INTERVIEWEE: JAMES GAITHER (TAPE #3)

INTERVIEWER: DOROTHY PIERCE

DATE: January 15, 1969

P: Mr. Gaither, this is our second interview. Today is Wednesday, January 15, 1969; it's 11:30 in the morning, and we're in your office in the Executive Office Building. This is Dorothy Pierce.

We had concluded in the first interview our discussion on the legislative development program, and were talking about the coordination of the program with the Bureau of the Budget; this was begun as the result of finding out in the previous programs that you needed to work closer together. You had mentioned during the course of the conversation that there had been changes that had taken place in the office, and in the process of the institutionalizing legislative program development; and I'd kind of like to begin there with you if you recall your line of thought.

G: Okay. The whole process became much more sophisticated and institutionalized on the basis of the experience in the fall of 1966-fall and winter, really of 1966 and going into 1967. Some of the problems we recognized then were a failure to coordinate our efforts with the Bureau of the Budget; the fact that a program without any funds is not terribly useful, and we ended up in many cases in January of 1967 with a lot of good ideas but no money built into the budget. We also recognized that at that point that we in Califano's office were spread far too thin. Basically until very late fall of '66, Califano and Levinson were involved primarily with the legislative program already before the Congress. And as a result, I was trying to not only organize, but stay on

top of, highlight the significant proposals, outline differences of opinion for some fifty task forces ranging all the way from foreign aid to early childhood development. As a result we began discussing, as soon as the messages to the Congress were completed in about March of '67, changes we ought to make, or procedures, as well as the structure of our office. At the time we hired two additional assistants, Fred Bohen and Matt Nimetz, and the three of us split up the responsibility for development of the 1968 program. Bohen's primary concern became housing and urban development; Nimetz picked up crime and conservation, Indians, and various other matters; and I spent all of my time in manpower, health, education, and poverty. While we were still spread rather thin, this made a tremendous difference in terms of what the office could produce. For the first time the members of the White House Staff could really get very deeply into the substance of these programs and actually make a substantive contribution rather than just serving as the vehicle for pulling together all the ideas for consideration by the President and other members of the White House staff. As an example of that, Fred Bohen was really instrumental in putting together the omnibus Housing Act of 1968, which is really a landmark legislative achievement. It embodies a ten-year program to build twenty-six million housing units in this country and basically to meet all of the needs of this country in that period, with particular emphasis on the needs of the poor. I was able to spend a great deal of time in the manpower field working with Charlie Zwick and the Bureau of the Budget and Jim Deusenberry on the Council of Economic Advisers, put together the new JOBS program and the National Alliance of Businessmen. While the ideas for it had come out of

various task forces it probably never would have been done. There is little doubt in my mind that it just would not have come out of the Department of Labor or OEO for many reasons; in part, because they probably had too much to do anyway trying to implement existing programs, and they were also pretty much convinced that they had taken the right approaches in the past. It was our view that they hadn't, and the Jobs Program and the Alliance marked a very real departure, and has proven to be the only really successful effort we've made in finding jobs in private industry for the hard core unemployed.

There are just two examples of how the White House Staff can make a tremendous substantive contribution which was not possible when we didn't have enough people here at the White House.

There were other examples. The Educational Opportunity Act of 1968 was a proposal that we put together over here; it had come out of the 1967 task force on education just as an idea for increased student aid. We took that and built it into a proposal which would in the long run eliminate all financial barriers to higher education and insure every family with an income of $7500 or less at least one thousand dollars in student aid per child per year.

Another one was the program which would provide special services to disadvantaged young people to help them stay in college. I doubt seriously whether these programs would have been developed if we had not had as much time to concentrate in these various areas.

There's one further point there--just an extension of that point. We were putting together the program during the fall of '66. By the end of October I was handling somewhere between forty and fifty task force

reports; and about all I could do really was to summarize those reports and prepare an agenda, highlighting the most significant proposals and the issues that they raised. By way of contrast in the fall of '67, each of us had about fifteen reports, and we were not only able to read the reports for the first time and not just the summaries, but we had enough time to think about them and to develop more fully some of the ideas, enlarge them, and ask the Departments and agencies or an outside task force to develop them more fully, basically just to do a better job.

The other major aspect of change in the process, and this is more in the institutionalizing of it worked out between Charlie Schultz, Califano, and me, was a procedure whereby the Budget Bureau would automatically build into the budget all of the recommendations of the task forces. And then they were under instructions to report back to us whenever an item recommended by a task force was deleted or dropped from the budget. This is critical to the effective operation of this process, because many of the recommendations just call for money. Because of the tremendous advances of the last few years, we have authority to do almost anything really on the domestic side and very often all we need is money. As I mentioned earlier, during the previous years we would go along quite oblivious to what was happening in the budget review and find out in January that we had a lot of great ideas but no money to support them in the President's budget. So this insured that either the money was kept in or we knew about it, in which case we could sit down with the Director of the Budget. And if we couldn't resolve our differences, [we'd] present the issue to the President so that he could decide whether he wanted to have money in for a particular program or proposal.

I think it was most important for ideas that were extremely important, but not significant enough for the President to become concerned with them. For example, relatively minor--speaking from the President's point of view--changes in research patterns, in organization of research operation, which normally would not be highlighted by the President in one of his messages, but which should be done. In previous years a recommendation like this would just be lost; we wouldn't follow it because we weren't trying to preserve it for a Presidential message, and the Budget Bureau and the agencies weren't paying any attention to the task force report.

It was particularly important with respect to a child development task force which reported in the fall of 1967; most of the recommendations made by that task force involved quite small amounts of money. For example, it recommended joint funding by several agencies of a fifteen million dollar research project. This was not an idea that was significant enough for the President's message on education, or child development, but it was very important and it has since been done. Now, this would not have been done under the previous practice, because the Budget Bureau just wouldn't have written the amount into the budget. That report also recommended an interagency council chaired by the Secretary of HEW to insure the coordination of our early childhood development programs and day care activities, the development of standards to insure that day care became really a constructive force in the life of a child and had an educational component and was not just a baby-sitting type operation. Now it was a very important thing to do because those activities are spread throughout OEO and various parts of HEW and the

Department of Labor. But it wasn't significant enough at that level of funding for the President to highlight it in one of his messages. And again it would have been dropped if the Budget Bureau hadn't built it into its plans for the coming year.

Those are the major changes that were made in the process; the other one which was important, and I guess just reflected more experience here in this office, involved the changes made in the collection of ideas and the presentation of them. In the fall of '66, it was a rather hit-and-miss process of collecting ideas. We tried to get to as many people as we could, to as many university campuses as we could. And I had a group of three people working with me, collecting ideas. But there was no really organized approach to it. And the same thing was true in the presentation of it--the initial presentation at the White House to the Director of the Budget, the Chairman of CEA, Califano, McPherson, and Cater. In the fall of '66 I presented it in the form of one idea per page, a tremendous book probably containing two thousand ideas. The next year I prepared that kind of book and then I went through it and organized the ideas by category. For example, I in effect took all of the suggestions on early childhood development grouped them, and made a recommendation as to how they could all be studied together. And that was done in virtually every area, so that instead of having that group of people review two thousand ideas, they reviewed recommendations for about seventy study groups or task forces. And within that recommendation they could see each of the ideas which would be considered so they could focus still on the ideas, but in a broader context.

In terms of the collection of ideas we made it much more systematic

by setting up a list of all of the key government officials who ought to be formally contacted; by developing through the help of people on the White House staff and John Macy and others in the agencies a list of imaginative innovative young people in the agencies whom we contacted; by contacting all of the White House fellows who were towards the end of their year with the government and were not captives of any particular point of view or their own agencies and hence could contribute quite significantly to our collection of ideas. We also made sure that every budget examiner was contacted for his ideas. So that pretty much rounded out the cycle, and that same process was used in the development of the President's legislative program for this year, which of course is much smaller in keeping with the transition process.

Again here the procedure for using the Bureau of the Budget is very important because the President only wanted to highlight extremely important things in his last month in office. But the Budget Bureau was able to use the task force reports, really to improve and strengthen the budget, as well as the efforts of the Administration, so that many of the recommendations are seen in Budget decisions although not a great deal is made of them in the public sense.

I may be repeating here, but I think one of the interesting aspects of the task force operation involves the use and the blending of various ideas. I may have discussed the development of the Jobs Program and the National Alliance of Businessmen the other day. But basically involved in putting that together were really three or four task force reports which kind of combined to lead us in that direction. There was an outside task force chaired by the new Secretary of Labor George Schultz in 1966

which stressed the need to involve private industry, the suggestion of some kind of a national business council, changes in the way the Department of Labor administered manpower programs. That was followed by an interagency task force in the Department of Labor on manpower which basically endorsed those ideas, went in the same direction; and then there was a test program launched by the President to test out the idea or some of the ideas found in both those task force reports. And ultimately there was another task force taking a look at the proposals for using tax incentives to get private industry involved. And the recommendation which came out of that task force was basically against tax incentives and for the approach that had been suggested by the Schultz task force and the test program in the interagency task force.

P: They were all working independent of each other?

G: That's right. All quite independent. There was some overlap. I worked on each one of them; Jim Deusenberry of the Council of Economic Advisers was on everyone of them; and Charlie Zwick was involved in several of them. But there were basically the three of us having gone through that whole cycle, and the putting together of the test program came up with the Jobs Program and the National Alliance.

Another one is seen in the proposal which the President made last night for an urban development bank. That came out of--it was involved in at least three or four task forces; there had been various suggestions going back to task forces starting in 1966 on cities, another one on housing and urban development, an outside task force which just reported on suburban problems, and another one--quite a high level operation which was established--on financing urban problems. Every one of them

came up with different ideas for some kind of an urban development bank which would be able to float its own bonds to raise capital and then lend funds to local communities at below the market rates. We basically went for nearly two years trying to find the right formula. The idea went before the President in various forms, probably four or five times during that period, with a caveat at the end, "We still have problems with this, we're trying to work it out." This year we went at it rather intensively through the task force on suburbia and another task force on cities, and rather extensive consultation with leading financial people in New York--David Black, the head of the World Bank, and many other leading industrialists and bankers in the country. And finally we found the right kind of structure for the bank as well as one that made sense in terms of the financial markets in the country and the needs of the local community and the restrictions that we presently have on federal expenditures.

So it's kind of an interacting process where an idea will come out of one task force, or maybe two or three, and it will be refined a little bit the next year, and ultimately something will come of it, but you don't always get the right answer the first time around but keep going back at it. Urban finance is a particularly pressing problem, and we kept setting up groups to try and find the key to it, and I think we have it this year; and hopefully the Congress will endorse the President's proposal and enact a law this year.

But there are numerous examples of that happening; it has happened all across the field of education and health, certainly manpower, housing and urban development; model cities program is another good example

where the idea basically came out of an outside task force in 1964, but it took about nine months of further refining by another outside task force the next year to actually put the program together. We had the idea, and then we had to work out the details so that we could develop legislation; and so it really took two years to put the program together.

P: In your judgment has the '68-'69 program run smoother as a result of a growing evolvement of this approach to it?

G: There's no question about that. Not only has it run much smoother, but it has been much more productive. I think this results from two basic factors. One is the fact that we're all much more experienced now, we know who the key people are and who can get a job done and who can really run a task force and get an idea put together. And we're also pretty familiar with proposals made by about two hundred task forces at this point, and it makes it much easier for us to reject ideas in many ways because we've seen experts study them and throw them out for good reasons. And we also appreciate good ideas a little more because we've seen other groups highlight the problem; say, something ought to be done, it ought to be in this direction, and if we see an idea that comes along that does just that, that's more fully refined, we pick it up much quicker. And it's also a result of an improved process, the process I described in collecting ideas and working with the Bureau of the Budget who are more familiar with all the experts in the country, that know the people to put on task forces; it just goes much more smoothly. And I think also have come to know the President a little better and know the things that he wants to concentrate on. Califano now has presented four legislative programs to him, and I've been involved in the last three. You begin to

see what he wants to do and what he thinks are the most serious problems, and you begin to concentrate on them and move more rapidly. Also you're better able to reflect his views in providing guidance to these groups. To say that you don't think the President will buy it exactly the way you've structure it--why don't you take a look at another approach! So all of this expedites the operation and improves it.

P: What are the President's strongest interests, in your opinion?

G: Well, there are many and they're quite varied. I think there's one basic philosophical strain that's seen through almost everything that the President has done over the time in the past two-and-a-half years that I've been here; and that is a very deep conviction that everybody in this society should be given a full and complete chance to make his own way. This is seen in his terrific concern in the field of education and reflects his background. I think he feels very deeply, he has said it, that if he had not had the chance to get a decent education he never would have risen from a very poor and really in many ways deprived background; that was critical to him. Good health was awfully important. And I think he also saw as he grew up those who were denied an educational opportunity; those who were deprived of the chance to make something of themselves and to benefit from the great opportunities in this country because of bad health, or discrimination because in his background they happened to be Mexican-Americans. So that these strains are seen through everything he has done. And the emphasis on health and education, particularly emphasizing those in poverty and those from minority groups; a very strong feeling that they ought not to be barred by arbitrary barriers of discrimination, by the lack of a decent education, by inadequate health care,

inadequate early childhood development, health care, nutrition. The same is seen in job opportunities. His emphasis in housing on giving people the chance to own their own home and show that they can keep it up and value it and preserve it as others in our society do. In terms of protection of workers against occupational health and safety hazards--really right across-the-board.

It's interesting to note that many people in this country I think regard this President as a straight extension of FDR, and it's really not true at all; and indeed their philosophies are very, very different. While President Johnson does reflect some of the liberalism of the '30's, his approach has been entirely different; it has been on providing people a chance to help themselves, giving them the health and education they need to help themselves, but not giving them handouts. While the President has always recognized and tried to do something about welfare, for example, tried to improve a totally inadequate system that we have today--and he has made a lot of proposals to Congress to do this--I have never sensed any great interest on his part in the welfare program or any other that is a basic subsidy kind of approach. He feels that if you let people start off on equal footing, don't discriminate against them because of their color, make sure that they're not discriminated against as children by the lack of family planning or prenatal care or early childhood health care and education, that then this society will get along all right and we won't have poverty; people will pull themselves up.

And I think that he's not at all convinced that the handout kind of approach will lead to that, and so he just has not ever been very

interested in that side of social programs. So if there is one theme that I see all the way through the domestic side, that I've seen reflected in terms of the very few ideas that he has rejected from his task forces, it's that he's not going to run a give-away program, but he's going to make sure that everybody in this country is to be treated equally. And the various phrases the people always give lip service to in this country, but they're not terribly meaningful, like equal justice and equal opportunity, really do become reality in the society. I think that's what the Johnson domestic programs are all about.

P: You've worked on three now, you said. This is a very broad question, but can you give me sort of an assessment of those three you have worked on as far as what you consider was the highlight and the effects of them, the accomplishments? One of course--'69, is not finished, but--

G: That's not an easy question. Depending on whose list you look at, but you're talking about--. He has passed over four hundred bills in the last five years and some two hundred and fifty of them since I've been here. Some of the really landmark bills were passed during his first year--Elementary and Secondary Education, Higher Education Act, Medicare, Medicaid, those were the real big ones.

Since that time and since I've been here, there have been many others--some of them are not entirely legislative. There have been tremendous Congressional victories for us in just preserving the Elementary and Secondary Education Act and the War on Poverty in '67. That probably took more effort on the part of the President than anything else we did that year. It wasn't really new, but it was a really critical victory in terms of what I think is important to the country.

In terms of new things, the omnibus Housing Act of 1968 is certainly one of the most major bills passed in this century; the Air Pollution Control Act of 1967, while we didn't get everything we had hoped for from the Congress, really was the nation's first major effort to come to grips with air pollution. The Educational Opportunity Act of last year is a major one; the Jobs Program and the National Alliance of Businessmen, which is a mixture of legislation and budgetary activity, is certainly a landmark in the manpower field. The Safe Streets Act of last year and the Gun Control Act certainly have to be regarded as very significant measures, providing really for the first time federal control over firearms and federal aid to state and local law enforcement agencies. So in that sense they represent quite a breakthrough.

In health, there's the Partnership for Health of '67; the regional medical programs; and last year's bill, the Health Manpower Bill which, while it hasn't received much notice thus far, is perhaps one of the most significant bills he has passed. It involves a basic shift in the federal approach to the training of health professionals. The federal government basically just used to subsidize medical schools and pay part of the expenses of educating medical students. The new bill really shifts that emphasis and focuses instead on output. The schools get so much instead of per student enrolled, per graduate; and the bill also provides that if the schools will increase enrollments so that we can overcome the terrific shortages of health manpower, the federal government will pay not only the cost of construction but the operating costs for the additional facilities and additional enrollment. So the emphasis is entirely different. And as we increase the funding, this will give

the federal government tremendous leverage to get schools thinking more about how they can strengthen their operation and shorten the curricula and start to produce people. Most experts in this field feel that today it takes far longer than is necessary to train health professionals. And this is one way to put leverage on schools to see if they can't shorten the time in which they train these people--not trying to cut down on the quality, but to accelerate it some way. Just offhand without a list of the two hundred and fifty, those are certainly some of the more major ones.

P: What comes to you mind as being over these last few years one of the biggest areas of problems or resistance? Let me say, who, too.

G: The biggest one and certainly the most serious one, and indeed I think the answer to this is really critical to the long-run stability of this country, is whether the nation is willing to make sacrifices to eliminate poverty in this country. As I've indicated, the basic thrust of the President's domestic activities over the last few years has been to eliminate poverty and to place people on equal footing. The Congress has not and is not today willing to provide the funds that are necessary to do that. Each year there is a tremendous battle in the Congress. We've gotten most of the authorizations, but we can't get the funds.

There are quite a few examples of this. The Teacher Corps is one. The House of Representatives in each of the last two years appropriated nothing; fortunately the Senate went quite high and we came out of conference with some money. But I would guess that in terms of programs directly related to the poor, we've gotten less than half of the amount of money that we've requested; and in terms of the magnitude of the problem, we probably ought to be getting ten times what we requested

instead of half of it. It has happened every year to the War on Poverty, and certainly that battle is going to get worse in the years ahead. It has happened to Model Cities; it has happened to most of the educatinnal programs that are aimed solely at the poor. It was really quite shocking last year when the President sent up a message on education, and it probably had about ten major proposals, all of them directed to providing more and better services to disadvantaged children. When the House Appropriations Committee reported the HEW appropriation bill, not one of those had any funds last year. There was a compromise later, the Senate did appropriate money, and we compromised and got some funds. There was a very major experimental project, for example, in the District of Columbia to see if we could make a really concentrated effort to rebuild the educational system in the center city--a part of it. The President had recommended ten million dollars they had been planning for nearly a year; we finally got one million dollars out of the Congress, and the House had appropriated nothing.

So the real question as I see it and the real problem that we've faced is really whether the nation is willing to make sacrifices to meet very basic and critical national problems; and that is to provide money for the programs dealing with the center city and poverty problem in this country. And the prospects right now are not terribly good.

P: What are the alternatives, Mr. Gaither, if the Congress doesn't fund the money? Can you approach these from a different angle by putting them into the department and having them allot part of their budgetary allowances, which must be already somehow structured?

G: You can't do it in terms of reallocating what has been appropriated to a

particular department; they just don't have authority to do that. We have tried to set priorities in the budget and to take money away from programs that basically are serving those who don't need it. For example, we've tried to cut out the tremendous subsidies that go to the maritime industry, but the maritime industry is too powerful and the Congress puts them back in. The President tried to cut out the school milk program which now provides about five hundred million dollars worth of assistance basically to middle class children, to the children in the suburbs. To me it's absolutely ludicrous that with the problems this country has we would be spending five hundred million dollars to buy milk for your children and my children, but that's what we're doing. Oh, and within that category, that helps eighteen million children; two million of those children are poor, but the total population of poor children is six million. Four million poor kids don't get either this school lunch or school milk assistance, and yet we're paying for sixteen million who are not poor. The President tried to get the Congress to cut down on the school milk, and to concentrate it and make sure that we took care of poor children who weren't getting lunches or milk, any nutrition at lunch. If you took that five hundred million dollars which he has proposed, you could basically solve the problem of malnutrition among poor children in this country, but you can't do it.

Another classic example is this federal aid to impacted areas; what this means is -- an impacted area is an area where there are a lot of federal employees. What that means in the Washington area is the suburbs where employees of the government, where Congressmen and others live, we pour money into those schools. The President has for the last three years tried to cut those funds out of the budget, and the Congress always

puts them back. Indeed last year when the Congress ordered a budget cut, they specifically exempted that particular program. The President has asked instead that those funds be concentrated in low income school districts, but it won't be done.

There are a number of examples of this; it's a very serious problem. Unfortunately the poor in this country are not very well represented in the Congress; they don't have the lobby here in Washington. If they could only get the NRA to back them for one year, you could probably turn the whole thing around. But they don't have that. The Child Welfare League and others are just not politically very potent. And as I say, the prospects are not encouraging.

P: Why do you say that?

G: Well, you just look at the past, the tremendous battles which we've had just to get the programs in place, and then our inability to get enough funds. And our requests were really rather small compared to the nature of the problem we were confronting. And as I say, we probably didn't get fifty percent of what we requested, yet alone a much larger sum that's really needed. And the trend going back as far as the '66 election has not been towards a more liberal Congress, one that's concerned with the poverty problem; indeed it has been in the other direction. It's hard to identify the reasons for that, and I don't claim any particular expertise in trying to describe the causes of a shift in the Congress in '66 and in '68 and the election of the new Administration. But in terms of this problem the result is very clear; irrespective of why these people were elected, they are clearly not as committed to ending poverty in this program as the Congress that was here in 1964 and '65. Certainly one

cannot say that the new Administration has the same kind of concern and commitment to this problem.

P: How much has the war in Viet Nam affected the domestic programs?

G: Well, that's very hard to answer. Getting to the problem I was just discussing in terms of the people who are here. Now, political analysists go both ways as to whether the downfall of the Democratic party and many people in the Congress can be explained by the war. In terms of the budgetary impact, I doubt whether it's a significant factor. Because the fact of the matter is that we haven't been able to get nearly as much as we've requested. The President sent up a budget which was a tight budget in which he requested quite a bit of money and very large increases in aid to the poor, but a budget with which he felt the country could live with and still support the war. But we couldn't get nearly as much as the President recommended to the Congress, so I don't think that has been a problem; it has been more a problem of the willingness of the Congress to appropriate money for these programs. Certainly the need for a tax surcharge made it a little more difficult, but I think it really just served to underline the fact that right now for some reason this nation doesn't seem willing to make tremendous sacrifices and the kinds of sacrifices which I believe are necessary to deal with the poverty problem. I just hope that we respond before things get too much worse. I don't know really whether we're holding our own in the center cities, at this point how much worse things are getting; it's hard to think that if there's much slackening off in the effort that things can improve. The needs are just too great at this point.

Now maybe one of the answers will come from proposals like the Urban

Development Bank which is basically another method and apart from the annual appropriations process of financing major urban programs. And at least it will help in dealing with the problems of health facilities and transportation facilities, schools, and so forth. But that's not the end of the problem; we still have tremendous needs for educational services, for job training, for health services, and the facilities just aren't the only problem. We've also gone pretty much outside the appropriations process in the housing program with a far greater involvement of private resources and private talents, so that that alleviates it somewhat, when you can get the Congress to go that route and then you don't have to fight for the appropriations every year. So that I hope will alleviate it somewhat.

And I think there is really an increasing recognition of the problem in this country. It's really quite interesting to look back eight years certainly, and maybe even five years. This country really didn't recognize any kind of poverty problem, wasn't doing anything about it. It was there, but I guess because there were other problems, because of the country's concern with problems abroad and its own economic problems--a lack of growth over such a long period, an economy really that was putting skilled people out of work, that the country didn't focus on the poverty problem. And it wasn't until the economy really got going and the country's prosperity became so great that it just served to highlight the poverty problem. And over the years that has been an increasing concern. Of course people are very concerned about riots and disorders in the cities, you see more and more on the media now--programs about the future of our cities. And hopefully over a period of time this will generate

the kind of public support that's necessary to really do the job. There was a very interesting and I think moving show of this kind on television the other night looking at Los Angeles and really asking the question, "Where is this Society going to go?" and making it absolutely clear to everybody watching that if we don't do something about these problems pretty quick, the country's in for very serious problems and a kind of life which nobody's going to like very much.

P: What programs do you feel have kind of fallen by the wayside for whatever reason? That might be in terms of being unfinished even.

G: Well it depends on what you mean. There are a lot that haven't got the kind of support they needed from the Congress; there are an awful lot that of course need a much higher level of funding in the years ahead. But I assume you're talking more about things that this Administration really has dropped. And I guess welfare is a pretty good example of that. While we've tried to make reforms, the political atmosphere is such that you can't make major reforms. And that coupled with, I think, a lack of interest on the part of the President--maybe not a lack of interest but much greater interest in other things like education and health, as a result welfare just has not been given tremendous consideration by this Administration.

Until recently, until really the last year-and-a-half, I think that was true pretty much of the food programs. Then they were highlighted and continuing steps were made to come to grips with the problem, but it seems clear to me that we have not done as much as we should have. A nation as rich as ours surely should not let anybody starve or suffer serious malnutrition. But it's a complex problem even there. You get to

very serious questions of priorities; is it more important for example to give a child adequate health care than to give him an adequate diet? I mean, after all most middle class teenagers have a totally inadequate diet, and there isn't much the government can do about that. And I doubt that in the near future we'll eliminate hamburgers and cokes and hot dogs from the American diet.

And also there's a very basic lack of knowledge. We really don't know much about malnutrition. We don't know when it starts to hurt in terms of diminishing the individual's potential or in causing permanent handicaps, so we don't know exactly at what level. And one further point on food. It's like trying to completely eliminate polio; you can eliminate most of it, but when you try and go after that last case it may cost you a million dollars to get to that last person. And the same thing--there's a little corollary with the food program. There are some people out in rural America where they're just very hard to find them, but they're there, and they're not getting enough to eat, and maybe even a few people are starving.

But despite these problems I think that that is one area where we have not done as much as should have been done. It's complicated by a very difficult political situation. Most of the food programs are controlled by the agriculture committees, and they're concerned about commodities and surpluses and protections for the big American farmer, and they aren't really concerned about this kind of social problem. So it's politically very difficult to come to grips with.

P: What is your opinion of the fact that Mr. Johnson's entire Presidency has produced, as you have indicated, over four hundred major pieces of

of legislation and great emphasis in this poverty area and generally improving the life of everyone in this country; and yet with all this creativity, he has not been able to fund it? Does this benefit us to have these programs but not be able to act upon them?

G: Oh, sure. I wasn't suggesting that we haven't been able to fund them at all. Historically the gains are utterly fantastic in terms of actual expenditures. In virtually every area--health, education, conservation, manpower--there has been at least a tripling, and many times quadrupling the magnitude of federal assistance. In terms of aid directly going to the poor, we've gone from about ten billion dollars to nearly thirty billion dollars now. And in that sense, tremendous strides have been made, and individuals have clearly been helped. The problem is that the task is very, very great; and it's very, very expensive to rebuild center cities. And the federal government today is just not spending enough to meet those problems.

Let me give you a good example. In '65 the President's Elementary and Secondary Education Bill passed after about a hundred years of debate on the question of federal aid to education. It was primarily a church-state issue, it was finally resolved then, and the bill was passed. Now under that program I think it's around five billion dollars that has been spent providing each year--it's varied during the years, but providing about, say, an average of one hundred and sixty dollars per student for some nine million children from low income school districts, some seventeen thousand school districts, in the country. Now that obviously helps. We're not able yet to measure how much it helps, but there's no question that many children have been helped very greatly--maybe it has

been just stopping the terrible decline that we were seeing in inter-city education. But when you look at it against the problem, we had a task force that took a very hard look at it and said, "That's exactly the way we ought to go at the problem here, but whereas you're spending about a billion dollars now, if you really want to insure equal opportunity for quality education and make sure that the kids in the center city get the same kinds of education that children in the suburbs are getting, you have to spend about eight billion dollars a year." Now, this would more than equate the level of expenditure per child, because you have to spend more on kids who have been disadvantaged in the past; kids that were denied adequate health care and adequate preschool education and a totally inadequate environment. You have to spend more on them to overcome those handicaps and give them a decent education, the same kind of an education. But nonetheless it's important that we gave them what we did. But we have a long way to go if we really want to talk about equality in this country.

Head Start is another example; some two million children have been helped now. And in their lives, it makes a great deal of difference. The figures are really astonishing. Head Start just isn't an educational program, and there's no doubt in our minds that where Head Start, which concentrates on small numbers of children--that the gains are lost in the school years if you don't follow through. Now we don't have enough money to follow through for the Follow-Through program to make sure that all those kids receive special attention during their early school years. And when they don't, they lose some of the educational advantages. What they don't lose is the first medical check they've ever had in their life, the first shots they've ever had. Ninety percent of the kids who go

through there have never been to a dentist--this is at age five or six in some cases, never had a health checkup; they've never had shots; they've never gotten corrective treatment for their eyes, they may be totally unable to see, and at least to get along in a classroom, but they don't have glasses. They may have very serious bone deficiencies. And Head Start is providing complete health care for these children.

The difficulty is, as I say, right now we've gotten two million and that's probably out of a universe over the last three-and-a-half years of some nine million children, age three to five, who needed that help. This year we have a little less than eighty thousand children in Head Start, but only two hundred and fifty thousand of them are in full year; the rest are just in the summertime. Well, it's difficult to overcome the handicaps for four or five years just in the three-month summer period. What we really ought to be doing--the President has said he would hope the country could do when we have the resources--is to provide full-year Head Start to all three million poor kids who are ages three to five. So in one sense we've done a lot, but there's a lot more to do.

P: What is your response or opinion to the suggestion that instituting so many of these programs, setting them up, and funding them to some degree, and with such rapidity, that we've had poor direction, poor administration, misuse of funds, or loss of funds, because the programs were new that were aiming for these areas? In other words, we've had so much too fast that we haven't been able to direct the ones we have to their advantage to the fullest extent.

G: Oh, I think that there are problems. I'm not sure that they're any worse than they've ever been. I think in some ways it may have been too

much for the country to understand and swallow and appreciate, and that that may be as much of a problem as anything. I think in terms of administrative difficulties that this period is probably no different from any other history of government programs. The problem is that they're highlighted. Let me explain a basic difference. Every time some youngster who is given a job through the Neighborhood Youth Corps gets into trouble, it's a national issue. Now, all OEO does is make a grant to a city or a community action agency or other to hire kids in the summer, and they go ahead and he becomes a member of the Neighborhood Youth Corps. And it's blamed directly on Sargent Shriver and the President when one of those kids comes from, and recognize this, comes from an impoverished family--he has faced all of his life discrimination, inadequate education, inadequate health care; and all of a sudden we assume because he's given a job that's supported by federal money, he's going to be a perfect child, and they're not--all of them. But by and large and compared with any other effort, there are no more bad kids in OEO programs, I don't think, than any other. But the difference is that they get blamed on the government. Now, you don't read anything in the paper about some Social Security beneficiary who goes out and commits a robbery. You don't read anything about some school child who happens to be getting three hundred dollars a year from the federal government through a HEW education program and that kid goes out and tries to burn the school down. But Wilbur Cohen or John Gardner doesn't get blamed for it, nor does the President. But that's what happens on OEO. During the rioting there were--

P: In Washington or--?

G: Oh, in Detroit, in Watts, and elsewhere. There were always rather extravagant claims by some politicians that it was incited by OEO people. Every investigation proved that this was not true. I don't know how many thousands of people involved in Detroit--I think only five kids who had been employed in the Neighborhood Youth Corps were involved. That's an incredibly small number. You had in the country some three hundred and fifty thousand kids employed by the Neighborhood Youth Corps in the summer, and Detroit I assume had maybe fifteen thousand of them, maybe higher. And five of them were involved out there. Now, the reports from the mayor went just the other way. He said the Neighborhood Youth Corps kids were extremely helpful; they worked not only to try to calm youth gangs down, but they worked in answering phones; they had one group of them working in police headquarters, taking some of the load off policemen so that they could get out on the streets. And they were actually doing police work. But unfortunately, every time something happens--it's like, you know, McClellan will take it, and despite the fact that we had already investigated the Chicago situation and had cut off funds, Senator McClellan has to hold his big hearing and go on for three or four weeks condemning--

P: This is with the Black Panthers?

G: Yes. Condemning the whole effort. I think it's unfortunate, but it shows basically not bad administration, not paying an awful lot of money to criminals, but rather that we're trying to find ways to come to grips with the poverty problem. Chicago was a very experimental project where we were trying to--where OEO was trying to find a way to turn these kids into constructive activities. I don't know all the merits of that particular grant, but the objective it seems to me is very sound. But what it demonstrated is that the federal government can't do it--can't take

those chances. McClellan made it absolutely clear, I think, that he would hold an investigation every time a grant was made to a group of people who had a spotty past. And he'd call them up and he'd say, "This guy used to be on dope," or, "This guy stole a car, this guy did that." That's the kind of problem we face here. And I don't think percentage wise that there's any more trouble raised or illegal activity here than there is in any other field, defense contractors or others. The government has literally hundreds of claims -- false claim suits -- that it has to bring each year, but unfortunately OEO gets much more publicity, and it doesn't take many episodes.

I'm not saying there hasn't been a problem; there has been. It's a tough program to administer; we're giving grants to people who have not had any experience in trying to run something, or account, or control the distribution of funds. And there are problems. But I think they've really been surprisingly few, and those that we have seen have always been exaggerated to a national scale.

P: Is the government taking on areas that might be better handled at a lower level?

G: OEO is a good example of that. They are handled at a lower level, but the problem is the blame comes right back up because we're going directly into local communities.

P: The federal money, or spending.

G: Yes. There's no question that it's nice to have the isolation and insulation which comes from using state or local governments as a vehicle for making your grants, because then you can blame them for what happens. The problem with that approach is that the money doesn't always get there; it doesn't get to the problem. That's why we have the Elementary and

Secondary Education Act where the grants are made directly to low income school districts, because if they were given to the states, the money would go to the suburbs and we don't have enough money to pay for everybody, and we feel it ought to be concentrated on poor kids. Now if the states would change their allocation formulas so that the money would go where the need is, I'd be all for a system which would involve the states to a far greater extent in some of these programs. I think ultimately many of OEO's efforts will have to go through some other level of government to provide the kind of insulation that's needed; I just don't think you can prove it all that much. I don't think you can get every bad apple out of the barrel so that the program is not just under continual attack for isolated instances or misconduct or what have you.

P: What do you see, and what do you feel the attitude is towards there being any sort of a ceiling on either how far we go, or when are we emphasizing it to the detriment of other things as far as allocating our money?

G: Emphasizing what--poverty?

P: Poverty programs, welfare, well, not in terms of welfare, but social problems?

G: I can't take that question very seriously, because I don't think we'll ever reach that point. The majority of Americans who are not poor are too well represented in the Congress for that to ever happen, and they control the purse strings. I just don't regard that as a realistic alternative. My only hope is that we will ultimately provide the kind of emphasis which is necessary to deal with this problem, but I don't see any problem in going to too great an extreme. And I think it's particularly important that the federal government take the lead here; the Executive

Branch just had to do it. And it has to overemphasize the poor.

P: If there had been some limits placed on these programs or specified what the accomplishments in a limited nature were aiming for, would it have been easier to swallow either by Congress or by the public?

G: Well, they've already placed limits in terms of authorizations and appropriations. The other suggestion--it really raises something that I think is quite meaningful, and that is if our goals had been more clearly defined, then I think it would have been important in terms of demonstrating that we were succeeding, we were really doing something, and being able to answer people who were claiming that we were just throwing money down the drain. Unfortunately, in most of these programs there is no way to measure or to set meaningful goals. At the President's direction, HEW has been working for nearly two years trying to work out meaningful social indicators. In the field of economics, we've got a lot of indicators. We've got commonly accepted measures and standards and so forth, but we don't have those in the social field; and we've been trying to develop them, and unfortunately it has been impossible thus far to develop anything that's very meaningful.

It's very hard to define, for example, any kinds of goals in terms of aid to elementary and secondary education. We don't know how fast we can progress or should; we know what some of our ultimate goals are. But it's very hard to measure, and there really are no reliable measures and nothing very meaningful in terms of goals yet. In some areas, we've set goals; for example, the National Alliance of Businessmen. The President asked them last January to find jobs and training opportunities for five hundred thousand hard-core unemployed for the next three years,

and to find jobs for one hundred thousand the first year. Well, with six months to go in the first year he was talking about, they've already gotten jobs for one hundred and twenty-five thousand. And that is important in terms of public acceptance and Congressional justification. I'm not really sure how meaningful it is, although we're trying to find out. We're not yet sure how good all the jobs are, whether they're getting decent training, or whether it's just going to be for some a rather disastrous experience where they get a job for awhile and raise their expectations, and then they lose them. So the goal itself is not terribly meaningful in terms of a pure substantive goal, but it is, as you suggested, important in terms of public acceptance, and maybe more that might have helped across the board.

P: What about in terms of practicality and realism? I mean, these are desirable goals and ends, but we can't achieve them at once.

G: Well, that's right. But we try to set priorities as we go along, and indeed that's reflected in all the President's decisions about the budget. But they reflect more decision on how the money ought to be spent than specific goals. For example, in the last two years in the field of education the President has decided that we ought to concentrate on services, on providing better education to children than on constructing facilities. Accordingly last year, for example, we cut eight hundred million dollars out of the budget for construction. His justification is basically that we can live without a new building, but these kids may never recover from inadequate teaching during the formative years. Now, it's difficult to put some goal or measure on that, but we've taken a certain budget level and have tried to establish priorities about what's important, but we haven't

been able in very many cases to say, "here's exactly what our goal is," beyond general goals of trying to improve education for disadvantaged kids.

OEO suffers particularly from this, because OEO was set up really without a program, a very ambitious goal and a charter to go out and innovate and experiment and see if somehow we could provide opportunity and give people a chance to escape from poverty. None of these programs--Head Start, Upward Bound, Legal Services, Neighborhood Youth Corps, were in the original bill. They were all invented administratively by the Administration, and we launched them nationwide. Now, it's rather phenomenal, I think, that as many of them have worked, and have worked extremely well. But we didn't know where we were going, we didn't have very precise goals other than eliminating poverty and providing opportunity; but somebody dreamed up Upward Bound, and through that program, I don't know, I guess some thirty-two thousand disadvantaged youngsters have been in the program. And whereas only eight percent of poor kids across the country go on to college, some ninety percent of the kids who've gone through Upward Bound have made it on to college; and they're starting to come out of the colleges now. That's rather phenomenal, but we couldn't set a goal when we started because we didn't know where we'd end up.

We went to the leading colleges and universities across the country and said, "We've tried to set up a program which will pick disadvantaged kids, many of them under-achievers in high school who wouldn't otherwise go on to college, and get them ready and help them get admitted to college." And then basically they put together a program and we gave them money to do it. So it's pretty hard to set a goal. I agree, if we had told the

Congress we were going to try to prepare in the first year ten thousand disadvantaged youngsters for college and then could go back the next year and say nine thousand five hundred of them are now in college, that would have been very useful, but it was an almost impossible task. It has hurt, not having those measures of success.

And the same way--you know, Head Start is a good example. While I think that it's a politically popular program, there have been periods when it has been tough to justify. We couldn't show right away any real educational advances, but I don't think there was anybody, at least in the Executive Branch, who questioned the need for and the desirability of it, if in no other sense just in giving these children a meal and some health care. That in itself justified the whole program. But we didn't have a way to measure educational achievement, and we still don't. How do you measure the benefits which a child receives from getting his teeth fixed for the first time in six years! There's some pleasure and relief from pain, I'm sure, but it's pretty hard to measure it.

P: I have two other areas I wanted to get into, Mr. Gaither, departing from the legislative development program. Are there any sort of concluding ideas you have regarding this and the various things that we've talked about, and this would be all the ones we've touched on, in terms of anything regarding them?

G: No, not really, other than a feeling that what the President has put together in terms of really any institution and a process for legislative program development is an awfully important one, and one that really serves the country very well, and one that I would hope would be continued. I think it's perhaps the most significant institutional change that the

President has made. We don't at this point know whether it will survive, and that's really an interesting question, and historians will look back later. Unfortunately, it depends an awful lot on the people who are running it, in terms of being carried over to a new Administration. I think unfortunately in many ways an outgoing President carries with him all his files, so that basically we are leaving nothing for the new Administration other than some words of advice that we've passed on to some of the members of the incoming staff. But they don't know the details of how this was done, and they're not going to have the papers that show them. So I think that's a problem of the nature of our government, but that's the way it has been done and continues to be done. I think it's rather unfortunate. But hopefully there are enough people, particularly in the Bureau of the Budget, who are staying here who have seen it and have seen it work so that they can carry it on in the years ahead. That's about it, I think.

P: Let me just ask you one quick question, we're about ready to run out of tape. You've mentioned several times we've contacted colleges and universities, talked to state and local governments about this, or something; who is the "we" in that case? Do you go out and do this yourself in this position?

G: Oh, it depends. The university trips for collecting ideas involve Califano and me and normally somebody else from the White House staff--McPherson or Levinson or Cater, but I went on all of them and was responsible for making sure that we recorded all of the ideas and handled letters that they later sent in and corresponded with them. Other contacts are made from here by direct calls, or by a particular task force--we'll go to a task force chairman and say, "You ought to check this idea out with so-and-so."

Califano does a lot of calling; all of the members of our staff do. It's just quite varied, depending on the problem. We might have the Secretary of Treasury or the Secretary of HEW; for example, when we were looking at the financing of higher education, we asked John Gardner and Doc Howe to check the recommendations throughout the academic world, and they did that. So it's quite a mixed method.

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