

INTERVIEWEE: STANLEY H. RUTTENBERG

INTERVIEWER: DAVID G. McCOMB

February 25, 1969

M: This is an interview with Stanley H. Ruttenberg. He is the former Assistant Secretary for Manpower and Manpower Administration of the Department of Labor. He is now in Ruttenberg Associates, which is located at 1211 Connecticut, N.W., in Washington, D. C. I am now in his office in Room 610. The date is February 25, and the time is 3:20 in the afternoon. My name is David McComb.

First of all, I would like to know something about your background, and I might as well start at the beginning. Where were you born and when?

R: I was born in St. Paul, Minnesota, March 19, 1917, and grew up in the mid-West and moved at an early age to western Pennsylvania, where I attended, first, private military school, the equivalent of high school, Massanutten Military Academy in Woodstock, Virginia, and graduated from University of Pittsburgh in 1937.

M: What did you do then?

R: Upon graduating from the University I went to work for the Congress of Industrial Organizations--newly formed industrial unions--as an organizer in the Ohio Valley with headquarters in Cincinnati. [I] worked there organizing and actually negotiating collective bargaining agreements between newly formed unions and employers. [I] remained--I assume you want me to go on--

M: Yes. Incidentally, those early days with the CIO must have been rather exciting, weren't they?

R: Oh, they certainly were, yes. The CIO, as you know, was really formed in November, 1935. They really started a serious organizing effort in late 1936 and early '37. When I finished college in February, 1937, I went to work immediately for the CIO as an organizer.

M: Did you know John L. Lewis?

R: Yes, I got to know John L. Lewis about a year later--a year and a half later--in November, 1939. I came to Washington as an assistant to John L. Lewis' executive assistant, who was then Ralph Hetzel. I was Ralph Hetzell's assistant, and Ralph later became the Director of Research of the CIO and I became Ralph's assistant, [and] continued in that capacity except for a short time in World War II. Returning after World War II, I was the associate director of Research and Education for the CIO. By this time John Lewis had left the organization, so Murray was the President and also the President of the United Steel Workers. In 1948 I became the Director of Research and Education for the CIO. [I] maintained that position until the merger of the A.F. of L. and the CIO in 1955, when I was selected as the Director of Research of the merged federation. [I] was from that period of time until I went into the government in January, 1963, not only the Director of Research for the AFL-CIO, but also the Director of the Economic Policy Committee. I was also the Director of the Economic Policy Committee during the CIO days before the merger, and came into the government in January, 1963, as Economic Adviser to the then-Secretary of Labor, Willard Wirtz.

M: How did you happen to come into the Department of Labor? Did Wirtz ask you to do this?

R: Yes, I had no real intentions of leaving the labor movement. I was relatively well-secured with twenty-five years of seniority and a good

position. There was no real reason for me to leave. Arthur Goldberg, who had been the Secretary of Labor, had been a close personal friend of mine for many years, had asked me to come into the government in '61 and '62, and I hesitated and didn't, and Mr. Goldberg went on to the Supreme Court and Bill Wirtz took over as Secretary. I guess I really can't quite identify what it was that caused me to decide to go into government at that point, but I did and remained as the Economic Adviser to Secretary Wirtz in 1963 and 1964. [I] was appointed by Secretary Wirtz as Manpower Administrator in January, 1965. Subsequently, in June of 1966, I was nominated by President Johnson to be an Assistant Secretary and continued the title of Manpower Administrator; in other words, the Manpower Administration job was always that of an assistant secretary's position in the department. I continued in that joint capacity until January 20, 1969.

M: Was it during the 1960's that the Labor Department developed this Manpower concept?

R: Certainly one of the fascinating things that occurred was in 1961, while I was still with the Federation of Labor-CIO; the Manpower Development and Training Act, as such, was proposed by the then Kennedy Administration. It was a piece of legislation designed to provide training opportunities for the unemployed and under-employed people to retrain them for occupations for which there was a reasonable expectation of employment. As a Research Director of the CIO, I testified aggressively in support of the legislation in '61 and '62. [I] played a role in the Congressional committees in the drafting of the legislation and the revising of it. Little did I suspect at that point in time that in another year or two I would become the Administrator of the program.

M: You must have enthusiastically supported that, then, if you testified.

R: I did.

M: Why was this?

R: The legislation was well-designed, I guess because--it's fairly accurate to say that the vocational education system was not really attuned to training--to providing educational and training opportunities that were directly related to the labor market situation. You tended to have the concentration in the vocational system of agricultural and farm programs, of home economics, and similar efforts, and little direct vocational education as it related to the school dropout, or to the adult worker who was in need of being provided with the kind of training that was essential to be employed in the present day labor market. And the MDTA, Manpower Development and Training Act, specifically enabled a program to be started that, in training, related to the concept of deciding the jobs for which there was an expectation of employment on the part of the employers and then a decision was made to set up a training program in that area, which meant, really, a new developing concept. The Secretary of Labor would determine what occupations there ought to be training programs established in, and then the vocational education people would be asked to set up the training program, provide the curriculum, the teacher and instructor, and this forced the Voc. Ed. system to set up training programs that were directly related to the labor market and got them out of the rut of continuing programs because the previous vocational education legislation provided them with funds to run the categorical kinds of programs, for agriculture, or for home economics and the like. So this was a major step forward, I felt, as an economist with the labor movement, and the AFL-CIO strongly supported it and urged--

M: What was the position of the Office of Education on this?

R: The Office of Education, depending upon who the people were that one was dealing with, there was always a fear that this program would not be completely controlled and dominated by them. They were for the MDTA but they wanted it in the Office of Education in the Department of HEW. They were not enthusiastic about seeing the dual role of the Secretary of Labor and the Secretary of HEW being spelled out, but they reluctantly accepted it, and, I dare say, as one looks back now over the six or seven years of the existence of MDTA, one can say that it has helped tremendously in shifting the thinking and emphasis of the Voc. Ed. people from the regular type programs they ran to a realization and understanding that they had to adjust their training to the labor market conditions of the day.

No better example of this than the fact that in the Vocational Education Act of 1963, and again, particularly in Vocational Education amendments of 1968, there is a specific provision that 15 percent of the total funds appropriated under that act shall be used for the training of the hard core and the disadvantaged and that 25 percent of future increases, in addition to the 15 percent base, shall be used for the purpose of training hard core. And I think this came about because it was realized very quickly that MDTA was making a contribution and was extending itself into the heart of the problem of training the hard core.

M: Now looking back still, has this program been successful with the hard core unemployed? Can you assess that?

R: I think the important thing to remember is the purpose of the legislation originally--interestingly enough--was that they wanted to train the unemployed and the under-employed who were going to be displaced or about

to be displaced because of automation and technological advance. And that was really the orientation of the legislation as it came through the Congress in 1961 and '62. The Act was passed in mid-'62. It was funded late in '62 and it really got underway in 1963 and during those days the orientation was to automation, to technology. But by the time 1964 came around, early '65, it was quite clear that automation and technology weren't the real problems. The real problems were the hard core, disadvantaged individuals, the individuals with low levels of education and training and individuals with less than eighth-grade educations, individuals who were over forty-five years of age, or minority individuals. Individuals who were on welfare or drawing unemployment compensation--these were the kind of people that it became evident that we had to shift to. And it was in the second or third year of the administration of this legislation that the shifts began to come. And I recall in 1963, as Economic Adviser to the Secretary, it did become my responsibility to work with the Congress in amendments to the 1962 MDTA Act. A set of amendments that were passed in 1963, for the first time extended, for example, the legislation to cover basic education and literacy training. And that became an important piece of the concept because the original notion was that it was just going to be skill and occupational training because it was a matter of retraining the people who were already working, or who were displaced. This didn't turn out to be the real central issue in later years.

M: Now it would seem this shift in emphasis in the program coincided with the idea with the war on poverty and the establishment of the OEO. Is that correct, or is the timing off?

R: No, I think that's generally correct. One point I would like to make, having said what I did about the vocational education system, it ought

also be said that the employment service system, the federal-state system run through the Department of Labor and state Departments of Labor, was not to whom responsibility was given in the administration of the MDTA program. They were not too enthusiastic about dealing with the hard core or the disadvantaged individual. Over time, historically, the employment service did not function as an agency to assist people. It functioned as an agency to provide employers with the kind of workers the employers wanted, so that, in a sense, the employment service screened people out of employment if they didn't meet the specifications and requirements set forth for the employers' jobs.

Now with the MDTA coming into being, and the fact that it provided opportunities for basic education, for skill and occupational training, training on work orientation, the employment service was able, under great pressure, to shift its position from that of screening people out of employment to screening them in by the process of taking the individual and saying, "Here you are, wanting a job. Here's the job the employer has. You don't quite meet those specifications, but as a result of our ability to provide, through the MDTA program, the vocation-education skill and occupation training, basic literary training," provide more counseling and more motivational job orientation kind of training and it was possible to shift the employment service which, of course, has actually taken place. Just as the vocational-educational system, I think, has reoriented its thinking a bit toward the problems of the disadvantaged, so has the employment service.

M: Was there any stress or strain in getting the employment agencies to shift--

R: Well, there's considerable stress and strain, and it's a long, long story and a long history that I'm sure time doesn't permit to go into here.

The fight is still going on. The issue is still not resolved. The real problem, the real issue of employment service still remains in terms of what the priorities of activity of the employment service should be.

There are those who are responsible for the administration of the program in many of the states who feel that it isn't their job to deal with welfare recipients, or to deal with the long-term unemployed, or to deal with the minority, or those individuals who have been less fortunate in receiving education and training. Their job is to really deal with the people who are looking for work that meet the specifications the employers set forth. It's been a big problem to overcome that psychology and that philosophy and it's a matter of--particularly during times when the amount of dollar resources to run the employment service weren't as prevalent as maybe they ought to be. If you wanted the employment service to deal with these kinds of individuals, it was necessary to get the employment service to reorient its thinking and reestablish its priorities, stop doing certain of the older things which it always did and begin doing some of the newer things to adjust itself to the assistance to the hard core.

M: Connected with this is the thought about the Office of Economic Opportunity. There is the statement, and I would like to get your reaction to this-- this is not meant to embarrass you or as a criticism, but just to see what you think--there's the idea that the OEO was set up as an independent agency because the Department of Labor was so set in its ways that it could not take in this new idea in development. Is there any truth in that sort of reasoning?

R: I would think that's a justifiable position and, personally, I agree with it. One of the reasons why the Department of Labor was able to at least bring about some change in the orientation in the employment service is



that the notion of the poverty program, the legislation authorizing the poverty program, was passed and that there were organizations being established [in] city after city across the country that were running poverty programs that were very much interested in the manpower program and that it was that competing element that enabled us in the Department of Labor to bring about an understanding on the part of the Employment Service that they had to get down to brass tacks and deal with the disadvantaged individual and the long-term unemployed individual because if they didn't that was an employment program that would be picked up by the Office of Economic Opportunity, by the poverty program and the Community Action agencies. And in the early days this is what really was done. I guess what I'm saying is the Economic Opportunity Act and OEO offered those of us in the Department of Labor who wanted to see change come about in the Employment Service, offered us the opportunity to bring that change about through the threat of competing organizations of the OEO.

M: Was there, to your knowledge, any attempt by the Labor Department to bring in the OEO as part of the Labor Department itself?

R: I guess there were those that argued at the outset. I was not party to these discussions. When the Economic Opportunity Act was being drafted, I was in the Department of Labor, but I wasn't an active participant on the task force that was working on the legislation. But I do know that it was argued that programs like the Job Corps and the Neighborhood Youth Corps--programs to provide training and working experience to youth sixteen to twenty-one--should be run by the Department of Labor.

As a matter of fact, you might recall that there was a piece of legislation sponsored by President Kennedy, called the Neighborhood Youth Administration--Neighborhood Youth Act. It kind of was the predecessor

of what in effect became Title I of the Economic Opportunity Act of 1964. The Youth Act was before the Congressional committees in 1961, '62, '63, and '64, and instead of being enacted it was a separate piece of legislation that was really incorporated into Title I of the Economic Opportunity Act. Now the Youth Act by itself would have placed these responsibilities all in the Department of Labor. I'm inclined to think, as I reflect back on it, that it was probably wiser for the programs to be put into OEO, and the Job Corps to be a separate entity, than it would have been to give that full responsibility and authority to the Department of Labor.

I would add, one of the compromises that was worked out, of course, in terms of the youth program becoming Title I and going into OEO, was that the Neighborhood Youth Program would, while funded through OEO, would be administered and would be delegated and administered and run by the Department of Labor, and that did happen. And I think it was all to the good, as I look back on it. It presented many kinds of technical problems in terms of discussions between two agencies but basically it was a good idea because the people with new energies and new ideas and enthusiasm at OEO tended to force the Department of Labor into doing a much better job by keeping their eye continually--OEO people continually keeping their eye on what the Department of Labor was doing. I think it was very helpful.

M: Was there any conflict in basic philosophy between the OEO and the Labor Department?

R: Well, I don't think there was any real conflict between the people who were brought in to run the Neighborhood Youth Corps Program in the Department of Labor and the people who were responsible for the budgeting and programming at OEO. I think we all saw. The program really started in January, 1965, as Neighborhood Youth Corps and Economic Opportunity Act programs, just as

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I was becoming Manpower Administrator. I must say that the people we had running the programs were people in the Department of Labor at the top who were my associates who were enthusiastic about the new ideas.

What I'm saying is that the existence of the pressure from OEO helped us at the top bring pressure upon the old established organizations within the Department of Labor like the Employment Service to really do the job and do the job better. Now it was decided by the Secretary of Labor that the Neighborhood Youth Corps Program would be run by a new bureau and the new bureau was established in late 1964 or early '65, called the Neighborhood Youth Corps. That Neighborhood Youth Corps was headed by Jack Howard, a very fine young man with great experience up on the Hill and the Congress, a former newspaper man, a former newspaper guild newspaper official, and he was greatly aided and assisted by a new group of people that were brought in. And that new group of people really brought great pressure upon the Employment Service to participate in the programs adequately.

M: From what you say, then, it would seem to be a healthy arrangement.

R: I think it was healthy. I look back upon it as being a worthwhile experience.

M: Now did the Concentrated Employment Program also come over the same way from OEO?

R: Prior to the Concentrated Employment Program, the amendments to the Economic Opportunity Act in 1965, or '66--I'm not sure of the year exactly now provided for--and there were amendments in both those years to the 1964 Act--provided for two new programs--three new programs really. One that was referred to as the Scheuer Program after Congressman Jim Scheuer of New York [James H. Scheuer, D-Bronx], which took on the title of New Careers. This was an adult work program that was really designed to assist individuals to move up the career ladder, bringing them in at the low

unskilled level and providing in advance of their employment opportunities to go up one, two, three, four different steps in the ladder so that they did not have to be locked into dead-end jobs upon being hired. That was the New Careers program.

Second, the other program named after Senator Nelson of Wisconsin [Senator Gaylord Nelson, D-Madison] later became known as Operation Mainstream. This was mainly an adult work program, again for adults, in contrast to the Neighborhood Youth Corps, which was youth, but it was concentrated mainly on conservation and reforestation and had a large element of the older worker involvement. One of its major programs in the early days is the Green Thumb Program, which was for older workers, mainly about sixty years of age on doing conservation and reforestation work in the park area.

And the third program was one known as the Kennedy-Javits, Senator Robert Kennedy of New York and Senator [Jacob] Javits of New York, which was called Special Impact Program. That Special Impact Program was designed to try to pull together all the elements of manpower and combine it with an authority to engage in capital investment and other forms of economic development, so that you could get a coordinated economic development and manpower program combined for the urban community.

Now those programs when they were passed by the Congress in 1965 immediately raised the question--

Now that I think about it, I guess the Nelson Amendment was passed in '65 and the Scheuer and Kennedy-Javits Amendments were 1966, and during the year 1966 the Nelson Program was run by the Office of Economic Opportunity. But when the Scheuer and Kennedy-Javits programs were passed in '66 the Department of Labor--and I was then assistant secretary and

Manpower Administrator by that point--we pushed very hard to have these programs--these two new ones--plus the Nelson Program, which was partially amended, improved in the 1966 amendments--assigned and delegated to the Department of Labor. And after great stress and strain, and only after strong support from the White House, really did the Department of Labor get the delegation authority, and in late '66, or I guess it was '67, the authority for these programs were delegated to the Department of Labor to be run along with the NYC Program.

M: Who was giving you opposition on this? Was the OEO on it?

R: Well, the OEO people were actually opposed to the delegation to the Department of Labor, but we argued that the Department of Labor was becoming a manpower agency. We did establish a Manpower Administration. We did have the Employment Service which was on the move in terms of being changed and reoriented. We did administer the Manpower Development and Training Act and we did have the Neighborhood Youth Corps Program, and therefore it would be wrong to have still another government agency running still a different kind of manpower program that could seriously overlap.

The opposition, of course, to having the Department of Labor receive the programs was the feeling, "Well, maybe they just wouldn't be able to run them in an intelligent, modern way and turn it over to that old Employment Service to run and it would be very bad." And we agreed that we would not administer these programs through the Employment Service. We would expand the Neighborhood Youth Corps bureau, which was created in 1964-65 to run the NYC program, we'd expand that and call it a Bureau of Work Training Program, and that this new bureau, unrelated to the Employment Service, would be responsible for running all these new programs, the

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three new ones plus the Neighborhood Youth Corps, which was the older one.

This was done and, on that basis, we did receive the programs, and I can remember discussions with the Conference of Mayors and the League of Cities people here in Washington; they were opposed to the transfer to the Department of Labor because they thought we were federal-state oriented because of the Employment Service and the way in which the MDTA Program was administered. These programs, according to the Economic Opportunity Act, were federal-local oriented, bypassed the state in terms of funding, that they thought we'd turn the operations of these programs over to the states and that would be disadvantageous to the mayors and city managers. But I must say we overcame the opposition. The Department of Labor did receive the programs, and I think the Conference of Mayors and League of Cities are currently strong supporters of the Department of Labor in the manpower field and have come to realize that they maybe should have supported the transfer.

M: That argument about the Labor Department being state oriented seems to be one of the major arguments in all this controversy.

R: It's one of the most difficult problems that I think one is confronted with. When you really think about it, the Congress of the United States puts the Executive Branch of the government in very difficult positions because the same committee of the Congress, the Labor committees of both the House and the Senate, considered both the Economic Opportunity Act and MDTA. MDTA is specifically oriented around being funded federal to the state-- allocations to the states which the states then have on hand to be approved between the various units within the state. But the same committee passes the Economic Opportunity Act, which ignores the state and says you've got to run these other manpower programs federal-local. And here the

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Department of Labor is only one example, but it applied to other agencies as well, I'm sure.

We were confronted with how do you handle two pieces of legislation coming from the same committees of the Congress which tell you to go opposite directions. This is why I always argued that the Employment Service could not be the agency to administer the new Economic Opportunity Act programs, because we had to be responsive to the local community, and we couldn't be responsible through a bureau that handled its relationships strictly federal-state and this currently continues to be one of the serious on-going policy conflicts that exist between the federal, state, and local governments. Everybody says let's coordinate manpower programs, but then when you get them pinned down, do you want to coordinate it through the state, or do you want to coordinate through local, or do you want to coordinate a federal-state-local. Well, then you get different kinds of problems. And I dare say we didn't, until the Economic Opportunity Act Amendments of 1966, didn't really clear up this problem.

And I might just say, I can in that context, you asked earlier about the CEP Program--Concentrated Employment Program. That got started in early 1967, just as the New Careers and Mainstream and Special Impact Programs were being delegated to the Department of Labor, and we argued in terms of the Concentrated Employment Program. Here was our opportunity now with the MDTA, on-the-job training, as well as institutional-type training, with the New Careers and Mainstream and NYC and Special Impact, and the Employment Service--now was the time to try to concentrate a development of a program that would pick the community, have one sponsor of all of the programs, receive one contract from the federal government to run a variety of manpower programs. And the concentrated program was

just that. We decided that there should be one contract. All the funds from the various sources--MDTA, Economic Opportunity Act--would be pulled together into one pot. They would be put into one pot. They would be put into one contract, and the program would be administered at the local level by one agency. And that was the forerunner to the amendments to the Economic Opportunity Act in 1967 which provided for the establishment of a prime sponsor, Title I Amendments. It said in effect that no manpower programs under the Economic Opportunity Act shall be funded unless they are funded through a prime sponsor who operates in a specific community program area and who has, as a prime sponsor, developed a community work and training plan. And in this way we began to see, in the Department of Labor, a way to resolve the federal-state, federal-local problem because in effect we worked out an arrangement under the Concentrated Employment Program that experience over the next year and a half taught us could be handled if we in effect say that the local agency--namely, the Community Action Agency--under the Economic Opportunity Act, be the local sponsor of the local manpower program. Then we went on to say the actual deliverer of the manpower programs would be the Employment Service, but the Employment Service would be funded to run these programs through the single contract which went federal-local. So that in a sense we were able to bring about for the first time the making of the Employment Service, which was a state agency, responsive to local government, and this was the key problem. It is still being debated.

There are those--as I left office on January 20, there were those who were arguing. We'd put in our implementing amendments to carry out the 1967 Amendment in terms of the prime sponsor, and we went beyond the Economic Opportunity Act and brought all manpower programs into the prime



sponsor concept. There were those who were arguing because the incoming Administration was not enthusiastic about Community Action Agency and about the Office of Economic Opportunity, that the Department of Labor shouldn't implement this amendment, because by implementing it you were declaring the prime sponsor to be the Community Action Agency. And there were the state Employment Services who were saying, "Well, why should we do that? The new Administration might wipe the whole Community Action Agency out." But if we go ahead with the implementing of this amendment we're strengthening them and preserving their life and maybe preventing the new Administration from doing anything about it. I argued very strongly that we had an obligation to implement the '67 Amendments and we ought to move forward with them.

Here we are in February, 1969, and this issue is being actively and vigorously debated within the Department of Labor now, and within the government, and I dare say as the result of President Nixon's Economic Opportunity Act message the other day there are those now who are now arguing, who now feel that they better go ahead and implement the 1967 Amendments.

M: Let me clear up a few points. When you use the term "prime sponsor," whom do you mean?

R: I mean that at the local level, in the community, there should be only one--could be only one sponsor. He's called the prime sponsor.

M: Now is that a company, or is that an agency?

R: That prime sponsor would be the Community Action Agency, functioning under the Economic Opportunity Act.

M: I see, good.

R: Where such Community Action Agencies existed, and in most of the cities they did exist.

M: If they did not exist?

R: [If they] did not exist, then we were authorized and had regulations and procedures to find another non-profit local sponsor.

M: Well, it would seem that at this point then, the Office of Economic Opportunity and Labor Department are focusing at the same point.

R: That's right. We worked out a joint delegation agreement between the Director of OEO and the Assistant Secretary of Labor for Manpower, and these delegation agreements were then formalized by an official delegation from President Johnson to Secretary Wirtz to handle the programs this way.

M: And it would also seem that the CEP was sort of the capstone of the whole program of the manpower development.

R: There isn't any question but the Concentrated Employment Program, as we conceived of it in early 1967, became the godfather of the Title I Amendments of late 1967 which provided for the prime sponsor program. But of course you have to--we ought to just take a moment to explain one aspect of this. The Concentrated Employment Program's notion was that you should--because funds were limited--you should try to pick a small geographical ghetto area within a city and to concentrate on that small area which might not have any more than 50,000 to 100,000 people in it as against the city that might have, like New York, seven or eight million, or any other city, and that Concentrated Employment Program should be in that small ghetto area, and the prime sponsor, the sponsor of the Concentrated Employment Program being the Community Action Agency, should have to do all the work in that one small area.

The big issue that arose immediately, of course, upon the prime sponsor amendments in late 1967 was what was to be the Community Program Area, the so-called CPA, that was provided under the umbrella of the prime

sponsor. And the argument is still going on, of course. We didn't really resolve it, even while I was there. The Community Program Area--should it still be the ghetto? Or should it be larger than the ghetto area that we had for the Concentrated Employment Program? Should it be an entire city? Should it be the standard metropolitan statistical area which is really the metropolitan area itself? Or should it be the county? Or what should the Community Program Area really be? And we finally, in part, said and left it up to the discretion of our regional people around the country. But in effect we were saying, "Start out making sure you do a good job in a prime sponsor program in the smallest geographical area you have and then gradually spread it out as more funds become available and as you're able to utilize the funds in the local community to augment the ongoing funds--you could and should at that point expand the program out."

M: Now at the same time that all of this was going on you apparently were involved in helping to create more jobs, such as through the National Alliance of Businessmen. Is that correct?

R: Yes. I think it would be very fair to say that one of the shortcomings of the Concentrated Employment Program was the outcome (and that's a technical term, I shouldn't use it in that technical sense) was really what happened to the people who came through the Concentrated Employment Program after they received their basic education, their job orientation, their skill and occupational training, their motivation and stimulation, and they were all ready to work. Were there jobs to put them in? And one of the serious shortcomings of the Concentrated Employment Program was that we were having difficulty getting employers willing to hire people with low levels of education and training, even though they had been brought through orientation programs run by the Concentrated Employment Program.

Therefore, it began to be clear to those of us in the Department of Labor, and at this point I think the real stimulus--I must give President Johnson full and complete credit--it was his notion and his concept that we really needed to involve private enterprise more actively and aggressively in the program. And that if we would just kind of establish, as he did in early 1968, a national alliance of businessmen, chaired by Henry Ford and made up of some of the largest business executives in the United States, that National Alliance of Businessmen would be given the responsibility of getting employers actively interested and involved in providing job opportunities for the hard core unemployed person. And as a result we were able, with the establishment of the National Alliance of Businessmen and so-called JOBS, Job Opportunities in the Business Sector Program, with the JOBS program we were able to tie the individuals coming out of CEP, out of the Concentrated Employment Program, into being referred to employers who were pledging that they were willing to hire and train these hard core disadvantaged individuals.

And I think each, it seems to me, was a step built on the other as you look back upon MDTA in 1962, which we didn't have very much experience but we did bring some change to the vocational-education system, and then we found that we weren't really, in that MDTA program, getting at the hard core, so we reoriented the Employment Service who was responsible for selecting and finding the individuals who went into training and redirected the Employment Service so they got involved in the hard core. And then we developed the Economic Opportunity Act that gave us more tools to work with people to provide various kinds of work experience and training. Then as more amendments to the Economic Opportunity Act came about in 1965 and '66, like the Nelson and Scheuer and Kennedy-Javits

Amendments, we began to find we needed to concentrate the administration of that program so we developed the notion of Concentrated Employment Program. Then we got into the 1967 Amendments which gave us the prime sponsor concept and we realized then that we really needed the private involvement, the private input of the private employer, to hire these people. So the National Alliance of Businessmen and JOBS program flowed from that, and when you put all these together, I think we've now come to the point where we have a pretty well-coordinated manpower program. If we could only get it properly administered, we'd be in great shape.

M: Now, what about the people. How about the hard core unemployed. Do they take to this sort of program? Do you have to sell them on this, motivate them?

R: Well, I think that's an important issue because many of the individuals, particularly the minority individuals, who are school dropouts and have had very little work opportunity and have had intermittent employment experiences, who never had the opportunity before to get an education or even get training on the job, never held a job long enough. Mainly they were discriminated against, and if they did have a job, they couldn't be promoted. All of this. One ought to bring into this the Civil Rights Act enabled us, of course, in the Employment Service to refer minorities for the first time and have employers accept them, but that's an aside. But the important thing here is that the manpower programs--I lost my trend of thought there.

M: The idea of "what about the people involved?"

R: Oh, that the hard core individual people--we found that the essential problem was that because these individuals didn't have the training, didn't have the education, didn't have the work experience, that they

didn't go to the Employment Service. They wouldn't go to the Employment Service because if they went to the Employment Service, the Employment Service would say, historically, we--historically, they never helped them and therefore they wouldn't help them now.

So that we had to develop what we called an out-reach program. A program designed to take the Employment Service people with the help of the Community Action Agencies and other such private non-profit community organizations at the local level and get the Employment Service people out of their offices, where they sat waiting for the unemployed to come in and indicate they wanted some help, get those Employment Service people out on the streets, out into the communities, out into the ghettos, seeking out and finding people, stimulating and motivating the people and telling them in effect, "Yes, you do have an opportunity to advance now. It's no longer true that you can't get work and there aren't job opportunities for you." And we found that where the Employment Service and the Community Action agencies engaged in this real out-reach program, going on street corners, going into pool halls, going into church organizations, going out really into the ghetto areas and onto the front porches and front steps and stoops of homes and apartment buildings and talk with them on the corners, in their homes, even on a door-to-door basis, and indicate an interest in providing them with opportunities, that they did come out. Disadvantaged individuals were interested in finding work. They could be stimulated and motivated if properly counseled and properly helped. And that I think is one of the most encouraging developments in my judgment of the last few years, that people who had given themselves up for lost, feeling really there was no reason for them to become involved in any kind of effort because they couldn't get a job, and if they did get a job

they couldn't hold it, people who had given up all hope and stopped even looking for work, when given the opportunity to improve themselves by training programs and work experience programs, and received counseling and motivation and be stimulated, that they do end up becoming excellent, fine workers, making not only a contribution to the economy as a whole through their output but improving their own attitudes toward themselves and toward their own families, because now they feel they have an opportunity to make a contribution.

That has happened and is happening and I think it's one of the most heartening things to the whole manpower program. Disadvantaged individuals who had given up hope and abandoned the possibility of ever really getting useful, fruitful employment now find that it is possible and are responding actively and aggressively. The out-reach programs have proved successful and a good many of the Employment Services have been reoriented to doing the out-reach, and I think we're on our way toward some considerable progress. We are a long way from real success, but I think we've got enough encouragement to believe we're on the right road.

M: Now in developing the ideas in all these programs that Labor was in on, did these ideas come, by and large, from the Labor Department, or did they come from the White House, or the White House staff, or from outsiders, or through task forces, or from all of those directions?

R: Well, I think it would be fair to say that it came from all of those directions. Certainly the Congress played an important role in stimulating the Adult Work Programs of the Nelson-Scheuer type, and the Special Impact Program that Kennedy-Javits had, those were congressional enactments, [they] were not Administration proposals as such.

M: Did the prime sponsor idea come right out of the Department of Labor?

R: Well, the Concentrated Employment Program came out of the Department of Labor. [It] was really, [if you] get right down to it, I guess it was Secretary Wirtz who began talking actively about somehow we've got half a million hard core unemployed people in our big city ghettos and we ought to do something about them. And we began then working on a concept and the Concentrated Employment Program flowed from that stimulation by Secretary Wirtz. Then as the Concentrated Employment Program began to take fruit and develop in mid-1967, the Congress was then considering once again the amendments to the Economic Opportunity Act. They examined the Concentrated Employment Program and the staff of the committee up there, were working closely with our people in the Department of Labor, developed that series of amendments.

I think the notion of the National Alliance of Businessmen and the active involvement of the private sector was a combination of the Congress' push to get private industry involved, but in the main it was the direct initiative of the White House and particularly I think of the President's own personal staff. They worked directly with those of us in the Department of Labor and developed the program but I think I have to, on the National Alliance of Businessmen, give full and complete credit to the White House staff that stimulated that program.

M: Did you personally have much contact with the President?

R: I did not personally have contact, except on rare occasions, with President Johnson. I did have some substantial, considerable contact with President Kennedy.

M: Well, then, Kennedy's death must have been a shock to you.

R: Yes, it was. I had known President Kennedy when he was a Senator and worked closely with him before I came in the government. I was disturbed



as I guess anyone else was with the assassination. President Johnson, whom I did participate in briefly various meetings, but never on the direct personal basis that existed with President Kennedy.

M: Yes. Now about the White House staff. Was your relationship with the White House staff productive, or did you have trouble with the White House staff? Did they try to tell you what to do?

R: Well, most of my contact with the White House staff was really [with] two people, Joe Califano and one of his assistants, Jim Gaither. I had a good close personal working relationship with both. I had far more contact with Jim Gaither than I did with Califano, but I did work closely with Califano, as well as Gaither, on many issues. I found them to be quite stimulating and quite interested in the manpower programs. Gaither himself took a great personal interest in the manpower programs and was proud of getting the President actively engaged in them. I guess the one thing that preceded the National Alliance of Businessmen which really was a White House innovation was the so-called test program that was developed pretty much by the White House staff in consultation with those of us in the government and government agencies. But basically that was a President's program, identified as such, and it was the forerunner of the National Alliance of Businessmen.

M: Well, then, your relation was by no means frustrating, or your ideas--?

R: No, I can't describe my involvement as being frustrating at all. I thought a few times that they'd have done better to do it different ways. I guess the most frustrating experience, though, when you get right down to it, was being continually told by the White House people that you had to come up with new programs and new ideas, or even implement the new ideas which they had, and being simultaneously told there's no more money. And therefore

I guess the most frustrating set of experiences I've ever had, and continued to have throughout the Johnson Administration, and I guess it's not the President's or anybody else's fault as much as it was the fault of just the availability of tax revenue and economic conditions that held down non-military expenditures. But to be told, for example, that you had to run the Concentrated Employment Program, which got strong support from the President, and then be told, "Well, there's no more money for it," that you've got to find money and milk it, in effect, out of other programs, became quite frustrating. And then to be told that you had to start the test program late in 1967 and being told now to find \$40 million to run the program, just pick it up out of other on-going activities. Or to be told in early 1968 that you had to run the JOBS program and you had to find the money within the budgets that were already there that had already, by January and February and March of 1968, you were already in six or seven months into the fiscal year and your funds were already pretty much allocated for specific programs, to be told you had to stop certain on-going activities and find money to start this new program, in a sense I guess that was the greatest frustration, greatest series of frustrations I've ever gone through.

We always seem to be starting new programs in the middle of the fiscal year and told to use the dollars already appropriated to run them. And that was true certainly of the Concentrated Employment Program which started in January and March of 1967 and the JOBS program which was January to March, 1968.

M: Let me ask you at this point about the proposed reorganization. Certainly the Department of Labor underwent much stress and strain with all of these new programs coming in and developing new ideas. It would seem there would

be a need for reorganization within the Department of Labor. Can you give me any insight into that proposed reorganization and what happened,

R: Historically, there have always been efforts made to try to change the employment service structure in the Department of Labor. And it was never an easy task. I know that Secretary Mitchell under President Eisenhower made an effort in the mid-1950's, and failed and abandoned doing anything. Efforts to try to revitalize the Employment Service in the early 1960's never really came to much. Secretary Goldberg was able to provide some additional dollar resources in 1961 to the Employment Service to expand its activities. MDTA added general revenue dollars that enabled us to provide more resources to the Employment Service. But to try to reorganize it, to try to get it into what I would call operating in the modern century or accepting the current concept of dealing with the hard core disadvantaged, was a very difficult task.

There was an abortive effort to reorganize the Manpower Administration in 1965 just as I became the Manpower Administrator. My predecessor as Manpower Administrator, who had served for nine months, was about to bring off a reorganization in January, 1965, just as I took over. That failed because of the opposition from the State Employment Agencies through their organization of state administrators, which is called the Interstate Conference of Employment Security Administrators. That organization stymied the efforts of the Department of Labor to reorganize in 1965, particularly where they [were] joined at that point by the unions, particularly the building trade unions, who were also opposed to the reorganization because involved in reorganization was the Bureau of Apprenticeship and Training, which is an agency created under the Fitzgerald Act in 1937, which was designed to promote and extend apprenticeship training and apprenticeship

programs. That agency had been given the on-the-job training program, authorized under the Manpower Development and Training Act in attempts in 1965 to reorganize the Manpower Administration. [It] failed because of the joint opposition before the Congress, before the Appropriations Committees, of the International Unions and the building trade unions, combined with the state agencies.

Now one of the real problems that one has to keep in mind is that while we had a Manpower Administration in the Department of Labor, beginning in March of 1963, you had different bureaus. You had the Bureau of Apprenticeship and Training which had its own Washington administrator, had its own set of regional directors around the United States, and there was, therefore, a direct line of communication between the Washington administrator of the BAT and his regional offices around the country. The same applied to the newly-created Neighborhood Youth Corps Program that was created in 1964 and early 1965; it had an administrator. It had its regional directors. There was direct line communication. The Bureau of Employment Security, which is the oldest of the bureaus in the department, has two major components--namely, the Unemployment Insurance Program and the Employment Service Program, both reporting to a Bureau of Employment Security administrator. Each of those the Bureau of Employment Security had a regional BES administrator. The Unemployment Insurance Program had regional unemployment insurance directors. The Employment Service had regional employment service directors, so that in effect you had five lines of communication from Washington to the field.

Now you had the BES, in effect, running the institutional training programs under MDTA, jointly with HEW and Voc. Ed. You had the BAT running the on-the-job training programs under MDTA. You had the

Neighborhood Youth Corps running the NYC program, and eventually when it became BWTP in 1966 and '67 you had it running the Concentrated Employment Program and the New Careers and Mainstream program.

So we tried in 1965 to bring some sense and semblance of order to this. It failed for the reasons I mentioned, plus the fact that the state agencies were very close to the chairman of the House Subcommittee on Appropriations as was the Washington staff of the BES. The administrator and the BAT administrator were close to Mr. John Fogerty, the chairman of that subcommittee. Mr. Fogerty was a brick layer and therefore was very close to the head of the Bureau of Apprenticeship and Training, who was also a brick layer. Mr. Fogerty was very close to the state agency people and the head of the Bureau of Employment Security in Washington was very close to not only the state people but in turn to Mr. Fogerty, and therefore the appeal to him killed very quickly the reorganization in 1965.

The next effort we made at reorganization was in 1967, when we decided it was time to try to move forward and establish some method of coordinating the five line authorities to the field. We started talking about the establishment of regional manpower administrators who we hoped would be the single line authority from Washington.

M: Your idea was to bring these all together?

R: Bring them all together.

M: So you'd have one line instead of, say, five?

R: Now, we were able to establish the regional manpower administrators by early 1968--late 1967 I guess--but only if we agreed that they would not have a full line authority over the various regional administrators and regional directors of the various other bureaus. But we thought it was a necessary step to move forward, and we did move forward with it.

We then in late 1967 simultaneously tried and were partially successful in eliminating some of these overlapping functions between the Manpower Administrator's office and the Bureau of Employment Security which had budget and policy and planning and programming and fiscal and financial functions, which were also functions that existed in the Manpower Administrator's office, and they were overlapping. We eliminated some of those but not very much. But we made a little bit of progress.

Then in mid-1968 when the JOBS program was getting fully underway, CEP program was being expanded from twenty-one areas to eighty areas. It became very clear to us that you just could not operate a manpower administration that had such divergent field organization and structures and such divergent Washington office agencies. So we decided we were going to do three things. We were, one, going to establish the regional manpower administrator as the single line authority in the regional office who had authority over all of the regional offices, all of the regional office directors or administrators in each of our eight regions. And that in turn he, the regional manpower administrator, would be the sole line of authority from the regional office to the state or locality, instead of having the various other bureaus of regional people have the line to the locality and state as they did. That was the first thing, we were going to give full and complete authority of the regional manpower administrators over the regional staff.

Second, we were going to establish a strong director of the fields operation in Washington, who would under the Manpower Administrator be directly responsible as the Director of Field Operations. All communications of Washington to the field, to the regional office, would go through that single office. And it would eliminate the line of authority that the BES

administrator, the BAT administrator, the BWTP administrator would have over their regional offices.

And that, thirdly, we would combine in Washington the training programs with the employment service programs, so that we would put them all into one agency. This meant that we had to abolish the Bureau of Work Training Program that handled the NYC, New Careers, Mainstream, JOBS, CEP program. We had to abolish the Bureau of Employment Security which had as one of its units the Employment Service, which had the direct relationship to the states under the United States Employment Service Program, and put them into one agency. By doing that we eliminated the administrative structure that existed over ES and UI, namely the Bureau of Employment Security, and brought that administrative structure into the Manpower Administrator's office, where we had already existing two major offices, one policy program planning research and evaluation, and those similar functions that existed in the Bureau of Employment Security were placed in that office. Secondly, we had an office of Financial Management Services which handled budget and fiscal arrangements and personnel as well as supportive management services. Where they similarly existed in the BES they were pulled into this office and the same applied to the overhead structure of the BWTP, which had not really gotten as large as the BES because the BWTP was a new organization and we had combined that pretty much into the Manpower Administration. But the BES preceded the Manpower Administration and therefore had a great deal of overlapping people.

So by combining the Employment Service and the Work Training Program in the one unit, we really had then the whole manpower picture being handled at one place. We established a central director of field operations that controlled the field staff. And we took care of the UI program by

placing it off on the side and combining it with the Bureau of Employees Compensation which did not previously exist in the Manpower Administration but we were proposing to move it into the Manpower Administration, so that we had an Office of Employee Compensation and Insurance. This was the workmen's comp along with unemployment insurance comp. We decided as a means to avoid confusion we would transfer the Bureau of Apprenticeship and Training out of the Manpower Administration over to the Labor Management Relations arms of the Department of Labor, because the on-the-job training program had a year previously been already transferred over to the Bureau of Work Training Program in 1967.

Well, now, as we developed this notion of a reorganization, it was quite clear that we had to overcome congressional opposition. We had to overcome state agency opposition. We had to overcome the opposition of the Washington national office staff in some of these agencies. And we decided that I would take the matter up and discuss it at some length with the White House people, and I did discuss it with Jim Gaither and Joe Califano early in 1968--mid-1968. After very careful and continuous discussion and review, the plan that I've just laid out was decided upon and agreed upon. The Bureau of the Budget was involved; the White House people, staff, were involved. We had very carefully reviewed just when the announcement of the reorganization should be made. We decided that the reorganization announcement would be made immediately after the Congress adjourned, but before the election of November 1968. [We] did this because we did not want to announce it after the election. It would then appear to be a partisan thing. We wanted it to be as bi-partisan as we could, or non-partisan, but we didn't want to announce it while the Congress was still in session because we knew that if we did we'd run into opposition,



that they might inject some feeling that we ought to postpone and wait. Now all of this was carefully discussed with the White House people and the Bureau of the Budget people, the top staff of both. And it was decided simultaneously that in order to overcome much of the opposition that would develop it would be best if the President of the United States himself announced the reorganization. And I guess it was this decision which we really made in July or August of 1968 that the President would announce it as soon as the Congress adjourned. We didn't anticipate that the Congress would stay in session until the middle of October, but they did. But all that was worked out.

I carefully prepared a document at the White House suggestion that outlined where the opposition to the reorganization would occur and what we needed to do to overcome those specific points of opposition. That document was in the hands of the top staff of the White House, top staff of the Bureau of the Budget, and I kept them fully and completely informed of the steps we were taking to overcome the opposition. Discussions were held with members of the Congress, members of the Appropriations Committee, members of the Authorization Committee. Discussions were held with some of the key state agency people. Discussions were not held, however, with the Interstate Conference of Employment Administrators, because we knew that would be fruitless and would produce complete opposition and might even stymie our efforts to bring about the reorganization. We thought, therefore, that we had to make the announcement in one fell swoop at one point in time, and if the President would do this it would overcome opposition.

Well, we moved along and finally, when we were all ready to make the announcement, the President decided--I guess this is where I made my mistake--because we did not have to have the President's involvement to

announce the reorganization. We could have done it on our own. The Secretary of Labor could have announced it on his own, which he was prepared to do, and which he eventually did do. But when the President was confronted--I was under the impression he was being kept fully informed of the developments and what was happening. When he was informed on a Saturday, I guess the twenty-second or so of October, that here was the statement that we wanted him to issue that would carry out the reorganization as we had planned, he said, no, he didn't want to do it. At which point no one was more embarrassed than his own staff people who thought that he would have automatically said "yes." But I guess we made our mistake by not involving--they made their mistake and I did, too, by not insisting on it--of not involving the President personally much earlier so we knew what his attitude was going to be. When he said that he didn't think it wise at this point in time to reorganize--now mind you, it was carefully discussed with the staff of the White House that the President had taken a great interest in manpower, had initiated the Job Opportunities and the NAB program, that his first message to the Congress in 1968 after it convened was a manpower message. Everybody at the White House felt the President had a great personal interest in the manpower programs, as I am sure that he did. And therefore we felt nothing would be more consistent with his own views toward having an extensive manpower program than to have an administration of the manpower programs that was the best possible we could put together. And that as long as we had the bi-partisan support of the Congress, which we did by discussions that we had, we felt the President would go along and handle it.

Well, he decided "no" and through some mixup in which Califano at the White House talked with Jim Reynolds, the Under Secretary of Labor,

not with me who was handling the program of reorganization, nor with Secretary Wirtz who was involved. Secretary Wirtz was out of the city on that Saturday.

Jim Reynolds, who was knowledgeable about the reorganization but had not been actively engaged in the efforts and the discussions that had taken place, [the] discussions were really only those of Secretary Wirtz and myself with the White House people. When Jim Reynolds was told by Califano, "the President doesn't want to go through with this," Reynolds transmitted that message to Wirtz, but by the time Wirtz got the message he wasn't sure of its content and exactly how strongly one felt about it. So on Monday morning, on October 24, the Secretary of Labor decided to announce the reorganization himself.

That antagonized the President to no end, and Mr. Johnson became very angry, very disturbed, and demanded that the program be rescinded. We announced the reorganization on October 24. I sent to all of the state agencies and all the interested parties a complete discussion of the reorganization, its justification, its reasons for coming about, and held a meeting of all of the employees of the Manpower Administration in the auditorium of the Department of Labor on the afternoon of the twenty-fourth to explain to them exactly what it was we were doing.

I guess it was Tuesday, the twenty-fifth, when we held our mass meeting of all the employees and we're moving the program forward. I had brought in the regional Manpower Administrators on the previous Saturday, the Saturday the President decided not to move. I did not know that until late Sunday night that he had decided that, but I had had the Manpower Administrators in on Saturday, briefed them on it so that on the first thing Monday morning, when it was going to be announced, we thought by the President, they would be ready to move and go forward.

We then discovered after they left town and had been briefed that the President had decided not to go forward with it. The Secretary of Labor instead decided that he himself would. So the reorganization was announced and I think would have gone through except the President became very angry, personally disturbed that he had issued an order not to do it and it was done anyway. And there were some hard feelings between the President and the Secretary of Labor anyway because of the Secretary of Labor's efforts to bring about a plank at the Democratic Party Convention that would have halted the bombing in Viet Nam. And the President didn't like that. Secretary Wirtz, though, was actively supporting Hubert Humphrey and was urging a party platform in Chicago, so that the combination of things, plus the pique of the President in his own animosities that he developed when he doesn't get his own way, he decided on his own that he was going to have this reorganization rescinded.

M: Did he ever give any reasons for this?

R: He called Secretary Wirtz over to the White House and on Wednesday, the twenty-sixth of October, they had a very long and serious discussion--a very heated discussion about the program. The President's point of view was, one, it was so close to the election. [He] didn't know how that would come out. It would be wrong to go through with this. We ought to wait until after the election and that we really don't want to saddle a new administration regardless of who's elected--whether it's Mr. Humphrey or Mr. Nixon--that it wouldn't be wise to do something so close to the end of his term that might cause disruption and disturb what he hoped would be, regardless of who was elected, a very smooth transition to the new President.

Well, it wasn't as if this issue hadn't been discussed, because we

did as far back as June and July review the notion and kept saying that we just couldn't wait until the next administration, that we ought to bring it about and we ought to bring it about before the next election so that whoever's elected, it didn't matter, because it was going to be a non-partisan thing. But the President did feel that it would affect the transition--that it was too late in his Administration to do this. Since he hadn't done it in the previous four and a half years, why should he do it in the last three months, I guess was, in effect, the position he took. And as a result of this, he ordered the Secretary of Labor to rescind the reorganization.

M: Did the President ever talk to you through this?

R: No. On Tuesday night, after the meeting of all the Department of Labor employees, Secretary Wirtz was again out of town campaigning for Mr. Humphrey; the President called Jim Reynolds, the Under Secretary, and wanted to know why this reorganization had gone through against his opposition. He said he didn't want to do it. He directed the Secretary of Labor through Califano not to do it, and this call came at ten o'clock or so Tuesday evening, I guess, and the bitterness of the President's comments as told to me by Jim Reynolds, to whom he spoke, was very strong and [he] demanded that Secretary Wirtz, as soon as he returned to town, be in touch with him.

On the next morning, Wednesday, the Secretary was in touch, did go over to the White House, did spend an hour or so with the President in what was a very bitter discussion in which Secretary Wirtz came away being directed to rescind the reorganization. Secretary Wirtz came back. We had a long conversation that afternoon as to what he should do.

Late that afternoon--late afternoon on Wednesday--he decided he would sign an order rescinding the reorganization--stopping it--but that simultaneously he would submit a letter of resignation, which he did do. His letter of resignation went over to the President along about seven o'clock on Wednesday night. The letter went over and in the letter the Secretary said, "I'm rescinding the reorganization order, even though I don't think we should. I'm doing it at your direction, and I'm also simultaneously tendering my resignation."

I said to the Secretary, "If you rescind the order, I will also resign." I wrote my letter of resignation, was going to send it over the next morning after the Secretary's had been received; but the very next morning at seven o'clock, the President of the United States called the Secretary of Labor and said to him, "Before I accept your resignation I want a copy of the order rescinding the reorganization." The Secretary of Labor said he would not give the President of the United States a copy of the order rescinding the reorganization until the President of the United States accepted his resignation. And there developed an impasse.

About seven-thirty that morning before I left for work, I had a call from Secretary Wirtz saying, "Tear up and destroy all the rescinding orders. Do not distribute it and we will not distribute it until the President accepts my resignation at which point I'll write another order."

Well, the President never accepted the resignation. The Secretary of Labor never gave the President a copy of the order rescinding the reorganization and an impasse developed.

While all of this was going on, which was Wednesday night and Thursday morning, the President was already seeking a successor as Secretary of Labor. I was in Mr. Reynolds' office when Joe Califano called Mr. Reynolds

asking him whether he would accept the Secretary of Labor, that it was only a matter of a few minutes. The President was going to make a decision. He had to have Mr. Reynolds' decision immediately, and the President was going to accept Secretary--this was before the President had received the letter of resignation--Wednesday afternoon--but after the meeting, after the argument between Secretary Wirtz and the President--and Mr. Reynolds said, "Yes, I'll rescind the reorganization if you appoint me Secretary of Labor, but I will simultaneously also resign." So the President then attempted to talk to I think a few other people about a new Secretary of Labor, wasn't able to agree on anybody.

Then he personally, I am convinced--I have no immediate proof of this--but I am convinced in my own mind beyond a shadow of a doubt, the President of the United States decided to take another tack Wednesday afternoon. It was after the discussion with Secretary Wirtz, before the resignation had been received, and before that next morning discussion about "give me the copy of the rescinding order before I accept your resignation." The President decided on another tack. He called his close personal friend who was the Governor of Tennessee, who happened simultaneously to be the Chairman of the Governors' Conference, Governor Buford Ellington. And he told Buford Ellington, "Send me a telegram protesting the reorganization of the Department of Labor and demanding that I rescind it." I'm convinced the President of the United States did this--mind you at a period of time only a few days before the public announcement of the permanent halting of the bombing in North Viet Nam, which he announced on October 31. The President was actively engaged in carrying on those negotiations but simultaneously had time enough, in spite of it all, to get involved in this kind of a--what I consider to be

very petty decision and [the] failure of the White House staff to really move the reorganization forward is one of the most regrettable things I've ever been involved in. And those people themselves were very much embarrassed by it.

But anyway Buford Ellington did send the telegram and one of the interesting things that happened--and I have copies of this in my file--the Governors' Conference staff in Washington was very much interested in the reorganization and very much for it, [and] was prepared on Thursday morning to send out all the material that I had sent out to the state agencies and to the employees of the Department of Labor on Monday afternoon. All that material was prepared to be sent out with a favorable comment from the staff of the Governors' Conference, urging them to cooperate with the reorganization. They mysteriously, the first thing on Thursday morning, got a telephone call directing them not to send that material out in that form but instead send a copy of Buford Ellington's telegram to the President, urging all governors to send a similar kind of telegram to the President.

The staff does not know how the Buford Ellington telegram was ever written, or who did it, or how it got written, because they were simultaneously moving ahead on the assumption that they were going to send out all the material with a favorable comment, which was already prepared and ready to go in the mail. The Employment Security people in the State of Tennessee were for the reorganization, had urged the Governor to support the reorganization.

Well, the substance of all of this came out in a very peculiar way when, through the intervention of the Secretary of Defense who should have been involved in the Viet Nam dispute and halting the bombing, personally



came over to urge the Secretary not to resign, and the Deputy Attorney General who came over to see the Secretary of Labor urging him not to resign and told him that he was over there under the direction of the President to tell the Secretary of Labor what the powers of the President were to remove a Cabinet officer for insubordination. The Deputy Attorney General came over for that purpose.

In my judgment this was the most sorry exhibition that I've ever seen. It disturbs me. I have a great respect for President Johnson and tremendous respect for what he did as President in the domestic field in carrying out programs and putting legislation through the Congress--great initiative and great drive--but this situation, what he did here, disturbs me no end.

Of course, he's not all at fault; the Department of Labor itself was at fault.

M: Let me be sure I'm straight on one thing. Then did the President himself rescind this reorganization?

R: The reorganization has not to this date been rescinded. What happened was, as the result of the intervention of the Deputy Attorney General, a telegram was drafted, cleared with the President, personally cleared with the President, from Secretary Wirtz to Governor Buford Ellington, responding on behalf of the President and saying, "We will maintain the status quo but postpone effectuation." That was the phrase, "We will maintain the status quo," which in effect was the reorganization order issued on the previous Monday, "but we will postpone effectuation," which in effect meant you were in limbo until a meeting could be held between Governor Buford Ellington and the Secretary to discuss the issue.

We proceeded to try to hold such a meeting, just before the election. It was decided not to. It was then decided that the Governors' Conference

Committee on Manpower headed by Governor Hulett Smith of West Virginia would take the leadership in discussing the problem with the Department of Labor. Such a meeting was scheduled and was held and governors were invited, and only one governor came, but about thirty representatives of governors came to the meeting on about the ninth, tenth, or eleventh or twelfth, or thereabouts. I guess it was the day after Armistice Day, or Veterans Day, and we did have a meeting which the Secretary of Labor and I explained the reorganization and Governor Smith was there, but nothing ever came of that. So that, in effect, we were confronted in the Department of Labor with deciding what it is we wanted to do. The election came and went, the meeting with the governors came and went, and the reorganization order stayed.

(End of tape)

INTERVIEWEE: STANLEY H. RUTTENBERG (Tape 2)

INTERVIEWER: DAVID G. McCOMB

(Continuation of Tape 1)

M: You were talking about the telegram and the Governors' meeting, rescinding the order.

R: The meetings were all finished by mid-November and there was going to be a Governors' Conference out on the West Coast in December--December 3, 4, 5, 6, or thereabouts--and Governor Hulett Smith was going to get Governor Buford Ellington to raise the issue there. The issue never really got raised, never got confronted and the closer we got to December and January the more serious the problem of transition became. And Secretary Wirtz and I decided that we would brief the new incoming Secretary about the reorganization and hope that he would move forward with it.

Now the fascinating thing, as it turns out, is that George Schultz was appointed by President Nixon's staff before the election to be the chairman of the task force on manpower and industrial relations. I talked with George Schultz about the reorganization after the election but before his report was submitted to--really, Paul McCracken, as you recall, was appointed chairman of a whole group, appointed to handle the task force in a wide variety of areas--that task force report of George Schultz, this was before Mr. Schultz was nominated Secretary of Labor, carried an endorsement of the reorganization of the Department of Labor, and I discussed it with Mr. Schultz before he submitted his report.

Another aspect that's interesting is that Mr. Schultz, in 1965, when we were trying to do something about the Employment Service--part of the

story that I left out earlier, I guess, is that Secretary Wirtz appointed a task force to study Employment Service and make recommendations as to how you could improve it. We selected George Schultz, then Dean of the School of Business at Chicago, as the chairman of the committee and the vice chairman of the task force was Arnold Webber, who now turns out to be my successor, Assistant Secretary of Labor for Manpower. Both served on that task force, one as chairman and one as vice chairman, eight or ten other members, and they made a strong recommendation that in concept doesn't differ from the reorganization we tried to bring about in 1968.

I don't know what the incoming Administration will do, except that George Schultz has, in the last week or so, indicated to the Congress of the United States that he found a chaotic manpower administration structure when he came into the Department of Labor. And I can't help but agree with him; it was chaotic. We decided we would not rescind the order; we would purposely leave it, remain chaotic to force the incoming administration to do something, one way or the other.

He's announced that by March 1 he intends to do something. I shall await with great interest what it is he decides to do. I'm sure he's going to go through with pieces of it, but he's got to put his own stamp, his own image, on it, and there will be basic changes in it. But fundamentally it's going to be necessary to establish a single line of authority in the field and combine the employment service with work training programs, and I suspect that's what's going to happen.

M: Now, a brief question about the transition. You've indicated that you gave your successor some idea of what had been going on, the idea of reorganization living on in the new administration. What else did you do to ease the transition?

R: What else did we do?

M: Yes.

R: Oh, we had a very fine transition period. Other than the reorganization problem, which didn't really present any problem to Secretary Schultz, Secretary-designate Schultz or Arney Webber, who was the designated Assistant Secretary. They indicated great interest in wanting to do something and were going to take it under very serious consideration.

On all other policy matters we had excellent discussions, and, I must say, the transition between the outgoing people and the incoming people was very good. Very good in the Department of Labor because Schultz, from the very first day he was designated as the proposed Secretary, he came and spent full time at the Department of Labor, and had an office and a staff of people. [He] brought Arney Webber down to help him and [it] was only later he designated Arney Webber to be the Assistant Secretary for Manpower. And Arney Webber then spent relatively full time, so that we had good continuing on-going discussions about the reorganization, about policy matters, about programs and about structure.

M: So the transition was very smooth, then?

R: The transition as far as the Department of Labor was exceedingly smooth.

M: Then on January 20 you left and you set up this new organization. Is that correct?

R: January 20 I left and I established what is called Stanley H. Ruttenberg and Associates.

M: And would you mind briefly telling me what you do now.

R: Yes. I have two senior associates that have joined me and two junior associates, and we're working in the general area of consulting on the manpower, manpower problems and utilization, manpower planning, community

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and urban affairs, as well as engaged in doing economic research work.

M: I wish to thank you heartily for the interview and for taking your time to talk to me. It was kind of you to do this.

R: Well, I've enjoyed it very much. I guess in a sense what I've said about the reorganization is something that at some point in time is going to have to be written and discussed and disclosed. I leave it to the judgment of the people who read it and use it as to when they might want to use it. I myself might decide to use it at some point in time, so I will not suggest that there be any restrictions.

M: Thank you very much.

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