "You're proposing all these liberal ideas to me; that's not what people are thinking or caring."

G: How did you deal with that?

C: I sent him a cable in which I said we had all kinds of ideas and we had been traveling around and we'd basically done it before. You've got to remember, he gets this idea in his head in December. December and January up through the State of the Union really is a month or five weeks in which you're working every day, twelve, fifteen hours a day. There's no life; there's no nothing. You can't get done what has to get done, especially with him.

Then on the tax increase, as we talked briefly, Arthur Burns talked to [Walt?] Rostow and sent him a paper, and asked questions about whether it was an appropriate time for a tax increase. Johnson was always ambivalent about it, because he knew how tough the politics of it were, and he didn't want to endanger the Great Society programs. That plus Okun or [Gardner] Ackley, whoever was there then, then beginning to say the economy is not percolating the way we thought it was, better wait a month here, a month there, which is what slowed down the whole tax process. He was always worried--he was worried of course about inflation, as the economists were, but he used to say all the time, "I can't remember anybody putting the brakes on too slowly but I remember lots of guys putting the brakes on too fast and we bring this economy to a grinding halt." That was it.

Every year we'd have to negotiate a date for the State of the Union with the leadership and in the past and subsequently those dates were negotiated. [By] Thanksgiving you knew when the January State of the Union was going to be. With him

we'd always get down there--we'd be into December and guys from the Hill would be calling because it was relevant for their coming back from their Christmas vacations or their district. What I did ultimately learn about him [was] if I suggested a date--and I did every year--he didn't like it. I suggested the tenth of January; he writes, "too soon." On the economic report he did want that as late as possible because of this problem with the tax thing and the problem of trying to read the economy. Then I sent him a note that [John Kenneth] Galbraith sent me, saying we ought to go for a tax increase.

Mansfield this fall came out of the blue with a statement that we ought to take a look at all the federal programs.

G: Re-evaluating the existing--

M: The Senate committee chairman should, and also that he did not anticipate requests for sweeping new legislative proposals. But in Mansfield's statement, he said, "Restudy must go beyond domestic programs and include legislative structures by which the federal government is enabled to play a role in the current life and affairs of the world," would be only a beginning. "The session's investigations would only be a beginning toward what is needed." Johnson was concerned about that on two levels. One, since he knew Mansfield did not agree with him on the war, he was worried that this might be--and he was always looking for the ninth meaning behind the first aid he'd found or motive, and he was worried that this was one of Mansfield's ways for trying to do something about the war. I don't know--when did the [J. William] Fulbright hearings take place, in 1966 or 1967?

B: I think it was 1966, but I don't remember.

C: I just need the dates of those.

In any case, he was worried about that, about Mansfield, about this whole thing being a cover for Mansfield really having the Senate take him on on the war. The other thing was, he used to say, when push came to shove one of the political reasons he was always amenable to sending proposals up and pressing guys to do it was that if we don't keep them busy, they'll investigate us all the time. I think, and thought at the time, that Mansfield's shot across the bow really was a big help to me in getting the President to send a big program forward, which we did.

G: Did the President ever articulate that notion that the way to prevent these investigations was to keep them tied up--?

C: He would say to me, "If we don't keep them busy, they'll spend all their time investigating us and they'll keep us busy. We're going to keep them busy on our agenda." He was conscious of that. What made me think about this was when I noticed Jake [Jacobsen] sending this over to Larry O'Brien, particularly focused on the non-domestic paragraph.

G: This is the memo, December 27, 1966.

C: Mansfield's public statement was printed on the twenty-eighth of December. He said, "Top to bottom studies should be preoccupation of the [inaudible] of Congress." Johnson I guess held a press conference on the thirty-first of December, in which he said that we can afford to fight the war and continue with the Great Society. That was a calculated response to Mansfield in part, that we were going to go forward, that there would be new programs.

I tried to get the President in the legislative program to take on the insurance industry. Not take it on, but to--and this is my memo of, it's blocked out. But the date of his note to me is January 2, 1967. And [Warren] Magnuson was very much interested in

doing something about insurance, and I was, and I suggested that we look at a proposal to put in a consumer message. I had talked to him about it at the Ranch and gone over it in connection with my review of the legislative program and he was very cool to it: "Why should we get into that? The states are into that. Why do we need that?" But I took another shot at him when I came back, and he sends this back to me with a note saying, "Forget about that. I've already talked to him about that once. That should be enough."

He then, in classic Johnson fashion, he sends my legislative program book to [Robert] Kintner to ask him to review it and give him his views on it. Kintner comes back and says, "It's too much. We shouldn't propose all this stuff. We shouldn't have all these messages." And in classic Johnson fashion, he sends Kintner's memo to me having told Kintner to not let me know that he's gotten my paper. And we answered that. By this time I was--the only person who used to get under my skin occasionally was [Walt?] Rostow who would come out of the blue with these suggestions. I'd be in some complicated labor negotiation and he'd come out and say, "I don't think Joe's tough enough on the UAW [United Auto Workers]," or something. He had no idea what we were doing. He used to drive me crazy.

The other thing I guess which is really wonderful, the thing that clinched going with the State of the Union Message on January 10, the date I suggested, was that Everett Dirksen called Marvin Watson on the sixth of January and said, "We still don't have a date for the State of the Union Message." We're four days away, or five days, or six days away and everybody is in limbo. And to tell the President there's a big birthday for him on the eleventh.

The other thing that was part of the State of the Union Message was what the television programming was that night. By this time we would look at the television programming to see what the three networks had to do and how angry they'd get about having their programs interrupted.

G: And not interrupting a real popular show, was that also--?

C: We would ordinarily not do that, not because we cared about the networks but because we cared about the American people, who would say, "I'm' missing X." I can't conceive in this day and age that you would have a State of the Union delivered on a Monday night if there were Monday Night Football in January, because you don't want to get all the football fans mad. They're sitting there watching saying, "That son of a bitch took my show off the air."

I talked about how I reviewed the State of the Union Message yesterday, on January 8, with Fowler, *et al*, and who saw how little. Didn't I? I went through that.

Then we're the night before the State of the Union and the issue is the President wants everybody on board on the surtax. Is this the first one of these? There were two of these.

G: The second one I think.

B: There was one for the investment tax (inaudible).

C: Which came in 1966. And I've got around the table [Robert] McNamara, Fowler, [Willard] Wirtz, Ackley, Schultze, [John] Connor, [Clark] Clifford, and myself. The President says he wants a memo from all of us, initialed by all of us, recommending the surtax. So I give him the memo. It says, "We have reviewed the fiscal situation and recommend the following program." Then we have a 6 per cent surtax, "expressed as

followed." Verbatim words from his mention to "no mention of lifting the suspension of the investment tax credit but lifting of the suspension at the time at which the time requires it, corporate collection increase speed-up, interest equalization, Social Security of 20 per cent, continue to press for easier money." Some of these guys had been through the earlier one in which they all signed. I remember when I brought this around--I think Katzenbach may have been there, but he wasn't one of the--asking me whether he wanted me to draft affidavits for everybody to sign, or notarize it or something.

I don't know whether he mentioned John Fogarty at the beginning.

G: He did.

C: He did, which is a great idea. Classic Johnson move. Have you got it?

Fogarty had just died. He had just died and he was very big in our health programs. Martin Luther King reacted, and made some public statement or something on the wire in which he indicated that not enough of the State of the Union had been devoted to civil rights. That precipitated an immediate shot from Johnson to Cliff Alexander to call Martin Luther King. I think that got straightened out and fizzled. Dirksen said he had mental indigestion from the President's message. I remember Johnson get a big kick out of that; he thought that was very funny.

I guess I should also note Jim Jones' memo to Juanita Roberts about who did what. Then the President spoke for sixty-nine minutes and was interrupted by a applause forty-eight times. Watson was counting--Valenti before Watson, and now Jones--how many times you were interrupted by applause. He always wanted to know that.

I think that's about it, really. We'll do Commerce and Labor separately. Okay.

End of Tape 1 of 1 and Interview LVIII

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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)

Joseph A. Califano Jr. — Donor

5-28-19 — Dated

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Director for Presidential Libraries

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