

MEMO FOR THE RECORD

Mr. Charls E. Walker chose to edit the transcript of his oral history interview extensively, and he sent a new typed copy of the edited transcript to the Library when he returned his signed legal agreement covering the interview. The archives staff chose to make available to researchers the version Mr. Walker provided to us. However, due to the quantity of editing that Mr. Walker did, the tape recording will not be made available to researchers.

Nicole Hartmann Hadad

Archives Specialist

1/14/2014

**ORAL HISTORY OF PRESIDENT LYNDON BAINES JOHNSON
CHARLES E. WALKER
December 2003**

G.: When did you first come in contact with Lyndon Johnson?

W: The first contact was indirect. In 1941, when Lyndon made his first run for the Senate, I was a sophomore member of the Longhorn Band at The University of Texas. Our politically minded director composed a campaign song for LBJ which we recorded. I still remember the words which we sang to "When It's Round-Up Time In Texas":

When it's voting time in Texas, coming April 28 (or whenever), cast your vote for Lyndon Johnson, he's the best man in the state . . . and so on.

My first direct contact came in mid-1959. I had gone to Washington from the Federal Reserve Bank of Dallas to serve as special assistant and economic adviser to Texan Robert B. Anderson, a long-time Texas Democrat who had become an Eisenhower Republican. Anderson was very close to LBJ and other Texas Democrats, especially Sam Rayburn. Not long after I arrived at Treasury, Anderson surprised me by sending me up on a solo visit to LBJ, then Senate Majority Leader, on some problem relating to U. S. Savings Bonds.

That was my first face-to-face with LBJ, and I was suitably impressed.

G: In what capacity did you have contact with him when he was vice president? Any at all?

W: Very little, a dumb action on my part which I later regretted. First, he was a fellow Texan, even though we differed on some major issues. Second, from a purely selfish standpoint, some attention to LBJ in those lonely years might well have "paid off" in terms of good will later – whether he ever became president or not.

I found out later, however, that we held each other in mutual respect, perhaps because of Anderson, but I think also because I never misled him and I think I always shot square. I told him early in his tenure as president that if my constituents (I was from 1961 to 1969 executive vice president of The American Bankers Association) and I agreed with him on an issue, we would do our best to go in all-out support. If we disagreed, we would, if feasible, "go fishing" [political jargon for sitting on the sidelines]. And if we had to oppose, he would know well in advance of our intended actions – neither my group nor I would ever "blindsides" him.

The fact that we were on good terms was driven home to me when he granted me and my officers an early appointment after he took over – within a couple of weeks, as I recall. It was in early December 1963. This was my first visit with him in The White House, and it was a significant time and very precious to me personally.

G: Can you remember the details of that visit?

W: Yes, very well.

But first let me point out that I was not your typical trade association executive director; except

for my two years with Anderson at Treasury, I had no Washington or other political experience. I was an economist by training and an educator/central banker at heart. I took the job at ABA in part because I was convinced the Association was not doing nearly enough to generate and support good national economic policy and research, particularly on monetary and other banking-related policies.

I was very pleased that under my leadership ABA soon began to move out strongly for good economic policies. Also, not incidentally but part of my game plan, ABA member banks responded effectively to my urging to become more active politically, especially in influencing Congress. ABA consisted of 14,000 member banks, located in every Congressional district. Bankers were almost always prominent and active citizens, and most knew their Congressmen. ABA political power, long latent, became a potent force in Washington.

One of the first tough issues I got ABA to support was JFK's tax program, which was first-rate. The assassination of Kennedy had left Johnson with the unfinished job of this major and much-needed reduction in both individual and corporate income tax rates (very much like Reagan's "supply-side" tax cut in 1981, which I had a great deal to do with). JFK had pushed the bill through the House but it was hung up in the Senate Finance Committee, headed by the very conservative Virginia Democrat, Harry Byrd (the elder), who was insisting on sharp cuts in spending to minimize the impact of the tax cuts on the deficit.

I was accompanied to the meeting by the elected president and vice president of ABA. LBJ started right off telling me and my associates that (since we were both from Texas) he and I were fellow "states-men" and pulled out a 1930's check drawn to him on my old bank, the Fed in Dallas, for 35 cents, which he had received as Texas director of the National Youth Administration (a big FDR project). The check had turned up during his move to The White House. (He said he would give it to me, but he didn't.)

The main purpose of our visit was to get him to keynote our second national citizen economic symposium in the winter of 1965; JFK had addressed the first a year earlier (the first symposium was on economic growth, the second, on employment). The symposia, with discussion based on papers by leading economists (e.g., Paul Samuelson, George Stigler) were part of my efforts to bring bankers into their proper place in the policy arena. LBJ and I then proceeded to "cut a deal" with (or on) each other. He said, "Charly, I would like nothing better than talk to your group, but I'm just too damn busy, especially in trying to get Harry Byrd to report out our tax bill. Now, you help me get that bill out and I will try to make your talk."

I jumped in response to point out that ABA strongly supported the bill and we had so testified in both the House Ways and Means Committee and Senate Finance. "Testified?! Hell's fire, Charly, get up there and twist those Senators' arms – but don't tell 'em I sent you!" I responded as I think he expected me to: "Mr. President, I think we could do that job with a little more vigor and force if you committed tonight to keynoting our symposium." "Well," he said, "I'll give your invitation real sympathetic attention, but I can't answer you now. I'll call you later."

"And in the meantime, let me know how you are doing with those Senators!"

When I told him there was one crucial caveat to our efforts, he feigned displeasure but knew what was coming and was prepared. "What's that?" he asked. "Our members feel very, very strongly, Mr. President, that the existing Federal deficit dictates real spending restraint if you are going to enact a massive cut in taxes. Specifically, they believe you should hold the new budget to [a then symbolic

high-water mark] \$100 billion.”

LBJ responded that I was absolutely right and, boy, had he been working hard to do just that. “But you should have seen the figures from the first departmental budget requests – more than \$120 billion! Got them down to \$115 and then \$110 billion, but how I am going to get past that other \$10 billion I simply don’t know!”

My friend, Treasury Secretary Douglas Dillon, had escorted us from a backed-up Cabinet Room (three important people waiting to see LBJ) to the Oval Office and played his role superbly. Play-acting was necessary because the below-\$100 billion deal had already been cut within the Administration. Dillon capped his straight-man role by whispering to me as we left the office: “Don’t worry, Charly you are going to be happy with the budget.”

We did go to work directly on key members and helped move the bill to passage. But it soon became clear that LBJ had run his first Oval Office scam: The whole budget show was a charade, and in fact the \$100 billion “limit” was honored only through sharply limiting spending for the first fiscal year but, in keeping with LBJ’s spending proclivity, letting it balloon rapidly in subsequent years.

So, it was a phony budget. But what the hell? It got a good job done.

By the way, LBJ did **not** make the speech.

G: Some people say that was the beginning of LBJ’s so-called “credibility gap.”

W: I would not make that argument.

In my judgment, the public then did not really understand enough about the budget to view LBJ’s first effort as somewhat phony. I think the “credibility gap” was in part simply a new manifestation of the old Texas syndrome, Texans as tellers of tall tales. But as time went on, and especially with the disclosure in (I think) 1966 that LBJ and Defense Secretary McNamara had secretly been sharply increasing spending in Viet Nam, coupled with the press pounding away at the credibility issue – that’s how I would describe the sequence.

The Vietnam War spending deserves more emphasis, because that is what necessitated a big tax increase in 1968 (it should have come no later than 1966). My belief that LBJ and McNamara somehow hid the spending surge is supported by a statement of my good friend, Joe Fowler. As Secretary of the Treasury he keynoted our ABA convention in Chicago in October 1965. Some leading economists were arguing that defense spending had to be going up much faster than the published figures showed. Joe told the bankers that if these charges were in any way true, he would be at his desk in Treasury drawing up a tax increase rather than addressing us in Chicago. Joe was an honest (and extremely able) man. He did not know, which just shows how closely LBJ and McNamara held the information.

By mid-1966, as I recall, the situation was clear: We were enmeshed in the typical wartime “Guns and Butter” situation, but in this instance with spending also shooting up in other budget areas; one observer said that LBJ was trying to conquer space (his baby as vice president), poverty, and North Vietnam all at the same time. ABA, leading economists, various business leaders, newspapers and others began to call for the tax increase but LBJ answered that “Wilbur [Mills, legendary chairman of

the House Ways and Means Committee, where technically the tax bill had to originate| says it won't pass."

That's when Joe Fowler struck a real blow for freedom. By maneuvering with a few key Senators on the Finance Committee, in 1967 Joe got the Vietnam surtax attached to some little old pissant tax or tariff bill already passed by the House, which made it technically constitutional. The bill faced real trouble back in the House; it was an election year and organized labor was strongly opposed. ABA went all out in grass roots support – I sent out 14,000 mailgrams to our members, urging them to push their Representatives to the limit, and they did.

The bill passed the House in the spring or early summer of 1968.

G: Was this the surcharge?

W: Yes, the 10-percent surcharge which all individuals and corporations had to pay on their annual income tax bills. However, I should mention that prior to the tax-bill battle, LBJ and I had a conversation in which his populist roots strongly emerged.

Not long after LBJ became president, as he was pushing a major education bill through Congress, I was part of a group working closely with his education aide, Douglass Cater, and the under secretary of the Treasury, my good friend, Joe Barr, to create an effective and efficient Guaranteed Student Loan Program. LBJ was said to feel "under-educated" because he could afford to attend only a small teacher's college – thus his dedication to the goal of higher education for all those who were qualified and willing to make the effort. To this end, he had long favored a student-loan variation of the Federal Housing Administration's guarantee system for homes. However, by that time a combination of philanthropists and bankers had in fact joined to launch a serious effort to establish a private-sector GSL program. These efforts enjoyed rapidly increasing success in terms of the volume of loans and the number of participating students and financial institutions. As I recall, the original effort was – and still is – called the United Student Aid Fund.

However, LBJ could not wait to launch his own FHA-type approach, which would not allow private-sector participation. Our coalition of philanthropists and bankers convinced Key House committee chairman Edith Green, Democrat of Oregon and a very savvy lady, that the LBJ program should be melded with the private-sector effort. Lyndon would have none of that. Over Rep. Green's objections, he in effect bullied his proposal through her committee and the entire House of Representatives. (I seem to recall that he did this in one day, even though Mrs. Green's committee had not acted upon the bill, because he wanted to include it that night in a major speech on his big education bill.)

Finally, however, we brought LBJ around to at least grudging support of our proposal. This was partly a result of the excellent support we received from Doug Cater and Joe Barr. But perhaps it was mainly because our coalition beat his butt in the Senate, where Senate leaders in education substituted our proposal for his. He signed the revised bill. (I did not get an invitation to the event, which I interpreted, perhaps wrongly, as a sign of his unhappiness with me and the final measure.)

His "wounds" healed, however, perhaps because our proposed system worked so well; in fact, it turned out to be a wonderful program which has splendidly served young people over time. Partly to celebrate, partly to show LBJ evidence of our well planned and successful efforts to promote bank

participation in the program, members of our coalition were invited to the Oval Office in mid-1965 for sort of a “celebration” and a “show-and-tell” on the coalition’s promotional efforts.

(One of our tools was a handsome brochure produced by my personal assistant at ABA, Ed Gannon, that made a strong case to our 14,000 member banks for strong support of the program. I was amused by Cater’s advice, after approvingly thumbing through the brochure, that I hand it to LBJ only after opening it to an interior page which was dominated by a very flattering picture of the President. “He’ll like that,” Doug said. The good feelings at the meeting were later underlined by Ervan Duggan, Doug’s assistant, whom I was to work closely with much later when Erv served as president of PBS, referring to a picture of our group working around a table in the Oval Office with LBJ “as a picture of real federalism at work.”).

This anecdote illustrates how LBJ could be both obstinate but then reasonable when the proper arguments were made (and he was short of votes). But the meeting sticks in my mind for another important reason. While the rest of gang talked about the program, the President walked me over to a window overlooking the Rose Garden and began to beat my ear about bank lending rates, which had been rising sharply during the past few months.

Leaning into my ear, he said softly but forcefully: “Charly, your Goddamn banks are raising interest rates sky-high and I want you to tell them to stop.” “Mr. President,” I said, “this is not something the banks pulled out of the air – it’s the market.” And I started to give him a speech on what was causing the surge in interest rates – economic overheating because of the huge increase in Federal spending, but I knew it wouldn’t do any good.

“To Hell with that Charly. Tell them to stop.”

I replied that I would do what I could, and did in fact lead a program for voluntary credit restraint on the part of banks. It did little good, but it did take some of the LBJ-generated heat off me. The real answer was strong restraint in Federal spending and an increase in income taxes.

G: ABA was satisfied with the surcharge?

W: Very much so. It was just two to three years too late.

To capstone the GSL experience: When students or others ask me to name the legislative program I helped shape of which I am most proud, the answer is easy for me – the Guaranteed Student Loan Program. And that involvement did not stop with LBJ and the moral suasion campaign with the banks. When I returned to Treasury in 1969 and again in 1972, the program (because of inept bureaucratic management at what was then “HEW”) was in danger of collapsing. In both instances, my Treasury gang stepped in and saved it. Not incidentally, we also created the Student Loan Marketing Association. The outstanding leaders we at Treasury selected for this valuable backstop to the GSL market assured that Sallie Mae would be a highly constructive adjunct to the GSL program, one that benefitted both aspiring students and company stockholders.

Incidentally, the whole GSL episode, from start to present-day, is fully described in a chapter which Ed Gannon, a key and highly constructive member of our GSL “staff,” has written for my forthcoming book. The book describes the ins and outs of my five decades of lobbying public policy issues in Washington and I hope it will help political scientists and their students, officials of future administrations, and others to understand the how and why of successfully lobbying such issues.

G: And when will see this book? Sounds very interesting.

W: That's a good question.

G: You described how LBJ "worked you over" in the Oval Office. How about over the telephone? The tapes have proved what all of us knew: He could come through pretty strongly.

W: I remember only a few calls from Lyndon while he was president – in contrast to a number of conversations after he returned to the ranch and I was Deputy Secretary of the Treasury. These earlier conversations were on the whole very cordial – perhaps because in each case he wanted something. He would sometimes ask a top aide to call me – and in each instance the caller made it crystal-clear that he was "talking for the President."

For example, his top personnel guy called me to ask my opinion on shifting William Sherrill, a Houston friend of Valenti's and a member of the FDIC board to membership on the Federal Reserve board, a more important position. ABA worked very closely with the FDIC and I had come to know and respect Sherrill. I strongly signed off on the job shift.

[Sherrill's ability was demonstrated a short time later. At a meeting of prominent bankers in Puerto Rico, Fed chairman Bill Martin had been shocked to the "tips of his toes" as banker after banker stood to complain that the Fed's handling of banking regulation, one of its main duties, was a mess. On returning to Washington, Martin asked Sherrill to study the problem and come up with solutions. He did and the Board accepted them and put Sherrill in charge of the responsibility of applying them. He did an excellent job and the situation improved quickly and immensely.]

However, LBJ did make a call to me in 1965 that was something else, and the results helped cement our relationship. Its description take us back to C. Douglas Dillon, JFK's Secretary of the Treasury, an eastern elitist if every there was one. Scion of a premier New York investment banking firm, Dillon Read, Republican Doug Dillon had served in the Eisenhower Administration, first, as Ambassador to France, and then as Under Secretary of State for Economic Affairs. The forces behind his appointment to be JFK's Treasury Secretary tell us much about the workings of JFK's mind on economic policy and the good advice he received (I have already said that his tax policy was first-rate).

The recession-induced, sky-rocketing Federal deficit in 1959 had brought the dollar under pressure for the first time since World War II. During that period, the dollar, as planned in designing the International Monetary Fund in 1945, had in effect replaced gold as the basic reserve money of the free world. Gold was not abandoned – the U. S. promised all governments and central banks that it would always redeem their dollars for gold at a price of \$35 per ounce.

As the deficit soared and inflation threatened in 1959, foreign officials and investors began to wonder if the U. S. could and would continue to honor that pledge – any doubts could cause a "run" on the dollar, as they rushed to convert liquid dollar investments into gold, and an international monetary crisis would undoubtedly occur.

My boss in Eisenhower's Treasury, Bob Anderson, clearly saw the dangers and successfully moved heaven and earth to eliminate the 1959 deficit in one year. By the time of the 1960 election campaign, this convincing indication of the Eisenhower administration's strong commitment to fiscal integrity helped to pretty much erase fears about the stability of the dollar.

But, as I recall it, in the late summer of 1960, with the campaign heating up, JFK moved ahead of Nixon in the polls. Foreigners contemplated the realistic possibility of election of a liberal Democrat from Massachusetts as President of the United States, who might well spend this nation back into an inflationary trap. The market for the dollar weakened and that in turn fed further fears.

JFK handled the problem beautifully and said what I thought were all the right things – which to me emphasized the high quality of his economic advisers, including my close friend Robert Roosa, of the Federal Reserve Bank of New York, and academic economists Walter Heller of Minnesota and Paul Samuelson of M.I.T. The foreign exchange markets settled down.

But, to his great credit, JFK, who was not about to take chances with his key economic appointments, began to cast around for a respected and “fiscally responsible” Republican to be Treasury secretary. He quickly settled on Dillon (a friendly New Jersey neighbor of brother Bobbie Kennedy). Dillon ignored the pledge that all members of the Eisenhower economic team had taken – not to join the new Administration – and signed on. Dillon had the good sense to bring on Joe Fowler, a stout and loyal Democratic lawyer, and Bob Roosa, one of the finest brains in the Federal Reserve system, as Treasury Under Secretary and Under Secretary for Monetary Affairs, respectively. The Roosa appointment in particular comforted our foreign creditors.

But LBJ could hardly wait to get rid of Ivy League elitist, “Fancy-Pants” Dillon, which he finally did in April 1965, with Joe Fowler as his successor. It so happened that at that time I was at Princeton “running” an annual ABA-sponsored three day meeting of the most important bankers in the U. S. and Europe. Lyndon got me by phone.

“Charly,” he said, in a most plaintive if not almost pleading voice, “I need your help. I really do.”

“Well, you know I’ll try, Mr. President. What is the problem?”

The problem was that he planned to announce the next day that Fowler would succeed Dillon and was worried about the editorial reactions in the *Times*, the *Post*, the *Wall Street Journal*, and *Business Week*, as well he should be – these were all publications widely read by economic heavy hitters in the U. S. and around the world.

LBJ asked if I knew the economic editorial writers for those publications. I responded that I did indeed and got along with all of them pretty well.

“Well, Charly, I want you to get each of those guys on the horn tonight and tell them what a great secretary of the treasury Joe Fowler will make. Now I know that you might be reluctant to stick your neck out with these guys, but I want you to know that I have been working mighty hard to protect the image of your fat-cat bankers. I need help in this job from important people like you – and I don’t have to stay here in this job. I can always go back to Texas and cut cedar shake —“ and so on, and so on.

Finally, when he paused for breath, I broke in and (in a somewhat small voice) told him I could not do it. “And why the Hell not?” I responded that I knew Doug Dillon well, that we were friends (no comment from Lyndon), but I did not know Joe Fowler that well. And after all, his job as under secretary in Treasury had not been viewed as on the economic side but on the administrative and political side. I said that many important government and private sector people viewed Dillon and Bob

Roosa as the backbone of the good part of his economic policies, especially on the international front. They did not know Fowler, but would be skittish about his long activity as a workhorse in the Democratic Party.

Johnson was clearly unhappy, but I went on to say that if he would give me an hour I would talk to some people and get back him. He agreed – with a parting shot that he “really needed my help.”

Actually, I needed only to talk to my friend, Bob Roosa. The Dillon/Fowler flip was news to him. But in response to my inquiry, Bob said that I should have no fear of Fowler, nor should the markets. He was sure that all of my constituents would turn out to be very pleased with Joe Fowler (and we were).

I called LBJ back, told him I would be glad to build up Fowler with the press, but had one caveat. Obviously unhappy with that, LBJ asked gruffly what the caveat was – perhaps fearing a political “price” he did not want to pay. I told him that in two days we would wrap up the meeting of 50 of the world’s most important bankers with a traditional address at the “farewell luncheon” by the U. S. Secretary of the Treasury. Thus Dillon would be at Princeton the day after the announcement.

That would give Roosa and me time to pass positive words around to both the press and the bankers; the bankers would read the morning press which (I hoped) would also be positive. Much more important, my idea was that I felt certain I could get my old Treasury boss, Bob Anderson – Dillon’s predecessor, who was held in high esteem abroad – to come down from New York City for the luncheon. If he, LBJ, would tell Fowler to get his butt up there (yes, that’s the way we Texans talked to each other), we could really put on a show for the world’s top bankers. The past, current and future U. S. Treasury secretaries would be on the same podium, each saying good things about the other. Fowler would thus, I hoped, enter office with the “seal of approval” of the U. S. financial press, Bob Roosa, Doug Dillon, Bob Anderson, and perhaps the world’s leading bankers – and, for what it was worth, Charly Walker. I would let the word slip around that the President had called me to emphasize the confidence he had in Fowler.

“How about that, Mr. President?”

“Fowler will be there.”

The result? Anderson, Dillon and Roosa were also pleased. Even more important to me, Fowler was very pleased, and we had an excellent relationship during his three years in office. But even more important to me, the President of the United States was very pleased.

G: You referred to your frequent discussions with LBJ after his retirement and you had become Deputy Secretary of the Treasury under President Nixon. You said also that you and Mrs. Walker made three trips to the LBJ Ranch.

Can you recall the circumstances of those?

W: Yes, and I enjoyed both the conversations and the Ranch visits very much. They were very educational for me and I think provided some help for good public policy.

LBJ kicked off the relationship with a very nice letter to me, which I received in March

1969, a couple of months after my return to Treasury. The letter had some interesting phrasing – that he was very grateful for my support during my ABA years “when I agreed with his position.” Then I understood the wording at least in part when Bob Anderson told me had drafted it at LBJ’s request. That’s the sort of thing Anderson would say.

The letter also said that he, LBJ, wanted very much to help us in our economic policy-making and that, with Mrs. Johnson, he welcomed us to visit at the Ranch.

I showed the letter to Nixon, whose eyebrows popped up. He asked me when next I would be in Texas. When I said we planned to visit our place on Possum Kingdom Lake (near my home town, Graham) in May, he said, let our White House military guy know the dates and he’ll supply a plane to get you in and out. Then he reeled off a list of things he wanted me to talk to LBJ about, with major emphasis on his determination to maintain U. S. military strength. And of course we both wanted a discussion with LBJ on extension of his surtax, which Nixon had reluctantly proposed on the strong and unanimous recommendation of his economic team

G: Did you and Mrs. Walker go in May?

W: Oh, yes. It was quite an experience. The flight ceiling on that day was low and the Air Force flew us the 200 miles from Graham in a large helicopter, which never rose above one thousand feet during the flight. As a World War II four-engine pilot instructor, I had a built-in distrust of any air carrier with no wings and less than four engines. But we were very pleasantly surprised; the big bird took off like an airplane, flew like an airplane, and landed like an airplane.

But I should first tell you that, a few days before we left Washington, the *Post*’s economics editor, Bart Rowen, a good and long-time friend of mine, had written a laudatory column about my “key” role in Nixon’s legislative policy, giving my background and stating that “Walker knows everybody on the Hill on both sides of the aisle.” And Bart went on to say that LBJ had been quoted by a source as saying that Walker was a tough guy – in fact, a “son-of-a-bitch with elbows!”

[I can relate the real story because I was in fact Rowen’s source.

[Outgoing Treasury secretary Joe Barr had called me only a day or two before I returned to Treasury and said that LBJ had asked him about Nixon’s economic team – was it any good? Oh yes, Joe said. For example, the Secretary of the Treasury was Chicago banker David Kennedy. LBJ said that was great – Kennedy had headed his special budget task force which recommended separation of Social Security and other spending. Who else? Joe named Paul McCracken as head of the CEA and Bob Mayo as budget head, and Paul Volcker as Treasury under secretary for monetary affairs. LBJ approved.

[How about deputy secretary at Treasury? Charly Walker, Joe said. Well, LBJ said, that’s good. “Every administration needs a tough guy somewhere and that son-of-bitch Walker’s got elbows.”

[I thought the story told a lot about both LBJ and the Nixon economic team and, on background,

passed it on to Bart, who made the understandable Yankee mistake of using SOB as a noun instead of an adjective. Any Texan knows that LBJ used SOB as an adjective and therefore meant it as a compliment. For example: "That SOB Tom Landry is a helluva football coach," or "That SOB John Connally can make a helluva speech," and so on.

[Although I explained the difference to countless newsmen and before many audiences, Bart Rowen's use of the noun stuck, when in fact I am and was known as an easy-going guy. However, I must admit that the "toughness" label did not hurt me in some of my negotiations with Congress, within the Administration, and with businessmen.]

G: Did you and LBJ discuss the Rowen piece?

W: Only briefly. He had of course seen it. But he simply gave me that innocent look and stated that he had never said it. Technically true, but . . .

Q. Any especially memorable events during your Ranch visits?

A. One – very amusing and also instructive.

It was our second visit, on December 31, 1969.

The Johnson's met us at the runway and LBJ immediately hustled my 18-year old son, Chuck, and me into a big Chrysler with our good friend, Jake Pickle who then held LBJ's old seat in the House of Representatives. "Jake wants a deer. Let's get him one before lunch." (Was it hunting season for deer? I don't think so.) LBJ introduced a fifth member of the hunting party, whose name I do not recall, as his "tax adviser."

[This bears some explanation. A few days earlier Nixon had reluctantly signed the Tax Reform Act of 1969, a proposal forced on us when, just before we took office, my "friend" Joe Barr told the press that IRS had reported that 300 millionaires were paying no Federal income taxes. This was well known to tax experts, but not to your typical American taxpayers. Press coverage was extensive and many of those taxpayers all but exploded. In February, Treasury received more gripe letters about income taxes (mainly about the non-taxpaying millionaires) than in all of 1968. Political pressure required that we move aggressively; we did, and we worked our tails off at Treasury to get through within a few months a comprehensive tax reform measure. The final version made some significant changes in the individual income tax.

[The tax adviser was on board to answer LBJ's many questions about changes he should make in his investment portfolio and then execute them before midnight, when the new legislation took effect. As principal lobbying strategist for the bill, I was both interested in and, indeed, intrigued by the conversation.]

We left for the hunt about 11:00 a.m., with a stern admonition from Lady Bird that lunch would be served at 1:00 p.m. for seventeen (the Johnson children were there). The safari included a pick-up in front and one in rear, both with Secretary Service agents (doubling, I suspect, as deer-flushers and skimmers), along with the big Chrysler in the middle. In the Chrysler, Jake was riding shotgun with his

rifle sticking out the open window. Chuck and I were in the back, with the tax adviser in the middle. We headed out to pasture in a cloud of dust.

I won't comment on Jake's shooting ability, but despite several good opportunities, one p.m. came and passed before Jake got his deer – and Lady Bird was telling LBJ firmly, over the mobile radio, that lunch was getting cold. Unperturbed, LBJ turned to Chuck. "Ever kill a deer, Chuck?" "No, sir." "Would you like to?" "Yes sir!" I was petrified. I had never seen Chuck handle a gun, but of course he must have done so during our stays at Possum Kingdom. In any event, Chuck took the rifle and handled it like he knew how.

[A short anecdote on Chuck and LBJ. Before his retirement, LBJ had, at the suggestion of our GSL coalition, held a meeting of financial trade associations officials in the Cabinet room to promote students loans by nonbank lenders. I had sneaked Chuck into the meeting, stating to the doorkeepers that "he was with me." After LBJ entered the Cabinet Room, and before we were seated, LBJ made the rounds, shaking all hands. When he came to Chuck, who was sitting in the corner by the door, he hesitated (who is this kid?), but only for an instant, took no chances and gave Chuck a strong hand-clasp.

[Later, I asked for Chuck's reaction. "His palm was wet."]

Unfortunate for Lady Bird's lunch, the deer had gone to ground in the early afternoon heat, which was considerable for New Year's Eve. At long last – with Lady Bird pleading for us to come back "right way" – the safari herded a deer into a fenced field of about 30 acres, with no trees but covered with Johnson Grass. LBJ directed Jake to get out and guard one of the gates to the field, then wheeled around, got the deer between the Chrysler and the fence, and headed in the direction of Jake's assigned post. It looked as if the deer, running full speed, would impale Jake on his antlers. Jake looked as if he thought the same thing.

LBJ yelled: "Shoot him, Jake. Shoot the deer!" "I ain't got no gun, Mr. President!" retorted a very scared Jake Pickle. Whereupon the deer took to the air, clearing both Jake and the gate, landing with grace, then "heading West" at full speed. Not long thereafter, another (perhaps the same) deer appeared in the distance, facing the car and thus providing a difficult target.. Chuck killed him with one shot.

The triumphant hunters returned to the house close to 4:00 p.m. Lady Bird was not happy. And my wife, Harmolyn, admitted that she had not been entirely comfortable as the fourth in a three-hour bridge game with Lady Bird and Lynda and Chuck Robb.

But LBJ had delivered to Chuck. He congratulated Chuck and told him he would have the deer dressed and sent to him – but it never arrived.

One other note on that visit. As we sat down to a late but pleasant lunch, LBJ's family and friends told him "he certainly should attend the Texas-Notre Dame Cotton Bowl game the next day." Evidently this had been discussed earlier and he had said he did not want to foul up the seating arrangements, but it was clear he wanted to be talked into the trip. He was. Harmolyn and I were there and saw him go up the stadium steps the next day, but we were not within talking range.

The purpose of the third and last visit, some time in 1971, was to present LBJ with the case copies of his Presidential Medals, which we had just struck at the mint. We had a pleasant visit during

which we reviewed many aspects of the Washington political, legislative and economic scene.

G: You said you talked to LBJ frequently by telephone in that period. Any notable conversations that you recall?

W: Yes, two or three.

In the first and most important, which took place before our first Ranch visit, I asked his advice and help on getting Congressional extension of his income-tax surcharge, which Nixon had reluctantly proposed at the urging of his entire economic team. I told him the Democrats had deserted us, partly because they didn't like Republicans in general and Nixon in particular, partly because the natural predilection of politicians is to cut taxes, not raise them. When he asked what I was doing, I told him that I was working the leading Democratic chairmen in the House as strongly as I could, and he said that was exactly the right thing to do. I also told him that we were short of Republican votes in the House, but we would handle that.

A few weeks later, we squeaked the extension through the house by four votes. The vote of the Texas delegation was crucial to our success, and all but one joined us. LBJ never told me how he brought them aboard, but he did and I was very grateful.

A conversation in late September 1970 was not very pleasant. With the mid-term elections approaching, I had drafted a hard-hitting political/economic speech which laid the blame for the weakening economy on what we had inherited from LBJ – and I must say I made a pretty good case. However, it was so hard-hitting that I could find no other member of the economic team to give it. Since I was the most politically minded of the group, I ended up doing so myself, earning front-page coverage in the *Post*.

But I made certain that LBJ knew what I was going to do and say in advance. When I described the content of the speech over the phone, he simply grunted a gruff thanks, and that was the end of that.

A later phone conversation involved the third and most amusing of our conversations. While talking, we were interrupted by a woman, saying "Hello! Hello! Hello!" "Who are you?" bellowed Johnson. She said: "Well, who are you?" And he said "I am President Lyndon Baines Johnson." And the woman said: "Oh yeah? And I am the Queen of Siam!"

Our telephone conversations were carried over the Army Signal Corps lines. Pity the poor Corps officer who let that happen.

G: Any other amusing events that you remember from your association with LBJ?

W: At least two.

The first occurred in Austin where I helped represent President Nixon at the opening of the LBJ library in 1972. The audience for the formalities was large and prestigious and it was a windy day. The ceremonies began with turning on of the beautiful fountains in the courtyard. But the wind carried the flowing water directly to the seating area for 15 or 20 of LBJ's former cabinet members. They were immersed. (Not funny to them but funny to most of us in the crowd.)

The second occurred the last time I saw and talked with LBJ. I flew to New Orleans with a few other Washington types to attend the 1972 NFL Superbowl game between Miami and Dallas as a guest of Cowboy owner Clint Murchison. We had just reached our seats when LBJ and a small retinue came lumbering up the aisle. We saw each other, he leaned over, and we exchanged a couple of pleasantries. LBJ sat down a couple of rows behind us.

Before the game, considerable sports-page publicity had been given to a supposedly "secret" pass play that Nixon (who fancied himself to be a sharp football analyst) had telephoned to Dolphin coach Don Shula. When Shula called the play, clearly anticipated by Dallas, a Cowboy clobbered the receiver just as the ball arrived.

Whereupon, in a loud stage whisper, a voice from behind us said: "I didn't send in no plays! I didn't send in no plays!"

G: Any final words, Dr. Walker?

W: Yes, the capstones that really put the icing on the cake for me and my relationship with LBJ.

I thought we had "bonded" somewhat in his retirement years. That we did was brought home in spades not long after LBJ's death, at a reunion of the White House Fellows (from a highly laudable program established by LBJ). Tom Johnson -- a member of the first class of Fellows, who worked for LBJ, later in effect lived at the Ranch helping LBJ write his memoirs (and has had an outstanding career in publishing) -- was the president of the ex-Fellows association.

Harmolyn and I were guests at the Fellows reunion (I talked to them each year). Tom came up and said, "Dr. Walker, do you have any idea how much respect Lady Bird has for you?" When I said I did not and why did she? "Because," Tom said, "of the great comfort you gave to the President in his retirement years. You not only kept in close touch, but you were sincere in seeking his help when that was useful." And that view on her part has been made clear several times over the years.

The second bit of icing on the "bonding cake?" LBJ's inscription in my copy of his memoir: "To Charles E. Walker. My friend through the years. Lyndon B. Johnson. (He even spelled my name correctly!)"

#####

Ted, I am very grateful to you and the LBJ Library for this opportunity to share these memories with you and, I hope, others. In my view, historians will view LBJ as a great but tragic president, trapped in a web of events that he did not create and could not control -- but still able to seize the moment, creating a tremendous amount of public good with his tax, education and civil rights legislation.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

LYNDON BAINES JOHNSON LIBRARY

Legal Agreement Pertaining to the Oral History Interview of

CHARLS WALKER

In accordance with the provisions of Chapter 21 of Title 44, United States Code, and subject to the terms and conditions hereinafter set forth, I, Charls Walker, of Potomac, Maryland, do hereby give, donate and convey to the United States of America all my rights, title, and interest in the transcript and the tape recording of the personal interview conducted on September 16, 1999 at Austin, Texas, and prepared for deposit in the Lyndon Baines Johnson Library.

This assignment is subject to the following terms and conditions:

- (1) The transcript shall be available for use by researchers as soon as it has been deposited in the Lyndon Baines Johnson Library.
- (2) A copy of the tape recording shall be available to those researchers who have access to the transcript.
- (3) I hereby assign to the United States Government all copyright I may have in the interview transcript and tape.
- (4) Copies of the transcript and the tape recording may be provided by the Library to researchers upon request.
- (5) Copies of the transcripts and tape recordings may be deposited in or loaned to institutions other than the Lyndon Baines Johnson Library.

Charls E. Walker 9/17/00 12/9/03
Donor Date

John W. Carl 1-20-04
Archivist of the United States Date