

FROM THE OFFICE OF THE HONORABLE HUBERT H. HUMPHREY
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WASHINGTON, D. C.

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REMARKS
THE HONORABLE HUBERT H. HUMPHREY
AFL-CIO EIGHTH CONVENTION
ATLANTIC CITY, NEW JERSEY
OCTOBER 6, 1969

You are generous indeed to invite a visiting -- one might even say itinerant -- professor to address the Eighth Convention of the AFL-CIO.

Professors, you know, are supposed to be absent-minded. But, to paraphrase one of our national leaders, I want to make one thing crystal clear: this professor remembers very well how the officers and members of the AFL-CIO scored A-plus in that final exam in American government held last fall.

Your President, George Meany, never wavered and never faltered in the most difficult days of the campaign. And COPE organized across this country the most effective political action program in the history of American campaigns.

If the other students taking that exam had done as well, I wouldn't have changed professions . . . and I wouldn't have lost all that job seniority.

Now, I intend to exercise fully the rights and prerogatives of my professorial status. As I told my students in Minnesota last week, I'm a tough grader. And I think it's about time someone started grading how this government is being run by the Nixon-Agnew administration.

When it comes to taking care of their friends, Mr. Nixon and company rate a solid A.

They have remembered all too well their friends in the banks and lending institutions.

. . . more

They have remembered their friends in the corporate board rooms.

They have remembered their Republican friends in the South, especially that leader of Southern Republicanism, Senator Strom Thurmond.

And they have remembered again and again those persons in all parts of the country who have opposed the Democratic Party and the AFL-CIO in every social and economic reform of the past generation.

Inflation, interest rates, civil rights, education, conservation, consumer protection, anti-trust: you name it and the Nixon-Agnew administration has remembered its friends . . . and forgotten the rest of us.

In the campaign last fall we heard much about the "forgotten American." Now, one year later, we are finding out exactly who Mr. Nixon meant by his term, "the forgotten American."

Working men and women found out that they were forgotten when he nominated Judge Clement F. Haynsworth, Jr., to be an Associate Justice of the Supreme Court.

Americans committed to racial justice in this country found out that they were forgotten when this nomination went to the U. S. Senate.

Two weeks ago, I publicly opposed this nomination and I urged that President Nixon withdraw this appointment. Leading Republican Senators have now joined with leading Democrats in expressing publicly their opposition or serious reservations to Judge Haynsworth's confirmation.

The cannons of judicial ethics are quite clear: "A judge's official conduct should be free from impropriety and from the

. . . more

appearance of impropriety . . . In every particular, his conduct should be above reproach . . ."

Judge Haynsworth simply fails to meet these standards. And any person deficient in these crucial aspects of judicial behavior must not be elevated to a lifetime appointment on the Supreme Court of the United States.

This becomes even more the case when the nominee, through his decisions, has demonstrated such an insensitivity -- one might even say hostility -- to the concerns of laboring men and women and to the legitimate aspirations of black Americans.

At this critical moment in American history, we cannot jeopardize the historic gains of the past decade through this ill-advised nomination to the Court.

I hope that President Nixon will still withdraw the nomination. But if he doesn't, I say the appointment of Judge Clement Haynsworth must be blocked by the U. S. Senate.

During the past eight months, other persons in this country have found out what Mr. Nixon really meant when he talked about the "forgotten American."

Anyone who has recently tried to buy a house knows what it means to be forgotten by the Nixon-Agnew Administration.

Assuming you are lucky enough to find someone willing to lend the money -- and rich enough to have the required down payment -- the 15 percent increase since January in the cost of maintaining a home mortgage means that the three bedroom home you could afford last year has now become a two bedroom home.

Any housewife shopping at the supermarket knows what it means to be a forgotten American. The consumer price index for meat, fish and poultry has gone up almost as much in the past seven months as it did in the previous ten years.

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How about gasoline? Since January the price of gasoline has increased at the annual rate of 9.4 percent. If this trend continues, gasoline prices will rise more this year than they did in the eight years between 1960 and 1968.

This is the administration's record on the one domestic issue -- controlling inflation -- which Mr. Nixon said would get priority attention when he assumed the Presidency.

What we have witnessed in the past eight months is a virtual abdication of the President's responsibility -- yes, even his duty -- to take the lead in fighting inflation, in both prices and wages.

When steel prices were raised, and the White House was silent -- when automobile prices were raised, and the White House was silent, when other industries raised their prices, and the White House was silent, the message for everyone else was clear: the federal government intends to stand on the sidelines in the midst of the worst inflationary spiral since the Republican 1950's.

Let's not forget that when these same industries tried to raise prices in the Kennedy-Johnson years, the President went into action to protect the public interest. Have you forgotten President Kennedy's battle with the steel companies? Or President Johnson's battle with the automobile, petroleum, aluminum, copper, and steel industries? And I'll bet you remember that these Presidents also demanded from labor greater restraint in wage increases.

The President can, and he should, plead, request, argue, persuade and cajole. He does have jaw-bone power, especially if he adds a little back-bone to the jaw-bone.

Frankly, I'm beginning to wonder whether the Nixon-Agnew administration has any effective plan to fight inflation.

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And I'm beginning to worry that a drastic increase in unemployment will, in the end, become the Nixon administration's only prescription. Because that's the old tried and tested Republican medicine . . . guaranteed to produce a cure worse than the disease.

Let us remember the Republican record of economic mismanagement in the 1950's:

- Three recessions in seven years;
- A nearly three-fold increase in unemployment;
- A growth rate little more than half of our long-term historical average; and
- A sad, soggy last for the United States . . . at the very bottom of the growth-rate roster among industrial countries.

Compare that, if you will, to the eight-year Democratic record at the end of last year:

- Real spendable family income up by 32 percent;
- Unemployment cut by more than one-half;
- Price performance for those eight years better than that of any other industrial nation in the world.

Compare that record with the economic policies of an administration led by a man who said in 1960: "Unless unemployment goes over 4.5 million, it cannot become a significant issue in the minds of a great many people. There must, after all, be some unemployment."

The Nixon-Agnew administration may not worry much about rising unemployment, but you can bet the Republicans remember the corporations when it comes to taxes.

. . . more

The Democratic House of Representatives, in the most significant tax reform bill in decades, granted tax relief to individuals of \$7.3 billion a year. The Democrats in the House raised business taxes by \$4.9 billion a year.

After avoiding the entire tax issue for six months, the Nixon administration was finally forced into taking a position.

The Republicans proposed that middle-income taxpayers be deprived of \$3 billion a year of tax relief voted by the House. At the same time, the Republicans proposed reducing the corporate tax increase by \$1.5 billion. They remembered the corporations and they forgot the middle-income taxpayers.

The roster of "forgotten Americans" in this administration also includes every school child in this country.

Mr. Nixon submitted an education budget for fiscal year 1970 which was \$370 million lower than the request submitted by the Johnson-Humphrey administration.

But the Democratic Congress refused to accept these drastic Republican cuts. The House of Representatives voted to add more than \$1 billion to the administration's education budget.

And what was President Nixon's response? First, he attacked the Congress for voting these badly-needed education funds. And then he threatened not to spend the money, even if it was approved.

I ask only this question: How do you square these actions with the promises of Candidate Richard Nixon who, on October 20, 1968, pledged his "administration to be second to none in its concern for education."

This kind of flip-flop on education is symptomatic of an administration and a Presidency that lacks any basic notion of where this country should be heading in the 1970's.

. . . more

I know better than most people that the problems of governing America are indeed difficult. And I know that solutions are not easily found.

But I also know that the American people have the right to expect leadership, vision and courage from their top elected officials. For only these qualities will see us safely through these years of trial and crisis.

I say that precisely these qualities have been conspicuously absent in the record of the Nixon-Agnew administration.

Let us remember that the failure of the Republican administration of the 1950's to face up to the needs of America brought on many of the crises of the 1960's.

Now it appears that the Nixon administration is determined to repeat the same tragic mistake.

I see an administration which has, at last count, at least two policies on the question of the oil depletion allowance.

I see an administration which has a different policy every other week, if not more often, on the issue of school desegregation.

I see an administration which turns anti-trust policy-making over to the Commerce Department, the Federal agency supposed to advocate the interests of business men.

I see an administration which vacillated for months on the crucial issue of opening arms control negotiations with the Soviet Union.

I see an administration where civil servants rise up in open revolt; where 65 lawyers in the Justice Department speak out against further delays in enforcing the Constitution in Mississippi. And I see an administration which then demanded the resignation of the lawyer who spoke out against these policies.

. . . more

I see an administration which has failed to exercise any discernible leadership or initiative in such critical areas as environmental pollution, consumer protection, better medical care for Americans, or the worsening crisis in our urban areas.

I see an administration which has announced its priorities: the ABM, the SST and Mars.

Look to the stars, yes. But I also say that we need to explore the frontiers of knowledge, health, human opportunity, and equal justice right here on earth.

Rather than guarantee a landing on Mars by the 1980's, I say we should guarantee every American a decent home by 1976.

I say we should get our priorities straightened out in this country.

Our goal must be an America free of hunger -- an America that cares for its sick, its disabled, its elderly -- an America not only prosperous and growing but happy and compassionate -- an America with cities that are liveable and beautiful -- an America of clean water and fresh air -- an America at peace with itself and with the world.

Leadership, vision and courage: these are the qualities demanded by the 1970's. And these qualities lead an administration to ask **not**, "What do my friends want?" but rather, "What does the country need?"

And therein lies the difference between the Republican Nixon-Agnew administration and the Democratic administration that will capture the Presidency in 1972.

#

REMARKS

THE HONORABLE HUBERT H. HUMPHREY

AFL-CIO CONVENTION

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OCTOBER 6, 1969

Geo Meany

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one thing crystal clear: this professor remembers very well
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in that final exam in American government held last fall.

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faltered in the most difficult days of the campaign. And
COPE organized across this country the most effective political
action program in the history of American campaigns.

**MEANY
COPE**

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I wouldn't have changed professions ... and I wouldn't have
lost all that job seniority.

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But you're not one of them.

They have remembered all too well their friends in the
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~~are many~~ Leo Meany led
the fight!

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*Losing an election is bad enough,
but to lose a bed room so much!*

~~AFL CIO SPEECH INSERTS~~, page 5 a

~~ALTERNATIVE YOUTH PARAGRAPH~~

~~TIGHT~~ THE REPUBLICAN ADMINISTRATION'S HIGH INTEREST,
TOUGH CREDIT, EXPENSIVE MORTGAGE POLICIES DO
VIOLENCE TO THIS NATION. ~~THEY~~ ARE INJUROUS TO PEOPLE.
AND POLICIES THAT REPRESENT AN OFFICIALLY SANCTIONED
RAID ON THE YOUNG FAMILIES OF AMERICA, WHO NEED
NEW HOUSES AND NEW HOUSEHOLD GOODS -- THAT PLACE A
LONG TERM BURDEN ON MIDDLE ~~CLASS~~ ^{income} AMERICANS FOR
EVERYTHING THAT IS PURCHASED ON CREDIT - - AND
THAT MEANS MOST THINGS - - THOSE POLICIES ARE CRUEL
AND MEAN ~~TO THE ELDERLY WHO LIVE ON FIXED INCOMES.~~

They are especially cruel and mean
to those millions of Americans
who lived on pensions, social
Security, and fixed incomes.
These are the Americans who were
promised so much by the
Republican Campaign propaganda
~~and who are now~~
They were deceived then, and
double crossed now!

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Any housewife shopping at the supermarket knows what it means to be a forgotten American. The consumer price index for meat, fish, and poultry has gone up almost as much in the past seven months as it did in the previous ten years.

How about gasoline? Since January the price of gasoline has increased at the annual rate of 9.4 per cent. If this trend continues, gasoline prices will rise more this year than they did in the eight years between 1960 and 1968.

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What we have witnessed in the past eight months is a virtual abdication of the President's responsibility -- yes, even his duty -- to take the lead in fighting inflation, in both prices

and wages.

The administration money managers are telling the nation that when you raise wages it results in inflation, but when interest rates go up which result the profits of the banks + money lenders, its good solid economics.

Inflation

*When the Business went to 8 1/2%
- Silent -*

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Have you forgotten President Kennedy's battle with the steel companies? Or President Johnson's battles with the automobile, petroleum, aluminum, copper and steel industries?

And I'll bet you remember that these Presidents also demanded from labor greater restraint in wage increases.

JFK
LBJ

↳ The President can, and he should, plead, request,
argue, persuade, and cajole. He does have jaw-bone power,
especially if he adds a little backbone to the jaw-bone.

Jaw Bone

↳ Frankly, I'm beginning to wonder whether the Nixon-Agnew administration has any effective plan to fight inflation.

And I'm beginning to worry that a drastic increase in unemployment will, in the end, become the Nixon administration's only prescription. Because that's the old tried and tested Republican medicine ... guaranteed to produce a cure worse than the disease.

~~Let us~~ remember the Republican record of economic mismanagement in the 1950's:

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- ↳ -- A nearly three-fold increase in unemployment;
- ^{economic} A growth rate little more than half of our long-term historical average; and

-- A sad, soggy last for the United States ...
 at the very bottom of the growth rate roster
 among industrial countries.

Compare that, if you will, to the eight-year Democratic
record at the end of last year:

Business Profits Doubled in 8 yrs

-- Real spendable family income up by 32 per cent;

-- Unemployment cut by more than one-half;

-- Price performance for those eight years better

than that of any other industrial nation in the

world.

*Kennedy yrs cost of living up 3 1/2 %
 Johnson yrs " " 4.7 %
 Nixon 8 yrs " " 7 %*

Compare that record with the economic policies of an

administration led by a man who said in 1960: "Unless
unemployment goes over 4.5 million, it cannot become
a significant issue in the minds of a great many people.

There must, after all, be some unemployment."

*10 1/2 million new jobs
 12 million out
 of poverty*

*Nixon
 STATEMENT*

↳ The Nixon-Agnew administration may not worry much about rising unemployment, but you can bet the Republicans remember the corporations when it comes to taxes.

↳ The Democratic House of Representatives, in the most significant tax reform bill in decades, granted tax relief to individuals of \$7.3 billion a year. ↳ The Democrats in the House raised business taxes by \$4.9 billion a year,

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↳ After avoiding the entire tax issue for six months, the Nixon Administration was finally forced into taking a position.

↳ The Republicans proposed that middle-income tax-payers be deprived of \$3 billion a year of tax relief voted by the House.

↳ At the same time, the Republicans proposed reducing the corporate tax increase by \$1.5 billion. ↳ They remembered the corporations, and they forgot the middle-income tax-payers. ↳

Children
↳ The roster of "forgotten Americans" in this administration also includes every school child in this country.

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But the Democratic Congress refused to accept these drastic Republican cuts. The House of Representatives voted to add more than \$1 billion to the administration's education budget.

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This kind of flip-flop on education is symptomatic of an administration and a Presidency that lacks any basic notion of where this country should be heading in the 1970's.

~~AFL CIO SPEECH INSERTS~~, page 11 a

~~CUT BACK~~ para.

WHEN YOU CUT BACK ON EDUCATION, ON LIBRARIES,
ON HEALTH RESEARCH, ON HOUSING, ON PROGRAMS FOR OUR
CITIES, ON RESOURCES TO CLEAN UP POLLUTION, ON FUNDS
TO WAGE THE WAR ON POVERTY, YOU ~~CUT~~ ST BACK ON AMERICA!

And America as being short changed.
and remember THE MISTAKES OF THIS ADMINISTRATION WILL BE PAID
FOR AGAIN AND AGAIN IN THE YEARS TO COME.

IN A TIGHT CREDIT, SCARCE MONEY ECONOMY THE
RICH GET RICHER AND THE REST OF US PAY THE BILL AND
SUFFER THE CONSEQUENCES AND NEVER FORGET THAT
WAGES ALWAYS TRAIL PRICES, AND NEVER FORGET THAT A
HIGH INTEREST THIRTY TO FORTY YEAR MORTGAGE IS A
HIGH TAX ON A LIFE TIME.

THE ADMINISTRATION'S MONEY MANAGERS ARE TELLING THE
NATION THAT WHEN YOU RAISE WAGES IT RESULTS IN INFLATION,
BUT WHEN YOU RAISE INTEREST RATES WHICH SWELL THE
PROFITS OF THE BANKS AND THE MONEY LENDERS, ITS GOOD,
SOUND, SOLID ECONOMICS.

- 12 -

⌞ I know better than most people that the problems of governing America are indeed difficult. And I know that solutions are not easily found.

⌞ But I also know that the American people have the right to expect leadership, vision, and courage from their top elected officials. ⌞ For only these qualities will see us safely through these years of trial and crisis.

I say that precisely these qualities have been conspicuously absent in the record of the Nixon-Agnew administration.

⌞ Let us remember that the failure of the Republican administration of the 1950's to face up to the needs of America ~~intensified the problems~~ brought on many of the crises of the 1960's.

1950's

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⌞ I see an administration which has, at last count, at least two policies on the question of the oil depletion allowance.

XX

XX

✓ I see an administration which has
 at least 2 policies on almost every issue -
 - I see an administration with 2 Policies on Civil Rights
 Tax all names

I see an administration which has a different policy
 every other week, if not more often, on the issue of school
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policy-making over to the Commerce Department, the Federal
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in open revolt -- where 65 lawyers in the Justice Department
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< I see an administration which has failed to exercise
 any discernable leadership or initiative in such critical areas
 as environmental pollution, consumer protection, better
medical care for Americans, or the worsening crisis in our
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Priorities
 < I see an administration which has announced its
 priorities: the ABM, the SST, and Mars.

< Look to the stars, yes. But I also say that we need
 to explore the frontiers of knowledge, health, human opportunity,
 and equal justice right here on earth.

< Rather than guarantee a landing on Mars by the 1980's,
 I say we should guarantee every American a decent home by 1976.

< I say we should get our priorities straightened out
 in this country.

~~Mars~~ - Earth
~~SST~~ - Airports, Public Transportation
~~ABM~~ - murder & hate

- 15 -

g L Our goal must be an America free of hunger --
an America that cares for its sick, its disabled, its elderly --
an America not only prosperous and growing but happy and
compassionate -- an America with cities that are liveable
and beautiful -- an America of clean water and fresh air --
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BACKGROUNDER ON
AFL-CIO MARITIME TRADES DEPARTMENT

The Department

The AFL-CIO Maritime Trades Department is the Constitutional Department created by the national trade union movement to represent labor's interests in the merchant marine field.

The Department is composed of 42 national and international unions of the AFL-CIO, with a combined membership of more than 7.5 million workers.

The Department represents workers aboard ocean-going commercial vessels which sail from the Atlantic, Gulf and Pacific Coasts . . . workers aboard ships of the Great Lakes fleet . . . workers on the tugs and barges which operate on the 25,000-mile network of inland waterways . . . workers in the shipyards of America . . . workers in the fishing fleet on the Atlantic and Pacific coasts . . . workers in fish cannery and processing plants . . . and workers in scores of trades and services directly and indirectly related to the building, maintaining and manning of American-flag vessels.

Its Officers

The AFL-CIO Maritime Trades Department is headed by Paul Hall, who is a Vice President and member of the AFL-CIO Executive Council, and who is president of the Seafarers International Union of North America, AFL-CIO.

The Department's other officers are: Vice President Jack McDonald, Executive Secretary-Treasurer Peter M. McGavin, and Administrator O. William Moody, Jr.

The principal officers, or their designees, from each of the 42 affiliated unions make up the Executive Board of the Maritime Trades Department. Included on the Executive Board are 25 general presidents -- indicating the importance which these unions attach to their affiliation with the MTD.

Its Port Councils

The Maritime Trades Department also includes a network of 32 port councils in key maritime centers on all coasts, the Great Lakes and the inland waterways. This structure enables the Department to mobilize trade union resources at the community level on behalf of the programs in which the MTD is engaged.

Its Program

The Department has been in the forefront of the trade union movement's fight to revitalize the American merchant marine. Specifically, this program has included:

- (1) The successful fight in 1967 to give the House Merchant Marine and Fisheries Committee and the Senate Commerce Committee the responsibility for initiating annual authorizations for the maritime programs.
- (2) The fight for legislation creating an independent Maritime Administration -- passed by the House of Representatives in the 90th Congress by a lopsided 326-44 vote, and approved by the Senate by an overwhelming voice vote. The legislation was pocket-vetoed by President Johnson in 1968.

(3) The continuing fight against foreign shipbuilding, in order to preserve America's shipyards, and to prevent a further deficit in the balance of payments.

(4) The fight for a fair and equitable maritime program that will help the merchant marine regain its former status as No. 1 among the fleets of the world (we are now No. 6) and to help U.S. shipbuilding regain first rank (it is now No. 11.) Specifically, the Department has been fighting for:

- Equal treatment for all segments of the industry (at present, one-third of the industry gets construction and operating subsidies, while two-thirds of the industry does not.)
- Better administration of the programs on government shipment of agricultural surplus cargoes and foreign aid cargoes (present law calls for a minimum of 50 percent of these cargoes moving on U.S.-flag ships; present administrative practice has made this a maximum of 50 percent.)
- An end to abuses of the subsidy system. (Subsidized lines get federal help to make them competitive with foreign operators for the carriage of commercial

cargo; the subsidized lines use these subsidies to undercut unsubsidized ships in the competition for government cargo, which moves at a preferential rate. This constitutes a double subsidy, which must be eliminated.)

- Incentives to ship operators to invest private capital in new ship construction to help modernize the fleet and at the same time reduce some of the reliance on government funds. These incentives should include tax-deferred construction reserve privileges for the entire fleet (at present only the 14 subsidized lines have this privilege); long-term charter of unsubsidized ships for movement of government cargo; provisions that a stipulated amount of cargo coming into this country under import quotas (oil, molasses, sugar, etc.) must move on U.S. ships.

1969 Biennial Convention
AFL-CIO Maritime Trades Dept.
Traymore Hotel
Atlantic City, N. J.
Sept. 29-Oct. 1, 1969

THE APPOINTMENT OF JUDGE HAYNESWORTH

Resolution No. 74

The United States Senate is now in the process of deliberating on the appointment of Judge Clement F. Haynesworth, Jr., as an Associate Justice of the Supreme Court of the United States.

The appointment of any individual to serve on the nation's highest tribunal is a matter of the utmost gravity, for the Supreme Court is a very special institution.

It is the custodian of all of the most cherished legal rights of the American people. In the hands of its nine members rests the responsibility for interpreting the laws of the land -- not only in the context in which those laws were written, but also in the context of the times in which we live.

It is, in every sense, man's court of last resort. Men's lives, their fortunes, their honor, rest in the end, not in the Constitution or the body of civil and criminal law which has grown up in America's 200-year history, but rather in how these nine men view the meaning, the intent and the application of these laws.

It is a co-equal branch of our federal government -- standing on an even footing with the Legislative and the Executive Branches. But where the ranks of the Legislative Branch are numbered in the hundreds, and those of the Executive Branch are numbered in the thousands, the Judicial Branch is far smaller, and at the apex of the judicial pyramid is a court consisting of only nine men. Thus

the weight of the individual -- his character, his judgment, his actions -- assumes a disproportionate shape in the scheme of things.

More even than its substantive role in our society is the role which the Supreme Court fills in terms of the moral climate of our times. Sitting, as it does, in final judgment on us all, the Supreme Court must be above suspicion and beyond reproach -- for if it is not, then all of the moral values of our society are called into question.

It is against this backdrop that the Senate must make the judgment of Judge Haynesworth. And it is against this backdrop that we associate ourselves wholeheartedly with the position expressed by AFL-CIO President George Meany -- a position of unremitting opposition to this appointment. Our reasons are many; the grounds on which they are based are clearly definable.

Judge Haynesworth's record with respect to labor-management cases demonstrates clearly that he has no sensitivity to the basic rights of working men and women.

Judge Haynesworth's record with respect to civil rights cases demonstrates clearly that he has no sensitivity to the basic citizenship rights of Americans, without regard to the color of their skins.

We are not naive enough not to realize that appointments to all federal offices -- judiciary and executive, alike -- reflect the political climate in this country. We recognize that there was an election in 1968, and that as a result of that election there was a change in Administrations in Washington. We recognize the right of an American President to choose, as his

appointees, from among those who have supported his cause and who reflect his own political coloration.

We submit, however, that the nomination of Judge Haynesworth goes far beyond those bounds. The 1968 election was decided, in large measure, on the basis of a so-called "Southern Strategy." And the proposal that Judge Haynesworth be named to one of the nine most responsible positions on the Supreme Court is at once both a reward for those who made this strategy of 1968 a success and an investment in the maintenance of this Southern base into the future.

We are told that Judge Haynesworth is not hostile to labor unions or to civil rights groups. We are told, instead, that he is a "strict constructionist." But we understand the code words of modern politics -- code words such as "right-to-work," "trade union democracy," ~~and~~ "law and order," and the rest. These are clever propaganda weapons, distorting words that have benign meanings and making of them shields behind which lurk malignant intent.

The words "strict constructionist" are code words, too. They are a signal to the Strom Thurmonds, the James Eastlands, and the George Wallaces as to where Judge Haynesworth truly stands on the great social issues of our times: The issues of common decency, fair play and justice -- whether on the job or off; whether in labor-management relations or in the relations between people of different skins, different ethnic origins, different cultures.

On the record, Judge Haynesworth has demonstrated his hostility to trade unions and his hostility to civil rights -- and

either of these grounds should be cause enough for the Senate of the United States to reject his nomination.

But there is another reason which makes it clear that Judge Haynesworth is totally unqualified to participate in the deliberations of our highest judicial body -- and that is the appalling lack of ethical judgment displayed by Judge Haynesworth in failing to insulate his judicial affairs from his financial affairs.

Daily, the record grows as to the number of instances in which he has been shown to have financial interests -- some of them most substantial -- in companies which have been parties to suits on which Judge Haynesworth has been called to adjudicate.

His actions in the stock market and in the business world thus are in direct conflict with his duty to sit in impartial judgment -- indeed, it is hard to credit Judge Haynesworth's repeated contentions that he has not been swayed by the fact that he has been financially involved with one of the parties before his court.

What is even worse, the full extent of interrelationship between Clement Haynesworth, business man and investor, and Clement Haynesworth, supposedly impartial judge, may not now be known -- nor may it ever be known. For added to Judge Haynesworth's insensitivity to the legal niceties or the proprieties of the bench has been his amazing and continued lack of candor with the Senate and with the American people. Not once has he come forward, on his own, to lay the full extent of his financial transactions before the public. Instead, he has admitted to these involvements only reluctantly, and only after they have been uncovered by others and spread on the record by others. Thus there may be even more damaging

instances buried deep in the stock portfolio of Investor Haynesworth, or in the case dockets of Judge Haynesworth.

In the face of these continuing disclosures, Judge Haynesworth adamantly protests that he did nothing wrong, and the Justice Department of the Administration which nominated him for a seat on the Supreme Court concurs in the denial of any impropriety.

Within the past year, Mr. Justice Fortas made similar denials about wrongdoing in the commingling of his financial and judicial affairs, and without making any judgment here on the Fortas case, the fact of the matter is that, as the result of those disclosures, Justice Fortas no longer sits on our highest court. Those who were loudest in their criticism of Justice Fortas said at that time that the appearance of impartiality was as important as impartiality, itself. We agree. **A**s we said earlier, judges must be above suspicion and beyond reproach. Yet the same men who criticized Justice Fortas now seek to alibi Judge Haynesworth, with the result that their own ethics, as well as those of their candidate for the Supreme Court, are called into question.

There is more than an individual appointment at stake here. What is at issue is fundamental to our democracy. If Judge Haynesworth should be appointed to the Supreme Court, it would be necessary for the American people to scrutinize his stock portfolio every time a case came before the court. And even then, on the basis of what has been revealed about Judge Haynesworth's activities in the past, it is questionable whether all of the facts would ever be known -- and the American people would be left with the nagging doubt as to

exactly how impartial Judge Haynesworth's decisions really were.

Now, therefore, be it

RESOLVED: That the Executive Board of the AFL-CIO Maritime Trades Department call on Judge Clement F. Haynesworth, Jr., to withdraw himself from consideration for this appointment; that, failing voluntary action on the part of Judge Haynesworth, we call upon President Nixon to withdraw the nomination to safeguard our judicial system; and that, failing these actions, we call upon the Senate of the United States not to consent to the nomination; and be it further

RESOLVED: That this resolution be presented to the Eighth Biennial Convention of the AFL-CIO Maritime Trades Department, for its concurrence; and be it finally

RESOLVED: That this resolution be transmitted to the Eighth Constitutional Convention of the National AFL-CIO, so that the position of the entire American trade union movement on this crucial issue can be expressed, for the guidance of those who must make this fateful decision on which our democratic heritage now hinges.

RALPH YARBOROUGH, TEX., CHAIRMAN
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ROBERT O. HARRIS, STAFF DIRECTOR
JOHN S. FORSYTHE, GENERAL COUNSEL

United States Senate

COMMITTEE ON
LABOR AND PUBLIC WELFARE
WASHINGTON, D.C. 20510

September 30, 1969

Mr. Larry J. O'Brien
Director of Research
Democratic National Committee
2600 Virginia Avenue, N.W.
Washington, D. C. 20037

Dear Larry:

This is an answer, through you, to the Chairman's letter of September 13.

"Bringing Us Apart" is an extremely useful tool for speech writers who want to attack Nixon -- and nothing is more fun than that. I think it is good boiler plate, and worth a share of your staff time.

It would be a logical and political fallacy, however, to spend too much time criticizing Nixon's inattention to the very issues which failed to get us elected last time -- e.g., civil rights, hunger, school desegregation. I think Nixon is doing what a plurality of the voters wanted him to do on these issues, and if we criticize him too heavily for it we will only isolate ourselves from the voters we need to win elections.

This plurality -- actually it is a substantial majority if you count the Wallace voters -- may be wrong, selfish, and short-sighted; it is in the public interest that we hold the line or move ahead in these liberal areas, and surely we have a moral obligation to do so. But if we are going to ram social progress down people's throats -- and that's what we've been doing for the last eight years -- it will have to be part of a bigger

Mr. Larry J. O'Brien
Page 2

package which will appeal to the now-famous Forgotten American (see Newsweek this week).

I believe this appeal can be made. Nixon has successfully fostered the notion that the Democrats have been serving special poor/black interests at the expense of the average, decent, white, middle-class citizen. But the inference drawn from this -- that Nixon is going to do something for the Forgotten American -- is very likely to prove resoundingly false.

He can give them a good old fashioned Republican pause, but I don't think he has the slightest idea how to deliver on the bread and butter issues. He wants to stop inflation -- but is willing to do it at the possible cost of the average American's job. He wants to raise social security benefits -- but also the cost of Medicare. He talks consumer affairs -- but plays politics with the regulatory agencies. As a purely practical matter, things are likely to get worse for the Forgotten American now that they have been Remembered by Richard, and they are bound to feel the pinch.

What this indicates for us, I think, is a return to some very simple points about some very basic issues -- health, for example. What American family has not experienced a disastrous and preventable disease -- cancer, a lost child, and industrial accident? They all have, and I think national health insurance, research expenditures, and general improvements in medical care are issues that can produce a solid and enthusiastic constituency.


People are now not only disgusted and annoyed by pollution. They are uneasy about it. Democrats at the national, state and local levels ought to be not only talking about national pollution control programs, but crusading against individual polluters.

Mr. Larry J. O'Brien
Page 3

I think we ought to do some polling on the subject of education to determine just which parts of the education issue have the greatest salience. It may well be that most American families are satisfied with the primary and secondary education their kids are getting, but are concerned about kindergarten or college...or vice versa. It may be that the cost of education, rather than its quality is their chief concern. We ought to find out, and play the appropriate parts of this issue for all they're worth. (This kind of research by the DNC would be well worth the cost and must be done.)

These issues -- and others like them -- are so familiar to most Democrats that I am afraid we have forgotten to talk enough about them in terms which make sense to the average family. They have become part of the litany in every Democratic speech, but few people know enough or take time enough to bring them to life in terms that are meaningful to the average family. We have instead resorted to a lot of high-flown talk about equal rights and poor people and black people which has isolated us from real personal concerns of most voters. Paradoxically, we've done more for them on the gut issues than we've been willing to talk about, and hurt them very little with social programs while scaring them to death with our rhetoric.

So my conclusion is that your greatest services would be to figure out in a very sophisticated way what gut issues really count to the majority of the voters, and then show Democrats how to use them to paint a compelling vision of a better life in the average man's



Mr. Larry J. O'Brien

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terms. We have not been doing this at all successfully, and until we do we will not have the support we need to put over any more black/poor social reform programs.


Best regards.

Sincerely,

Douglas J. Bennet, Jr.
Administrative Assistant to
Senator Thomas F. Eagleton

DJB:je

Enclosure



AFL-CIO Maritime Trades Department
1969 Biennial Convention
Traymore Hotel
Atlantic City, New Jersey

INFORMATION: O. W. (Bill) Moody
Gene Zack

Phone (609) 344-3021

MPR 69-41 MTD Press Headquarters

NEWS

FOR RELEASE

Sunday A.M., Sept. 28, 1969

ATLANTIC CITY, N. J., Sept. 28 -- An optimistic view of the prospects for enactment of long-overdue reforms in the nation's maritime laws was voiced here today by the 45-member Executive Board of the AFL-CIO Maritime Trades Department.

Meeting in advance of the Department's 8th Constitutional Convention which opens Monday (Sept. 29) at the Traymore Hotel, the Executive Board said it based its optimism on a "specific and definite" promise by the Nixon Administration "to rejuvenate the American merchant marine."

In a 75-page report which ranged from the state of the economy to the state of the American environment, the MTD Board had this to say about the maritime scene:

"Only 5 to 6 percent of the United States commerce with other nations is carried in American vessels. The Administration has promised a program aimed at raising this totally inadequate figure to a more respectable minimum of 30 percent.

"The United States has slipped from first to 11th among the world's shipbuilding powers. The Administration has promised a program designed to turn this tide by tripling current commercial shipbuilding levels in the United States."

The MTD noted that the Nixon Administration program, promised for mid-year, has still not been made public, pledging that the Department would work "to make certain that the program which finally becomes law will be one that is based on fair play for all segments of this industry, not just a favored few."

The report was sharply critical of the activities of some federal agencies, accusing them of an "inexcusable violation of the law" which requires that not less than 50 percent of government-sponsored cargo move aboard American vessels. The report singled out, in particular, the Agency for International Development which administers foreign-aid shipments, and the Department of Agriculture which administers Food-for-Peace shipments.

The Executive Board report ranged far beyond maritime affairs which are the basic concern of the MTD, a constitutional department of the AFL-CIO with 42 affiliated national and international unions representing more than 7.5 million members.

AFFILIATES

American Guild of Variety Artists / The Journeymen Barbers, Hairdressers and Cosmetologists' International Union of America / International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers / International Brotherhood of Bookbinders / Bricklayers, Masons and Plasterers International Union of America / United Brotherhood of Carpenters and Joiners of America / United Cement, Lime and Gypsum Workers International Union / International Chemical Workers Union / Communications Workers of America / Distillery, Rectifying, Wine and Allied Workers' International Union of America / International Union of Dolls, Toys, Playthings, Novelties and Allied Products of the United States and Canada, AFL-CIO / International Brotherhood of Electrical Workers / International Union of Operating Engineers / International Association of Fire Fighters / International Brotherhood of Firemen and Oilers / American Federation of Grain Millers / Hotel and Restaurant Employees' and Bartenders' International Union / International Association of Bridge, Structural and Ornamental Iron Workers / Laborers' International Union of North America / AFL-CIO Laundry and Dry Cleaning International Union / International Leather Goods, Plastics and Novelty Workers Union / Lithographers and Photoengravers International Union / International Association of Machinists and Aerospace Workers / Industrial Union of Marine and Shipbuilding Workers of America / Amalgamated Meat Cutters and Butcher Workmen of North America / Office and Professional Employees International Union / Oil, Chemical and Atomic Workers International Union / Brotherhood of Painters, Decorators and Paperhangers of America / Operative Plasterers' and Cement Masons' International Association of the United States and Canada / United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada / International Brotherhood of Operative Potters / International Brotherhood of Pulp, Sulphite and Paper Mill Workers of the United States and Canada / Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees / Retail Clerks International Association / Retail, Wholesale and Department Store Union / Seafarers International Union of North America / Sheet Metal Workers International Association / American Federation of State, County and Municipal Employees / American Federation of Technical Engineers / United Telegraph Workers / United Textile Workers of America / Upholsterers' International Union of North America

FOR RELEASE

Sunday A.M., Sept. 28, 1969

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"The members whom our affiliates represent are citizens, as well as seafarers and shipbuilders -- citizens who recognize their responsibilities -- citizens who have broad and far-reaching concerns." The report listed, among these concerns, such items as inflation, taxes, civil rights, senior citizens, unemployment compensation, health care and pollution, adding:

"The concerns of the Maritime Trades Department, its affiliates and its members, then, are the nation's concerns."

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AFL-CIO Maritime Trades Department
1969 Biennial Convention
Traymore Hotel
Atlantic City, New Jersey

INFORMATION: O. W. (Bill) Moody
Gene Zack

Phone (609) 344-3021
MTD Press Headquarters

MPR 69-40

NEWS

FOR IMMEDIATE RELEASE

ATLANTIC CITY, N. J., Sept. 26 -- More than 225 delegates, representing 7.5 million workers in 42 unions will convene here Monday (Sept. 29) to open the three-day, 8th Constitutional Convention of the AFL-CIO Maritime Trades Department.

The MTD is one of the six constitutional departments of the national labor federation. It represents workers directly employed aboard commercial ships in America's deep-sea, Great Lakes, inland waterways and fishing industries; those employed in the shipbuilding crafts; and those in related trades and services.

AFL-CIO President George Meany will head the list of labor, government and industry officials who will address the three-day convention. Other speakers will include:

*Maritime Administrator Andrew W. Gibson.

*Mrs. Helen Delitch Bentley, whose nomination by President Nixon as the new chairman of the Federal Maritime Commission is now pending before the Senate.

*Assistant Secretary of Labor W. J. Usery, Jr.

*New Jersey Governor Richard J. Hughes.

*Puerto Rico's Governor Luis A. Ferre.

*Mayor James H. J. Tate of Philadelphia.

*Mayor Carlos Romero Barcello of San Juan, P.R.

*Curtis Counts, Director, Federal Mediation and Conciliation Service.

*Archibald King, Chairman of the Board of Isthmian Lines, Inc.

*Edwin Hood, President of the Shipbuilders Council of America.

The convention is scheduled to take action on a wide range of maritime issues, including the need for a positive shipping and shipbuilding program, the growing threat of Soviet seapower, the economic drain caused by runaway-flag shipping, and the need to forestall foreign building of American naval and merchant vessels.

The convention will also deal with a wide range of domestic issues, including the need for overhaul of the nation's tax structure to provide economic justice to low and middle-income wage earners, the growing propaganda barrage aimed at organized labor by right-wing forces, the need for economic actions to make civil rights meaningful in the United States, and the urgency for action in such areas as housing, education, poverty and hunger in America.

Presiding over the convention will be MTD President Paul Hall, who is also a vice president and member of the AFL-CIO Executive Council, and president of the Seafarers International Union of North America, AFL-CIO.

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AFFILIATES

American Guild of Variety Artists / The Journeymen Barbers, Hairdressers and Cosmetologists' International Union of America / International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers / International Brotherhood of Bookbinders / Bricklayers, Masons and Plasterers International Union of America / United Brotherhood of Carpenters and Joiners of America / United Cement, Lime and Gypsum Workers International Union / International Chemical Workers Union / Communications Workers of America / Distillery, Rectifying, Wine and Allied Workers' International Union of America / International Union of Dolls, Toys, Playthings, Novelties and Allied Products of the United States and Canada, AFL-CIO / International Brotherhood of Electrical Workers / International Union of Operating Engineers / International Association of Fire Fighters / International Brotherhood of Firemen and Oilers / American Federation of Grain Millers / Hotel and Restaurant Employees' and Bartenders' International Union / International Association of Bridge, Structural and Ornamental Iron Workers / Laborers' International Union of North America / AFL-CIO Laundry and Dry Cleaning International Union / International Leather Goods, Plastics and Novelty Workers Union / Lithographers and Photoengravers International Union / International Association of Machinists and Aerospace Workers / Industrial Union of Marine and Shipbuilding Workers of America / Amalgamated Meat Cutters and Butcher Workmen of North America / Office and Professional Employees International Union / Oil, Chemical and Atomic Workers International Union / Brotherhood of Painters, Decorators and Paperhangers of America / Operative Plasterers' and Cement Masons' International Association of the United States and Canada / United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada / International Brotherhood of Operative Potters / International Brotherhood of Pulp, Sulphite and Paper Mill Workers of the United States and Canada / Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees / Retail Clerks International Association / Retail, Wholesale and Department Store Union / Seafarers International Union of North America / Sheet Metal Workers International Association / American Federation of State, County and Municipal Employees / American Federation of Technical Engineers / United Telegraph Workers / United Textile Workers of America / Upholsterers' International Union of North America

Traymore Hotel
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Gene Zack

Phone (609) 344-3021
MTD Press Headquarters

NEWS

MPR 69-43

FOR IMMEDIATE RELEASE

ATLANTIC CITY, N.J., Sept. 28 -- The nomination of Judge Clement F. Haynsworth Jr., to the Supreme Court came under sharp attack here today from the Executive Board of the AFL-CIO Maritime Trades Department.

The 45-member board voiced its "unremitting opposition" to the appointment, charging Haynsworth with a lack of "sensitivity to the basic rights of working men and women" and with a lack of "sensitivity to the basic citizenship rights of Americans, without regard to the color of their skins."

Meeting in advance of the MTD's 8th Constitutional Convention, which opens here Monday (Sept. 29) the Executive Board called on Haynsworth to step aside and urged President Nixon to withdraw the nomination "to safeguard our judicial system." Failing these actions, the board said, the Senate should reject Haynsworth.

The board voted to make the Haynsworth resolution a special order of business Monday morning, when the 225 delegates -- representing 42 AFL-CIO unions with 7.5 million members -- begin their three-day convention.

At the same time, the MTD board criticized Haynsworth's "appalling lack of ethical judgment . . . in failing to insulate his judicial affairs from his financial affairs." The mounting record of conflict of interest, the board said, "makes it clear that Judge Haynsworth is totally unqualified to participate in the deliberations of our highest judicial body."

The resolution challenged the Administration's description of Haynsworth as a "strict constructionist", declaring the phrase to be "code words" which "have benign meanings . . . behind which lurk malignant intent." The board declared:

"They are a signal to the Strom Thurmonds, the James Eastlands and the George Wallaces as to where Judge Haynsworth truly stands on the great social issues of our times . . .

"On the record, Judge Haynsworth has demonstrated his hostility to trade unions and his hostility to civil rights -- and either of these grounds should be cause enough for the Senate of the United States to reject his nomination."

(more)

AFFILIATES

American Guild of Variety Artists / The Journeymen Barbers, Hairdressers and Cosmetologists' International Union of America / International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers / International Brotherhood of Bookbinders / Bricklayers, Masons and Plasterers International Union of America / United Brotherhood of Carpenters and Joiners of America / United Cement, Lime and Gypsum Workers International Union / International Chemical Workers Union / Communications Workers of America / Distillery, Rectifying, Wine and Allied Workers' International Union of America / International Union of Dolls, Toys, Playthings, Novelties and Allied Products of the United States and Canada, AFL-CIO / International Brotherhood of Electrical Workers / International Union of Operating Engineers / International Association of Fire Fighters / International Brotherhood of Firemen and Oilers / American Federation of Grain Millers / Hotel and Restaurant Employees' and Bartenders' International Union / International Association of Bridge, Structural and Ornamental Iron Workers / Laborers' International Union of North America / AFL-CIO Laundry and Dry Cleaning International Union / International Leather Goods, Plastics and Novelty Workers Union / Lithographers and Photoengravers International Union / International Association of Machinists and Aerospace Workers / Industrial Union of Marine and Shipbuilding Workers of America / Amalgamated Meat Cutters and Butcher Workmen of North America / Office and Professional Employees International Union / Oil, Chemical and Atomic Workers International Union / Brotherhood of Painters, Decorators and Paperhangers of America / Operative Plasterers' and Cement Masons' International Association of the United States and Canada / United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada / International Brotherhood of Operative Potters / International Brotherhood of Pulp, Sulphite and Paper Mill Workers of the United States and Canada / Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees / Retail Clerks International Association / Retail, Wholesale and Department Store Union / Seafarers International Union of North America / Sheet Metal Workers International Association / American Federation of State, County and Municipal Employees / American Federation of Technical Engineers / United Telegraph Workers / United Textile Workers of America / Upholsterers' International Union of North America

With respect to Haynsworth's overlapping financial and judicial interests, the board said that "the full extent of the interrelationship between Clement Haynsworth, businessman and investor, and Clement Haynsworth, supposedly impartial judge, may not now be known -- nor may it ever be known."

Haynsworth, the resolution said, has displayed a "lack of candor," admitting to financial involvement in cases before his court "only reluctantly, and only after they have been uncovered by others and spread on the record by others."

News



Democratic National Committee

2600 Virginia Avenue, N.W. • Washington, D.C. 20037 • Telephone 202/333-8750

Fred R. Harris, Chairman

For Immediate Release
Thursday, September 25, 1969

For Further Information:
Al Spivak, ext. 241
DNC-862

DEMOCRATIC NATIONAL CHAIRMAN CALLS ON NIXON TO USE MORAL FORCE OF PRESIDENCY TO HALT INFLATION AND ROLL BACK INTEREST RATES

Washington -- Senator Fred R. Harris of Oklahoma, the Chairman of the Democratic National Committee, spoke on the national economy today before a convention of the Industrial Union, Department of the AFL-CIO. Senator Harris warned that consumer prices are dangerously out of control. Meat, fish and poultry prices are up 13.2 points on the Consumer Price Index since January -- almost as much of an increase in seven months as in the entire ten years from 1960 - 1968. Gasoline prices have been reacting same way -- rate of increase this year will raise price of gasoline as much in one year as in the previous eight years put together.

The same has been true for interest rates. Here, the annual rate of increase is now 14.4%. That's why big bank profits are running 25% to 30% above last year.

Harris called for President Nixon to break his silence -- to speak out in behalf of the farmer, the mechanic and the laborer -- in behalf of the overburdened middle and lower income taxpayer. He noted that when the Nixon Administration did speak to the Senate on tax reform, it spoke against the wage earner and for the wealthy and the big corporations. Harris said that "it is the President's responsibility, and his alone," to use the power the people gave him to protect what has for eight years been a healthy economy.

. . . more

"It would be ironic indeed if the man who refused to use his office to protect a healthy economy were consequently forced to institute controls -- in a last-ditch effort to rescue an economy he had allowed to deteriorate."

The text of Senator Harris' remarks is attached.

FOR IMMEDIATE RELEASE

REMARKS OF U. S. SENATOR FRED R. HARRIS (D-OKLA.)
CHAIRMAN OF THE DEMOCRATIC NATIONAL COMMITTEE,
AT THE CONVENTION OF THE INDUSTRIAL UNION DEPARTMENT
AFL-CIO, ATLANTIC CITY, THURSDAY AFTERNOON, SEPTEMBER 25, 1969

Everyone here today knows that the American economy has enjoyed an unprecedented period of growth with relatively stable prices, for most of the past eight years.

By the end of 1968, business profits had doubled in eight years, and real spendable family income had increased by 32 percent. Unemployment, which stood at a staggering seven percent in 1960, was cut in half. Ten and one-half million jobs were added to the rolls and 12 million people were able to move above the "poverty line" during the years 1960-1968. Price performance for those eight years has been rated better than that of any other industrial nation in the world.

Even when the rate of price increase picked up in 1968, prices were still kept stable enough to permit the average wage earner in America to make real gains in spendable income.

Now, the American people face the hard economic fact that what has been a fundamentally healthy economy is in serious danger from unprecedented inflation and outrageously high interest rates. The economic gains of the past eight years may indeed be wiped away. Take one alarming example: The Consumer Price Index for meat, fish, and poultry has gone up almost as much in the past seven months as it did in the previous ten years. (From the base year of 1959 until December, 1968, the Price Index for meat, fish, and poultry increased by 14 points -- to 114.4. By the end of July, 1969, that same index stood at 127.6 -- an increase of 13.2 points

. . . more

in seven months, and an annual rate of increase of 20 percent.)

This is happening at a time when the producer of these commodities is also suffering.

Since this Administration took office, the period of stable prices has dramatically ended. The Consumer Price Index reflects many other distressing examples of what has happened to the American economy during the first half of 1969:

Mortgage interest rates rose during the first six months of this year at an annual rate of 14.4 percent.

The cost of medical care has increased during the same period at an annual rate of 8 percent.

The price of gasoline has increased 5.3 points since January -- an annual rate of increase of 9.4 percent. If this trend continues, gasoline prices will increase more during 1969 than they did during the entire eight years between 1960 and 1968.

Since January, the price of copper has risen 24 percent, as primary copper prices have been raised four times in eight months.

Since January, the price of steel mill products has increased 4.5 points on the wholesale price index -- an annual rate of increase of 7.1 percent. This is roughly equal in just nine months of this Administration to the percentage increase during the entire eight-year period from 1961 through 1968.

These figures do not include the August increase of 4.8 percent in rolled steel sheets -- nearly 5 percent in the month of August alone. Rolled steel goes into every automobile and virtually every appliance Americans buy.

All during this rapid and alarming growth of serious economic disease, President Nixon has steadfastly refused to utilize the power of the Presidency and the moral authority of the office the American people gave him, despite the fact that inflation was one of the three principal issues he said were most important when he was a candidate.

In the American system, the Presidency has become the focal point, the single place for making clear the public interest, as distinguished from individual private interests.

Andrew Jackson once said:

"When the laws undertake ... to make the rich richer and the potent more powerful, the humble members of society -- the farmers, mechanics, and laborers -- who have neither the time nor the means of securing favors to themselves, have a right to complain of the injustice of their government."

It is the President of the United States who must deal with such injustice, who must speak out in the name of the people whose voice he is elected to be.

The individual American is essentially helpless without vigorous Presidential leadership in behalf of the public interest.

This is especially true in the basic industries, where price increases roll like ocean waves through thousands of products which the individual consumer buys.

Even General Motors could not -- without the President's help -- stop a steel price increase, and we have since seen a 4 percent auto price increase by General Motors for its 1970 models. The point, however, is not that General Motors was a good company in 1968 because it limited its price increases and is a bad company in 1969 because it announced a \$125 per car average price increase. The point is that the rules of the game have changed and General Motors is playing the game by those new rules -- namely, it is Administration policy not to interfere in pricing decisions even in industries as concentrated as the automobile industry.

. . . more

The same has been true for interest rates -- the big banker knows that it is Administration policy not to interfere with these decisions -- and the small banker has no choice but to go along. That's why big bank profits are running 25% to 30% ahead of this same period last year.

With skyrocketing interest rates and radically unstable prices, we have seen, in eight short months, an economy that was fundamentally healthy for eight years become seriously endangered by inflation. And the middle-income fellow, the wage-earner, is paying the bill for this lack of leadership.

Seven days after his inauguration, President Nixon announced that the government would not intervene in price and wage decisions, that the fight against inflation would rest on fiscal and monetary policy without, and I quote, "exhorting labor and management" to exercise restraint. Every American wage earner knows what the consequences are now, and are going to be, if this cost-price push is permitted to continue. Every American housewife knows what it means in the marketplace.

What is the Administration doing about this crisis?

While many of us were at work on the Senate floor trying to cut non-essential military spending, the President gave us no assistance in the fight.

I believe that working men would cooperate in restraints on wage increases if there were real restraints on the increase of prices for everything they have to buy. Yet, the President has not to this day spoken out against interest rate increases or price increases in the basic industries.

Instead, a few days ago, the Chairman of the Council of Economic Advisers said that wage increases would have to be

trimmed next year. Whatever happened to concern about price increases? When the Nixon Administration recently advocated before the Senate Finance Committee, of which I am a member, that instead of granting the full tax reduction provided in the House bill for the overburdened middle and lower income taxpayers, we provide more relief for the wealthy and for the corporations, I was reminded that the late Robert LaFollette of Wisconsin once said that he was started upon his great liberal career by a commencement address of Chief Justice Ryan, who declared:

"The question will arise, and arise in your day though perhaps not fully in mine, 'Which shall rule -- wealth or man; which shall lead -- money or intellect; who shall fill public stations -- educated and patriotic freemen, or the feudal serfs of corporate capital?'"

The President must at long last face up to the responsibility which is his, and his alone.

The economic gains of the past eight years -- gains for which you men and women of the AFL-CIO have labored more than any other group -- must not be lost.

Too much depends upon the health of the American economy. If the President does not act decisively now to roll back interest rates, if he does not show determination to hold down prices, then price and wage controls may become the only alternative. It would be ironic indeed if the man who refused to use his office to protect a healthy economy were consequently forced to institute controls -- in a last-ditch effort to rescue an economy he had allowed to deteriorate.

. . . more

This Administration has been having trouble with its priorities. What I have been speaking of here -- the health of the American economy -- surely deserves a very high priority. The President's fiscal and monetary policies have clearly been inadequate. He must add the moral suasion of the Presidency to get this inflationary, high interest rate spiral under control.

The American people have asked no less of their government in the past. We must not accept less today.

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Statement by Arthur M. Okun
Senior Fellow, Brookings Institution*
on H.R. 13278 and H.R. 13511
before the
Executive and Legislative Reorganization Subcommittee
of the
Committee on Government Operations, House of Representatives
September 25, 1969

Mr. Chairman and Members of the Committee:

It is a pleasure and a privilege to appear before you to discuss the constructive proposals embodied in H.R. 13278 and H.R. 13511, designed to "bring to bear an informed public opinion on price and wage behavior which threatens economic stability."

At the outset, let me state my wholehearted agreement with the key judgments about economic policy reflected in this proposed legislation, namely that:

- 1.- Although fiscal and monetary policies are our first and most important lines of defense against inflation, they cannot do the whole job of promoting noninflationary prosperity.
- 2.- When marshalled by presidential leadership, the force of public opinion--the "jawbone," if you will--can contribute to improved price-wage behavior in a prosperous economy.

Our fiscal and monetary tools have great power--both for good and for ill. The inflationary problems that concern the Nation today can be traced back to late 1965 and early 1966 when the Federal Budget became an engine of

*The views expressed are my own and are not necessarily those of the officers, trustees, or other staff members of the Brookings Institution.

inflation during the upsurge in defense spending. After monetary restraint halted the boom late in 1966, we had a period of moderation in inflationary pressures. But once again our stabilization policies veered off course late in 1967, and prices and wages accelerated. Inflation built up momentum and has proved to be stubborn. But it will yield to fiscal and monetary restraint. We have begun to see a significant moderation in the pace of economic activity, and our price performance should begin to improve in the months ahead.

I can be confident that, if maintained long enough and hard enough, fiscal and monetary restraint will cure inflation. But that judgment is not in itself reassuring. For I cannot be confident that--with existing institutions--the cure will be achievable without a major sacrifice of production and growth, jobs and investment opportunities, payrolls and profits.

Current fiscal and monetary policies are testing the terrain and trying to find the minimum sacrifice of output and employment required to cool off the inflationary fever. We should all be thankful for this gradualist approach, though it may sometimes test our patience and our faith.

However well conceived and wisely executed, no fiscal-monetary strategy can assure both low unemployment and stable prices. We can all hope that a satisfactory compromise is feasible--say, a combination of a four percent unemployment rate and a two percent rate of price increase. But we cannot be sure that the trade-off will be even that favorable. Whether it is will depend not only on the way supplies and demand interact in competitive markets, but also on how discretionary market power is exercised by large firms and unions. Prices and wages reflect both market competition and market power. In many areas, they are not set by an impersonal market mechanism.

We must accept this as a fact of life in the American economy, even though it complicates our text books and our policy strategies.

That fact of life was recognized in the wage-price guideposts, initially formulated by the Council of Economic Advisers under President Kennedy in 1962. These stated the arithmetic principles that: a) if hourly wage rates throughout the economy rose in line with the national trend of productivity growth, unit labor costs would remain constant on the average; and b) if prices were geared to unit labor costs in each industry, prices would be stable on the average. After an unpleasant confrontation between President Kennedy and the steel industry in the spring of 1962, no such incident recurred for more than three and a half years. During this period, excessive slack in the economy was the main insurance against inflation but, according to a significant body of professional research, guideposts played a constructive role.

When excess demand pulled prices upward in 1966, the guideposts were badly dented. By the beginning of 1967, it was no longer realistic to expect labor to accept increases in money wage rates that merely paralleled the trend-growth of productivity. Such increases, amounting to a little more than 3 percent a year, would have barely matched the 1966 rise in the cost of living, thus providing for no gain in real income. Hence, the Council retreated from the productivity standard in its 1967 Report, and stressed as a qualitative interim standard the need for "wage advances substantially less than the productivity trend plus the recent rise in consumer prices." Similarly, in 1968, the heritage of past inflation was recognized in an interim standard which called for settlements "appreciably lower than the five and a half percent average of 1967," and for business firms to "avoid any widening of their gross margins over direct costs and indeed absorb cost increases to the extent feasible."

Neither the guideposts nor the subsequent interim standards could possibly hold up against the tides of overall excess demand. Even so, they helped to moderate prices and wages in many industries, to slow the spiralling of inflation, and to curb inflationary psychology. The need for cooperation and restraint was reiterated by the Council and by President Johnson again and again in meetings with leaders of business and labor. In some instances, regrettable disagreements were aired publicly. But in a great many cases, businessmen quietly and amicably agreed to forego, delay, or trim price increases which they reported they were planning. Labor leaders privately took into account the national interest as well as their bargaining power and the needs of their membership. Because of the wage standards, businessmen offered greater resistance to inflationary wage demands. Even in the worst of times for the cause of voluntary cooperation--when excess demand dominated our price performance--the jawbone did ameliorate our price and wage record.

A program of enlisting voluntary cooperation could be making a particularly large contribution now that fiscal and monetary policies are working toward restraint. With the excess demand problem largely behind us but the cost-push problem still with us, there is currently an unusually large range of discretion and judgment in industrial price and wage decisions. The present situation provides a unique opportunity for a new Administration to start with a clean slate and capitalize on the experience--indeed, the mistakes--of its predecessors. That opportunity is being squandered. And the resulting costs to the Nation are becoming evident. The price record of gasoline, automobiles, steel, copper, and other metals so far in 1969 is far worse than that of 1968. No one of these areas offers decisive evidence, but

together they compel one to conclude that the change in the rules of the game has led to a deterioration in decision-making on administered prices.

Let me stress that the inflation of 1969 is not primarily the result of these areas or these decisions. But we are handicapping our efforts to achieve noninflationary prosperity. And we cannot afford even a small handicap in this difficult and vital contest. I am perplexed in interpreting the Administration's continued opposition to the exercise of leadership in this area. Is this a case where the risk of failure is deemed to be so great that it has aborted a constructive effort? Is this a rare triumph of ideology over pragmatism in an Administration that has been admirably pragmatic in most of its decisions? I must confess my inability to follow the objections to jawboning that have been explained so far.

To be sure, a program of persuasion can conceivably be subjected to abuse. Overenthusiasm about voluntary cooperation could conceivably serve as an excuse for ineffective fiscal and monetary policy. Standards for voluntary cooperation might become a strait jacket if every deviation from them of any size were to be indiscriminately labeled a violation of the public interest. Most serious of all, a system of voluntary cooperation might conceivably get perverted into mandatory wage and price controls, but it need not. All of these are arguments for a good system--not for no system.

Many of the arguments against price-wage standards could be equally well formulated as arguments against posted speed limits on highways. Any speed limit has an element of arbitrariness; nobody can be sure that a 50 mile maximum is really superior to 49 or 51. If a 50 mile an hour standard is heeded by every driver, the passing lane will never be used,

thus creating inefficiency. Similarly, a passing lane in prices and wages is needed to assure efficiency so that relative shifts can take place over time. That passing lane can be used effectively if the traffic authorities are sensible. If it is inequitable that not all price-wage decisions that violate the standard are put into the public spotlight, it is even more inequitable that the traffic patrolman necessarily fails to catch all the speeders. Despite all their imperfections, highway speed limits serve the Nation well, and so can speed limits on prices and wages.

To shift metaphors, price-wage standards can help us pick the rotten apples out of the barrel, even if they cannot define the ideal apple. They are designed to guide private decision-makers so they can avoid actions which could threaten the national interest in price and cost stability.

Seven years of experience with voluntary standards have taught us much about them. The defects have been the result of an imperfect system administered by imperfect men. And the blemishes stood out particularly in a period when stabilization policy was off course. The right lesson is to build on this experience and to perfect the system of voluntary cooperation--not to scrap it.

In its specifics, the proposed legislation does build constructively on past experience. I heartily endorse its emphasis on "full consultation with representatives of business and organized labor." We now know that persuasion must be coupled with representation, if it is to be effective. Second, in light of my own experience, I heartily endorse the proposed shift of responsibility for administering and implementing guideposts away from the Council of Economic Advisers to a new specialized advisory board. CEA is a tiny staff agency with awesome responsibilities for consulting with

and advising the President over a wide range of issues; it is not particularly well suited to the operating and negotiating functions of administering guideposts. The separate 3-man board envisioned in this bill may be the best way to accomplish the task.

Yet I am not sufficiently convinced that this is the ideal organization to feel that it should be established so explicitly in an amendment to the Employment Act. The proposed amendment is much more specific and detailed in spelling out the actions required to achieve voluntary cooperation than is the rest of the Employment Act in dealing with other stabilization activities. I am not even sure that the term "guideposts" should be engraved into our statute books. Given our limited experience, we need a sketch rather than a detailed blueprint at the present time.

I would hope that, in its review of this legislation, the Committee might consider how the bill might be made more elastic and more responsive to evolution through experience.

Notwithstanding these reservations, it is my considered judgment that the main thrust of this legislation--the call for renewed use of voluntary wage-price standards--is the right policy at the right time, initiated and pursued in the right way. By sharing with the Executive Branch the risks and the responsibilities for the successful pursuit of a system of voluntary cooperation, Congress would aid the cause of noninflationary prosperity by enacting a modified and more elastic version of H.R. 13278 and H.R. 13511.

STATEMENT BY HONORABLE HUBERT H. HUMPHREY

CHARLESTON, WEST VIRGINIA

SATURDAY, SEPTEMBER 27, 1969

PRESS CONFERENCE

While President Nixon can be heavily criticized on many of his domestic programs, on the international front the President has tried very hard to find a way to end the war in Vietnam and to secure a political settlement. I believe that he is sincere in his desire for peace, and I have no desire in any way to impair the President's efforts to find an acceptable peace.

I do not favor proposals to put deadlines on the President for the withdrawal of troops from Vietnam. We must not tie his hands, nor cripple his efforts to negotiate an end to the fighting.

#

The climate in which the nomination of Clement F. Haynesworth has been put forward is extremely significant. The poor, the Black and the young around this nation are asking "is there any justice in this system?" The same question troubles the average American. Many talented and valuable men and women in this country refuse to involve themselves in public life because they believe that the corruption of public officials has become inevitable. We must do nothing to encourage such belief--and everything to discourage it. The integrity of the public service must be such that it is beneath none of us to serve.

I submit that ours is the age of reform--and that men in public life must be the reformers, bending every effort to insure the sensitivity and unimpeachable integrity of public servants at every level. The "credibility gap" that now exists between public men and the people they serve is enormous--surely everyone in the public service has heard the voice of the people in this regard.

This is essentially the climate in which the nomination of Judge Clement F. Haynesworth for promotion to the highest court in the land must be considered.

I do not speak now of political partisanship. The climate does exist, the concern over this appointment is real throughout the land--and this concern is not based upon party labels or sectional identification.

Let me refer to editorial comment--from Kentucky, from New York, from Illinois and from the nation's capital.

These editorials place in question Judge Haynsworth's sensitivity to ethical standards. I ask unanimous consent that four editorials--from the Louisville Courier Journal, the New York Post, the Chicago Sun-Times and The Washington Post, be placed in the record and appear in the record at this point in my remarks.

In the Haynsworth case, the actions of this man, sitting in judgment on cases affecting corporations in which he has had some financial interest, inevitably raise very serious questions of judicial ethics. Ethics require that a judge, above all men in public service, be beyond reproach--and exercise the greatest care and concern that he always remain above reproach. The canons require that:

"A judge's official conduct should be free from impropriety and the appearance of impropriety."

"A judge should not accept inconsistent duties; nor incur obligations, pecuniary or otherwise, which will in any way interfere or appear to interfere with his devotion to the expeditious and proper administration of his official functions."

"Nor should he enter into any business relation which in the normal course of events reasonably to be expected, might bring his personal interest into conflict with the impartial performance of his official duties."

"A judge should abstain from making personal investments in enterprises which are apt to be involved in litigation in the court; and, after his accession to the Bench, he should not retain such investments previously made, longer than a period sufficient to enable him to dispose of them without serious loss. It is desirable that he should, so far as reasonably possible, refrain

from all relations which would normally tend to arouse the suspicion that such relations warp or bias his judgment, or prevent his impartial attitude of mind in the administration of his judicial duties."

"He should not utilize information coming to him in a judicial capacity for purposes of speculation; and it detracts from the public confidence in his integrity and the soundness of his judicial judgment for him at any time to become a speculative investor upon the hazard of a margin."

"A judge should abstain from performing or taking part in any judicial act in which his personal interests are involved. If he has personal litigation in the court of which he is a judge, he need not resign his judgeship on that account, but he should, of course, refrain from any judicial act in such a controversy."

"In every particular his conduct should be above reproach...."

Let us examine the conduct of the man whose name is before us-- Judge Clement Haynsworth--nominated for the Supreme Court of the United States. The public record raised very serious questions in my mind. In light of what has been reported, did Judge Haynsworth "accept inconsistent duties?"

Did he "enter into business relations...which might bring his personal interest into conflict with the impartial performance of his official duties?"

Did he "abstain from making personal investments in enterprises... apt to be involved in litigation in the court?"

Did he "abstain from...taking part in any judicial act in which his personal interests are involved?"

If any of these questions merit an affirmative answer, then I submit that Judge Clement Haynsworth's conduct has not been above reproach. An answer as to whether or not the canons have been violated will depend upon a technical analysis of the language of the canons and of the ABA opinions interpreting these canons. But surely it does not take deep legal or technical analysis to reach the conclusion that Judge Haynsworth has been insensitive to ethical standards and has at least given the "appearance of impropriety" in his conduct on the Court of Appeals. Appointment to the nation's highest court--the Supreme Court of the United States--demands that a judge possess the highest possible ethical standards and qualifications. The canons of judicial ethics when applied to Supreme Court justices should constitute the bare minimum standards for appointment. If we are willing to accept someone who's judicial conduct has been called into serious question on ethical grounds, we only add fuel to the fear of those citizens who are now openly questioning the credibility and the justice of our system.

Other questions have been raised about Judge Haynsworth. While sitting as a member of the Court of Appeals, he participated in various opinions involving civil rights issues and labor issues which have been questioned in higher courts. The record indicates that he has repeatedly been reversed for his decisions in these cases. While there is some question as to whether or not the philosophy of a judge should be considered in deciding whether or not to give or withhold Senate confirmation, the fact that this judge has been reversed on decisions falling into a constant pattern makes it legitimate to ask,

in the words of a colleague, whether Judge Clement F. Haynsworth is a "contemporary man of the times."

It was for all of these reasons that, last week, I called for President Nixon to withdraw his nomination of Clement F. Haynsworth. President Nixon had assured us that his appointments to the highest court in the nation would not create controversy. This was in my mind a reference to the fact that the people's confidence in the courts--federal, state and local--had been shaken by recent scandals. Despite this, however, President Nixon said yesterday that he is unwilling to withdraw this nomination. Therefore I feel compelled now to come before the Senate to express my serious concern over this nomination, and to state that I intend to vote against confirmation.

CHICAGO, ILL.
SUN-TIMES

M - 545,570

S - 712,175

SEP 23 1969

Haynsworth's 'insensitivity'

When Judge Clement F. Haynsworth was nominated to the Supreme Court last month, we said it was regrettable that the President had passed over a number of men of stature whose records are above criticism while Haynsworth's is not.

Our objections at that time concerned his record of earlier court decisions that reflected traditional Dixie views on race. He appears to have modified those views recently to reflect the changes in American society, but other questions have now arisen concerned mostly with his lack of sensitivity concerning a judge's attitude toward judicial ethics.

The latest case involves Judge Haynsworth's purchase of Brunswick Corp. stock while a case involving the company was pending in the Fourth U.S. Court of Appeals of which he is a member. The case already had been decided favorably for the bowling alley equipment manufacturer but had not been announced.

These bare facts make the judge's action seem more opprobrious than it was. The case was a minor one without great effect on the company. The purchase of 1,000 shares at \$16 each was a small item in Judge Haynsworth's \$800,000 portfolio of corporate securities. There is no evidence the judge profited much from the transaction; Brunswick currently is 18¾.

Nevertheless, as Joseph L. Rauh Jr., vice chairman of Americans for Democratic Action, observed, the transaction showed Haynsworth to be "totally insensitive to ethical stan-

dards. A sensitive man does not buy stock in cases pending before his court."

It is worth noting that at the time of Haynsworth's nomination both Mayor Lindsay of New York and Sen. Jacob Javits (R-N.Y.) described the judge as lacking in philosophy and sensitivity. That was before either the Brunswick case or the Deering Milliken case had been publicized. In the latter case, the judge owned stock in a company that did business with Deering Milliken. He cast the deciding vote in a case favorable to Deering Milliken. As in the Brunswick case the judge is said to have had no profit possibilities in the decision, but in any such case there is always the appearance of impropriety.

The Canons of Judicial Ethics of the American Bar Assn. call upon judges to avoid even the appearance of impropriety. They are adjured to avoid pecuniary obligations that might in any way appear to interfere with their devotion to official functions.

It is Haynsworth's lack of sensitivity concerning the substance of this canon that so disturbs Haynsworth's critics. He also appears insensitive to the social ferment that marks this age. There is a question, as Sen. Edward M. Kennedy (D-Mass.) has put it, whether Haynsworth is "a contemporary man of his times."

To go back to our original premise: There are other persons available for appointment to the Supreme Court not subject to the doubts that have been raised about Haynsworth. The cloud over the Haynsworth nomination is too big to be ignored.

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Press Intelligence, Inc.
WASHINGTON, D.C. 20001

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WASHINGTON, D.C.
POST

M - 479,750
S - 625,360
SEP 22 1969

Judge Haynsworth and the Stock Market

Judge Haynsworth's purchase of stock in a corporation which was a litigant in a case pending before him is deeply disturbing. The episode does not impugn his honesty or his intellectual capacity to fill the office for which he has been nominated, but it does raise serious questions about his sensitivity to the extremely high standards of conduct that are properly expected of any federal judge, particularly a Justice of the Supreme Court.

The Justice Department's summary of the circumstances unfortunately does not address itself to these questions but only to those of conflict of interest and disqualification. The disqualification question does not even arise because the case was heard and decided, as far as we now know, before any stock transactions were contemplated. And the facts suggest no need to rebut any implication that Judge Haynsworth used confidential information for his financial betterment or manipulated the decision to that end. The Judge's broker recommended the purchase of Brunswick stock to him as to many other clients. The court's decision was unanimous, so his vote was not decisive. The case was unimportant to the company's overall affairs; 1000 shares was a tiny fraction of the company's outstanding stock, and \$16,000 was little more than petty cash to Judge Haynsworth. There is no question of conflict of interest, of participation in a decision from which a judge stands to gain or lose personally.

That the questions are more subtle, involving sensitivity and not simple honesty, makes them no less important. As Justice Fortas found out earlier this year, it is not so much what a judge does as what he appears to have done that counts. The

Canons of Judicial Ethics demand that a judge avoid "impropriety and the appearance of impropriety" and that his everyday life be "beyond reproach." No judge really sensitive to these Canons would enter into any financial transaction not being sure that it was proper both in fact and in appearance. The best face that can be put on the facts in this situation is that Judge Haynsworth was careless and did something he would not have done if he had thought about it. If in 12 years the judge has not developed an awareness of the special ethical demands on the judiciary and the great care that judges must take to avoid any appearance of impropriety, we wonder whether he can be expected to do so upon elevation to the nation's highest court.

The situation is no doubt distressing to Judge Haynsworth, and to some of those who have already testified in his support, and to President Nixon, who had stated his determination to avoid all the questions that surrounded President Johnson's two ill-fated nominations to the court. Nevertheless, the Senate Judiciary Committee has an obligation now to probe even more deeply into Judge Haynsworth's view of a judge's role and obligations. His continuing to act as a director of corporations active in his circuit until the Judicial Conference spelled out the impropriety of holding such offices, his participation in the Darlington case (not necessarily improper as an isolated incident), and now this stock market transaction, combine to indicate that he may lack the ethical sensitivity his profession demands. The public expects the highest standards of the man who fills the seat which Justice Fortas was forced to resign.

Press Intelligence, Inc.
WASHINGTON, D. C. 20001

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NEW YORK, N.Y.
POST

E - 708,180

SEP 24 1969

What the Judge Forgot

Federal Judge Clement F. Haynsworth Jr. was recalled yesterday for further questioning by the Senate Judiciary Committee about an apparent conflict of interest. His own recall seems to be something less than total.

He was asked particularly to account for his purchase of \$16,000 worth of Brunswick Corp. stock—some weeks after he had joined in a Fourth U. S. Circuit Court of Appeals judgment favoring the firm but many weeks before the decision was signed and publicly filed.

What was the explanation? According to the judge, the fact that the court had recently filed on a case involving Brunswick "did not enter my mind" at the time

he purchased the stock. Strangely, his memory was not jogged, he said, even though there were further appeals proceedings after the original Nov. 10, 1967, decision.

Judge Haynsworth has conceded that the transaction was questionable but he has offered no convincing defense of it. On the contrary, he not only "forgot" about a recent case before his court but overlooked the familiar canons of judicial ethics as well. How does that fortify his already limited qualifications to serve on the U. S. Supreme Court? Does "the appearance of impropriety" have a different meaning for the Senate in the Haynsworth case than it did when Abe Fortas was under fire?

LOUISVILLE, KY.
COURIER JOURNAL

M - 234,949

S - 351,303

SEP 6 1969

In View of Fortas Case What About Haynsworth?

THERE ARE SIGNS that the nomination of Judge Clement F. Haynsworth to the U.S. Supreme Court will encounter more than token opposition in the Senate. The AFL-CIO has now joined Negro organizations in opposing the nomination.

The other day, George Meany, president of the AFL-CIO, said his organization will oppose the elevation of Judge Haynsworth to the high court on the ground of conflict of interest. Earlier, the Nixon administration tried to finesse the conflict-of-interest issue, but it has not succeeded in obscuring it.

The administration tried to make it appear that the late Robert F. Kennedy, as Attorney General, had absolved Judge Haynsworth of any ethical improprieties. The fact is the Justice Department under Mr. Kennedy only addressed itself to a specific charge of bribery, of which it did absolve the South Carolina jurist. It did not address itself to the conflict-of-interest matter.

His Profit \$400,000

Writing in *The Los Angeles Times*, Frank Mankiewicz, who was an aide to the late Senator Kennedy, reported:

"Judge Haynsworth was in clear violation of the canons of ethics (of the American Bar Association) for seven years on the bench, during which time he profited over \$400,000 worth from a company in which he was not just a casual investor, but an insider. He decided an important case in favor of a company doing \$100,000 a year's worth of business with his company, an act in which he says—incredibly—that he saw no impropriety and sees none now."

The facts, as also reported by William Eaton of *The Chicago Daily News*, have to do with Judge Haynsworth's relationship with Carolina Vend-a-Matic, an automatic vending machine company.

In 1950, Judge Haynsworth helped form the company, and he took 15 per cent of the stock. He also served as an officer and director. When he was appointed to the Court



Sanders in The Milwaukee Journal

'Must you pick now, of all times, to come home to roost?'

of Appeals in 1957 by President Eisenhower he made no move to divest himself of his holdings.

Six years later the company was prospering. Among its clients was the Deering Milliken Company, a large firm that owned several Southern textile mills. Judge Haynsworth's company had lucrative contracts with Deering Milliken. In 1963, the court upon which Judge Haynsworth sat began hearing a case, initiated by organized labor, against Deering Milliken. Judge Haynsworth wrote the 3-to-2 opinion in favor of Deering Milliken.

A year later the Carolina vending machine company was sold to a larger firm. For his original investment of about \$3,000, Judge Haynsworth received stock worth \$457,000, which he promptly sold.

Abe Fortas was hounded from the Supreme Court on charges of ethical blindness. How then, in view of the record, can Judge Haynsworth be approved to fill his seat?

"BRINGING US APART"

THE NIXON ADMINISTRATION

January 20 - September 8, 1969

Selected Issues Papers

Introduction

School Desegregation Guidelines

Voting Rights

Black Capitalism

Hunger

Welfare Reform

Education

Tax Reform

Electoral Reform

Vietnam

Arms Limitation Talks

Appointments and Non-appointments

Research Division
Democratic National Committee
September 8, 1969

"BRINGING US APART"

THE NIXON ADMINISTRATION

January 20 - September 8, 1969

THE NIXON VIEW OF THE PRESIDENCY

"I seek the Presidency not because it offers me a chance to be somebody, but because it offers a chance to do something. The next President must take an activist view of his office. He must articulate the nation's values, define its goals and marshal its will." (Candidate Richard Nixon, Address on CBS and NBC, September 19, 1968).

AS OTHERS SEE IT

"...it offers a chance to do something."

"There is no longer any question that the Administration of Richard M. Nixon, now entering its sixth month of incumbency, is beset with a leadership crisis of disturbing proportions. The crisis threatens increasingly to all but paralyze positive action on the host of major national problems that press in on the White House from all quarters."--Newsweek, July 14, 1969.

"...must take an activist view of his office."

"Although we expressed some considerable reservations about President Nixon when he was running for President a year ago... we never meant to suggest that if Mr. Nixon was elected, he should not serve. In our system of government, as it is presently constituted, somebody has got to be President, and while this may seem elementary, we bring it up at this point for the record, and because of the uneasy sensation we have had of late that nobody is in charge here.

"For while there is ample evidence that Mr. Nixon is alive and well and living in San Clemente, California, there is an alarming lack of evidence that he is imposing the powers of his office on the urgent, day-to-day business of the government.

"Rather, what we have been hearing and seeing is a cacophony of contradictory action on crucial matters, from assorted departments and agencies, including the White House....

"In short, there has developed in the Nixon Administration over the summer dog days a good deal more than the usual evidence of what might be called a unanimity gap. A case can be made that this is normal and healthy and even interesting to watch -- like a cut-away cross-section of an ant-hill, with all the to-ing and fro-ing laid bare. But a stronger case can be made that the war and the economy and poverty and racial discrimination deserve better than the confusion and paralysis of a continuing, sometimes rancorous, and quite often unnecessary open conflict between the leading power centers in the government. There are decisions that need making and disputes that need reconciling and contradictions that need explaining and nobody can do it under our system except the President." -- Washington Post editorial, September 2, 1969

September 8, 1969

"... must articulate the nation's values, define its goals, and marshal its will."

"The President's personality tends to reinforce the ideological opposition of his bitter opponents, but it is also a measure of the quality of his Administration that his personality has crystallized much more than his political philosophy or strategy.

"Lyndon Johnson reportedly left office deeply disturbed by the conviction--hardened after two long meetings with his successor-- that Richard Nixon did not have any clear notion of what he aimed to do with the Presidency In sum, Nixon's most urgent task may be to discover why he wanted to be Chief Executive. Only then can he provide the leadership that radiates from the office he worked so long to win."--"Pursuing the Forgotten American," by Roger Kingsbury, The New Leader, September 1, 1969.

The following review of selected national issues illustrates the confusion and lack of direction which exists in the Nixon Administration to date. In reading analyses of the Administration, one constantly encounters such words as "zig-zag," "to-ing and fro-ing," "contradictions," "ambiguities," "inconsistencies."

It is not surprising that the Administration is following a two-faced course on school desegregations guidelines. This is in keeping with the "Southern-Border State" strategy of the Nixon campaign, engineered by Attorney General John Mitchell. Nor is it surprising that Mr. Nixon has reneged on his campaign promise to solve the problems of the ghetto through Black Capitalism (or Minority Enterprise in current parlance), tried to dilute the 1965 Voting Rights act, vacillated on food stamps. After all, the poor and the black are not Mr. Nixon's constituency, despite his news conference statement on February 6, 1969: "My task force on education pointed up that I was not considered ... as a friend by many black citizens in America. I can only say that by my actions as President I hope to rectify that."

Making the ABM a matter for party loyalty and pushing MIRV production to the detriment of SALT talks with the Soviet Union are in keeping with Mr. Nixon's record of "superiority not parity" in national defense. Suggesting tax reform legislation which favors the corporation over the average taxpayer is consistent with the traditional Republican economics which Mr. Nixon has long espoused.

What is unexpected in the Nixon Administration is the lack of coordination, the inefficiency, the contradictory statements by leading administration officials, the confusion that often borders on chaos.

Roger Kingsbury, in the New Leader article quoted above, puts it this way:

"The image of Richard Nixon the White House tries hardest to put across is that of a precise, efficient and careful administrator. Nixon may sit in solitude, surrounded by yellow legal pads, carefully weighing his options with the cold logic and exactness of a high-priced New York lawyer, but his executive talents are open to question.

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"Without doubt, that much-flaunted Republican efficiency has yet to work its way into the fibers of his government Simply put, the new Administration still has not gotten a grip on itself, or demonstrated that it is doing much more than reacting to the daily headlines in the New York Times."

In his Inaugural Address, President Nixon said: "The simple things are the ones most needed today if we are to surmount what divides us, and cement what unites us. To lower our voices would be a simple thing."

The Presidential voice of Richard Nixon has been lowered to the point of inaudibility. It is time for him to raise it so that the people of America will know where he, not his squabbling lieutenants, stand; will know what policies Nixon, not his disputatious cabinet officers, wishes to implement.

At the moment, America seems to have a manager without a plan.

SCHOOL DESEGREGATION GUIDELINES

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Congressional Quarterly of Feb. 11 said of 1968 campaign: Federal desegregation policies were a major political issue in the 1968 Presidential campaign in Southern and Border states. Mr. Nixon's statements on school desegregation enforcement were widely interpreted as meaning he would slow down enforcement if elected.

On September 12, Candidate Richard Nixon, in a broadcast taped by a North Carolina television station, said that he agreed with the 1954 Supreme Court decision, but questioned the withholding of federal funds to enforce desegregation. He said that the Federal Government's use of the power to withhold funds "to force a local community to carry out what a federal administrator or bureaucrat may think is best for that local community -- I think that it is a doctrine that is a very dangerous one."

"My task force on education pointed up that I was not considered -- I think the words they used -- as a friend by many of our black citizens in America. I can only say that, by my actions as President I hope to rectify that." (President Nixon, News Conference, February 6, 1969).

The President's actions to date on school desegregation guidelines have done nothing to win him the friendship of black citizens. At the worst, they have further alienated black Americans; at best, they have left them -- and all other citizens -- thoroughly confused. After following Administration ambiguities and contradictions for more than seven months, the kindest interpretation is that the Administration has no policy on school desegregation. As former HEW Secretary John Gardner and others warned from the beginning, any substantial deviation from established precedent and law governing HEW actions in this field was bound to invite resistance, encourage political pressures and replace the momentum that was gathering with chaos.

And this is indeed what has happened -- from Secretary Finch's early zig-zag statements to the current mess in Mississippi which finds Justice Department Civil Rights Division chief Jerris Leonard arguing in court against the same Administration's Office of Education ruling to desegregate 30 school districts. To-ing and fro-ing. The Civil Rights Division lawyers at Justice are demanding a firm statement of policy from Attorney General Mitchell on civil rights enforcement. The people of the United States could well demand the same from President Nixon.

Chronology

- Jan. 29 HEW Secretary Robert Finch said that the scheduled cutoff of Federal funds to five school districts which were operating under "freedom of choice" plans would be carried out -- but that, contrary to normal HEW practice, the funds would be refunded to those districts if they came into compliance within sixty days. Civil rights groups and liberal Democrats criticized this as too lenient; Liberal Republican Senators, and Thurmond, praised Finch's action.
- Feb. 10 Finch claimed that his Democratic predecessors were in effect saying to Southern school districts, "You're going to integrate and the Hell with trying to keep an education system open."

School Desegregation Guidelines -- 2

Feb. 13 Finch announced the flat cut-off of Federal funds for three other Southern school districts for failing to meet HEW desegregation guidelines.

March 10 Finch interview with US News and World Report: "But our problems now are nationally applicable. Maybe we'll be able to come up with a set of guidelines that is clearer."

"And it seems to me that no one should expect just in order to achieve some kind of 'salt-and-pepper' effect - that we should haul kids into a situation where, again, you may end up lessening their opportunities for learning, just in order to say, 'Now there are a certain number of whites in what would be otherwise an all-black situation.' The Negroes don't want that either."

Early March Robert C. Mardian, a California conservative, was appointed as HEW General Counsel. In a memorandum, he urged Secretary Finch to relax Federal school desegregation guidelines without delay -- and without public announcement. This appointment was counter-balanced by Nixon's naming of Leon Panetta, an outspoken liberal, to do the actual enforcing in the HEW Office of Civil Rights.

Apr. 17 Talking of the outcome of a White House meeting among Nixon, Finch, and Mitchell, an authorized spokesman for Secretary Finch said, "The result is that no change is contemplated now in the existing guidelines."

Mid-June The Nixon Administration, under pressure from Senator Strom Thurmond and others, watered down desegregation plans it sent to 12 South Carolina school districts in May -- moving the date for complete desegregation from September, 1969 to September, 1970. When the original plans went out, one official said, "We started to get a lot of heat back. Some of it came from the superintendents, but most of it was from Thurmond -- who else? -- and other political types. Most of it went to the Secretary's office."

June 24 Secretary Finch said at an appropriation subcommittee hearing that changes in Federal school desegregation policies were to come. He said that "the government's past efforts resulted in a 'numbers game' that fails to reflect honest intentions to obey."

June 24 After almost three weeks of negotiating, the Austin school Board finally adopted a plan that even included some pupil busing to assure racial balance. But soon the school board notified HEW that they had heard from Sen. John Tower that a "major change" in guidelines was impending. The Board said they would stand pat till the change was announced, then reappraise its plans. HEW had hoped Austin would pave the way for desegregation throughout Texas. (This is a good example of how Administration vacillation invites Southern resistance to desegregation plans.)

July 4 A statement was issued by Secretaries Finch and Mitchell to clarify the Nixon stand on school desegregation procedures. Again, it was characterized by ambivalence. The statement said: "This Administration is unequivocally committed to the goal of finally ending racial discrimination in schools." But it also said, "Accordingly, it is not our purpose here to lay down a single arbitrary date by

which the desegregation process should be completed... Our policy... is that school districts not now in compliance are required to complete the process of desegregation at the earliest practicable date... In considering whether... additional time is justified, we will take into account only bona fide educational and administrative problems." The statement also said that law suits would be used more in enforcing compliance in the future.

Jerris Leonard, Civil Rights Chief of the Justice Department, commented on the statement: "I can't in my wildest dreams tell you how to read it."

The Nixon Administration has been severely criticized by Civil Rights leaders who interpreted the statement as a relaxation of guideline procedures. Roy Wilkins, Executive Director of NAACP, said that it was "almost enough to make you vomit. This is not a matter of too little, too late, rather this is nothing at all."

Walter Mondale (D. Minn.) also reacted with undisguised disbelief, "I frankly don't know what Secretary Finch believes anymore."

Stung by criticism, Leon Panetta said that the 1969-70 target dates for full compliance have not been lifted and school districts will not be allowed to renegotiate desegregation plans. Persons who interpret this as a weakening are wrong. He also said that Secretary Finch would send a letter to Southern school districts to clarify any misunderstanding in regard to compliance. He did not send the letter.

Ronald Ziegler, Nixon's press secretary, asserted, "I am confident that the American people as a whole will judge the Administration by its performance." In the week following the statement, HEW and the Justice Department came forth with a number of fund cut-offs and suits. This included suits in Senator Dirksen's state of Illinois, the first in the north -- and Senator Thurmond's South Carolina. Warnings were also given to Chicago and Waterbury, Conn. A lawsuit, aimed at one of three school districts in Barnwell County, South Carolina, asked only for integration "at the earliest practicable date."

Aug. 28 The Nixon Administration was granted its controversial request for a delay until Dec. 1 of court-ordered desegregation of 30 Mississippi school districts. Secretary Finch requested that the 5th Circuit Court rescind its Sept. 1 deadline, with the Justice Department joining in the request, on the grounds that time was too short to put the previously filed desegregation plans into effect by the Sept. 1 deadline -- plans submitted by his own Office of Education.

In a related move the U. S. Office of Education lifted its freeze of \$32.1 million in federal education funds for Mississippi, with a warning that it expects full compliance with regulations governing use of the money by Sept., 1970. Mississippi had asked that it be given until Sept., 1971, to comply with the regulations which are closely interwoven with the issue of school desegregation. This is another example of the Administration's zig-zag course in desegregation guidelines - with Secretary Finch issuing a statement softening

an earlier warning by Commissioner of Education James E. Allen, Jr.

Aug. 26 On August 26, about 40 staff lawyers in the Justice Department's
-28 Civil Rights Division held an off-duty meeting to draft a formal
protest to Attorney General John Mitchell on the Administration's
softening of enforcement of civil rights laws. The lawyer's
strongly worded bill of grievances about the Nixon enforcement
policies won widespread endorsement among Civil Rights Division
lawyers. The petition seeks a statement from Attorney General
Mitchell affirming a department policy of firm civil rights law
enforcement.

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VOTING RIGHTS

In the states fully covered by the Voting Rights Act (Alabama, Mississippi, Georgia, Louisiana, South Carolina and Virginia) black registration has increased 740,000 -- almost double the number in August 1965 when the Voting Rights Act went into effect. Federal examiners alone have registered 158,000 blacks. The number of black elected officials in the region has gone from about 70 in 1965 to 487 today.

But there are nearly two million Negroes of voting age in the South still unregistered. In the six states covered by the Act 57% of blacks are registered, compared with 79% for whites. Critics of the Administration Bill fear it would dilute enforcement of voting rights for blacks in the South.

"Ten years ago the first Civil Rights Act in a hundred years was signed into law by President Eisenhower. Since that time we have had a period of revolution in the field of civil rights legislation -- and it has been a needed revolution. In housing, jobs, education, voting, public accommodations, barriers that stood for a hundred years have fallen. I do not see any significant area where additional legislation could be passed that would be helpful in opening doors that are legally closed." (Candidate Richard Nixon, Nation's Business, Sept. 1968)

"No man can be fully free while his neighbor is not. To go forward at all is to go forward together. This means black and white together as one nation, not two. The laws have caught up with our conscience. What remains is to give life to what is in the law: to insure at last that as all are born equal in dignity before God, all are born equal in dignity before man." (President Richard Nixon, Inaugural Address, January 20, 1969)

- May - Amid rumors that the Nixon Administration favored extension of the
June 1965 Voting Rights Bill -- with modifications -- Attorney General Mitchell cancelled five scheduled appearances before the House Judiciary Subcommittee to present the Administration's position.
- Jun. 19 Attorney General Mitchell was given his sixth and last chance to present Administration views to Judiciary Committee. Chairman Celler (D-N.Y.) made clear that he favored extending the 1965 Act and opposed the reported Administration plan which would weaken the '65 Act (see item immediately below) "If we attempt to do what these high authorities want us to do, it would be like trying to stem a flood in Mississippi by building a dam in Idaho or Wyoming." Ranking Republican William McCulloch of Ohio also favored a simple five-year extension.
- Jun. 26 Mitchell appeared before the Judiciary Committee to present the Administration Voting Rights Bill as a substitute for extension of the 1965 Act. The key change would radically revise the machinery by which the Federal Government oversees election law changes in the Southern States. Under the 1965 Act, all such proposed state and local laws must be cleared by either the Attorney General or a Federal court in Washington before they can go into effect. Under the Administration proposal, it would be up to the Justice Department to keep track of all such new laws.

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If the Attorney General found one he decided was discriminatory in restricting voting, he could apply for an injunction in the Federal court for the district where it was passed. If the case originated in the South, it would be tried in a Southern court.

Other major recommendations included a nationwide ban on both literacy tests and residency requirements for voting in a Presidential election.

Rep. McCulloch again said he favored a simple five-year extension of the 1965 Act and characterized the Administration plan as "weaker" than the present Act. Other Committee members stated they feared the Administration bill would involve lengthy hearings and debate and, therefore, favored first extending the present bill and then considering the new aspects of the Administration bill, point-by-point. Clarence Mitchell of the NAACP, the only other witness at the June 26 hearings, said the Attorney General had thrown "the apple of discord" into the voting rights discussion and that this might well delay agreement on the bill until after the present law lapses. "Then would come again the cross burning, the slaying of the Negro who has no other desire than to vote... I am not deceived. This is a sophisticated, calculated, incredible effort on the part of the chief lawyer of the U.S. Government to make it impossible to continue on the constructive efforts we have followed."

- Jun. 27 The strongest Senate Republican opposition to the Administration bill came from Hugh Scott of Pennsylvania, minority whip. He told a news conference that the Administration plan to ban literacy tests nationwide could encourage a segregationist attack on the voting rights of Southern Negroes and said the 1965 Act should be extended before any of the Nixon proposals were taken up. He warned the Administration position "might be interpreted as a signal in some areas of the country for slowing down, foot-dragging on protecting the rights of all citizens." If the Nixon bill is enacted the 1965 Act is allowed to elapse, "patterns of enforcement of the right of every citizen to vote would cease to exist." The result, he added, "would encourage those people who do not want some American citizens registered." The July 7 Newsweek quoted Scott as saying, "I'll do everything I can to make the Nixon Administration look good. But believe me, when I have to oppose an Administration bill, I'm going to do it, and I want to make that message loud and clear."
- Jun. 28 When asked how long before GOP liberals would rebel in view of the voting bill and softening of guidelines, Hugh Scott replied, "Not very much, I'm simply serving notice. Period." When questioned about Scott's statement, Republican Senator Charles Mathias said, "It's already begun."
- Jul. 1 With Attorney General Mitchell seated before him at Subcommittee hearings, ranking Republican William McCulloch blasted the Nixon Voting Rights proposals. "The Administration creates a remedy for which there is no wrong on the record and leaves grievous wrongs without adequate remedy."

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Administration proposals sweep broadly into the area where the need is least, and retreat from those areas where the need is great. That is not the kind of civil rights legislation that gives hope to Black America." He was particularly angered by the plan to do away with Section 5 which requires prior Federal clearance of new voting laws. He said Mitchell's statement that it had not been possible to enforce the Section did not mean it should be stricken from the statutes. "Non-compliance does not justify repeal, not if we are to enforce laws and preserve order in this country. That's not the way to promote law and order throughout the land. I do not know what others may think but as for me, I find the cause of civil rights, of human rights if you please, too dear to jeopardize."

- July 1 U.S. Civil Rights Commission attacked the Administration's proposals. The Rev. Theodore Hesburgh, Chairman of the Commission and President of Notre Dame University, charged that the proposal was a "distinct retreat" from the current protection of voting rights.
- July 2 The Nixon Administration was reported moving to head off a potential revolt by House Republican civil rights supporters by not opposing a compromise to first extend the 1965 Act and then consider the Administration proposals. After a White House meeting between President Nixon and Republican Leader Gerald Ford, Ford told newsmen that the dispute over the legislation was "just a matter of tactics. You know there will be an extension. It's just a question of whether it will be done in a package or in a two-step procedure."
- July 3 The Nixon Administration denied it would compromise. Press Secretary Ron Ziegler said, "The White House supports the Attorney General's testimony and stands by it and has not thought of moving away from it as presented by the Attorney General in his two appearances before the Subcommittee."
- July 6 Assistant HEW Secretary James Farmer declared his opposition to the Administration proposal to revise the 1965 Act provision which requires Southern states to clear any changes in voting laws and called for extension of the 1965 Act, preferably with strengthening provisions. Attorney General Mitchell told a group of black protesters in his office, "You'd be better informed if instead of listening to what we say, you watch what we do."
- July 11 House Judiciary Subcommittee voted for a simple extension of the 1965 Act and did not even offer the Nixon proposals for consideration. (Senator Dirksen introduced Nixon bill in Senate on June 30. Senate Judiciary hearings on the Voting Rights bills are now in progress.)

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BLACK CAPITALISM

"The thrust of my programs is to provide incentives to move capital into the ghetto, to develop local initiative and encourage local control, to provide the necessary training and encouragement, and thus both to build pride and establish opportunity. I have often said that what we need is to get private enterprise into the ghetto, and get the people of the ghetto into private enterprise--not only as workers, but as managers and owners. Then they will have the freedom of choice they do not have today; then the economic iron curtain which surrounds the black ghettos of this country will finally be breached." (Candidate Richard Nixon, Nixon on the Issues, Nixon-Agnew Campaign Committee)

"The new approach ... ought to be oriented toward more black ownership, for from this can flow the rest: black pride, black jobs, and, yes, Black Power -- in the best sense of that oft misapplied term." (Candidate Richard Nixon, in a nationally broadcast address, April, 1968)

At the time Candidate Nixon made the above statements, there were 116 existing programs in this field being administered by 21 federal departments. The most important among these were the programs run by the Small Business Administration, the Economic Development Administration, the Department of Labor, and the Office of Economic Opportunity.

In regard to black capitalism, Candidate Nixon's promises and President Nixon's performance -- or more accurately, non-performance -- show no resemblance. As a candidate, Nixon spoke of black capitalism as a panacea for urban and racial ills. As a President, however, Nixon's first substantive action in this field was to declare the term "black capitalism" obsolete, and substitute the term, "minority enterprise", thus gearing the program to all minority groups. At the same time, the creation of the Office of Minority Business Enterprise (OMBE) was announced. As the 117th office dealing with activities in this field was established, it was noted that OMBE would have neither the funding nor the authority to supervise the programs or funds of the other agencies, nor even to conduct programs of its own. Instead, OMBE would co-ordinate all of the other departments and act as a catalyst to them.

But now, six months later, OMBE still lacks the authority to make loans, and consequently, the 36-man staff is fighting for its life.

At the other end of the spectrum, the Small Business Administration, which has historically been responsible for providing most loans to minority entrepreneurs, is plagued by lack of funds, lack of White House leadership, and lack of credibility among the very groups with whom it must work.

* Although Congress appropriated \$36 million for loans by SBA, the White House froze the funds, with the result that SBA must now rely on bank loans which carry up to 12% interest.

SBA's goal of 10,000 loans for fiscal 1969 was not reached. Only 4,415 loans -- some 5,585 below the projected figure -- were actually awarded.

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- * Philip Fruit, a Nixon appointee, resigned his post as Assistant Administrator for Minority Enterprise in "disgust and frustration."
- * SBA's National Advisory Council for Black Economic Development went before the House Small Business Committee in July and presented its own goals and recommendations, charging that the SBA was not taking the lead in securing loans.
- * Reliance on incentives for the private sector has not been fruitful, since the incentives themselves have not come from the White House.
- * The Republican Party's Ripon Society has called for the resignation of SBA Administrator Hilary Sandoval, a Nixon appointee, saying that he had lost the respect of the "black and white communities with whom he is to deal."

Thus, in the time since he has assumed office, Richard Nixon's performance in the field of black capitalism has been characterized by administrative confusion, discrepancy between words and action, and lack of positive direction from the White House. Since the creation of the OMBE, the White House's only action has been to freeze the \$36 million Congress appropriated for the SBA.

Chronology

- Feb. 27 Commerce Secretary Stans announced that the term "black capitalism" was no longer accurate. From now on, activities in this field would be referred to as "minority enterprise," thus including all minority groups. He further announced that his office would establish yet another department designed to investigate the 116 existing programs, and co-ordinate the various agencies in administering them. Although this new department would not conduct its own programs, nor divert funds from other agencies, or have the authority to tell other agencies what to do, it would not merely be the 117th agency involved in this activity.
- Mar. 3 President Nixon appointed Hilary Sandoval, a successful El Paso businessman, as Director of the Small Business Administration. Sponsored by the conservative Senator John Tower, Sandoval had withdrawn from the El Paso Mayor's race while waiting for the post. Sandoval is touted as the highest-ranking Mexican-American in the Administration although his forebearers crossed the border six generations ago.
- Mar. 9 President Nixon signed an Executive Order establishing the Office of Minority Business Enterprise. Several nationally known civil rights figures declined to attend, saying that Mr. Nixon's concept of minority enterprise would perpetuate the ghettos and that the new office would merely be another layer of clearance.
- Apr. 1 Thomas F. Roeser, a public relations expert, was named Director of the Office of Minority Business Enterprise.
- Apr. 25 Former SBA Administrator Howard Samuels noted that minority loans dropped 20 percent in March and the loan rate to minorities had decreased in the first quarter of the year.

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- May. 27 The National Advisory Council for Black Economic Development of the SBA charged that SBA Administrator Sandoval had repeatedly snubbed them, and that he had drastically slashed projected goals of Project Own (an ambitious lending program for black capitalism envisioned by former SBA Administrator Howard Samuels as reaching \$500 million in government-insured collateral loans by banks). Council Member Thomas Buress of Philadelphia projected that the cutbacks would reach 50% by August. The Advisory Council itself demanded to know why the annual loan rate to minorities was down from 6500 to 3370 since the Administration took power.
- June SBA Administrator Sandoval acknowledged that the loan program had been curtailed, with the result that the agency had stopped making low-interest loans and was depending on SBA-guaranteed bank loans at up to 12 percent interest. In addition, the White House had frozen \$36 million appropriated by Congress to the SBA for loans.
- July 11 Philip Pruitt, the 33 year old "black capitalism specialist" in the SBA resigned "in disgust and frustration," because "it's useless to go on like this ... the President just didn't support the program... Rhetoric, rhetoric, rhetoric, but no support. And it was more than just this agency. It was the failure to back up on the Hill. In addition to all of the problems within the Government, the brothers in the street would say, 'You can't be much, you work for Nixon '" Pruitt, a Nixon appointee, said that the program could work if it had money and the whole-hearted support of Mr. Nixon. The main reason for his resignation, Pruitt said, was the President's failure to back SBA's request for \$200 million with which to make direct loans to minority enterprises. It was needed to provide 10,000 loans. Summing up his four months in office, Pruitt stated, "I came here because I wanted to help bridge the gap between the Administration and the black community. But in the time I have been here, I have seen it grow wider and wider."
- At about the same time, Whitney Young, National Urban League Executive Director said, "Black capitalism is a shambles. Mr Nixon's campaign rhetoric has never been followed up by any concrete plans or proposals."
- July 12 The National Advisory Council for Black Economic Development to the SBA voted to take its own goals and recommendations to Congress. Although SBA took the brunt of the blast, criticism was also leveled at the White House for not providing the money, leadership, and priorities for a strong minority enterprise program.
- July 24 Former SBA Administrator Samuels called on President Nixon to establish a group of successful white businessmen who would stimulate industry to co-operate in setting up minority enterprises. Samuels added that banks and large corporations would willingly provide more assistance if only the President would clearly show his commitment to the program.

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Sep. 7 In Spite of all this, Columnists Rowland Evans and Robert Novak charged on Sept. 7th that "the White House is using the agency [SBA] as a dumping ground for a protege of Commerce Secretary Maurice Stans who had botched up one high federal job." During the 1998 campaign, Donald W. Brewer had served as a fund-raiser under Stans and was appointed federal administrator of the Four Corner regional economic development commission covering Colorado, New Mexico, Utah, and Arizona. Brewer's actions as administrator led to demands by the four Governors for his removal. The word now is that Brewer will be the SBA's deputy administrator.

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HUNGER

"Something very like the honor of American democracy is at issue"
(Nixon's Hunger Message to Congress, May 6, 1969)

Ten to fifteen million Americans are chronically underfed or undernourished. A survey of 12,000 Americans in low-income areas found 16 to 17 percent "real risks" urgently needing medical attention. Hunger is at least as extensive in the North as in the South. Senator Ernest Hollings (D-S.C.) said his tour of city slums and rural poverty areas in his state revealed to him "substantial hunger" in South Carolina.

Top officials of the Nixon Administration doubted that extensive malnutrition existed in the United States. Arthur Burns suspected that "Hunger, USA" was published by people with a "special interest". "How," he asked, "could there be hunger in the South, where people have yards in which to grow things?" Herbert Klein, Nixon Administration Press spokesman, attacked the Senate Select Committee on Nutrition and Human needs for making hunger a "political" issue.

In a sense, Mr. Klein was right, for the Administration had decided to do nothing about the problem of hunger for the upcoming fiscal year. Only the exposure given this issue by Senator McGovern, the Senate Select Committee and other Democratic leaders forced the Administration to draft an expanded hunger program for fiscal 1970.

Three types of anti-hunger programs have been in effect for several years:

1. The government financed distribution of surplus commodities;
2. The school milk program, which helps finance milk purchases for nonprofit schools, camps, and other child-care centers;
3. A food stamp program which requires the participant to pay a small amount for stamps which can be redeemed for food.

But according to the Department of Agriculture, only one of five poor people benefits from the government's two major programs to feed the hungry (food stamps and direct distribution).

Apr. 29 The Senate Select Committee on Nutrition and Human Needs held extensive hearings on hunger in the U.S. Following these hearings, Senator McGovern, Chairman, prepared a bill, outlined below:

- * Increase overall food stamp program by \$1.5 billion in fiscal 1970, raising total cost of the program \$1.8 billion plus. This \$1.5 billion would provide free food stamps to about 5.2 million persons with earnings of less than \$960 a year (\$80 per month) for a family of four.
- * The other \$300 million would be used to raise the face value of stamps issued to all participants to an amount equal to the cost of purchasing a minimum adequate diet.

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- * The bill had 30 co-sponsors, including Republicans Theodore Stevens of Alaska and Mark Hatfield of Oregon.

The McGovern proposals have not reached the Floor.

Apr. 26 The Washington Post reported (same story in N.Y. Times, April 30) that the Administration had put off indefinitely an attack on hunger.

At approximately the same time, Robert Choate, consultant to Secretary Finch on hunger, quit because "the White House seems insulated both from the crisis nature of 3,000,000 American families and from the sources of professional information" which documented the problem.

May 2 Senator Javits made a plea for the Administration to re-establish a hunger priority: "Should there be advisors to the President who feel that the problem is not as urgent and crucial as I have described, then I would hope that they will go out into the field, as I have done, to see the widespread, appalling conditions of hunger that demand much greater expenditures than they now seem to have in mind."

May 3 President Nixon rejected a proposal by Secretary Finch and Secretary Hardin, as well as Secretary Stans, to enlarge the program for the hungry. It's provisions were essentially the same as in the proposal Nixon later sent to Congress (outlined below), except that free food stamps were provided to families with monthly incomes less than \$50 rather than \$30.

Week of May 1st Finch and Hardin were asked (not subpoenaed) to appear before McGovern's Committee. They accepted in order to force a decision within the Administration. They told Nixon they couldn't escape the Committee unscathed if they went without a food program. On the Monday before the Wednesday that they were to testify, the White House diverted \$270 million from (probably) Pentagon funds. Nixon's Hunger Message was then designed and sent to Congress on May 6. It provides:

- * \$270 million in addition to the existing \$340 million appropriation, for a total of \$610 million for the current fiscal year, 1970.
- * For fiscal year 1971, \$1 billion, \$517 million.
- * For fiscal 1972, \$1 billion, 742.8 million.
- * Eventual reduction of the direct commodity distribution program.
- * \$100 a month for a poor family of four for food stamps at a cost of no more than 30% of their income; free stamps to families making under \$30 a month (not \$50 minimum as Finch and Hardin suggested, or \$80 minimum as McGovern advocated).
- * A special supplement for needy pregnant women and mothers of infants.
- * Authorization to use private markets more.

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Jul. 7 The Agriculture Committee reported out a food stamp bill with the following provisions:

*\$750 million for the current FY (1970) for food stamps.

*\$1.5 billion for FY '71, and same amount for FY '72.

*No free food stamps provided by the federal government. There would be a charge of 50¢ a person per month for each member of a family, with a maximum payment of \$3 for a family. If an individual or family can't afford that amount, the state welfare agency must see that it is paid. If it wishes, it may solicit funds from charity organizations.

*To eliminate current discrepancies from one state to another as to who is eligible for food stamps and at what rates, etc., minimum eligibility standards are to be fixed by the Secretary of Agriculture.

Senator McGovern considers this bill inadequate, primarily because it doesn't provide free food stamps. He plans to propose some of the provisions of his bill as amendments to the Agriculture Committee bill. This bill is expected to be called up for a vote soon after the ABM decision.

Aug. 11 John R. Kramer, executive director of the National Council on Hunger and Malnutrition, stated that President Nixon's welfare program would actually leave millions of poor people worse off by denying them food stamp benefits worth more than their new federal checks. Kramer's statement was immediately disputed by White House officials who said that the Nixon program will be drafted in such a way that nobody would be worse off under it than he is today. In his May 6 Hunger Message, Nixon declared the new food stamp program would be "complementary" to his forthcoming welfare reform measure. In the welfare message, Nixon stated, "For dependent families, there will be an orderly substitution of food stamps by the new direct monetary payments." Dr. Jean Mayer, Presidential Special Consultant in charge of the White House Conference on Food, Nutrition and Health, said he had been assured "on the highest authority" that "the Administration has no intention to cut down on any food program except in the long run." He interpreted Nixon's welfare statement to mean that food stamps might be phased out sometime for persons receiving family assistance checks "but certainly not in the next year or two."

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WELFARE REFORM

Seven months after assuming office, President Nixon sent to Congress his message outlining his proposals for structural reform of the nation's welfare system. As of September 5th, however, Mr. Nixon still has not forwarded the actual bill incorporating his proposals into law. Without the bill itself, the lengthy process of Congressional scrutiny cannot begin, with the result that Congress will not authorize the changes this session.

What prompted the President's message was the fact that the present welfare system has grown piece-meal since its inception during the New Deal of Franklin Roosevelt. When it began, welfare was intended to help those who, because of unemployment or other causes beyond their control, were temporarily in need. In the 1960s, however, welfare has come to be looked upon as a means of bringing about a more equal distribution of income. Thus, although the purpose of welfare has changed, the system has remained the same.

Under the existing system, there are 10,000,000 recipients of welfare payments. Of this total, 4,815,000 are children; only 100,000 are able-bodied men; 2,000,000 are over 65; 80,000 are blind; 728,000 are partially or totally disabled, and the remaining 1,621,000 are families.

There is no federal uniform standard for welfare payments to families with dependent children, which account for 6,478,100 of the 10,000,000 total. Amounts vary from \$65.30 per recipient in New Jersey to \$9.70 per recipient in Mississippi. There is also no uniform eligibility requirement, only those set up by the individual states. Aid to dependent children is given in cases where the male of the household is incapacitated, dead or absent, and (in 25 states) where the male head of the household is unemployed. The mothers of the dependent children are also eligible. In the many states where the incapacitation or absence of the father is a requirement for eligibility for aid, history has shown that the system fosters the break-up of the family unit -- it is often possible for the family to receive more from welfare than it would from the low-paying wages of the father working full-time. At the moment, nearly 2/3 of all children in urban Negro families having incomes of less than \$4,000 are without fathers. In addition 44,617 full time workers are earning less than poverty-level wages (\$3,920) per year.

Basically, President Nixon's proposals are the following:

- * Establish uniform eligibility requirements. In the case of dependent children, the family's income must be below \$1,000, but the father need not be absent.
- * Establish a federal minimum payment of \$1,600 for a family of four whose income is under \$1,000.
- * For a family of four in which either the mother or the father works, the same basic benefits would be received, but \$60 per month (or \$720 per year) would be "disregarded" in order to make up the costs of working and to provide an incentive to remain working. Thus, a worker's benefits would not be cut in direct proportion to what he earns. The wage earner could also keep 50 percent of his benefits as his earnings rise above that \$60 per month. Therefore, the family with an income of \$2,000 would receive payments of \$960.

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- * In the 30 states where the present federal and state payments combined constitute more than \$1,600 for a family of four, those states will be required to maintain the current level of benefits, but the federal government will also pay 10 percent of the state's payment.
- * In the 20 states where the federal minimum of \$1,600 would exceed the amounts now given by the federal government and the state, the states will be required to continue to spend at least half of what they are now spending -- for a period of five years.
- * For the aged, blind, and disabled, the new system would establish a minimum payment of \$65 per month, with the federal government contributing the first \$50 and sharing in payments above that amount.
- * For the single adult who is not handicapped or aged, or for the married couple without children, the new system will not apply.
- * Reserve job-training slots so that an additional 150,000 welfare recipients would receive training during the first year.
- * Provide child care for the 450,000 children of the 150,000 welfare recipients to be trained.
- * All employable persons who choose to accept these payments will be required to register for work or job training and be required to accept that work or training, provided suitable jobs are available either locally or if transportation is provided. The only exception to this work requirement would be mothers of pre-school children.
- * Payments would be made upon certification of income, with spot checks and simplified reviews instead of the lengthy investigations now required.

Many similar proposals have been presented during previous Administrations. What is important in the President's message, as Senator Ribicoff said, is that the President's message is a "first step in our fight to improve the lives of all our citizens." However, there are several problems with the President's proposals:

- * Those states which have taken the lead in welfare payments and who carry the heaviest burden, will now be hurt by the new system. For instance, under the old system, Connecticut awarded \$1,900 to a family of four -- and that was matched by the federal government, for a total of \$3,800. Under the new system, Connecticut will receive only \$1,600 from the federal government.
- * The basic payment of \$1,600 for a family of four comes to \$33 a month per person -- which is more than 50% below the official poverty level.
- * A married couple with no children at home will not be eligible for payments, even if both are unable to work.
- * The President's message provided great emphasis on work and job training but gave no indication of where the jobs would come from.

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- * The basic payment of \$1,600 to a family where a parent is working full-time has the effect of supplementing an employer who does not pay a living wage. There was no mention by the President in the message of raising the minimum wage or of extending it to cover more workers.
- * Under the new system, the welfare rolls will more than double, and it is the larger industrial states which will carry the brunt of the burden -- through the revenue they raise and send to Washington, and the payments they must make to their own citizens. Only 16.2 percent of the federal money will go to the Northeast -- and 50.1 percent to the South.
- * Migration from the Southern states to the Northern cities where payments are higher will still continue. The result will be the same as now -- luring poor rural Americans to the inner cities of the North and thus concentrating them in a ghetto environment.
- * The nation's Governors -- supported by Vice President Agnew -- have asked for a federal take-over of the welfare system. Explaining that 12 million persons could be added to the nation's welfare rolls under the new system, the Governors said that the cost of the new system would be \$12 to \$20 billion a year -- not the \$4 billion the President predicted. In addition, the Governors said, since the federal government will establish a uniform eligibility requirement and administer the program through the Social Security Administration's computer banks, the federal government should assume full responsibility for the program.

Thus while the President's welfare proposal has been hailed by many as a "significant first step," many problems will be left unsolved -- even if the actual bill reaches Capitol Hill soon. As the Boston Globe commented on August 11th: "The President points with pride to the reforms he has asked of Congress: reform of the postal system, of the draft, of unemployment insurance, the hodgepodge of grants-in-aid programs, of the tax structure. But a President cannot merely propose and then cut and run. Mr. Nixon, having proposed the above reforms, has not turned a hand toward pushing for any one of them. If the President now is as loath to follow through vigorously on his welfare and financial crisis proposals, Congress will not give him even the crumbs he asks."

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EDUCATION

In a CBS radio speech on October 20, 1968, Candidate Richard Nixon pledged his "administration to be second to none in its concern for education."

President Richard Nixon submitted an education budget for fiscal 1970 which is \$369.9 million lower than that requested by President Johnson -- cutting from \$3.59 billion to \$3.21 billion.

Senator Jacob Javits (R-N.Y.), ranking Republican on the Senate Labor and Public Welfare Committee, called the cuts "severe" and said they raise "the serious problem of whether the national priority for education has any validity... These budget proposals have the effect of repealing some programs by eliminating their funds entirely. Other programs face emasculation because they stand to be funded at less than half the authorizations ..." The Senator continued, "as realists, none of us would deny the need for fiscal belt tightening. But this is far different from the budgetary guillotining which does not take into consideration the vital role education programs play in our domestic policies."

The Nixon budget cuts undermine many Federal education programs already enacted by Congress. A prime example is the \$88 million reduction in the Federal library programs, which accounts for 25% of the total education funds cut.

Discussing our national library system, Candidate Nixon stated on October 22, 1968: "America's school, university, research and public libraries ... are the repositories of the American culture."

"In a world where knowledge is the key to leadership, a modern, progressive library system is a vital national asset". But the Nixon Administration has forgotten the campaign rhetoric. At a budget briefing in April, HEW Under Secretary John Venneman said, "In the context of the total Federal program for education, special programs for books and equipment are considered low priority."

The Nixon cuts completely eliminate construction funds which are matched with local monies to build public libraries. Vital book purchasing money is also being eliminated.

Schools and libraries in disadvantaged areas will be especially hard hit by Nixon's proposals. The American Library Association estimated that two million people in low-income and disadvantaged areas will lose all public library services if the Administrations cuts are allowed to stand.

Programs designed to help the disadvantaged in Minnesota, Vermont, New York, and Wisconsin will be either cancelled or drastically reduced.

Educators and school administrators across the country have deplored these proposed cuts. A spokesman for the Board of Education in Philadelphia said these cuts "will literally destroy the momentum that has developed in bringing about meaningful innovative programming in Philadelphia. It will greatly increase the credibility gap between the schools and the community, and will completely undermine the current efforts of the School District to bring about relevant and responsive programs."

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A superintendent of education in St. Louis said that the new programs they were able to develop with federal funds, "have become institutionalized" and students "expected and anticipated" them. "We doubt that the programs can continue without the matching Federal money."

In the past, major educational organizations individually lobbied Congress to authorize new programs. This year, for the first time, they have organized into an Emergency Committee for Full Funding to persuade Congress to appropriate the full amounts for programs already on the books.

The Committee, directed by Charles Lee, has already helped turn in one substantial achievement. In June, the Senate approved of a measure exempting education funds from the spending ceiling for the next fiscal year. Senator Ralph Yarborough (D. Tex.) prepared the amendment.

On July 31, the House voted to add more than \$1 billion to the education budget requested by the Administration. Most of the additional appropriation (\$894.5 million) was contained in an amendment sponsored by Democratic Representative Charles S. Joelson of New Jersey.

On August 12, President Nixon criticized Congress for adding more than \$1.1 billion to the HEW Budget, most of it in education. He stated: "Let me reiterate my intention not to spend in this fiscal year any funds appropriated in excess of my budgetary estimates of April this year. No commitments will be made to spend these additional appropriations until the Congress has completed action on all appropriation bills and revenue measures."

In reflecting on this Nixon Administration "concern for education," it is interesting to note that the budget for ammunition alone in Vietnam last year equalled the entire budget for education at home. While we spend \$21,600 for each enemy soldier killed in Vietnam, we spend 44 federal dollars for each American primary and secondary pupil we hope to educate here at home.

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TAX REFORM

"One candidate says the 10 percent surtax is here to stay. I say this tax is a wartax and, as soon as possible, must be repealed." (Candidate Richard Nixon at SMU, Dallas, Texas, October 12, 1968)

"I would allow the 10 percent surcharge to expire as scheduled on June 30, or at least reduce it significantly." (Candidate Nixon, TV Broadcast from Chicago, September 3, 1968)

Although President Richard Nixon insisted that inflation was the major domestic issue facing his Administration, not until March 26 (more than two months after taking office) did he ask Congress to extend the surtax. Despite campaign rhetoric, this was an obvious measure in any plan to control inflation.

Another obvious fiscal control was repeal of the 7 percent investment credit tax, which provided a stimulus to business expansion. Yet as late as April 13, Dr. Arthur Burns, one of Nixon's chief economic advisors, stated on "Meet the Press": "And in view of that fiasco /suspension of the tax credit in the fall of 1966 and reinstatement four months later/ there is a certain unwillingness to tamper with that particular device at the present time.... Five years from now, after we have forgotten pretty much about this unhappy experience, we will be able to think about the investment tax credit more rationally in the political arena once more."

The Nixon Administration failed to gauge the temper of the country regarding tax reform and Congressional response to this "taxpayers' revolt." The Nixon world seemed totally isolated from the Congressional world, where the House Ways and Means Committee, under the chairmanship of Democrat Wilbur Mills, began intensive hearings on tax reform on February 18. The Administration also failed to understand the rising mood of Congress to use surtax extension as a hostage for passing meaningful tax reform.

As a result of this ground swell for reform -- plus incredibly bad management by the Administration -- the Nixon surtax extension barely passed the House by 210 to 205, with only 56 Democrats voting for the bill. Only a last-minute compromise by Senate Democratic and Republican leaders (who disregarded the Nixon demand for a full-year extension) provided a six-month surtax extension.

On April 15, Senator Fred Harris presented three tax bills to the Senate: a minimum income tax to ensure that wealthy persons pay standard taxes on at least 50 percent of their income; an increase in the minimum standard deduction to remove poverty-level families from income tax rolls; suspension of the 7 percent investment tax credit and reduction in the 10 percent surcharge.

On April 21, President Nixon finally released his first tax message (adding that one on extensive tax reform would follow by November 30, a date later moved to January, 1970):

* Repeal 7 percent investment tax credit.

* Extend 10 percent surtax through December, with reduction to 5 percent after January 1, 1970.

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- * Remove needy families from tax rolls (similar in effect to increasing standard deductions).
- * Impose a minimum income tax (called Limited Tax Preference (LTP) by Administration) which would set a 50 percent limit on amount of income which could be exempt from taxation. But this proposal failed to include capital gains and interest from state and local bonds (two major loopholes covered by the minimum tax in the Harris bill).
- * Limit some abuses of private foundations and insert a proposal to prohibit private foundations from "directly" affecting elections. This provision would affect such activities as the voter registration drives in the South, conducted under the guidance of the Southern Regional Council.

Tax Reform as a Democratic issue was not limited to the Ways and Means Committee. By June 25, 42 percent of House Democrats had authored or co-authored tax reform bills, as contrasted with only 12 percent of the Republican Representatives. The Senate showed a similar trend, with 65 percent of the Democratic Senators sponsoring tax reform legislation while only 21 percent of the Senate Republicans did the same.

On July 31, the Ways and Means Committee completed its tax reform legislation, the most comprehensive reform proposals in history. The complex, 368-page tax bill passed the House by a vote of 394 to 30. The bill will close loopholes to the amount of \$4.1 billion in 1969 and reduce taxes \$1.7 billion. By 1979, the elimination of tax loopholes will raise an additional \$6.9 billion, but tax relief at all levels of income will reduce revenues by \$9.3 billion. (We have not attempted a summary of the House bill here. To obtain a summary, write the DNC Research Department. We have both a brief summary prepared by the Research Staff and a detailed analysis published by Congressional Quarterly. You may request either or both.)

Forgetting the Forgotten American

With the House tax reform bill before the Senate Finance Committee for hearings, Treasury Secretary Kennedy appeared on September 4 to present the Administration's recommendations for amending the bill. Over-all, the Administration urged Congress to grant less tax relief to low-and middle-income taxpayers and reduce tax increases for business. According to Hobart Rowen, financial editor of the Washington Post, tax experts conclude "that the administration has taken a distinct step backward... from a halting effort toward tax equity in the House Ways and Means Committee bill."

The Administration changes drew sharp criticism from Democratic Congressional leaders. Senator Albert Gore (D-Tenn.) called it a "rich man's tax bill" and Senator Vance Hartke (D-Ind.) said it shows Mr. Nixon "believes the forgotten American is the president of a giant corporation." Even Senator Jack Miller (Republican-Iowa), generally regarded as an economic conservative, warned Kennedy that the Administration is flying in the face of aroused public opinion by recommending that presently tax-free municipal bond interest be exempted from a minimum income tax.

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Art Buchwald, syndicated political satirist, commented: "The Nixon Administration people are aware that you can't just give tax relief to the little guy without getting the people in the upper brackets and the corporations mad. So, he's done all he could to make things easier for them. For example, a family of four earning \$200,000 a year from municipal bonds and oil investments will be put in the same tax bracket as a family on welfare." As with all good humor, this contains an element of pathos.

Major differences between the House bill and Administration recommendations are:

Personal Tax Relief

While retaining the House rate cuts assuring all but wealthy individuals at least a 5 percent tax cut, the Treasury would trim back personal tax relief by \$2.5 billion. Besides repealing the personal deduction allowed for state gasoline taxes, the Treasury would use these three devices:

- * Increase standard deduction from 10 to only 12 percent, with a ceiling increase from \$1,000 to \$1,400. House bill increased to 15 percent, with a ceiling of \$2,000.
- * Restore phaseout in low-income allowance by reducing the allowance by \$1 for every \$4 over the poverty line. House bill would extend the \$1,100 to every American, in effect making it a minimum standard deduction.
- * Modify the House plan to tax all persons over 35 at head-of-household rates, which are midway between present rates for married and single individuals. Treasury would create single person rates higher than head-of-household, but ensure taxes no higher than 20 percent above the married rate.

Corporate Tax Relief

Claiming that the House bill "is weighted in favor of consumption /for which read the average taxpayer/ to the potential detriment of the nation's productive investment /big business/, Treasury proposed one-point reductions in the corporate income tax rate in both 1971 and 1972 for a total revenue loss of \$1.6 billion a year. With the expiration of the surtax, this two-point reduction will bring corporate taxes down to 46 percent in 1972.

Loophole Closing

- * Capital Gains: House bill contained a modest proposal increasing the holding period for long-term capital gains to one year from six months and boosted the existing 25 percent tax ceiling to 32½ percent. The Treasury recommendations would stick with the present system, leaving open this major loophole for a revenue loss of \$210 million.
- * Tax-free interest from municipal bonds: The House bill included this income under the 50 percent limitation on tax preferences (minimum income tax), with the federal government providing an interest subsidy. The Administration would exempt such income from any income tax, thus allowing wealthy individuals to escape all taxes by using this device.

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- * Treasury would delete the appreciation of value of property given to charity from the limitation on tax preferences and allocation of deductions rule. The House bill included this item.
- * Treasury would rollback the House bill $7\frac{1}{2}$ percent tax on the investment income of private foundations to a 2 percent "supervisory" tax.

Oil Depletion Allowance

In a rather startling switch, the Nixon Administration not only concurred with the House bill to lower the oil depletion allowance from $27\frac{1}{2}$ percent to 20 percent (with proportionate decreases in other mineral allowances), but also urged the Senate to include the depletion allowance under the limitation on tax preferences, which requires that taxes be paid at half ordinary rates on specified excludable income in excess of taxable income. Treasury also proposed that intangible drilling costs be included in LTP in the case of investors but -- to spur exploration -- be excluded for operators whose main business is oil. The House had included both percentage depletion and intangible drilling costs under allocation of deductions but dropped both from LTP.

This Administration stand undoubtedly surprised the oil industry since Candidate Nixon in two Presidential campaigns (1960 and 1968) claimed, "I am for the $27\frac{1}{2}$ percent depletion allowance."

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ELECTORAL REFORM

"I say again: the candidate who gets the most votes should be the next President. Let my opponent decide whether he dares abide by the will of the American people as expressed in the voting booth. And by his decision, let the American people witness the extent of the commitment of the two-major party candidates to the American system of government, to the principle of majority rule." (Candidate Richard Nixon, October 30, 1968, Cleveland, Ohio)

"I am not suggesting we go so far as the direct election of Presidents...." (Candidate Richard Nixon, September 13, 1968, Ohio Statewide TV)

On November 5, 1968, Richard Nixon went from candidate to President by a margin of seven-tenths of one percent.

Over the years, individual Senators and Congressmen have debated methods of revising the system under which the United States chooses its President. The merits and difficiencies of four plans have been discussed.

- * The current system of the Electoral College. A candidate is awarded all of a state's electoral votes -- even if he wins the state by only one vote. A simple majority of the electoral college is required for election (270 out of 538). If no candidate obtains 270 votes, the Members of the House of Representatives have the responsibility of choosing the President. In our history, the Electoral College has awarded a majority of its votes to a candidate who did not receive a majority of popular votes. Opponents of the current system cite this as the College's major deficiency. They also fear that votes could be bartered in either the Electoral College or in the House of Representatives.
- * The "district plan." Under this system, each Congressional District would have 1 electoral vote, and a candidate would be awarded electoral votes for each district in which he obtained a majority of popular votes. If he carried a majority of a state's Congressional Districts, the state itself would award him a bonus of two electoral votes at large.
- * Direct election of the President. This system would abolish the electoral College altogether. A candidate who achieved a plurality of popular votes across the country would be elected President.
- * The "proportional" plan. This system would maintain electoral votes, but would award them in proportion to the number of popular votes a candidate received.

In 1960, President Nixon would have won under either the district or proportional plans.

It is the proportional plan which the President suggested to Congress in his electoral reform message of February 19, 1969. The President's plan would:

- * Abolish the Electoral College but maintain electoral votes.

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- * Award the electoral votes of each state in a manner which would closely approximate the number of popular votes received by a candidate.
- * Require that a candidate receive at least 40 percent of the electoral vote total in order to win.
- * In the event that no candidate received the 40 percent, a run-off election between the two top vote-getters would take place.

President Nixon proposed his plan after an election year in which public opinion polls showed that 80 percent of the American people favored direct election. Although the White House explained that the President felt that three-fourths of the states (as required for a Constitutional amendment) would not ratify a proposal for direct popular election of the American President, others felt that the time for direct election had come.

Senator Birch Bayh (D-Ind.), Chairman of the Senate Subcommittee on Constitutional Amendments and a leading proponent of direct election, accused the President of resorting to "expediency" and presenting a proposal which would add more "disastrous consequences" than the present Electoral College system. Bayh's own direct election proposal is supported by 50 members of the House, including Republican leader Gerald Ford and Speaker John McCormack. Bayh added that if Mr. Nixon felt secure in allowing for a popular election run-off, the American people could be equally capable of voting in a direct popular election.

On March 14, Attorney General John Mitchell, testifying on electoral reform before the House Judiciary Committee, stated that the "proposed plan does not do as much violence to the Federal system as the direct popular election plan." Mitchell further declared that, "It's not the principles we believe in ... It's a matter of what is attainable...." He added, however, that the Administration would support the direct election plan if it was approved by Congress instead of the proportional plan Mr. Nixon advocated.

On May 16, the House Judiciary Committee reported H.J. Res. 681, providing for abolition of the Electoral College and direct election. With the exception of the direct election provision, the mechanics of the bill are the same as those proposed by the President.

On July 24, the House Rules Committee cleared an amendment which would provide for the direct election of the President, and at the time a poll of the House indicated that 67 percent would support the measure.

On September 9, the House Republican Policy Committee endorsed the amendment providing for direct election by an "overwhelming" voice vote.

With debate about to begin in the House, Attorney General Mitchell stated that the President would await action of the Senate Judiciary Committee. Speculation quickly appeared stating that "highly reliable sources" indicated that if the Senate Judiciary Committee approved a direct election plan, then Mr. Nixon would probably change his former position and offer support to the direct election proposal.

In the interim between the arrival of the President's message on Capitol Hill and the resulting discussion in both Houses, President Nixon stated that one of his reasons for advocating a proportional plan was that the smaller states would be unwilling to yield whatever "power" they might hold in the Electoral College.

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But on August 27, Senator Robert Griffin, (R-Mich.) released his poll of 4,000 state legislators in 27 states. The 27 states polled by Senator Griffin were chosen for their small size and their supposed opposition to a direct election plan. Of the 44 percent who responded, 64 percent said that they would support direct election.

Simply put, Richard Nixon has not chosen one method of electoral reform and stayed with it when the going got rough. After his narrow loss to John Kennedy in 1960, Mr Nixon began advocating a district or proportional plan, under which he would have won. However, during the 1968 election campaign, with a third candidate running a strong race, Mr. Nixon challenged Vice President Humphrey to agree to abide by the outcome of the popular vote across the country. When he made that statement, Nixon added that he felt he would win the election by 3 to 5 million votes (he actually won it by 510,365 votes). His call for an agreement before the election would have violated the Constitutional provisions operating at that time and now. If the Electoral College had been deadlocked or close, Mr. Nixon's proposal (if it had been accepted by the other candidates -- which it was not) would have fostered bartering for votes among the members of the College. As it was, one elector did not vote for the candidate to whom he was pledged, but for another one.

However, once he was safely ensconced among his yellow legal pads in the White House, Richard Nixon went back to his old reliable proportional plan.

And now, seeing the debates in the House and Senate Judiciary Committees and the polls of the House and the state legislators, Mr. Nixon's "highly reliable sources" have spread the word that he just might change his mind and support direct election. President Nixon will not take the lead and propose direct election, but he will support it -- if the Congress does, that is.

"I am not wedded to any plan." (Nixon's Electoral Reform Message to Congress)

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VIETNAM

Speaking in Hampton, New Hampshire, March 5, Candidate Nixon promised, if elected, to end the Vietnam war through more effective leadership. "If in November this war is not over, after all of this power has been at their (the Administration's) disposal, then I say that the American people will be justified to elect new leadership. And I pledge to you the new leadership will end the war and win peace in the Pacific -- and that is what America wants," Nixon said.

In Senate hearings on July 15, Senator Albert Gore (D-Tennessee) asked Secretary of Defense Melvin Laird seven times if the "maximum pressure" military tactics of President Johnson were still in effect. The Secretary did not answer until Senator Gore produced a document with the current fighting order for U.S. forces in Vietnam. Then Gore asked again if there were any changes in these orders issued by the previous Administration. The Secretary finally answered, "No."

Chairman of the Joint Chiefs of Staff Carl Wheeler took a mid-July trip to Vietnam which was supposed to reorient the fighting tactics, but Washington Post reporter David Hoffman in Saigon said that as of July 31 there was no discernable change on new Washington orders. According to this report, most U.S. Commanders insist there is no casualty-reducing alternative to the strategy being followed. Yet Secretary Laird, on July 27, said a new approach called "protective reaction" will replace "maximum pressure." It looks like a distinction without a difference.

"I do not suggest to you, as you have heard in this campaign, any push-button way to do this ... I do not suggest withdrawal from Vietnam. I am saying to you that it is possible if we mobilize our economic and political and diplomatic leadership it can be ended. The failure in Vietnam is not the failure of our fighting men in Vietnam but the failure of our leadership in Washington, D.C., to back them up," stated Nixon in his March 5 Hampton speech. Elaborating at a Washington, D.C. press conference the same day, Nixon said the United States could use economic and diplomatic pressures to end the war, including "our leverage with the Soviet Union through withholding strategic materials and restricting Export-Import Bank credits."

In a June 19 press conference, President Nixon announced a withdrawal of 25,000 U.S. troops, but he reacted peevishly to a question about former Secretary of Defense Clifford's suggestion to remove 100,000 U.S. troops by 1970. The President implied that Mr Clifford was responsible for an escalation in the war and 500,000 increased casualties. "I hope," the President continued, "to beat Mr Clifford's timetable, just as we've done a little better than he did when he was in charge of our national defense."

On August 7, Senator Gore pointed out that on January 18, our troops in Vietnam totalled 532,500. But on August 2 (after the announced and publicized withdrawal of a large part of the 25,000 troops) there were 537,000 troops in Vietnam-- an increase of 4,500.

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On August 20, Secretary of State Rogers asserted that U.S. could carry on its program of troop withdrawals whether the enemy continued the fighting lull or stepped up actions.

However, on August 23 Nixon announced he would defer a decision on withdrawal of more troops until sometime in September. When Nixon made the first troop withdrawal announcement in June, he said he would make another troop withdrawal decision and announcement in August.

The Republican National Committee Newsletter, dated August 25, said more U.S. troops will be withdrawn from Vietnam soon -- a forecast committed to print before President Nixon announced a postponement of any manpower decision. "The question in Vietnam is no longer how fast we will escalate, but how rapidly will our troops return home. With 25,000 men being withdrawn, and more to leave soon, American involvement is decreasing."

Ken Reitz, spokesman for the National Committee, said the Newsletter was prepared before the delay announcement and was based on earlier Administration statements about troop withdrawals.

On the September 7th "Meet the Press," Vice President Agnew said that "some new things are happening" concerning a cease-fire proposal by the North Vietnamese and these "things make us quite hopeful." Agnew said he could not elaborate because the situation "is at a particularly sensitive stage and we wouldn't want to do anything that would untrack what we hope may be a very profitable undertaking."

When White House Press Secretary Ron Ziegler was asked about Agnew's statement, he said he did not believe the Vice President had talked to Mr. Nixon or Henry A. Kissinger, the President's National Security Adviser. "The Vice President's statements are his own," said Ziegler.

On September 8, American officials said that the Vice President's statement was not founded in fact. An Agnew aide would say only that the Vice President had been talking about the temporary cease-fire. State Department spokesman Robert J. McCloskey said he was not aware of any North Vietnamese initiative other than the call for a cease-fire to honor Ho. Secretary of State Rogers, in a statement marking the 15th anniversary of SEATO, reiterated the official American position when he said that "now we wait for the other side to demonstrate that it too desires peace."

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ARMS LIMITATION TALKS

"And now to the leaders of the Communist world, we say: After an era of confrontation, the time has come for an era of negotiation." (Candidate Richard Nixon, Acceptance Speech, Republican National Convention, August 8, 1968)

Although the Johnson Administration had achieved U.S. Soviet agreement on negotiation principles, the lengthy review process instituted by the incoming-Nixon Administration lost the momentum generated for meaningful SALT (Strategic Arms Limitation Talks) discussions. The Nixon Administration further complicated the issue by initially attempting to couple extraneous political problems (such as the Middle East and Vietnam) with arms limitations discussions.

Although President Nixon reportedly had established his principles of arms negotiations as early as March 18, he did not authorize arrangements for the talks with the Soviet Government until June 23. By this date, a number of other Administration decisions had been made which could seriously affect the efficacy of the talks:

- * Deployment of the Safeguard ABM system: A bipartisan group of legislators felt that actual deployment could be interpreted by the Soviets as a lack of sincerity to negotiate and would add another spiral in arms build up before talk could even start.
- * Production of MIRV (Multiple Independently Targeted Re-entry Vehicles): Deployment of MIRVs could only decrease the possibility of useful arms limitation since "MIRVed" ICBM's would require on-site inspection to determine the number of actual warheads -- an inspection which both the U.S. and the USSR have rejected. The decision to produce MIRVs suggests the Nixon Administration feels that SALT talks are fruitless at the present arms parity level.
- * Newsweek Pentagon correspondent Lloyd Norman reported that Secretary of Defense Laird sees a new parity level developing at which serious talks can take place. This new parity will be reached when both the USSR and the U.S. have MIRV-equipped ICBMs and an ABM system to protect them against China -- an escalation of the arms race that would go on until the mid-1970s or later.
- * Even Secretary of State Rogers has modified his previous stand on MIRV (in which he said MIRV would not affect arms agreement) by saying, "It might be that if MIRV tests are successful in the next few months, this will present new problems of inspection." Other data suggests that such tests have already been successful.
- * Republican Senators Case and Brooke have offered similar resolutions proposing that the U.S. enter into negotiations with the Soviet Union to seek a mutual cessation of MIRV tests. The Brooke resolution was signed by 41 Senators. Representative John B. Anderson, Chairman of the House Republican Conference, and Representative Jeffery Cohelan (D-Calif.) also offered a resolution, with 102 co-sponsors, urging the Administration to move in this direction.

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APPOINTMENTS and NON-APPOINTMENTS

Dr. John Knowles

"I believe in a system in which the appropriate Cabinet Officer gets credit for what goes right and the President takes the blame for what goes wrong. Officials of a new Administration will not have to check their consciences at the door, or leave their powers of independent judgement at home." (Candidate Richard Nixon, Sept. 19, 1968)

"I deeply regret this situation and the fact that this Department will be deprived of the services of this outstanding leader in the field of health care. Obviously, I assume full responsibility for the delay in this appointment." (Secretary Finch statement announcing Knowles would not be nominated to post of Assistant Secretary for Health, June 27, 1969)

- Jan. 15 HEW Secretary Finch informed Dr. Knowles that he was first choice for the top medical post in the Federal Government -- Assistant Secretary for Health and Scientific Affairs. Shortly after Nixon's inauguration, the AMA's political arm, AMPAC, protested this selection to the White House. Dr. Edward Annis, sponsor of the National Doctor's Committee for Nixon-Agnew that raised an estimated \$150,000, led the opposition to Knowles. Almost immediately, the AMA found a powerful spokesman in Senator Dirksen. For five months Dirksen and the AMA held up the Knowles nomination.
- Jun. 19 In a nationally televised news conference, President Nixon said he would support Finch's choice for Assistant Secretary for Health and Scientific Affairs.
- Jun. 25 Finch formally recommended that Nixon nominate Knowles. Finch was so certain of the nomination that he even told one reporter that Nixon would have to find another Secretary if Knowles was not nominated.
- Jun. 26 However, AMA supporters in the House objected to the appointment and the issue became tied to the surtax and AMB to ensure conservative votes for these Administration measures. On Thursday June 26, Nixon told Finch that Knowles was out and gave him till the weekend to find another man for the post or Nixon himself would make the appointment.

Senator Charles Goodell (R-NY) said, "The stakes in this matter were great. The choice was between filling the nation's top medical post on the basis of merit or politics. Politics won."

Dr. Franklin Long

"I don't want a government of yes-men, but one drawn from the broadest possible base... one including not only executive and administrators, but scholars and thinkers. Only if we have an Administration broadly enough based philosophically to ensure a true ferment of ideas, and to invite an interplay of the best minds in America, can we be sure of getting the best and most penetrating ideas." (Candidate Nixon, address on CBS and NBC, 9/19/68)

Despite Administration claims that the ABM was a non-partisan issue, Dr. Franklin Long became a casualty of Nixon's battle to see his program for deployment passed by Congress. Dr. Long, an eminently qualified scientist, was nominated by Nixon to head the National Science Foundation. According to Dr. Lee DuBridge, scientific advisor to President Nixon, Long's nomination was then withdrawn because of his opposition to the ABM. Although the NSF does not deal in any way with the ABM, Dr. DuBridge said that ABM "is now a very hot political matter, a problem in international relations and arms talks and now before Congress."

President Nixon remarked that although there "was vigorous dissent and discussion within our National Security Council on this ABM and other matters... to have at this time made an appointment of a man who quite honestly and quite sincerely - a man of eminent credentials, incidentally, -- disagreed with the Administration's position on a major matter of this sort: We thought this would be misunderstood."

After the scientific community did "misunderstand" the President's decision and objected vociferously to Dr. Long's rejection on these grounds, Nixon again reversed himself and reoffered the job to Long. Long, this time round, turned down the job.

Clifford L. Alexander, Jr. -- Chairman, Equal Employment Opportunities Commission

Title VII of the 1964 Civil Rights Act banned discrimination in hiring, promotion and all other conditions of employment and also set up the EEOC. Little government action was taken under this title until 1967 and truly vigorous investigation only began after Alexander's appointment as Chairman in June 1967.

Last March, Senator Dirksen attacked Alexander for doing his job. In hearings before the Senate Subcommittee on Administrative Practices, Dirksen told Alexander: "Businessmen are streaming into Washington every day to complain they've been harassed by your operation. Either this punitive harassment is going to stop or somebody is going to lose his job, or I'm going to the highest authority in government and get somebody fired."

The next day the White House announced Alexander would be replaced. (Nixon's choice was William H. Brown III, nominated earlier to fill a vacancy on the Commission. Brown is a Republican lawyer from Philadelphia and also a black.)

On April 9, Alexander submitted his resignation as Chairman, charging that the Nixon Administration had failed to move forcefully in handling civil rights and minority group issues. "The public conclusion is inescapable: Vigorous efforts to enforce the laws on employment discrimination are not among the goals of this administration. It is my sincere hope that you will publicly dispel these ever increasing doubts. I resign as chairman with deep regret.... It has become increasingly clear that so long as I am chairman, the commission faces a more serious impairment of its vital work: a crippling lack of administration support." Alexander charged that since Nixon took office:

*"Both Atty. Gen. John N. Mitchell and Assistant Atty. Gen. for Civil Rights Jerris Leonard have been unresponsive to my request, over two months ago, to discuss the future of enforcement of Title VII of the Civil Rights Act of 1964."

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*"The commission has not been consulted regarding development of legislation to afford EEOC vitally needed 'cease and desist power.'

*"The Department of Justice has been unwilling to discuss a possible suit to remedy clear violations of Title VII in the motion picture industry as disclosed at EEOC hearings in Los Angeles.

*"Several key personnel actions under the career civil service merit system languish at the Civil Service Commission, thus undercutting the chairman's authority to make appointments required to carry out the agency's mission."

Alexander noted that the administration suit filed on April 8 against Cannon Mills Co. was the only one filed so far to attack discriminatory hiring practices under the new administration. In comparison, he said, the department under former Atty. Gen. Ramsey Clark filed more than 30 such suits last year. "In an era of law and order it is important that the laws regarding discrimination are enforced with exactly the same fairness and vigor as are all other laws."

After Alexander resigned his Chairmanship, Assistant Atty. Gen. Jerris Leonard, who is in charge of the Justice Department's Civil Rights Division, called on Alexander to leave the Government. The Leonard remark was made before the annual Convention of B'nai B'rith's Anti-Defamation League, which is devoted to combatting bigotry in the United States. This last attack on Alexander brought forth a disavowal from the White House and a report that the President plans to name a White House assistant to coordinate civil rights and minority problems.

Shirley Temple Black

Named as a U.S. delegate to the United Nations General Assembly by President Nixon, Mrs Black's appointment will undoubtedly cause government leaders to question her former career as a background for one trying to understand the complexities of international affairs. Her reputation abroad is based solely on the world wide distribution of her "Shirley Temple" movies such as "The Good Ship Lollipop" and "The Little Colonel."

Mrs. Peter Cameron

Another Nixon Administration appointment, already sworn in as a special projects officer at the State Department, has been found to be a "segregationist" according to Knight Newspapers' columnists Vera Glasser and Malvina Stephenson. The State Department has already called her swearing-in the result of an "administrative error" and has begun a new investigation into her background. It appears Mrs. Cameron demonstrated at a Wallace for President rally during the Maryland primary campaign in 1964 carrying a sign which read "They say intergration. (Misspelling fault of sign maker.) They mean miscegenation." Mrs. Cameron also was a leader of the "Gore Girls" who campaigned for State Senator Louise Gore in 1966 and whose offices were located next to the Agnew for Governor headquarters. Agnew workers, according to the Glasser-Stephenson article, reported that Mrs. Cameron openly criticized Agnew's liberal views and admired segregationist George Mahoney who subsequently lost to Agnew.

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Barbara Burns

The Department of Health, Education and Welfare has appointed Miss Burns as Deputy Assistant Secretary for Consumer Affairs even though she admits to never having been "involved in" consumer affairs. She further states, "My major qualification is administrative ... But I'm very interested in what I read about consumer activities and I'm a very careful shopper." Miss Burns is replacing Miss Dianne McKaig, described by a top consumer source at HEW as a "loyal Republican who knows more about consumers than almost anyone in Washington." With a Harvard law degree and a solid reputation on Capitol Hill from her pro-consumer "internal lobbying," Miss McKaig will become Miss Burns' assistant with undefined duties.

Otto Otepka

The March 1969 issue of American Opinion, official magazine of the John Birch Society, carried an article entitled "Otto Otepka -- Will President Nixon Keep his Promise?" The title referred to Nixon's campaign statement that it was his intention "to order a full and exhaustive review of all the evidence in this case with a view to seeing justice is accorded to this man who served his country so long and so well." Otepka was suspended from his job in the State Department Security Office by Secretary Dean Rusk for passing unauthorized materials to Congress. During the years after his suspension, Otepka maintained close contact with and received support from several far right wing groups, including the Birch Society. These associations were well documented in a New York Times article by Neil Sheehan. When Nixon was inaugurated, his own Secretary of State Rogers refused to reinstate Otepka in the State Department.

With the State Department out, Senator Dirksen suggested that Nixon appoint Otepka to a vacancy on the Subversive Activities Control Board, a practically defunct security review board which had processed only one case in 1968. With this appointment, Otepka advanced from his salary of \$22,000 at State to \$36,000 at the SACB. President Nixon did keep his promise.

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FOR RELEASE DURING WEEK OF SEPTEMBER 8-13

By James G. O'Hara

Representative in Congress

The counter-attack on the House tax reform plan is underway.

If the assault succeeds, the moderate-income wage earner will be the loser, wealthy corporations the winners.

The attack is being led by Treasury Secretary David M. Kennedy, speaking for the Nixon Administration. Secretary Kennedy was the lead-off witness as the Senate Finance Committee began hearings on tax reform.

The thrust of the Nixon Administration testimony: The tax reform package approved last month by the House of Representatives is over-generous to those in the middle-income tax brackets.

The House bill granted tax relief to individuals totalling \$7.3 billion a year. The Administration proposal would trim their tax relief back to \$4.3 billion.

But business, hit for \$4.9 billion a year in increased taxes by the House plan, would have their tax increase reduced to \$3.5 billion if the Administration plan prevails. Corporate tax rates would actually be decreased under the Administration proposal.

What does this mean to the average wage earner? A man with a wife and two children, with total earnings of \$7,500 a year who claims deductions equal to 10 percent of his earnings now pays \$687 in taxes. Under the House proposal he would pay \$576, a reduction of \$111, or 16.2 percent.

But the Administration proposes that he pay \$616 in taxes, a reduction from his present rate, yes, but of only \$71.

Thus he would be paying \$40 more in taxes if the Administration plan prevails than if the House bill becomes law.

-continued-

Figures are comparable up and down the moderate-income range.

A man with three dependents earning \$10,000 and claiming deductions equal to 10 percent of wages now pays \$1,114 in federal taxes. Under the House plan he would pay \$958; under the Administration proposal, \$1,012. The Administration wants him to pay \$54 more in taxes than the House does.

A wage earner in the \$12,500 bracket with three dependents and 10 percent deductions, now pays \$1,567 in taxes. The House would reduce this to \$1,347; the Administration, to \$1,447.

While individual rates go up under the Administration plan, corporation rates would go down in a two-step procedure that would let the corporations ^{a year} keep \$1.6/billion that they now pay in taxes.

The House-passed bill also plugs loopholes that permit millionaires to escape paying any taxes at all on their seven-figure incomes. And it requires everybody, no matter how much they derived from tax-exempt sources, to pay a minimum income tax.

The Administration proposes to re-open one of these loopholes by exempting income from tax-exempt municipal bonds from the minimum income tax.

Some 700 witnesses, many of them representing special interest, want to testify on tax reform before the Senate Finance Committee.

During the next few months, special interest lobbying will be intense, with tremendous pressures exerted on the Senate to relax some of the tough provisions of the House-passed bill.

The people spoke up during the House consideration of the bill, and their voices were heard and heeded. The moderate-income taxpayer--the man with the most to lose if the Administration proposal prevails--should now make his demands for reform known to the Senate.

(HUMPHREY)

ATLANTIC CITY, N.J.--HUMPHREY ACCUSED PRESIDENT NIXON TODAY OF BEING MORE INTERESTED IN TAKING CARE OF HIS "FRIENDS" IN THE SOUTH, IN BANKS AND IN CORPORATE BOARD ROOMS THAN IN SOLVING INFLATION AND OTHER DOMESTIC PROBLEMS.

THE FORMER VICE PRESIDENT TOLD THE NATION'S LABOR LEADERS NIXON AND VICE PRESIDENT AGNEW HAD BEEN "CONSPICUOUSLY ABSENT" WITH THE "LEADERSHIP, VISION AND COURAGE" THE AMERICAN PEOPLE EXPECT OF THEIR LEADERS -- "QUALITIES THAT LEAD AN ADMINISTRATION TO ASK NOT, 'WHAT DO MY FRIENDS WANT?' BUT RATHER 'WHAT DOES THE COUNTRY NEED?'"

"INFLATION, INTEREST RATES, CIVIL RIGHTS, EDUCATION, CONSERVATION, CONSUMER PROTECTION, ANTITRUST," HUMPHREY SAID IN PREPARED REMARKS FOR THE AFL-CIO CONVENTION. "YOU NAME IT AND THE NIXON-AGNEW ADMINISTRATION HAS REMEMBERED ITS FRIENDS AND FORGOTTEN THE REST OF US."

IT WAS THE MOST CRITICAL ASSESSMENT HUMPHREY HAS MADE OF THE NIXON ADMINISTRATION. IT SUPPORTED SPECULATION HUMPHREY MAY BID FOR THE 1972 DEMOCRATIC PRESIDENTIAL NOMINATION.

THE FORMER VICE PRESIDENT SAID WHITE HOUSE INACTION ON PRICE INCREASES IN THE STEEL, AUTOMOBILE AND OTHER INDUSTRIES WAS A CLEAR INDICATION NIXON INTENDED TO "STAND ON THE SIDELINES" WHILE INFLATION CONTINUES.

10/6--GE943A

BY NEIL GILBRIDE

ATLANTIC CITY, N.J. (AP)-FORMER VICE PRESIDENT HUBERT H. HUMPHREY SAID TODAY THAT PRESIDENT NIXON HAS VIRTUALLY ABDICATED HIS RESPONSIBILITY TO FIGHT INFLATIONARY WAGE AND PRICE HIKES.

AND, SAID THE MAN WHO LOST THE PRESIDENTIAL ELECTION TO NIXON, WHITE HOUSE POLICIES AIMED AT SLOWING THE ECONOMY TO COOL INFLATION THREATEN A DRASTIC INCREASE IN UNEMPLOYMENT.

"THAT'S THE OLD TRIED AND TESTED REPUBLICAN MEDICINE GUARANTEED TO PRODUCE A CURE WORSE THAN THE DISEASE," HUMPHREY SAID IN A SPEECH FOR SOME 1,000 AFL-CIO CONVENTION DELEGATES.

HUMPHREY, SPEAKING TO THE LABOR GROUP THAT WAS THE MAIN BULWARK OF HIS DEMOCRATIC BID FOR THE PRESIDENCY, SAID NIXON IS FAVORING BANKERS, CORPORATIONS AND HIS SOUTHERN POLITICAL ALLIES AT THE EXPENSE OF THE REST OF THE NATION.

"INFLATION, INTEREST RATES, CIVIL RIGHTS, EDUCATION, CONSERVATION, CONSUMER PROTECTION, ANTITRUST--YOU NAME IT AND THE NIXON-AGNEW ADMINISTRATION HAS REMEMBERED ITS FRIENDS AND FORGOTTEN THE REST OF US," HUMPHREY SAID.

"WHAT WE HAVE WITNESSED IN THE PAST EIGHT MONTHS IS A VIRTUAL ABDICATION OF THE PRESIDENTS RESPONSIBILITY--YES, EVEN HIS DUTY-- TO TAKE THE LEAD IN FIGHTING INFLATION, IN BOTH PRICES AND WAGES," HE SAID.

LIVING COSTS HAVE CLIMBED THIS YEAR AT AN ANNUAL RATE OF ABOUT 6 PER CENT, THE STEEPEST SINCE 1951.

PDS 56AED 10/6

(AFL-CIO)

ATLANTIC CITY--HUBERT H. HUMPHREY GAVE PRESIDENT NIXON A GRADE "A PLUS" TODAY ON TAKING CARE OF HIS "FRIENDS" IN CORPORATIONS, BANKS AND THE SOUTH, ?? LASHED OUT STRONGLY AGAINST THE ADMINISTRATION ON JUST ABOUT EVERY ISSUE EXCEPT VIETNAM.

"INFLATION, INTEREST RATES, CIVIL RIGHTS, EDUCATION, CONSERVATION, CONSUMER PROTECTION, ANTITRUST," HUMPHREY TOLD THE AFL-CIO CONVENTION. "YOU NAME IT AND THE NIXON-AGNEW ADMINISTRATION HAS REMEMBERED ITS FRIENDS...IN THE BANKS AND LENDING INSTITUTIONS...THE CORPORATE BOARD ROOMS...THE SOUTH...AND FORGOTTEN THE REST OF US."

THE FORMER VICE PRESIDENT, IN HIS MOST CRITICAL ASSESSMENT YET OF THE REPUBLICAN ADMINISTRATION, SAID NIXON'S FISCAL POLICIES AMOUNTED TO "RAIDS" ON WORKERS, RETIRED PEOPLE AND OTHER AMERICANS HARD HIT BY INFLATION BECAUSE THE ADMINISTRATION APPARENTLY INTENDED TO PURSUE A "HANDS OFF" POLICY WHILE INTEREST RATES AND PRICES GO UP.

HE TOLD THE LABOR LEADERS THAT THE ADMINISTRATION'S DELAY IN SCHOOL DESEGREGATION AND THE APPOINTMENT OF JUDGE CLEMENT F. HAYNSWORTH JR. TO THE SUPREME COURT WERE NOT ADVANCING THE CAUSE OF CIVIL RIGHTS. HE SAID NIXON SHOULD WITHDRAW HAYNSWORTH'S NOMINATION.

INSTEAD OF TRYING TO SOLVE SOME OF THE PRESSING SOCIAL AND ECONOMIC PROBLEMS OF THE NATION, HUMPHREY SAID, NIXON HAS SET TOP PRIORITIES FOR THE ANTIBALLISTIC MISSILE SYSTEM, A SUPERSONIC TRANSPORT PLANE AND A MANNED TRIP TO MARS.

ISRAELI PRIME MINISTER GOLDA MEIR TOLD THE DELEGATES THAT HER NATION WANTS ECONOMIC HELP AND MILITARY ARMS FROM THE UNITED STATES AND OTHER FRIENDLY NATIONS, BUT NO FOREIGN TROOPS.

"WE HAVE NEVER ASKED ANY COUNTRY IN THE WORLD TO SEND US ONE SINGLE SOLDIER," SHE SAID, "AND WE NEVER WILL."

MRS. MEIR SAID THE ONLY WAY TO SETTLE THE MIDDLE EAST DISPUTE WAS FOR THE ARABS AND ISRAELIS TO NEGOTIATE DIRECTLY FOR A PEACE AGREEMENT.



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