

6/17/77 - Interview with Marquis Childs, St. Louis Post Dispatch
Subject: Carter performance, economic policy (nat'l & internal)
Senate office.

Senator: Well, I've got to get out of here this afternoon.

Childs: Where are you going? Minnesota?

Senator: First, I'm going to Cincinnati.

Childs: To make a speech?

Senator: Yes.

Childs: What the hell do you do it for?

Senator: I'm going to make a little money.

Childs: You make some money?

Senator: On this one.

Childs: How much-- not on ^{most} all of them.

Senator: Most of them I do for nothing.

Childs: How much do they pay you now?

Senator: I don't know how much they'll give me on this one. I hope they will give me a thousand dollars.

Childs: Or two thousand.

Senator: They can't do that.

Childs: They can't give you two thousand?

Hubert I wanted to get a reading from you on how ^{YOU THINK} Carter is doing, and what this Congress is up to. The kind of snag ^{HIM AT} in every turn. Is it or isn't it the fault of (unintelligible)?

Senator: All right, we are going to talk about that.

Childs: I was away for a month. I was over ^{AT} in the Summit.

Senator: Yes, you were, weren't you.

Childs: And we went to Sweden.

Senator: Yes, you ^{ENJOYED} joined things. You went to lovely Britain, lovely Sweden.

Childs: God, the prices are so terrible. Worse than almost any place else.

Senator: I have a view about Mr. Carter's relations with Congress. That is where we will start. You start out by the fact that he came to town with nobody knowing him and he not knowing anybody else. His campaign was not run through the Democratic organization.

Childs: And, it was run badly.

Senator: And, it was run badly, the national campaign. The primary campaign-- you know those are always outside of the real structure. The whole crowd that came with him were inexperienced.

Childs: Amateurs.

Senator: But, Carter, after about two or three weeks here he began to understand that he had to have a good solid relationship at least with the leader-

ship of Congress. Prior to Carter's coming to office we had several meetings with him. One over here at the Smithsonian on Foreign Policy, one at Herman Talmadge's place on overall policy, another one on economic policy at Plains, and so on. So, it wasn't as if we hadn't started to get acquainted. But when he started out, just to give you a little example, the breakfast that we had ~~started out with~~ ^{WAS} just a cup of coffee and a cold roll. We all complained about that. We appointed Tip O'Neil^A to tell him that unless he fed us better we wouldn't come over, so to speak.

Childs: Is that literally true?

Senator: Yes! it is absolutely right. He is a very Spartan fellow.

Childs: In kind of a strange way.

Senator: Yes, in a very Spartan^d and strange way. Now as time has gone on, our relationships--I'm speaking now of Bob Byrd, Alan Cranston, Hubert Humphrey, Danny Inouye, we are the four from the Senate, with ~~the~~ Speaker Tip O'Neil, Jim Wright, Johnny Brademas, John Rost^Ginkowski from Chicago, and Shirley Chis^Holm. We have gotten along very well with him. We have very good meetings, open and frank. [By the way, I have been at a lot of meetings with President Kennedy, President Johnson and few with other presidents; these are the most candid, open, and frank discussions that I have ever experienced. And, I have said this many times. [I think that he does realize that the relationship got off to a bad start. He has been told so in so many words by Bobby Byrd, Tip O'Neil^A, and the rest of us chirp in and let him know, Mr. President it is one thing to cancel our projects but it is how you do it. It is one thing to send ~~up~~ messages up here, but it is how you follow up. And, I suppose that if there is any weakness one obvious weakness in the administration is that they are trying to do too much too soon.

Childs: To throw all of this stuff up here.

Senator: And, all of the Foreign Policy stuff all at the same time. We've got the Summit Conference, The Middle East, Latin America, South Africa, NATO, it is one after another. And there is no chance for a focus. But, I think he felt he had to get the feel of it and get acquainted with it in a hurry. [Now there are some problems between Congress and the President, but it is not bad. There are two things that are bad, either ~~they have~~ ^{there is} a rubber stamp Congress that just goes along, or ~~to have~~ a Congress that obstructs. This Congress does not obstruct and it does not rubber stamp. It is very normal, healthy ~~normal~~ relationship where we take a look at what they send down here, and ^{when} we say we don't go for that, we change it.

OBSTACLES

Childs: It comes much closer to being an ~~obstructing~~ Congress than to being a rubber stamp one.

Senator: Oh, yes, no rubber stamp. But this is characteristic of Congress today. Congress has asserted itself. It has its own budget process. As I told a friend the other day, I said, "Listen, when I first came, the President's budget was the guiding rule." Today members of Congress look at the President's budget and say "Well, good, nice to hear from you, but we've got our own budget office." We have ~~got~~ a Congressional Budget office. We have got a Senate Budget Committee. We have got a House Budget Committee and when we legislate down here we don't look so much at what the President's budget is as what our budget is. [And, the President has got to learn that ~~we~~ ^{CONTROL} we have the purse strings and that we control the Budget process. He said one time after one of these set-two's that he had with Muskie and others, that ~~he said that~~ he learned a lot about the Congressional Budget process. Because, you see the Congress is very jealous about its budgeting now. [So, he is experiencing what I would call a very normal, healthy, competitive relationship between the Congress and the Executive on the separation of powers. Considering that the Congress today doesn't ~~role~~ ^{ROLL} over like it used to. It really is a different Congress, since Vietnam and Watergate. It's now very assertive.

Childs: Isn't that fairly damaging when it comes to foreign Policy?

Senator: We are not interfering much in foreign policy.

Childs: Well, you are in Cyprus, and where else--

Senator: Well that Turkish-Greek thing is the biggest one. That is the big one. The other things not particularly. We get these resolutions they put down here about Vietnam, but the President will proceed to do what he wants there. [And about Cuba, and about troop withdrawal from South Vietnam. The Senate didn't say anything about troop withdrawal that isn't sensible, it merely says, "Mr. President, when you withdraw those troops keep us informed, conduct your policy after careful consultation with us." Sort of after the fact. He decided to withdraw the troops and then we passed the resolution. He is the Commander-in-Chief and he can send the damn troops if he wishes, to the north pole. [The only thing we can do is cut off the money. That is what I said yesterday. Instead of all this nonsense if you really want to change the Presidents' mind, just stop the money.

Childs: That is very hard to do.

Senator: But, that is ultimately what we did on Vietnam.

Childs: It took a long time to do it.

Senator: That's right. And all the gnashing of teeth around here, and the beating of breast about all the guys being against our participation in Vietnam; they were continuing to appropriate and appropriate with hardly a dissenting vote. 10 or 12 votes at the most.

Childs: So, on the balance you would give him ⁴/₄ ,

Senator: On the balance I would say he is doing all right. I really mean that. I am not trying to protect him. I was not on the bleachers for him, but every time I work with him I feel a little better.

Childs: This Breeder-Reactor thing may get out of hand.

Senator: Well, that is right. He has got some strong views on things like that. I think there are going to be more of those things because he tends to take the advice of these experts he has around him without feeling it out quite before it happens. We keep telling him " Mr. President, save yourself a lot of trouble, if you have ~~got~~ an idea like that get the people in ahead of time". The energy package for example came up here. You couldn't have done more consulting with congress than they did on that. They consulted everybody. I think they went through the waste paper baskets to see if anybody was hiding out. We kept bringing names to them. We had Schlesinger over here. If any Senator would complain we would have him over to the White House. But, even after they got it all set and done they sent their package over, and frankly it is like a Rub^E Goldberg Special. Rebates, Taxes, it is too complicated. That is exactly what I said when it came out. They won. I read the whole damn thing about five times and I said " ^WWhat am I seeing here"? Your eyeballs start turning counter clockwise.

Childs: Is that Schlesinger's fault?

Senator: I don't know whose it is. They want to use the tax structure in every conceivable way. In the first place, you have got the House Ways and Means Committee that isn't too anxious to have the tax structure used for all these ways. They would prefer to have it used for revenue raising rather than have it used for regulation and policing purposes. And, I think the Senate will do better on the energy bill than the House. We always have. We passed a lot of bills over here that the House never would ~~even~~ bring up.

Childs: ^EThen you have to go into conference.

Senator: ^EThen we go into conference. And, actually I think we will do well in

conference, because I will tell you why. We have got Tip O'Neil¹ in the House. We have got Jim Wright in that Conference committed. And, Tip is ~~a~~very good operator. Over on our side we have some very good people who will be on it. And, I think we will come with a very good package. Not all of what the President sent up here. Frankly, there are things that ought to be changed.

Childs: The tax rebate is a fairly crazy idea.

Senator: And, you know there^{is} not a standby tax. The Congress doesn't like to give the President any standby tax at all. That has been tried up here before. That is Bureau of the Budget stuff, They've got some guy down there that says I will try it once more thinking he will slip it by, [There is a lot of sense to give the President a standby tax power if you've got high inflation or something so that he can put it on, ~~A~~ but Congress guards two things--taxing power and appropriation power. That is where our fist is. [Now in the field of foreign policy I think that the administration just like any new administration, and this one in particular with a president that has never been in Washington, was really not acquainted with the in-depth complexities of these foreign relations problems. I think they moved with a little too much fanfare and too fast.

Childs: And, he keeps thinking out loud all the time.

Senator: Well, let me say you are one of the few sensible reporters. So it is time for Humphrey to be candid with the reporters, too. The damn reporters are always wanting everything open. And, in foreign policy that is stupid. First of all, what ought to be open are the results.

Childs: Right. Exactly. That silly thing of Woodrow Wilson--"open covenant".

Senator: You see what happened with that. That set us back for years.

Childs: What happened, we got another war out of it.

Senator: That's right. Now you get all of this stuff when we have got to have open meetings, and open this, and every report has got to come down to be open. Nobody will talk candidly with you, it is all grandstanding.

Childs: That interview he gave the other day to the magazine publisher, ~~A~~ God it is a lot of silly stuff.

Senator: Frankly, I feel ~~they all expose~~ ^{THERE IS TOO MUCH EXPOSURE} to the press, ~~too much~~. That is Andy Young's problem, the whole bunch of them.

Childs: Lord they talk too much, Even Brezinski.

Senator: Yes. He ought not talk at all.

Childs: Why does he want to get into the act, I don't know.

Senator: It's just ridiculous. And, I will guarantee you that if it was Kennedy, Johnson, or Ford he would have them shut-up. Johnson would not only have had him shut up he would have had his lips knitted with a horse needle.

Childs: You know, it is a real funny thing about this fella. ~~He~~ doesn't seem to be able to fire anybody. A small case, but a typical case was that Greg Schneiders. When he gave that mad interview with Sally Quinn. And, if I had been his boss at that time I would have said, "Sorry, ~~but~~, you're out."

Senator: Well, you see, when they go in there with this idea that everybody can say their own ~~peace~~ ^{piece}, that we are going to be just what the newspaper headline writers want; -namely, if you want to disagree with me you go ahead and disagree with me. First, they were going to have the cabinet covered everyday in their meetings, open cabinet meetings.

Childs: Nothing would have happened.

Senator: This is child-like. It is like a high school journalism course. Of course, right away, some journalist likes a good news story. I'm sure they are chuckling back in their craw saying, "Boy, that is a dandy, that's good, ~~well~~ we'll write this up, open government." You know this open government stuff you can go to the point where you don't have any governing. You've got institutions of government, but no governing.

Childs: That's right. No one in control, no one in charge, no one runs anything.

Senator: Like in the Foreign Relations Committee. Time after time I move to close sessions. I know they don't like it. ~~But~~ how in the devil am I going to mark up some of that legislation do some of that that we need to do without frank discussion. Otherwise everybody grandstands. You've got this Greek lobby, the Israeli lobby, the Turkey people, everybody out there watching every damn move you make. You can't even open your mouth to talk without fear of being misinterpreted.

Childs: Or misquoted..

Senator: Or misquoted, but a lot of times when you are in a discussion you take a position at 10:30 which you change by 11:30 because of the dialogue, the give and the take. But, if you have got to be quoted every damn line then you are in trouble. Well it will catch on, because one of these days it will be a disaster.

Childs: But, is he able to change his pitch that much?

Senator: Well, I can't tell you until it happens, I wish I could.

Childs: Well you keep on working so damn hard. ~~What~~ Betty fills me in on about how you managed the bill on foreign aid.

Senator: Oh listen, I work harder now than at any time in my life. And, I spend more time with ~~Cabinet~~ ~~Officers~~ and sub-cabinet officers. I'm trying to keep them on the steady course. They do check with me ~~alot~~. Because they think that I know my way around here and I do. I try to tell them where the land mines are. They come up here with the most tremendous programs. They come in here with arms sales programs and I say, "Wait a minute,-- you are going to get blown out of the war." It's no skin off me if they want to break their neck, but it is ridiculous.

Childs: Is this Pentagon or State?

Senator: Both. But, particularly State, Because they are in charge of these military sales. They are worried about what they are going to sell to Egypt and what they are going to sell here and what they are going to sell there. And I say "yes, take it easy--one little step at a time." Just like that guy that went to the moon--one small step for man and one great stride for mankind."

Childs: No, but I mean you are working harder than you ever have before.

Senator: I think that is true. The pace of the first few months anyway and let me tell you why. When we first came in here a new administration, a new leader in Congress, " " Bob Byrd and I now work very closely.

Childs: Your ~~close~~?

Senator: Very ~~close~~. Not only that he doesn't make a move without consulting me. And, we are very close together.

Childs: You were rivals..

Senator: But, I went right to him afterward and said "Bob, I want you to be a great leader, I want to help you. I don't know how much time I've got around here, I want to help you." We have meetings and we meet with the chairman of our committees, the sub-committee chairman. [We have a better Policy committee than we ever had before. We really discuss things in Policy committee. We work out the agenda. We meet with the House Leadership regularly. We meet, meet, meet, all the time. There are meetings all the time. [Then during the day I'll be having a Paul Warnke, or a Cy Vance, or a Gelb, I have all these State Department types over here all the time. Then there will be people from the Labor Department coming on over, and people from the Department of Agriculture coming on over, people from HUD, so that you get a kind of a how do you feel about it? and so on. We are on the phone all the time.

Childs: Have you sorted out this arms sales thing, or not?

Senator: Well, not yet. The President has got a policy and it is again a policy that is written up, I think a little bit too soon. And, it would be hard to keep in the confines of that policy.

Childs: You mean it is too narrow?

Senator: Yes.

Childs: From the point of view...

Senator: Well what you have to do, what you have to do. The President will be finding himself pressured by the events. But it is good to have some restraints, and we do put restraints on and we are watching the sales very carefully.

Childs: I'm just afraid there is going to be another Middle East War.

Senator: Well, much will depend on this fellow Begin. How he gets along with the President.

Childs: He has got a very narrow coalition government.

Senator: A very conservative one.

Childs: They are the most religious bodies in the Likud (Israeli Parliament).

Well, get along with the President, what does that mean?

Senator: Well, let me put it directly. The Israelis, the one big friend they've got is the United States of America.

Childs: It's their only friend.

Senator: And, the President of the United States, as I have told the Israeli Ambassador and others, he is here for four years and it is imperative that there be no split between the President and the Jewish Community. Because that can help no one. And, that will hurt Israel more than it will hurt anybody. It will hurt the President too, because the Jewish Community is very powerful in this country and brilliant, protective, well organized, and many of us in Congress know that their interests go far beyond Israel. They have interest in social legislation and all kinds of things. So it is important that there be no trouble and Mr. Carter is rather new in Foreign Policy and that is the most complex tricky, intricate Foreign Policy that the world has ever known is that Middle East. It is nothing more or less than pockets of dynamite all over the place.

Childs: Landmines everywhere.

Senator: And, you've got to proceed with extreme caution and I think now he has begun to realize that. The President is once more consulting with us in Congress, those of us that have been active in this area, and I think

now he knows that maybe he has spoken too often, too much.

Childs: He certainly has done that. There was a long story this morning in the New York Times, of how the Jewish Community in this country is upset.

Senator: We have told him just that long before the story got into the paper.

Childs: Well, the Jewish community assumes too much power on their part.

Senator: Well, see that is their other thing. There has got to be a little balancing off here. There is no doubt of it that the one thing the President doesn't need is a squabble with them and the one thing they can't afford is a squabble with the President. This is where you have got to have a marriage of convenience.

Childs: You are really close to them, I wonder if they know that?

Senator: Well, they are being informed regularly.

Childs: Are they?

Senator: And so is the President. It is a two way street. Much will depend I think on what happens on ~~now~~ this Begin visit goes. He is going to invite him over here, very soon. And, the word has gone over that Mr. Begin ^{is} don't come over here making any grand stand plays.

Childs: It will be hard to restrain that bird.

Senator: Well, I know, but that would be the worse thing that he can do.

Childs: ~~You~~ mean to make a big..

Senator: Saying I WILL NOT GET OUT OF GAZA, OR THE WEST BANK...

Childs: I WILL BUILD SETTLEMENTS THERE...

Senator: You start some of that stuff and you are going to have trouble.

Childs: You've got a very latent undercurrent of opposition to it.

Senator: Yes, and plus the fact that the new President over there and the new President over here ends up in one word--uncertainty.

Childs: Yes that is true. They are both learners.

Senator: Both fundamentalists too.

Childs: Let me just tell you the oldest friend I have in the world is this man in London who had ~~alot~~ of government jobs. He is now in the House of Lords. I always see him every time I go over, ~~he~~ is a wonderful man. And, he said to me the other day, "Carter is the greatest gamble this century has ever known. It is not a gamble for you in your country alone, but for the world," and it is true you know.

Senator: You are right, absolutely right.

Childs: Rather frightening to think of.

Senator: But, I think his instincts are right. That is very important. It is

tremendously important. But, the problem that he has is to broaden his sense not so much of vision as of understanding. The degree of tolerance is necessary. This political business up here ~~requires~~ great resiliency. You've got to stretch almost to the breaking point and then come back in. You've got to be able to develop and sort out. You are just like a channel swimmer. You are swimming against the tide and the currents about half the time and every once and awhile you get a friendly breeze. It is really true. The more that I am up here . I should write more books about this place.

Childs: A spent a couple of sessions with ^{Lance} (Lents ?) yesterday. I'm not sure what his influence is on the President.

Senator: It's big.

Childs: I think it is the most important single one. I got to talk to him frankly about ~~him~~ I agree with the President, but he said in his campaign that the term of ^{THE CHAIRMAN OF} the Federal Reserve Board should be coincidental with the President's. And, this meaning ~~for~~ more economic cooperation...the interdependence of the Federal Reserve, ~~well~~ I don't know how that will go over, I don't know.

Senator: Well, I think that is great. I personally think that is great. ~~For~~ ~~is~~

Childs: You like ^{THAT?} ~~(Lance ?)~~ ~~?~~

Senator: Absolutely. Let me tell you why I like ^{it.} ~~him~~. I don't want to destroy the independence of the Federal Reserve Board in the sense that they ought to operate in the way that they set their policies, but we need a chairman of the Federal Reserve Board that is working with the Administration on these major monetary and fiscal policies otherwise you can reduce taxes over here \$50 billion dollars and Arthur Burns can raise the discount rate $\frac{1}{2}$ of 1% and hell it is all gone.

Childs: Do you think it is that strong.

Senator: I know it is. I know damn well it is. ~~That~~ is the biggest thing I learned out of the Joint Economic Committee is the incredible influence of the Federal Reserve System, ~~And~~ ^A The Chairman of that system. Boy, let me tell you, they have got power, unaccountable. They just do it themselves.

Childs: But, I think you have to give Burns credit for not allowing inflation to grow.

Senator: Well, hell, he is gun ^{hoe} on that. I love Arthur Burns, except I disagree sometimes with him. He keeps slapping on the brakes. The inflation is not due just to money supply, it is also due to interest rates. One of the highest costs in housing today ~~is~~ finance. ~~is~~

Now these God-damn banks, They have got money running out of their ears, ~~As~~ they say they are awash with money. The big banks don't know what to do with it. They've got salesmen out trying to sell their money. In the mean time they are raising the rates. One big bank--Citibank up there put a stop to it. This is unconscionable. When they've got money like that they ought to be lowering the rates, but they don't.
 [And I'll tell you one of the reasons they don't, they are so loaned ^{OUT} to less developed countries that they are afraid of losses. Now we have had two big bashes here that have hurt us -- No. 1 the real estate investment company (REITS). These big banks loaned ^{TO} them ^{AT} a scandalous rate and many of them were ready to go to the wall, not just Franklin, but Chase and other big banks. I put Burns on the spot about it and he admitted they were. The first thing Arthur Burns said to me is, "The first obligation, Senator, is to rescue the banks." Well I said I understand that but, I want to tell you a lot of other people in this country need rescuing to. These people have violated the law. They have been irresponsible. They went out making a fast buck. They were loaning money when there wasn't good collateral, and you let them get by with it.

Childs: Could he have stopped it ?

Senator: Yes, of course he could have stopped it. Control of the currency and the Federal Reserve could have stopped it. Now the next thing that comes along [^] these less developed countries have borrowed billions--80 billion from our private banks. Arthur Burns knows it. I blew the whistle on him one day in the Joint Economic Committee, and the Banking Fraternity up in New York went crazy. They were calling down here, "Did he say this?" I said "Damn right I said it". And, then Burns warned them. He sat down and said, "Look get your house in order".

Childs: And, those loans can't be recycled.

Senator: No, no, my gosh, let me tell you what happens. Saudi Arabia has the oil. Exxon is their middle man--they produce it, manage it, distribute it for them. Then Morgan Guarantee and Chase Manhattan ^{AND} so forth finance it. Now what Humphrey says they ought to do is if Saudi Arabia has got the oil and wants \$14 dollars a barrel for it ^{RECEIVES} and ~~has got~~ 40 billion dollars in cash surplus per year. Why don't they finance these LDC's. Set their own bank up to finance it. That is the answer and that is what you ought to write about.

Childs: And, you think that has been Burns great failure?

Senator: Well, I think on this one he is really on top of it. He has gotten on this one. He knows this is the most dangerous thing in the world. By the way, Jack Javits gave a speech in the Senate that you should read. Jack was over to the conference in Paris..

Childs: The North/South Conference?

Senator: And, let me tell you he is smart. Jack Javits knows a lot about finance. And I'm telling you I've got his speech right here. But, by God he really lays it on the line. Jack said to me yesterday " Hubert, if this keeps up we are going to have a world wide depression that will make nothing but ^{worldwide} revolution.

Childs: And, he is a smart fellow.

Senator: And, he is a smart cookie.

Childs: Was he over there as part of the U.S. delegation?

Senator: He went as an observer. And, he is so smart. Net private flow to the LDC's 1976 alone increased by 23 billion, most of this private bank finance. Undoubtedly, this is a result not only of high oil import costs but also the after effects of world recession. Here he comes up in the beginning part of this speech where he really gets you. He says " I have concluded that it is in our own self interest to take this call for a new economic order seriously, and also look pragmatically at the state of the international monetary system." And, he talks about the disrepair since the breakdown of Bretton Woods arrangement since 1971. The CIEC meeting which convened in Paris, consisted of so many countries. The developing countries ~~countries~~ contain 3/4 ths of the worlds population and represent the source of many of our raw materials. Private bank loans to these countries totalled over \$70 billion dollars. Indirect private loans are in excess of over \$30 billion dollars. They owe \$ 80 billion dollars to governments, of which \$29 billion is owed to the U.S. Government.

Childs: In loans?

Senator: I must report that the meeting itself showed the ^{ABYSS} ~~abyss~~ of differences between the developing countries and the developed. And, boy I'll tell you he just comes down and lays it on the line. He has scared the hell out of me, I've had a sick stomach ever since. ---I ¹⁴ ~~1~~ let you have this copy--

Childs: Are you sure? You don't want to take it to Cincinatti with you?

Senator: No, I've read it, It scares me. The big things that the President has

to understand is monetary policy, fiscal policy, foreign policy. That's all he needs to understand. Those are the three critical elements in national security--everything after that falls-flows. I mean, if you don't have a good monetary and fiscal policy, you don't have a good economy. If you don't have a good economy you can't pay for all the other things you want to do any way and you are in serious trouble. Foreign Policy in many ways is affected by your monetary and fiscal policy. They are all tied together. And, today monetary and fiscal policy is no longer just in our hands. We are part of a world. ~~of what~~ what we do affects the rest of the world, so much that any mistake that we make can be cataclysmic. We are like a giant supporting a world that is crippled, and that is true. The rest of the countries, the European countries are nothing like they were. They are big. Germany is strong. But, compared to us it is small. The same thing is true of Japan, but Japan more so. It has got a great economic strength. But, the banking system of the world is here. ^{There are} Some banks in Germany and Rotterdam, and Amsterdam, but they are really outclassed.

Childs: And, the Germans are not going to do anything to help us.

Senator: The Germans are going to take care of the Germans.

Childs: Exactly, and that is what Schmitt wanted, there was no doubt about what he was going to do.

Senator: Absolutely.

Childs: All this talk about what a harmonious meeting he had with Carter, nonsense.

Senator: The other thing the Germans are, the Germans remember--Nazism came about as a result of two things--inflation and unemployment.

Childs: I know it, and they are terrified. There are 1 million unemployed right now.

Senator: That is their biggest problem right now, but yet, one day I asked Charlie Schultz one day I said, "listen you are putting all--you say inflation is under control except for two things food and oil." That's what he said. What kind of control is that? It is ridiculous. I said Charles--Mr. Chairman, how much oil did the German's have to import? Well they import about 80% of all that they use. Do they pay as much as we do? Oh yes. What is the average price of oil in Germany? 14 dollars a barrel--What is the average price in the United States? 8 dollars. Because we mix our domestic and imported oil. I said isn't it interesting Here is Germany with very few natural resources. It doesn't have any iron mines, it has very little coal, and that is all. It has to import large amounts of its food. It imports 80% of its fuel, most of its

raw materials, therefore, all of these commodity prices that you are talking about that are causing us problems here--they all have to take care of. If their rate of inflation is less than ours, plus the fact that they have a trade balance of 24 billion dollars favorable. And, I said their Deutsch Mark is some of the best currency in the world--I said don't you think it is about time we quit apologizing for our mistakes around here and start getting at them. The real truth is that we are unwilling to come to grips with these problems--the Germans have. They pay more for their fuel. They manufacture a product which is as good if not better than ours. They have got as high a wage rate and maybe more. They even have got workers' counsels working with their factories. And, they have got a better Social Security System--ask Ursula out here. Her father lives ~~out~~ there. God, they get free transportation. They get money for housing. They get practically free housing. Then they get Two or three hundred dollars in cash a month. They get free medical care including medicinals, dentures, and glasses. Just think of what they get. And, yet that economy over there is strong. The reason for it by God is that they work. And, we goof off. Just like the British Management Society they decided they could get by by working 4 hours a day. And the workers decided lets work 3. So they got a group over there that just let their economy subside. It is a pity. They are such wonderful people, you hate to see it happen.

Childs: Don't you hate it. I love London, it is one of the most civilized cities in the world.

Senator: Yes, and that is another thing, ~~how~~ come they can have nice cities like that? They are getting their race problems.

Childs: Yes. Those Commonwealth people are just pouring in there.

Senator: Boy, they are getting them.

Childs: They've got a new political organization called the National Front. And, they are frightened when they talk to you about that, ~~W~~ when they talk to ~~y~~ou privately. Because it is racist in origin, not anti-~~S~~emitic but it is anti-black. And, I can see some reason for it. These people pour in. They don't need visas, they don't need anything.

Senator: No, just like our Puerto Ricans. Somebody said "What is the answer to the welfare problem in New York?" ~~and~~ they said "Cancel Eastern Airlines flight from San Juan." ~~But~~, they are getting the West Indians, and they are getting the people from Bangladesh, and they are getting them from everywhere.



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