

MEMORANDUM

1. It is simple to justify an investigation of the White Citizens Councils because at least some of them have been mixed up with some peculiar people. But on the other hand, there are some serious questions as to the wisdom of such an investigation --especially from the standpoint of the person conducting it.
2. An investigation of subversion can always attract and hold public attention if it involves international financing and espionage. But whatever else may be said about the White Citizens Councils, it is highly unlikely that they got any foreign funds or are mixed up in espionage. From the standpoint of Senator Javits, who has proposed the investigation, the best he could hope to show is that they are composed of and influenced by crackpots and that a few, wealthy businessmen may be financing them.
3. Nothing in the world is duller than an investigation of crackpots--even when they are wealthy. The House UnAmerican Activities Committee tried it in the late thirties and the author of this memorandum covered the hearings as a newspaperman. The show closed after a couple of weeks--not because Martin Dies had any sympathy with the Fascists but simply because the proceedings produced nothing but yawns. Fritz Kuhn made something of a splash because of his ties with Nazi Germany. But Deatherage, Pelley, James Truss--men far more vicious even than John Kaspar--put the audiences to sleep. An investigation of the White Citizens Councils would appear to be something that would hold the headlines for months. But it is a safe prediction that after the first week, even the New York Post would print the story back with the truss ads.
4. As for the White Citizens Councils, they would revel in an investigation--especially those of them who are dominated by really vicious men. It would give them an opportunity to indulge in the senseless diatribes of which they are so fond and they would consider it invaluable publicity. Furthermore, since they are not financed by any foreign government or agency, they really cannot be hurt except in the minds of those who have convicted them already.
5. Senator Javits is a highly intelligent man. He will probably realize that anything of value to be gained out of such an investigation could be achieved in three or four days of hearings. If he persists, the best thing would be to hold hearings on his investigation resolution. He will find that the worst elements of the White Citizens Councils will fight with each other for the privilege of testifying. If, after that, he wants to spend more time listening to dull diatribes on States Rights and the race question, he is welcome to it. He will find very few other people who have a stomach for it.

United States Senate

MEMORANDUM

Oct. 3, 1957

Senator:

Mr. A. R. Pinci has put this together entirely on the basis of ~~speech~~ individual sentences from speeches you have made. He would like to put it in the Catholic World. He has done the same thing for Bill Knowland in the past.

The Catholic World is a reputable publication and I see no objection to the article. Would recommend that he be given permission.

GER

P.S. The strike-outs in the first paragraph are my own. The sentences seem to me to be obscure.

GER

United States Senate

MEMORANDUM

George:

This is all right.

LBJ

MEMORANDUM

1. The investigation of the White Citizens Councils proposed by Sen. Javits should be considered from two standpoints--positive and negative. In this context, positive is defined as attaining objectives which Senator Javits would consider desirable; negative as attaining objectives which Senator Javits would consider undesirable.
2. From the positive standpoint, the best that Senator Javits could hope to accomplish would be to demonstrate that some of the White Citizens Councils are controlled by crackpots, many of them vicious and possibly a few of them wealthy. On the face of it, it is unlikely that any of them will be found to be financed by foreign funds or to be engaged in espionage--the only activities that really hold the American people's attention for any considerable period of time when investigations of "subversive" groups are underway.
3. ~~But~~ An investigation of crackpots--even wealthy and vicious crackpots--is one of the duller activities imaginable. The Unamerican Activities Committee tried it in the late ~~thirties~~ thirties and early forties and the show closed in a couple of weeks because it produced nothing but yawns. Fritz Kuhn made a splash because of his ties with Nazi Germany but men like Deatherage, Pelley and Tru--who were far more vicious even than John Kaspar--put the audiences to sleep. These men invariably turn out to have nothing but a series of dull, parrot-like slogans and a group of dreary intrigues which are little more than routine confidence games. The people who chant the slogans are going to chant them anyway and the people who lose money through the confidence schemes are going to lose the money anyway. Such an investigation always sounds like "big news" when first proposed but it is a safe prediction that after the first week even the New York Post would be printing the story of the White Citizens Councils on the back pages alongside the truss ads.
4. From the negative standpoint, an investigation of the White Citizens Councils sparked by Senator Javits could be very dangerous. It could introduce to the South a blight from which it has been relatively free--anti-Semitism. This would be a major tragedy.

(more)

5. Jews in the South have a well-established position and have suffered less from discrimination than in any other part of the country. They served as high officials of the Confederacy. The Jewish community in Richmond, Virginia, is one of the oldest in the nation and enjoys the respect of the City. In Georgia, Jews occupy trusted positions in both political and social life. Residents of Dallas are hardly aware of the fact that many of their civic leaders are Jewish--not because any effort is made to conceal the fact but simply because it is not considered remarkable.
6. Professional anti-Semites have made a number of attempts to gain influence in the South by identifying their cause with the cause of racial bigotry. So far they have met with an astonishing lack of success. But if they could identify "persecution" of the White Citizens Councils --many of which are composed of respected members of Southern Communities--with a Jew, it is conceivable that anti-Semitism would become a force in the South almost overnight.
7. It is possible that the positive objectives sought by Senator Javits could be achieved and the negative aspects avoided by a rather simple procedure. Senator Javits is committed to pressing for an investigation. Should he introduce a resolution and have hearings on that resolution, he would get absolutely everything that he seeks. The worst elements of the White Citizens Councils would stumble over their own feet in their anxiety to testify. It shouldn't take more than a day to find out everything worth knowing. After that, there could be little more than dull repetition which would rapidly become nauseating to everyone except the more bigoted racists. If continued too long, of course, the constant pounding away at the White Citizens Councils would lead to the anti-Semitism mentioned above but Senator Javits himself could saw it off merely by announcing that the Councils have revealed themselves "in their true light" and there is no point of going any further.
8. Senator Javits would be well advised to consider these points. An investigation of the White Citizens Councils is not going to change racial attitudes in the South. It could, however, serve as aggrandizement of the worst elements in the Councils. ~~but~~ It could introduce a new form of bigotry to the South. And after the first few days, it would be of very little interest to anyone in the north other than students of psychopathology.

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Memorandum

Subject: TIGHT MONEY AND HIGH INTEREST RATES

The following is a summary of some of the most important points to be made on the subject of Tight Money and High Interest Rates:

1. The Republican Administration has deliberately put into practice and supported fiscal and monetary policies that were designed to bring about tight money and high interest rates. Within a few weeks after they took office, they offered for sale in May 1953 a long term bond that broke the 3% barrier. The breaking of the 3% interest rate barrier on Federal Government bonds had a great psychological effect throughout the financial world. The team of Former Secretary of the Treasury George M. Humphrey and Former Undersecretary of the Treasury W. Randolph Burgess broke the 3% barrier as one of their first official acts and as one of their last official acts in August 1957 they succeeded in breaking the 4% barrier.

Although the Federal Reserve Board, technically an independent agency, is responsible for managing our money supply and credit policies, it became abundantly clear in the recent Finance Committee hearings that there was very little, if any, difference between the views of the Federal Reserve Chairman, William McChesney Martin, and former Secretary Humphrey and former Undersecretary Burgess on monetary and credit policies. Since the Federal Government

is the largest single debtor in the world it is only natural that interest rates paid by the U. S. Government have a tremendous effect on interest rates charged all other borrowers.

2. The relationship between tight money and inflation is important. The Administration has told us for several years that their tight money policies would prevent inflation but we see now that they have failed. There was a period of relative economic stability from 1952 to 1955 when the dollar lost only four-tenths of a cent in purchasing power. (It should be noted, however, that this was due in part to the drastic decline in farm prices.) However, during the past 21 months the country has experienced the most inflationary spiral of any comparable peace time period for the past 40 years with the exception of the period immediately following World War II when there was the great pent-up demand for goods and services.

From June 1955 to the present, the cost of living index has increased from 114.4 percent of the 1947-49 average to 121.0 percent. This is an increase of 6.6 index points or 5.8 percent. Translated into dollars and cents it means the purchasing power of the dollar has lost 2.8 cents. The dollar is now worth only 49.1 compared to its purchasing power in 1939.

Instead of preventing or stopping inflation it appears that the increase in interest rates has actually contributed

to it. The Federal Government must pay more of the taxpayers money out for interest. State and local governments must do the same. Many of the big manufacturing and processing corporations pass on to the consumer the increased cost of interest which raises prices and fans the flame of inflation. The housing industry has had to pay increased interest rates thereby running up the cost of new homes. If all debts private and public were refinanced at current interest rates, the increased annual costs due to higher interest rates on a conservative estimate would be in the neighborhood of \$15 billion. The part of this figure that can be passed on to the consumer in increased prices is, of course, inflationary.

3. The farmers, the homebuilders and the small businessmen have been hardest hit by credit tightening and higher interest rates. To stay in business and earn a living in farming today requires modern machinery, equipment, vehicles--in short, capital. This means the farmer must have access to credit and it is obvious he has not had access to it, or else its cost has been prohibitive. Net investment by farmers in buildings, machinery, equipment and vehicles declined from \$1.3 billion in 1952 to less than half a billion dollars in 1956. Farmer's income per capita from farming has declined nearly 20 percent since 1952.

Also, housing offers a clear-cut illustration of the tight money policy producing exactly the opposite results

from what is needed. A one percent rise in interest rates increases by about 10 percent the total payments of a homeowner during the life of his mortgage. In addition, tight money has increased substantially the discount rate on both conventional and F.H.A. insured mortgages. Either the builder must absorb this increased cost or pass it on to the home buyer. The tight money policy has imposed a particularly severe penalty upon veterans and their families. In 1952 veterans could obtain a V.A. guaranteed mortgage at 4% interest. Today the V.A. guaranteed mortgage program is dead for all practical purposes.

Investment in home building has been cut back. In 1955, investment in non-farm residential construction came to \$18.7 billion. It is currently around \$16.3 billion. The rate of new home construction has been reduced by more than 300,000 since mid-1955, although the rate of new family formations has been increasing by over 200,000 per year.

This is a prime example of how the tight money policy has aggravated rather than restrained inflationary pressures. Both rents and sales prices of dwellings are rising as vacancy rates reach abnormally low levels.

Also, one of the worst results when credit is too tight is that the small borrowers are priced out of the money markets. Small business, personal borrowers by the

million, either can't get credit at all, or if they do, they have to pay a heavy penalty of excessive interest. And that is just another boost in the cost of living.

Gross investment by small business in the manufacturing industries--that is, firms with assets of less than \$1,000,000--is estimated to have increased by about one percent in 1955 and 1956.

In contrast, firms with assets over \$1,000,000, increased their gross investment by nearly 20 times as much over the same period.

Small business failures have risen steadily from a total of 7,611, or 29 per 10,000 firms in 1952, to 12,686, or 48 per 10,000 firms in 1956. And business failures for the first seven months of this year have totaled 8,148, or 25 percent higher than the first seven months of 1955.

Business failures have been greatest in home building where they were 22.5 percent higher in the first seven months of this year, as compared to the same period a year ago.

The tight money policy is hurting those groups that need to be helped. It is imposing an evergrowing interest burden on consumers, on business and on government.

It is transferring buying power from the consumer, the farmer, and the small businessman to the lenders.

It is weakening consumer demand at the same time that it is stimulating investment in additional productive capacity by increasing the flow of income to large savers.

If such a trend continues, it can only lead to the same unhappy results that the same policy produced in the 1920's.

4. The Federal, State and local governments are being penalized by tight money and high interest. The Federal government now pays 1-1/3 billion dollars per year more interest on the public debt. When it is all refunded, it will cost about \$5 billion more than in 1952. States, counties and school districts either can't build the schools, hospitals or roads they need, or if they do they have to pay higher interest, nearly twice as much as 5 years ago. And that means higher local taxes, another boost in the cost of living.

If the year 1950 is used as a base, because new monetary and credit policies were put into effect in 1951, causing interest rates to start rising, some interesting comparisons can be made. Compared with 1950, the computed annual interest rate on the national public debt as a whole had risen by more than 24-1/2 percent by July 1957. The interest rate on U. S. Government 3-to-5 year securities rose by more than 151% between June 1950 and June 1957. On short term, 9 to 12 month issues the interest rate had risen between June 1950 and June 1957 by more than 181%. The interest rate on State and local government general obligation followed the pattern set by the Federal government, by advancing more than 88 percent between June 1950 and June 1957.

Taking into account Federal, state, and local governments, and taking into account also private indebtedness, it appears that the increased annual cost of higher interest rates throughout the Nation is by now in the neighborhood of \$4 billion. Contrary to the contention of some officials of the Eisenhower Administration the greater part of these increased interest costs eventually find their way into the hands of the big money lenders.

5. We are a credit nation. Our economy is based on credit to a large degree. This is a major reason the interest factor becomes so important. The slightest change in interest rates has a tremendous effect throughout the entire economy.

The total currency in circulation in July 1957 was approximately \$28 billion and the total deposits and currency amounted to about \$225.2 billion. The total debt, public and private, amounted to \$783.5 billion on December 31, 1956. A one percent increase in interest rate on the total public and private debt amounts to the sizeable sum of \$7,835,000,000. The main reasons given by Administration spokesmen for supporting tight money policies was to prevent inflation and thus maintain a stable dollar. It is now apparent that these policies have failed. There should be neither a "drought" of money and credit nor a "flood" of money and credit.

During those years since World War II, excepting the reconversion years and the Korean War years, when we had reasonably full employment, a normal rate of economic growth, and comparatively little price inflation, the privately-held supply of money and credit was expanding at an average annual rate of close to 3 percent. Mr. Martin, Chairman of the Federal Reserve Board, testified before the Senate Finance Committee that the supply of money and credit expanded on an annual basis of only 2% in 1955 and only 1% in 1956. This is a form of economic strangulation. There are signs that economic expansion has been slowed down by the tight money policies. Since these policies have failed to prevent inflation the question naturally arises, will they bring on deflation if pressed too far?

*Return to
George*

Oct. 25, 1957

Senator:

Eve talked to Harry Burleigh along the lines of your suggestions. He was entirely satisfied. He said he wanted you to have two pieces of information:

1. He spent yesterday with the State Water Board and the Army Engineers and that both are "sincerely anxious" to cooperate. He said that apparently Governor Daniel has "followed through" and imbued the board with a desire to go ahead.

2. However, it is unlikely that you can receive an outline of a plan by next Spring because the State Water Board wants to get into the picture and "has a lot of catching up to do." It is Harry's judgment that the best course is to play along with them. Instead of a plan, he expects to have "an outline of procedures that will be well along the road to a plan" by early Spring.

Harry says that things are "definitely working" and that "all the work the Senator did last year has born fruit."

GER

Oct. 17, 1957



Senator:

Charley Brewton, Lister Hill's ex-administrative assistant and one of the shrewdest political analysts I know, flew all the way to Austin from Boston to talk to me about some of the points in this memo. He thinks the issue is one which, if properly handled, would blast the Republicans out of the water, unify the Democratic Party and elect you President. Eye told him that you weren't interested in the Presidency and he said he would settle for knocking the Republicans and unifying the Democratic Party.

The memo goes far beyond his views because eye spent the night reading everything eye could get my hands on about the satellite. Eye do not pretend to estimate the effect that the satellite will have on the American people. But eye am convinced that on the basis of merit there is no more important issue. Eye am also convinced that you are the only man who can handle it. Symington practically puts the label "politics" on everything he says about it. Jackson and Mansfield do not have the necessary force. Russell is so deeply involved ~~in~~ in the segregation issue that he will be suspected of beating the President over the head because of Little Rock. You, on the other hand, have a reservoir of goodwill and an aura of statesmanlike handling of defense problems from the early Preparedness Committee days.

Eye think you should plan to plunge heavily into this one. As long as you stick to the facts and do not get partisan, you will not be out on any limb.

GER

M E M O R A N D U M

1. The outstanding political fact of the present is that the Republicans have managed to recoup--through the integration issue--their sagging political fortunes. They began to slip this year because of a combination of fumbling on the economy issue; the rising cost of living; the rising rate of small business failures and declining farm prices. Those factors are still operating. But in the integration issue they have a potent weapon which chews the Democratic Party to pieces so efficiently that it cannot be an effective opposition.
2. The integration issue is not going to go away. The troops are still in Little Rock and it will be difficult to get them out. The next big Southern city to face integration is Dallas where Joe Pool is openly running against Bruce Alger solely on the integration issue. It is a ~~dynamic~~ dynamic issue which is not going to be solved by reason. The only possibility is to find another issue which is even more potent. Otherwise the Democratic future is bleak.
3. To be successful, such an issue must have certain qualities:
 - a) It must be legitimate because Democratic issues always receive a searching scrutiny from a hostile press and must be able to stand every test.
 - b) It must have breadth -- in other words, it must be the type of issue that can dominate a wide range of discussion over an extended period and involve practically every part of our society.
 - c) It must be dynamic because it is competing with the most basic of all human emotions, race hatred, sadism and masochism.
4. It is conceivable that the Sputnik fulfills the requirements. It is clear that it already meets two of the three tests and may, if properly handled, meet the third:
 - a) It is legitimate because the fact that the Russians have it and we do not is a question of the leadership that has been given this country and the decisions that the Administration made.
 - b) It has breadth because it involves not only national defense but a whole wide range of scientific achievements including the possible conquest of the universe itself.
 - c) It cannot yet be said to be dynamic because the average person has not caught up with its significance as yet. But it could become dynamic.
(more)

5. As an issue, however, Sputnik involves a basic difficulty. Even without an investigation, one thing is clear and that is that Sputnik represents extraordinary sacrifices on the part of the Russian people. To put a 21-inch globe some 500 miles into the air, Russian children went without food; Russian workers walked to their factories because automobiles were not available; Russian women shivered in sub-zero temperatures because there was not enough clothing. To tell the American people that they would have to do something similar (even though not as severe) just so a metal ball could go floating through the air going "beep" would produce nothing but a horse laugh. People are willing to make extraordinary sacrifices when they understand clearly the whats and the ~~woox~~ whys. But they won't do it merely to satisfy some scientists curiosity. The Russian people only did ~~because~~ in a totalitarian society, they had no alternative.
6. Nevertheless, as the facts sink home, the American people are bound to become increasingly uneasy. It is unpleasant to feel that there is something floating around in the air which the Russians can put up and we can't. The American people do not like to be "second-best." Furthermore, the various dope stories about the Sputnik mapping the ground with infra-red rays and about the possibility of one flying overhead with a television camera are bound to have an effect. People will soon imagine some Russian sitting in the thing with a pair of binoculars and reading their mail over their shoulder. Folks will start getting together in the evening over a case of beer and some field glasses watching for Sputnik and ignoring television. And when two or three of the satellites get into the ionosphere, what is now curiosity may turn into something close to panic.
7. In reality, the American people do have something to worry about--even though it is not quite what they now imagine. It really doesn't matter whether the satellite does--or does not--have any military value. The important thing is that the Russians have left the earth and the race for control of the universe has started. When humanity was tied to the land, the Romans controlled the world because of their ability to build roads and move troops rapidly. When humanity moved into the sea-lanes, England controlled the world because it was first with ships and nautical skill. When humanity moved into the air, the United States became the most powerful nation in the world because it was first with aircraft. Now the Russians have moved into outer space. The Sputnik may not be much of a gadget. But neither was the airplane which the Wright brothers flew at Kitty Hawk in 1903. It took 35 years for the airplane to become a decisive instrument. But technology has stepped up rapidly since then. Anyone who thinks that it will take 35 years for the Sputnik to develop its potentialities is not even reading the newspapers.
8. The situation is not helped by President Eisenhower's statements which, even being as charitable as possible, are somewhat fatuous. It may be true that next March we will put a "better" satellite in the air--maybe even equipped with chrome trim and automatic windshield wipers. By that time, the Soviets will be putting even bigger and better satellites up because they can base their future models on something we do not have--actual experience. The real thing to look at is this: It took the Russians four years to catch up with our atom bomb; it took the Russians nine months to catch up with our hydrogen bomb; now we do not even have a timetable for catching up with their satellite. We started out the race four laps ahead; we fell back to less than a lap; now all we can see is the dust.

(more)

9. Furthermore, it is a virtual certainty that the American people will receive some further jolts. Nov. 7 is the 40th anniversary of the Russian revolution. The communists always save something spectacular for that day. It is difficult to conceive of what that will be but it must be remembered that anybody who can get a satellite 500 miles into the air is capable of anything that is conceivable. The nature of the problem is such that the first 500 miles represents the longest step in the 240,000 miles to the moon. They may not be ready for this, as yet, but they are certainly ready for something.
10. The first step in developing the potentialities of the issue is a calm, dispassionate--and completely and sincerely non-political-- inquiry by Congress. Any effort to inject politics into such an inquiry would merely lead to a "you're another" type of shouting match with experts disagreeing over the facts. It would degenerate into the court room farce of opposing psychiatrists attempting to establish the sanity or insanity of a defendant. If the issue has merit, the politics will take care of themselves. If the issue has no merit, there are no politics in it.
11. Such an inquiry--to be successful--has some peculiar requirements:
 - a) The central figure must be a Senator who has a reputation for statesmanlike, nonpartisan investigations of defense and who is not involved too heavily in the emotional issues surrounding segregation.
 - b) A broad-gauged scientist^U who is capable of comprehending the relationship of his specialties to historical issues must be associated with the investigation. A scientist who knows nothing outside of his own field will not do. He would merely confuse the issue by technical jargon which would be understood only by a small and select group. The name of Vannevar Bush has been suggested. On the basis of his record, it would seem to be a good choice.
 - c) At least in the early stages, implications should be scrupulously avoided. The committee conducting the inquiry should confine itself to presenting facts. Leave the implications to the American people who should be regarded as a jury. The prime essential is public education.
12. If preliminary inquiry justifies the belief that the question is of the magnitude indicated in this memorandum, the theory should be adopted that everything the Senate does next year is subordinated to this issue. Legislation should be held to the bare minimum and Sputnik should hold the center of the stage. This can be justified simply because it involves the structure of our whole society--not just the armed services but the nation's productive capacity; educational system and economic structure.

(more)

13. The first report issued by the inquiry committee should be as brief as possible and as simple as possible. It should merely try to answer the following questions:
- a) What is the expert opinion on the capabilities of the Sputnik?
 - b) Could the United States have put a satellite of comparable capabilities into the skies as early or even earlier?
 - c) If the United States had such a capacity, why didn't it?
 - ~~XXX~~ d) How long will it take for the United States to catch up?
 - e) Is it possible not only to catch up but to outstrip the Russians?
14. Unless the first report establishes that all is for the best in the best of all possible worlds, a wide field for inquiry is automatically opened up. The field cannot be outlined now in advance of information but a few possibilities are obvious:
- a) Has the civilian economy been pampered too much?
 - b) Has the Administration's desire to balance the budget jeopardized the security of free people?
 - c) What is wrong with an educational system that turns out only one engineer for every three produced by the Russians (even allowing for the disparity in population)?
15. Eventually, of course, the inquiry would have to produce a program. But that can be left to the future. The immediate need is for gathering the facts and presenting them to the public--without hysteria, without elaboration and definitely without partisanship. There is, of course, a partisan advantage to turning the attention of the American people to such an issue. But it is an advantage that would accrue to the American people as well. This may be one of those moments in history when good politics and statesmanship are as close to each other as a hand in a glove.

#

MEMORANDUM

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11. Such an inquiry--to be successful--has some peculiar requirements:
 - a) The central figure must be a Senator who has a reputation for statesmanlike, nonpartisan investigations of defense and who is not involved too heavily in the emotional issues surrounding segregation.
 - b) A broad-gauged scientist who is capable of comprehending the relationship of his specialties to historical issues must be associated with the investigation. A scientist who knows nothing outside of his own field will not do. He would merely confuse the issue by technical jargon which would be understood only by a small and select group. The name of Vannevar Bush has been suggested. On the basis of his record, it would seem to be a good choice.
 - c) At least in the early stages, implications should be scrupulously avoided. The committee conducting the inquiry should confine itself to presenting facts. Leave the implications to the American people who should be regarded as a jury. The prime essential is public education.
12. If preliminary inquiry justifies the belief that the question is of the magnitude indicated in this memorandum, the theory should be adopted that everything the Senate does next year is subordinated to this issue. Legislation should be held to the bare minimum and Sputnik should hold the center of the stage. This can be justified simply because it involves the structure of our whole society--not just the armed services but the nation's productive capacity; educational system and economic structure.

(more)

13. The first report issued by the inquiry committee should be as brief as possible and as simple as possible. It should merely try to answer the following questions:
- a) What is the expert opinion on the capabilities of the Sputnik?
 - b) Could the United States have put a satellite of comparable capabilities into the skies as early or even earlier?
 - c) If the United States had such a capacity, why didn't it?
 - XXI d) How long will it take for the United States to catch up?
 - e) Is it possible not only to catch up but to outstrip the Russians?
14. Unless the first report establishes that all is for the best in the best of all possible worlds, a wide field for inquiry is automatically opened up. The field cannot be outlined now in advance of information but a few possibilities are obvious:
- a) Has the civilian economy been pampered too much?
 - b) Has the Administration's desire to balance the budget jeopardized the security of free people?
 - c) What is wrong with an educational system that turns out only one engineer for every three produced by the Russians (even allowing for the disparity in population)?
15. Eventually, of course, the inquiry would have to produce a program. But that can be left to the future. The immediate need is for gathering the facts and presenting them to the public--without hysteria, without elaboration and definitely without partisanship. There is, of course, a partisan advantage to turning the attention of the American people to such an issue. But it is an advantage that would accrue to the American people as well. This may be one of those moments in history when good politics and statesmanship are as close to each other as a hand in a glove.

###

To: George Reedy
From: Mr. Bill Reidy

By: Janet

National Sands Foundation as of August 3, 1956 - last press release. Will do further work on it and call you tomorrow.

1955

Living Graduates in the field of Engineering were 575,000 In the U.S. and 550,00 in the USSR.

Graudates in 1955 in the field of science were 59,000 in theU.S. and 126,000 in the USSR. In the U.S. only 20% were in science in the USSR there were 49%. Of these 22,600 Graduated in (in U.S.)
Engineering and 59,000 graduated from the USSR.

The number of High school teachers in the fields of science and math in the U. S. in 1955 were between 130 and 140 thousand and in the USSR there were 350,000.

M E M O R A N D U M

doubt

1. There is no/that the Administration will redouble its efforts to raise interest rates on REA loans at the next session of Congress. Secretary of Agriculture Ezra Taft Benson made a point of endorsing such an increase at a recent press conference. Increasing interest rates on all types of rural loans has been a primary principle with the administration. One of its early acts after taking office was to attempt to raise the rates on ~~REA~~ Farmers Home Administration Loans.
2. There is little sympathy in Congress for raising REA interest rates. In the last session, Congress rejected a number of efforts to raise interest rates on other programs. But this does not lessen the danger because it is possible to place the Congress in an impossible situation. This is being done right now.
3. The administration--through its "tight money" policies--has succeeded in raising interest rates all along the line. At the present time, the Government is borrowing money at interest rates hovering around 4 per cent. Each successive treasury bond issue carries a higher interest rate and there is no conceivable end to it except the legal rate of about 4 and one-half per cent. The Government cannot continue indefinitely to borrow money at four per cent and lend it to the REA coops at a little more than two percent. ~~XXX~~
4. The REA coops must band together to prevent a further increase in the interest rates. But they cannot be successful by themselves. They must also join with other groups who are being hit by the tight money policy and fight for a reduction of interest rates all along the line. The slogan must be "United We Stand, Divided We All Pay Higher Interest Rates." So long as small businessmen, farmers and consumers are divided--each pursuing a separate path--the Administration can continue to push interest rates up. One part of the economy cannot lag behind the others. REA cannot hold down its own rates when other rates are going up, up and up.
5. Congress ~~will~~ will resist any effort to send up REA rates. But resistance is not possible on the basis of one segment of the economy alone. Other groups--who have found that the price of the money they must borrow has gone up--will holler "unfair." Therefore, the time to head it off is NOW and the way to head it off is through cooperation with the other borrowers who are suffering.

#

M E M O R A N D U M

1. The threat to the Texas tidelands must be approached with extreme care. It may well have some political motivations which, if not correctly analyzed, could be disastrous to the future of Texas.
2. Regardless of the feelings that are moving Brownell, it should be recognized that a suit against the Texas tidelands would be an excellent method of splitting the Democratic Party. There are fewer than seven Democratic Senators who would support Texas in such a case. But the seven include the Democratic leader of the Senate. The only other prominent Democrat on a nationwide scale who would do so is the Speaker of the House Sam Rayburn. If the Democratic Party could be pitted against these two, it would obviously be to the advantage of the Republicans. Brownell, on the basis of his past record, is not the man to overlook such an advantage.
3. On this basis, about the only type of action that would really be effective is an appeal directly to President Eisenhower by Texans who supported him in the past. They have a genuine claim to his help as their support was based ~~wholly~~ largely upon the assumption that under his leadership Texas would be granted its rightful title to the submerged lands without dispute. In at least one case, it was based upon more than an assumption as former Governor Shivers said he had assurances from ~~Brownell~~ Attorney General Herbert Brownell in the Fall of 1956 that the Attorney General had no "intention" of moving against the Texas tidelands. But at any rate, those who campaigned for President Eisenhower in Texas must now explain to Texans just how they were deceived. The President owes it to them to be helpful.
4. The list of Texans who might have some influence with the President in this instance is relatively limited. First, there is Governor Price Daniel who campaigned for the President in 1952 almost entirely on the basis of the Tidelands issue. Then there is former Governor Allan Shivers who campaigned for President Eisenhower in 1952 and 1956 and who broke with his party in 1952 solely because he believed that President Eisenhower would grant Texas the tidelands. Secretary of the Treasury Robert Anderson and Publisher Oveta Culp Hobby are very fond of the President and should be able to present the Texas case to a sympathetic audience. Sid Richardson has been friendly with the President and has supplied his island as a vacation spot. These people staked their prestige on President Eisenhower and the submerged lands. They should now have a hearing.

(more)

5. The Senate Democratic Leader is in a somewhat different spot. Obviously, it would be ~~to~~ his interests to consolidate his position with Texans by beating the drums loud and long. But there are a number of considerations which should be taken into account.
 - a) It would embarrass those who supported President Eisenhower in 1952 and 1956. The Majority ~~Executive~~ leader campaigned for the Democratic Candidate both times and if he took the lead in protests to the President it would have an "I told you so" ring.
 - b) If the Majority Leader took the lead, it could bring into the controversy Northern democrats such as Harriman and Humphrey who would unite with Brownell to take away the tidelands. They would feel that they had to keep the "record of the Democratic Party straight" whereas they are likely to dismiss with a few sardonic remarks a contest between a Republican administration and Eisenhower Democrats.
 - c) The active intervention of the Majority leader is ~~xxx~~ likely to cause Brownell to redouble his efforts and would make it more unlikely that President Eisenhower will overrule his Attorney General.
6. In summary, the following conclusions should govern strategy:
 - a) It is a virtual certainty that the only hope of overruling Brownell lies in Dwight D. Eisenhower.
 - b) The only hope for overruling Brownell is to approach the President through people who staked their reputation on the President's attitude towards the submerged lands. President Eisenhower has a conscience and some appeal must be made to it. The only recourse is for those who supported the President to denounce him and to apologize to Texans for their actions.
 - c) The Senate Democratic Leader must make his attitude clear. But he was not consulted by the President on the tidelands in 1952 or 1956 and the President is under no moral obligation to him on this score. Therefore, the way must be paved by those to whom the President has some obligation and to whom the Attorney General cannot object. It may be to the personal interest of the Democratic leader to object loud and long but if he is way out in front in terms of objections, it will not be to the interests of Texas.

###

M E M O R A N D U M

Summary of letter from Henry R. Roberts, President, Taylor Electric Cooperative, Inc.

1. The Coop's Board of Directors invite you to an informal appreciation "get together" in Abilene, Thursday, Oct. 24, 8:30 AM in the Petroleum Club of the Windsore Hotel. They have been in contact with Ed Connally.
2. The Coop is extremely concerned about the current drive to increase REA interest rates. Should this be done, the results would be:
 - a) Elimination of new generation and transmission stations.
 - b) REA coops would be unable to expand existing generation and transmission systems without increasing rates.
 - c) Many existing distribution systems would be forced to drop out or to charge higher rates than neighboring power companies--thus eliminating the "yardstick" effect of REA.
 - d) Therefore, rural electric systems would be forced into the hands of private power companies.
3. The situation outlined above ~~has been exaggerated~~ would be aggravated because of recent changes in REA loan regulations which reduced the deferral period to three years and required payment of all interest as it accrues.
4. The "hard money policy is a contrived policy a conspiracy" between the Federal Reserve Board, the Treasury and big business to promote Wall Street at the expense of the rest of the country.
5. Small business, farmers, laborers and consumers have lost heavily through the "hard money" policy.
6. The farm situation goes from bad to worse with farm income now only 3.3 percent of the national income whereas it was 8.6 per cent in 1947.

#

October 22, 1957

MEMORANDUM

1. There is no doubt that the Administration will redouble its efforts to raise interest rates on REA loans at the next session of Congress. Secretary of Agriculture Ezra Taft Benson made a point of endorsing such an increase at a recent press conference. Increasing interest rates on all types of rural loans has been a primary principle with the Administration. One of its early acts after taking office was to attempt to raise the rates on Farmers Home Administration Loans.

2. There is little sympathy in Congress for raising REA interest rates. In the last session, Congress rejected a number of efforts to raise interest rates on other programs. But this does not lessen the danger because it is possible to place the Congress in an impossible situation. This is being done right now.

3. The Administration--through its "tight money" policies--has succeeded in raising interest rates all along the line. At the present time, the Government is borrowing money at interest rates hovering around 4 per cent. Each successive Treasury bond issue carries a higher interest rate and there is no conceivable end to it except the legal rate of about four and one-half per cent. The Government cannot continue indefinitely to borrow money at four per cent and lend it to the REA coops at just precisely two per cent.

4. The REA coops must band together to prevent a further increase in the interest rates. But they cannot be successful by themselves. They must also join with other groups who are being hit by the tight money policy and fight for a reduction of interest rates all along the line. The slogan must be "United We Stand, Divided We All Pay Higher Interest Rates." So long as small businessmen, farmers and consumers are divided--each pursuing a separate path--the Administration can continue to push interest rates up. One part of the economy cannot lag behind the others. REA cannot hold down its own rates when other rates are going up, up and up.

(2)

5. Congress will resist any effort to send up REA rates. But resistance is not possible on the basis of one segment of the economy alone. Other groups--who have found that the price of the money they must borrow has gone up--will holler "unfair." Therefore, the time to head it off is NOW and the way to head it off is through cooperation with the other borrowers who are suffering.

COPY

Austin, Texas
October 29, 1957

Dear Bill:

At the present time, I am not certain of the effects of an article concerning Senator Johnson and the Little Rock situation. Things are still explosive, and strangely enough, there has as yet been no crystallization of events.

About the only thing that has occurred since I last wrote to you is further confirmation of my belief that a third party is not going to arise in the South. Even more people are talking about it at the present time, but I have yet to find any of them who do not have a direct connection with something like the Constitution Party--a Brickerite group to whom segregation is secondary to a number of isolationist and income-tax platform points.

I sometimes think that perhaps the real solution to this thing will be found when integration hits one of the states that have passed laws to shut down the schools. At the present time, every southerner believes that he is ready to take this drastic step rather than have the schools integrated. Personally, I doubt it. It has been my experience that what people think they believe and what they actually believe are two different things. It is relatively simple to talk about shutting down the schools "rather than let my kid go to school with a nigger." It will be something else again when parents have to face month after month of finding something for Johnny to do every day and at the same time realizing that Johnny is definitely slipping behind, in comparison with the children in the North and the West.

I had dinner with two members of the Texas Senate a few nights ago. One of them represented a central Texas area which has a very small Negro population, and the other one represented a deep east Texas area

COPY

page 2

with at least two counties in which the Negro population is practically equal to the white population. In some of the towns in his district, Negroes actually out-number the Anglos.

The central Texas Senator was convinced that a third party was coming and that a break with the national Democratic Party was inevitable. He had been reading David Lawrence. He was deeply concerned, even though his own constituency is disinterested in the segregation question, that the "white supremacy" forces in the state would carry the field.

The east Texas Senator who feels precisely the same pressures that are asserted in Mississippi and South Carolina scoffed at this feeling as entirely unrealistic. He said that there was not even a remote possibility of the South breaking with the national Democratic Party at this point. He is convinced that southerners will shut down their schools rather than integrate, but he believed they will stick with the Democratic Party as the lesser of two evils and that most of them understand the realities of national political life. I found this conversation quite significant. The central Texas Senator is fairly new to the game. He is a young liberal who has made a reputation for himself as a lawyer and has some tendencies to see ghosts under the bed. The east Texas Senator is an old-timer who has considerable political influence in his area--much more so than would be indicated by his office. He is a political wheel horse who makes a very comfortable living out of business and who has become a state Senator simply because he wants the prestige of the title. He has proven in a number of elections, where my own observations were direct and personal, that he can swing a considerable part of east Texas outside as well as inside his own senatorial district.

I am sending you a Thermofax copy of an editorial from the Dallas News. It is an extremely influential newspaper in east Texas. The significant part of the editorial is that it ties third party talk directly into the Constitution Party. Unfortunately for the Dallas News, it has not been able to sell the Constitution Party to the folks in the past, and I have no reason to believe that it will in the future. The only word of caution I would utter is that if somebody like Shivers becomes interested in the movement, it will have some potency--although even

COPY

page 3

then, not too much. Otherwise, I do not think it could have an effect anywhere except in South Carolina or possibly Alabama.

Again, this letter is longer than I had intended, but I thought you might be interested in the conversation of the two state senators which I think reflects fairly well what is happening in the South. My only advice on the magazine piece is that it might be best to let it simmer for awhile until events reach a stage where a little prognosis is possible on something besides the third party.

Best regards.

Sincerely,

George Reedy
Assistant to
Lyndon B. Johnson

Mr. William H. Stringer
The Christian Science Monitor
1293 National Press Building
Washington 4, D. C.

Senator Johnson

October 28, 1957

George Reedy

Here is the status of the three invitees to the ranch:

Walker Stone -- will be at the Shamrock Hotel Wednesday night and will call me either then or Thursday morning. He himself is planning a hunting trip in Pearsall this week-end and is not quite certain of his schedule.

Stewart Alsop -- will call me in the morning to give me the exact time of arrival, etc. Stewart says he would like to bring Rowland Evans with him if it is all right with you because he thinks it would make a favorable impression on Rollie and would be helpful to you, as well as giving Stewart a traveling companion (it has been obvious for some time that the Alsop brothers promoted Evans' job on the Herald-Tribune and they represent his influence with the management of the paper.)

General McInerney -- will arrive in Austin with his wife Friday, November 1, 3:54 P.M., Braniff Flight 39.

United States Senate

MEMORANDUM

Oct. 25, 1957

Senator:

For Krock.

GER

M E M O R A N D U M

1. It becomes increasingly clear that reports of the impending dissolution of the Democratic Party as a result of Little Rock are somewhat premature. Little Rock was unquestionable a setback but it was a setback that could be anticipated. There was bound to be trouble over integration and the only surprise was that it came first at Little Rock.
2. The current situation has led to considerable discussion of a "third party" in the South. But upon close examination, a good deal of that discussion comes from Southern Brickerites who, strangely enough, are far less interested in integration than they are in taking the United States out of the United Nations and repealing the income tax. This group is quite vocal in the South but has little real influence and it is trying to hitch a ride on the segregation bandwagon. It is doubtful whether it will succeed.
3. There are, of course, plenty of trouble spots ahead. Integration has yet to invade any of the "deep South" except North Carolina. The Texas legislature could cause difficulties. The integration of Dallas--which will probably take place ~~the~~ early next year--could lead to a blow up. But if there were no troubles, there would be no politics. The only real danger at the moment is that a Southern politician of real stature will embrace the third party movement--and there are no current signs that any will. It is true that Byrnes has discussed the possibilities and so has Shivers but there are grave doubts as to how much of a following they have.
4. The responsible Southern leaders are well aware of what would happen should a "third party" be formed. The mathematics which are supposed to demonstrate so convincingly that such a move would throw the election into the House of Representatives where the South would have something called "bargaining power" are completely fanciful. They have no more validity than the old Amos and Andy show which always opened with Andy counting ~~imaginary~~ imaginary millions from imaginary business enterprises. At best, a "third party" would only carry a few Southern states. But in the process it would probably unite the North and the West and lead to an overwhelming sweep of all other States by one of the two major parties. The South would then be isolated and alone--a whipping boy for demagogues in other parts of the country.

(more)

5. It is significant that an endorsement of integration by Jack Kennedy would bring applause at a Mississippi meeting. The people present were not applauding integration or even Kennedy, in all likelihood. It was probably a spontaneous reaction to the feeling that the bridge between the North and the South must be kept open. It also represented a realization that a break would probably result in confirming the power of the Republican party which is on what amounts to an old-style "abolitionist" tack.
6. There were even some fortunate aspects to Little Rock.
 - a) It would be difficult for even the most avid "civil righter" to think up a bill more drastic than the action taken by the President. This minimizes the possibility of a bill at the next session.
 - b) It is proving extremely difficult to pull the troops out of Little Rock but it should be possible at some point along the line. It is better to learn the lessons in a city like Little Rock than in a city like Vicksburg.
7. Finally, even though integration and segregation dominate Southern thinking for the moment, there are other issues which in the long run may prove overriding. Of these, the most important is the economic issue. Southern towns are feeling the pinch of "tight money" and Southern farmers are in difficulties. In the long run, the "bread and butter" issues may prove much more important than the emotional issues of segregation.

#

MEMORANDUM

TO : LBJ

FROM : GER

Here is a summary of the principal points made by Bob Oliver in my luncheon conversation with him just before you left.

1. Your troubles with labor in this state do NOT stem from the United Automobile workers but from the United Steel Workers in Houston. Bob says that there are two dominant groups in the steel workers--an old faction that was strong for Coke Stevenson and still bears a grudge against you and the faction headed by Ed Ball which is sparking the DOT. The United Automobile Workers are primarily for you--especially one of their top officials named Hank Moon. (Eye think Bob Oliver is right about the Steel workers being your main source of trouble but it must be remembered that the United Steel Workers led the opposition to Walter Reuther in the CIO and Walter Reuther is the man who puts the butter on Bob Oliver's bread.)
2. Jim Carey was highly pleased with the letter he received from you and Bob says that "with just a little effort, Lyndon could have Carey in his vest pocket."
3. Bob thinks that sometime just before the session starts, or just after it has started, you should make a statement to the effect that we have issues like Little Rock that divide the country but we also have the day-to-day necessity of feeding and clothing the people; taking care of the old folks; conserving our natural resources; bringing some relief to the farmers and defending our country. There is no way of preventing people from fighting over Little Rock and civil rights but we should not lose sight of the basic issues in the process. (Eye don't think this is a bad idea.)
4. Bob says he thinks you should consider the idea somewhere along the line of having a real "showdown session" with the Democratic National Committee. You should ask them bluntly whether they want the Democrats to pass bills or take "Democratic positions" and do nothing but expound the platform and that if they want the latter, they should get somebody like Hubert Humphrey as their leader. Bob thinks they would run like scared rabbits from such a challenge. (The idea of a Committee "showdown" doesn't appeal to me but it might be good to try it out on a few individuals.)
5. Meaney has the votes to expel the Teamsters from the AFL-CIO in the Executive Council but not in the AFL-CIO convention. If the convention refuses to expel Hoffa and the Teamsters, Reuther will have to withdraw--taking other unions with him--and the labor movement will be split again.

###

MEMORANDUM

1. In Social Security questions, a distinction should be made between people working on a salary and people who are self-employed. The distinction arises primarily from the fact that people who are self-employed are in a far better position to control their own income. They take greater risks but at the same time they can--through the exercise of ingenuity and initiative--increase their income and allocate the increase to insurance and other private retirement plans. Those who work for wages, however, are dependent upon industry-wide wage patterns and have no individual control over their income--particularly in mass industries.
2. In the mass industries, there can be no question about the manner in which Social Security should be handled. It must be universal or not at all simply because of the large amount of bookkeeping involved. The bookkeeping is not an insuperable problem if it is handled the same way for everyone in a plant or a factory. It breaks down completely if part of the payroll is handled one way and another part another.
3. It would be unfair and unjust to extend Social Security to private people who are self-employed and who do not want it. It would deprive them of the right to save their own money as they see fit--and primarily Social Security is a form of savings. In the event they should decide they want it, it would be a different matter. But as long as the medical profession is opposed to Social Security there is no reason in justice, law or simple efficiency for making them come under.

###

John
81-

Geo. B. Alford +
Set it

M E M O R A N D U M

TO : LBJ

FROM : GER

1. In conformance with your instructions, the UP has been checked concerning a printer for the Austin office. We can have one at what is known as the "standard government rate" of \$125 a month plus the costs of paper and ribbons. The latter would run about \$10 to \$12 a month, varying with the size of the news file.
2. The printer would be hooked into 7546--the "main trunk" wire filed out of Chicago. This would be the best for our purposes as it would give us all the national and international news. The alternative would be to hook it on to the "Big City" wire which is strictly a Texas affair carrying mostly local items which we get out of the newspapers about as fast as we want them anyway. Any really "hot" item ~~received~~ from Texas would be ~~carried~~ carried on the main trunk. We would have the wire from 6AM in the morning (the janitor could turn it on for us) to 5PM in the afternoon. That would give us full coverage as copy which moves after 5PM is usually a round-up of the events that have been taking place during the day.
3. Although this is more than we pay in Washington, it is a very reasonable rate. The Washington wire is a special one which cannot be extended to Texas except at a prohibitive cost. There is a printer available in Austin right now so there would be little delay in installation.
4. RECOMMENDATION: That we have the wire installed as soon as possible.

###

10-2-57

MEMORANDUM

TO : LBJ

FROM : GER

1. In conformance with your instructions, the UP has been checked concerning a printer for the Austin office. We can have one at what is known as the "standard government rate" of \$125 a month plus the costs of paper and ribbons. The latter would run about \$10 to \$12 a month, varying with the size of the news file.
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3. Although this is more than we pay in Washington, it is a very reasonable rate. The Washington wire is a special one which cannot be extended to Texas except at a prohibitive cost. There is a printer available in Austin right now so there would be little delay in installation.
4. RECOMMENDATION: That we have the wire installed as soon as possible.

###

10-2-57

MEMORANDUM

TO : LBJ

FROM: GER

1. Although I am no lawyer, I believe the attached memorandum is logical and coherent. What is much more important, it is obviously the viewpoint that would be upheld in any legal test now conceivable of the President's action in sending troops into Little Rock.
little
2. There is/are doubt that an equally persuasive (without raising the question of validity) memorandum could be written upholding the contrary point of view. But anyone who believes that the contrary point of view will prevail at the present time is simply oblivious to the whole trend of current events.
3. In terms of planning a course, it is more fruitful to examine the philosophy of the men who wrote the Constitution. It is apparent from a total reading of the Federalist papers that few of them regarded the Constitution as a mere set of by-laws to govern the conduct of men much as a club has by-laws to govern the conduct of its members. They made some concessions in terms of catch-phrases for those who believed that liberty could be preserved by writing laws. But primarily, they regarded the Constitution as a means of establishing institutions to handle the necessary powers of government. Their reasoning can fairly be summed up as follows:
 - a) It is unavoidable that power be lodged somewhere and it can be manipulated only by men.
 - b) However, power is inherently evil and unless it is checked will inevitably be abused, regardless of the intentions of the men who use it.
 - c) Laws and resolutions are not sufficient to check the abuse of power. (This has been proven in Germany where Hitler came to power under one of the most "democratic" Constitutions ever written.) Men who are determined to achieve an objective will always find noble reasons for ignoring laws and resolutions if they have the power to do so. And, with a little ingenuity, they can usually prove that they acted within a "proper ~~interpretation~~
"interpretation" of the laws and resolutions themselves.
 - d) However, abuse of power might be checked by dividing power into competing centers--each one with enough power to maintain its own privileges and prerogatives but none with enough power to seize total control. (The so-called "checks and balances" theory.)

(more)

4. The most difficult aspect of government to fit into this theory was the use of military power. Obviously somebody had to have total control of the armed forces or the country could not be defended against invasion. Obviously it is possible to exercise naked dictatorship over a country through total control over the armed forces. The decision that was reached:

- a) The President would be the Commander-in-Chief (and any arguments that he cannot do whatever he wants to with the Armed Forces aren't worth making. The only limitations upon his power are his own good judgment and the willingness of the troops to obey his orders.)
- b) But Congress would have the power to determine the size of the forces at his disposal and the amount of support they would receive from the civilian economy.
- c) Congress would also have the power to declare war (a power which has meaning because war involves many things besides the disposition of troops.)
- d) Congress would also have the power to remove the President from office by impeachment.
- e) Congress would also have the power to withhold funds from the President for any purpose.
- f) The States would have the right to maintain a militia.
- g) Individual citizens would have the right to bear arms.
- h) Voters would have the right to remove the President at the end of his term.

5. The situation in Little Rock is as follows:

- a) The President has used troops. It is obvious they will obey him.
- b) The courts are powerless to prevent him from doing so but would certainly uphold his legal right if put to the test.
- c) Congress will certainly not impeach the President or withhold funds for maintaining the armed forces (although he might have trouble with some parts of his program.)
- d) None of his actions are of such a character as to require a declaration of war.
- e) Modern conditions are such that the right of States to maintain militias and the right of individual citizens to bear arms are meaningless rights in terms of resisting Federal military power.
- f) The President's actions are more likely to gain than to lose votes (in terms of electing the next President.)

(more)

6. In short, the legal questions are moot and will remain so unless there is a popular revulsion against the President's actions outside the South. However, there are other limiting factors involved which, if properly considered, give the South bargaining power:
- a) The President cannot keep troops in Little Rock or other cities indefinitely without military morale deteriorating.
 - b) There are not enough troops--and cannot be enough troops--to enforce integration all over the South.
 - c) The troops cannot be withdrawn from any Southern city without the cooperation of local authorities who will agree to substitute civil for military authority.
 - d) Although the immediate reaction to Little Rock outside the South is one of supporting the President, this country still has an anti-military tradition and eventually there will be opposition to the President even in the North. The country will demand some settlement that does not include troops.
7. There is no point in debating the moral question of whether the President should have used troops. He has the responsibility of maintaining the United States of America and presumably he thought it was the right thing to do. But if the Southern states use their bargaining position--rather than resorting to legalisms--they should be able to arrive at an accommodation. It won't stop integration but it will keep out the troops and at least it will prevent a head-on clash which the South would lose.

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MEMORANDUM

Oct. 31, 1957

TO : LBJ

FROM : GER

The following invitations to speak in San Antonio have been received by telephone:

1. From Harry Newman
c/o Dittmar & Co.
PO Box 2480
San Antonio, Texas

Invitation to speak at Rotary luncheon either on Dec. 6th or Dec. 13th in St. Anthony Hotel.

2. From Aubrey Kline
c/o Pearl Brewery
PO Box 1661
San Antonio, Texas.

Invitation to speak at Kiwanis luncheon on Friday, Nov. 15th, in the Gunter hotel. Kline says that a number of San Antonians, including Ed Ray, are anxious to have the Senator.

###

Oct. 9, 1957

Dear Bill:

On a strictly background basis, I do not object to answering your questions. The only difficulty is that there are only a few to which I can reply with any degree of self assurance and even those must be heavily qualified as you will see.

Let me take the easy ones first.

1. For the time being, you can safely ignore the "third party" issue. Prospects are almost totally nonexistent and will not arise unless some new element is introduced into the situation. The South has had its lesson and realizes that a third party would be helpful only to the more extreme "anti-South" wing of the Republican Party. There is some third party talk in the South but when the people who are promoting it are examined carefully they invariably turn out to be "Brickerites" whose interest in segregation is secondary to their hatred of the United Nations and their desire to repeal the income tax. This group can be very confusing to Northern commentators. It is very small in the South but extremely vocal because it is well financed. It is trying to pick up a following by using the integration issue but it has worn out whatever welcome it had and I cannot detect any evidence that its influence is spreading. There is no politician with a substantial following in the South advocating a third party.

party has

2. I don't know what the Republicans ~~have~~ picked up in the North although I would assume that it has increased its standing among Northern Negroes. In the South, however, the Republican Party is completely shattered among whites in the entire belt from the eastern quarter of Texas to the Atlantic seaboard. There may be a few local exceptions--such as Southern Florida--but these are of minor significance. The extent to which this will be offset by gains among Southern Negroes is problematical. The barrier between the two races in the South is so great that there is no real channel of communication. I am extremely skeptical of the ability of any Caucasian to predict the future behavior of Southern Negroes. In the past, they have exercised the franchise with a high degree of intelligence by voting for "moderate" Democrats. Under present circumstances, that would be an intelligent course to continue. However, there may be overriding emotions that will sweep them into Republican ranks. I just don't know and I do not believe that anybody else does either.

(With regard to the last paragraph, there are Negroes, of course, who could answer the question. But over the years they have developed such an amazing ability to reply to white men in "advantageous" terms that attempts to assess their answers involve the same problem of attempting to assess the inner meaning of a Pirandello play.)

From this point on, I can only indulge in speculation. It is based largely upon my confidence in the application to politics of an old law of physics: to wit, that to every action there is an equal and opposite reaction.

The political results of the integration-segregation controversy will be determined by the development of the issue itself. Of course, a strain has been put on the Democratic Party by Little Rock but that strain has existed for a number of years anyway and while Little Rock differs in degree from past issues it does not differ in kind.

If all Southern leaders were of the stripe of Faubus, Timmerman and Griffin, there is little doubt that the Democratic Party would break into pieces. The reality, however, is quite different. The more typical Southern leader of today is J. P. Coleman, of Mississippi; Luther Hodges, of North Carolina; Leroy Collins, of Florida; or Frank Clement, of Tennessee. To Northern eyes, some of these men may appear to be ultra-conservative or even reactionary. But it would be difficult, under all the circumstances, to find a better set of men to be in the saddle at the present time. And it must not be forgotten that they are so firmly in the saddle ~~at~~ that the Southern Governor's Conference rejected Griffin and elected Collins as chairman on the very day that the troops moved into Little Rock.

There will be strong temptations for Northern Democrats to vie with Republicans in issuing extreme denunciatory statements. But these temptations will be tempered by a trait common to most professional politicians -- an instinctive dislike of adding to the difficulties of another professional who is not in direct competition. With a few exceptions, the average Northern Democrat is NOT going to add to the difficulties of a J. P. Coleman or a Frank Clement if he can help it -- especially since the alternatives are the Ku Klux Klan and the White Citizens Councils. The only real danger here is that some of the more "moderate" Southern leaders may be driven to extreme positions because of internal situations within their own states and thus provoke retaliatory positions from the North. But this possibility involves only one situation which I am sure will leap to your mind as readily as it leaps to my own.

On the basis of what I have said so far, the score card would appear to be some gains among Negroes by Republicans offset by losses in prospects in the solid South; some losses among Negroes by Democrats offset by completely regaining the solid South. But of course the situation is highly fluid. The key to the future lies in the extent to which tensions can be not only controlled but contained.

In one sense, it was fortunate that the blow-up took place in Little Rock. Little Rock is not truly a "deep South" town and it should not be impossible to rectify any errors that were committed. Had a similar explosion occurred in Vicksburg or Columbia, the problem of extrication might have been insuperable. Regardless of the Governor's attitude, it should be possible to remove the troops at some point in the foreseeable future. In the deep South, a commitment of troops could easily convert military occupation into a matter of permanent policy.

There are a number of lessons to be learned from Little Rock.

First, there is a mythology prevailing in the South that ~~about~~ integration is merely something "political" promoted by a few, self-seeking politicians who will retreat at the first show of resistance. Little Rock has put an end to that fantasy even though there is still considerable wishful thinking about "impeaching" the President and the Supreme Court.

Second, the North has definitely underestimated the depth of feeling on the integration issue in the South. I am afraid that most Northerners think that Southerners defend segregation on the same basis that a resident of an "open" town will defend gambling or prostitution. This is far from the case. The great majority of white Southerners regard segregation as the "right" way of life and integration as evidence of moral depravity. This is true even among the white Southerners who believe that the Negro has been treated badly. Most of them realize that the South has lost the argument and are against force and violence. But their reaction when violence does occur is more likely to be passive than an active desire to put it down.

Third, anytime the Southern segregationists are given something around which to rally, they can stage a formidable demonstration which can be quelled only by a show of force. They have been relatively innocuous up to this point only because they are leaderless and really don't know what they want.

Fourth, the use of troops infuriates the South even more than integration itself. Whatever happens, some formula must be found which keeps the troops out of the picture.

Fifth, integration can be accomplished only with the cooperation of local officials (expressed or tacit; voluntary or compelled.) The only alternative to some kind of cooperation is occupation.

All this means that somewhere along the line, Federal and State officials are going to have to work out a set of "ground rules" to cover the integration controversy. These rules, of course, could not be put in writing and no one could even admit that they exist. But there are enough pressures to compel their emergence.

The Federal government cannot back down from its integration position but neither can it afford to occupy each Southern city with troops. The Southern States cannot back down from their segregation position but neither can they afford the economic disruption that goes with forcible resistance. Practical formulae will be found to solve these apparent contradictions.

(more)

There are other forces which must be considered too. In the South, the "preachers" still have a good deal of moral authority and they exercise it with considerable restraint. I sat between two women at a dinner a few nights ago. One was all-out for Faubus but the other remarked: "I'm not so sure about that. Our preacher has been talking to us about Little Rock." This may sound like a mild remark but in the circumstances it was quite startling. Don't underestimate the ministry.

The businessmen are another factor but the Northern columnists at the moment are placing far too much reliance upon them. Most Southerners are entirely willing to give up plants, industries, payrolls and everything else to "keep the white schools white." In a choice between prosperity and segregation, most white Southerners would pick segregation. After all, they are somewhat accustomed to poverty. The businessmen, however, do have an influence which is reflected in the newspapers--and the newspapers have been surprisingly responsible. It was to be expected of the Little Rock papers but it is surprising to find it in the Dallas News--again, an attitude which would appear "reactionary" to Northern eyes but which is actually conciliatory.

Finally, there are the parents themselves. If the South defies the court to the bitter end, it will have to shut down its public school system. At the moment, many of the parents say they would rather do that than have their children go to school with Negroes. I don't believe it. I think this is the point at which segregationists would lose their mass following. Some States have already passed laws to close down the public schools rather than submit to integration. If that happens, it will take about one week for the segregationists to be ridden out of town on a rail.

As to the politics of the situation, there is unquestionably profit to individuals out of inflaming the situation but the effects upon both political parties will be disastrous. Unless solutions can be found, the tensions cannot even be confined to the South. It is inconceivable that white supremacy could become an issue in the North. Racial politics have a dynamics of their own which is inconceivable to those who have never lived in a part of the country where they are a major factor.

The North does not have the horror of school integration which pervades the South. But there are increasing tensions which probably settle around questions of property. New York City has become involved already in a "segregationist" issue which is highly embarrassing--the refusal of landlords to rent to Negro tenants. There have been a number of "incidents" in Chicago--at least one of serious proportions. The riot in Boston broke out last weekend because a Negro and a white girl got into a face slapping contest over Little Rock.

Southerners cite these instances as evidence of Northern hypocrisy. This attitude, of course, is childish but it would be a mistake to ignore these trends and fail to take their true meaning into account.

As a native midwesterner, I am aware of the racial antagonisms that smoulder in cities like Detroit and Chicago. My wife, on a recent trip to New York, was horrified to learn that "liberal" friends of her college days are withdrawing their children from the public schools because of the Puerto Ricans. They apparently have retained their tolerance towards Negroes but have come to the conclusion that Puerto Ricans are subhuman.

Little Rock has its repercussions. Every incident of violence in the South is going to be mirrored somehow in the North. Somewhere along the line, "white supremacy" politicians will arise in the North--probably backed by property owners leagues.

It is my firm conviction that the two major political parties are responsible groups when considered collectively. I do not believe they will allow such things to happen. Individuals will attempt to profit but the parties as such will recoil from the potentialities of the situation once it becomes apparent. Accommodations will be found which will head off the worst evils.

In the process, both parties will be scarred. But that is one of the facts of political life. Both parties bear scars from the past and a few new ones will not materially change the situation.

When Congress meets in January, there will unquestionably be a spate of bills--both integrationist and segregationist. But I doubt whether they will get anywhere. In terms of Little Rock, it is difficult to take seriously a measure that will give the President stronger powers to enforce integration. In view of the mood of the country, it is difficult to take seriously measures that will reverse ~~segregationism~~ integration. Either type of measure is ridiculous and Congress does fewer things that are ridiculous than is popularly supposed.

There will also be mutterings from some Northern Democrats about breaking loose from the "Southern wing" of the party and vice versa. Again, this will probably blow itself out in conversation. The Western Democrats--who are not directly affected by the integration issue--would not favor any break and I think the bolters from either side will find themselves in a surprisingly small minority--so small that they won't take the step.

I suppose what I have said in this needlessly long-winded letter is that the various factors will cancel each other out. In the long run, Little Rock is not as important as the civil rights bill passed in the closing weeks of the session. A Little Rock incident was to be expected and the only real surprise was the time and the place. The civil rights bill, on the other hand, reverses the trend of nearly 80 years and therefore introduces a new factor.

Sorry to burden you with such a lengthy letter but I was trying to think my way through some of the problems as I was writing it. Anything of value in what I have said can probably be boiled down to a couple of paragraphs. Perhaps the next time you call upon me my thoughts will be clearer.

Best regards

George E. Reedy, Jr.

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October 4, 1957

Dear George:

This Little Rock business is most certainly changing some of the Democratic and Republican prospects and allegiances, at least temporarily. I wish there were opportunity for a long talk with you on the subject. I don't know whether you care to put any of your expert observations into a letter, even if you have my guarantee that it will be treated totally as background. But if you do have any comment on the following, I certainly would be glad to have it:

1. Will the Democrats now suffer seriously from division; from the need of northern Democrats to appear liberal and southern Democrats to sound extremist?

2. What are the prospects of a third party?

3. How much have the Republicans gained in the North and lost in the South?

4. Will the whole thing blow over -- or will it leave permanent political scars on one party, perhaps on both parties?

Thanks for your word on the Langley cartoon. Our cartoonist is delighted to contribute to Lyndon Johnson's wall decoration. I will be glad to hear from you, but if you can't comment on great issues at this time, I will of course understand.

Yours sincerely,



William H. Stringer
Chief, Washington News Bureau

Mr. George E. Reedy, Jr.
207 U.S. Courthouse
Austin, Texas

MEMORANDUM

1. The funeral services held for the Democratic Party by so many columnists following the Little Rock incident were definitely premature. No one claims that Little Rock--like an attack of Fleitis--makes the Democratic Party healthier and more prosperous. But if the Democratic Party is going to be permanently divided by it, so will the country.
2. Little Rock should be recognized for what it actually is--one incident in a long and continuing struggle over an issue that divides the country along regional, rather than partisan, lines. It is surprising that the incident should take place in Little Rock which is not truly a "deep South" southern city. But if it had not been Little Rock, it would have been Vicksburg or Atlanta or somewhere along the line.
3. The segregation-integration issue will be with us for many years to come. It will be solved only when voting patterns change in the South (or possibly when integration hits a Southern state that has passed a law requiring the closing of the public school system and Southerners are faced with the full impact of depriving their children of an education.) There is nothing that can be done at the present time except to try to deal as justly as possible with each incident as it arises and seek whatever areas of agreement are possible. Meanwhile, Northern representative and Senators will run on pro-~~integration~~ integration platforms and Southern representatives and Senators will run on anti-integration platforms and to believe that Manny Celler will be defeated because of Jim Davis or that Jim Davis will be defeated because of Manny Celler is simply to ignore the facts of life.
4. Meanwhile, the Democratic Party can concentrate on the truly national issues--issues which cut across even civil rights. These issues have a stark reality that gives them a vitality which will survive even Governor Faubus and Attorney General Brownell. They include:
 - a) The cost-of-living and the "tight money" policy.
 - b) National defense which has been dramatized by the Sputnik.
 - c) Foreign policy which has been dramatized by the current fumbling in the middle-East.

(more)

5. This is not to imply that the Democratic Party could or should make purely "partisan" issues out of those that have been listed. There are no votes in proving that the Republican Party was "wrong." Everybody who is attracted by such an approach is in the Democratic camp already--in fact, probably never left it. But there are votes in presenting solid, constructive proposals around which people can rally. Out of the next session there should emerge:
 - a) Constructive proposals on credit to help small businessmen and consumers.
 - b) Constructive proposals to step up the country's level of technology and the country's research into guided and ballistic missiles.
 - c) Constructive cooperation with the administration (which must remain our foreign policy spokesman until the end of 1960) to build American strength in the world.
6. It is possible that this may result in reversing Republican policies. But if the Democratic Party uses as its goal reversing Republican policies, it will attract few followers. Strangely enough, the only intelligent partisan politics at the present time is to forget partisan politics and present only programs that will make a genuine contribution to the nation's strength.
7. There will, of course, be considerable heated oratory over Little Rock and civil rights. But this oratory is not very likely to disrupt the session too much because there is little scope for it in terms of legislation.
 - a) There is not the faintest possibility that the Southerners can bring to the floor any legislation that will reverse the current trend towards integration.
 - b) The ardent civil rightsers will be hard pressed to devise any legislative enactment that is more drastic than the steps already taken by the President.

###

Oct. 24, 1957

Senator:

General Thompson called to say that he was quite pleased with the speech that you made in Abilene. It was printed in the Dallas News.

Capt. M. V. Carson, of Hearne, who is in charge of the voluntary program to restrict imports, is visiting General Thompson this afternoon and will have dinner with him tonight. ~~Edcox~~ General Thompson says he believes an encouraging word from you to Capt. Carson might be very helpful as he thinks Capt. Carson is doing an excellent job.

General Thompson talked to Secretary Anderson today. The major importers have agreed to go along with the voluntary program with only three exceptions--Tidewater, Standard Oil of Ohio and Sun. ~~Edcox~~ Anderson believes it will take "a little public opinion" to bring them in. The other 23, however, are all right.

General Thompson can be reached after 4:30 at his home phone--Greenwood 8-1172.

GER