

The
PRESIDENTIAL
RECORDINGS

JOHN F. KENNEDY

➔➔➔➔ *THE GREAT CRISES, VOLUME TWO* ➔➔➔➔

SEPTEMBER–OCTOBER 21, 1962

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Monday, October 8, 1962

After spending all of October 4 upstairs at the White House with a cold, the President set off on a three-day campaign swing through Ohio, Michigan, and Minnesota. Having returned home Sunday night, the President entered the Oval Office at 9:32 A.M.

While the President was out of Washington, the Berlin situation had heated up again. On October 6, a British military vehicle, seeking to come to the aid of a man who had been shot at the Wall, had been prevented from entering East Berlin. Meanwhile talks on Berlin between Soviet foreign minister Andrei Gromyko and Dean Rusk had brought no progress. On Sunday the three Western powers were considering a formal protest to the Soviets because the bar on the British military vehicle was a violation of the Four Power agreements.¹

Also during the President's absence, another U-2 had flown a Cuba mission. In accordance with the September 10 decision on the reconnaissance plan for Cuba, this U-2 hugged the Cuban coast without crossing over any territory to avoid identified surface-to-air missile (SAM) sites. Back from his honeymoon, the director of central intelligence, John McCone, wanted the next U-2 flight to be more daring. Agents on the island were reporting the existence of surface-to-surface missiles and missile sites in one of the regions of Cuba not photographed since August 29. McCone wanted a U-2 to cover those areas, even though this meant risking the loss of the plane to a Soviet-made SAM.

McCone had met resistance from the West Wing of the White House and was on the President's schedule for October 8. On October 5, McGeorge Bundy, the special assistant to the President for national security affairs, had defended the reconnaissance plan in conversation with McCone. Bundy argued that the lack of "hard information" from the center of the island was not really cause for concern because the Soviets "would not go so far" as to put nuclear missiles in Cuba.² McCone would have his chance today to make his case directly to the President.

1. See the *New York Times*, 6–8 October 1962; Telegram, Rusk (New York) to State Department, 6 October 1962, *FRUS*, 15: 348–51.

2. McCone, "Memorandum of Discussion with the President's Special Assistant for National Security Affairs" (Bundy), 5 October 1962, *FRUS*, 11: 13–15.

Before McCone's arrival, the President had scheduled a meeting with Senator Wayne Morse of Oregon. As Morse was about to enter the White House, the President called the Senate Majority Leader, Mike Mansfield, for some advice.

10:30 A.M.

I think that a lot of them are a little bit afraid of Mike because of his power on the Interior and other appropriations committees over there. They thought, well, they better go along.

Conversation with Mike Mansfield³

A fight had developed on Capitol Hill over a proposed \$10 million appropriation for a National Aquarium in Washington, D.C. The sponsor of the project was Representative Mike Kirwan of Youngstown, Ohio. A longtime supporter of organized labor and New Deal–Fair Deal legislation, Kirwan was best known in recent years as a champion of pork-barrel legislation. Chairman of the Interior and Related Agencies Subcommittee of the House Appropriations Committee (and second-ranking Democrat on the Appropriations Committee), he was nicknamed Big Mike and Prince of Pork. Democratic Senators Wayne Morse of Oregon and Frank Church of Iowa and others opposed the aquarium, with support from newspapers that termed it a blatant boondoggle.⁴

Senate Majority Leader Mike Mansfield's secretary, Bobby Baker, one of the most astute vote counters on the Hill, had already warned Democrats against letting principle dictate their positions on the aquarium, and Morse, Church, and others who ignored this advice had already suffered Kirwan's retribution, seeing the conference committee on the Interior Appropriations Bill eviscerate public works planned for their states. With Mansfield, Kennedy sought to rescue Morse and the others and undo some of the potential political fallout. Having asked the nation to give him more Democrats in the upcoming midterm elections, to

3. Dictabelt 4K.7, Cassette B, John F. Kennedy Library, President's Office Files, Presidential Recordings Collection.

4. Morse had developed a reputation for stubbornness and had shown a willingness to take on his own party—Republican until 1952, an interlude as an independent, and Democratic from 1955.

change a simple numerical majority into a working majority by adding liberals and moderates to offset conservative southern Democrats, Kennedy could ill afford a party quarrel of this kind.

Recording begins in midconversation.

President Kennedy: I suppose that he's going to blow me out of the water?⁵

Mike Mansfield: Not you. Kirwan.

President Kennedy: Yeah, but he's asked . . . I suppose he's probably going to ask me to do something. Is there anything I can do?

Mansfield: Well, now, the only thing is this: What . . . he's very much disturbed that because of his opposition to the Aquarium Bill, that Kirwan has knocked out a lot of his projects—⁶

President Kennedy: That's right.

Mansfield: —in the Public Works Bill. He will show you newspaper clippings which will indicate his and Edith Green's defeat.⁷ And there's nothing that you can do. . . . All you can say is that you'll call up Kirwan and see what you can do, and we'll probably get Bob Kerr to do the same thing over here.⁸

President Kennedy: I see. Well, why did the senators let it go?⁹ Because, I suppose they're mad at him [Morse] too, aren't they? He's been kicking everybody around for so long that—

Mansfield: Well . . .

President Kennedy: —finally, they decided to kick him, I guess, didn't they?

Mansfield: Of course, well . . . that's partly it, but it was a personal thing with—

President Kennedy: Kirwan.

Mansfield: —Mike. And I think that a lot of them are a little bit

5. Referring to Morse.

6. Morse was upset that the Interior Department Appropriations Bill, after passing the Senate and having been sent to House-Senate conferees, had been stripped of planning appropriations for the Columbia and Willamette river channel projects, funds for construction of the Yaquina Bay and Harbor project, and funds for a reclamation project at Pendleton, all in Oregon.

7. Edith Green was a Democratic U.S. House member from Oregon, 1955 to 1974.

8. Robert S. Kerr was a U.S. senator from Oklahoma, 1948 to 1963, and chairman of the Senate Finance Committee. The irony of Kennedy's request to have Kerr intercede on behalf of Morse here is that Morse had recently led a filibuster against Kennedy's *Comsat* proposal, a proposal to privatize government satellite development, ultimately steered through to passage by none other than Senator Kerr.

9. In the conference committee.

afraid of Mike because of his power on the Interior and other appropriations committees over there. They thought, well, they better go along.

President Kennedy: Yeah.

Mansfield: And it's . . . the amounts are really small. They don't mean anything.

President Kennedy: Yeah . . . yeah.

Mansfield: But I think that, if you will, say, you will call Kirwan, and I'll get Bob Kerr to talk to Kirwan. That might be the best way out of it.

President Kennedy: Yeah . . . yeah. Well, why don't I call Kirwan before I see Wayne, and see whether I can do anything?

Mansfield: OK.

President Kennedy: But, I mean, Wayne . . . [*chuckles*] OK, Mike. Right.

Mansfield: OK, Mr. President.

President Kennedy: Good-bye, now.

Following this bit of legislative business, Kennedy met with Wayne Morse for twenty minutes. The rest of the morning was devoted to foreign policy, and the President did not tape any of it. John McCone and McGeorge Bundy came to discuss, among other topics, the secret negotiations with Fidel Castro over the release of the Bay of Pigs prisoners. James B. Donovan, mediator for the United States, had just arrived in Havana for his second meeting with Castro. Having negotiated the trade of Soviet spy William Fisher, also known as Rudolf Abel, for imprisoned U-2 pilot Francis Gary Powers in the winter of 1962, Donovan was trusted by both sides in the Cold War as an honest negotiator. And U-2s may have figured in another aspect of this conversation. As mentioned in the editors' introduction for October 8, McCone was in the midst of a campaign to persuade the White House to permit a U-2 to fly over east central Cuba, where agents had pinpointed a possible missile installation. Bundy had opposed McCone's recommendation on October 5, considering it an unnecessary risk. McCone must have made some progress, as he was able to press Kennedy further on the need for a U-2 overflight of Cuba again the next day, October 9.

Following this Cuba discussion, the President met with his science adviser, Jerome B. Wiesner. The DOMINIC test series still had a month to go, and with the successful completion of the Schirra mission, there was nothing holding back the last remaining high-altitude tests. Then the President performed some more legislative business, which he did tape.

12:00 P.M.

Now, it's really your choice, and I think that if you ask Hubert and Bob not to override, they would not and would fight it. But, I don't know whether you want to put that much at stake on it or not.

Conversation with Albert Gore¹⁰

The Self-employed Pension Bill, H.R. 10, was passed 361–0 by House vote on September 25 and 70–8 by Senate vote on September 28. Permitting self-employed persons to establish tax-deductible pension funds, it vexed the President in several ways. It was estimated to cost the U.S. Treasury an expected \$100 to \$125 million at a time when President Kennedy hoped to produce a tight budget for the upcoming fiscal year—mostly to secure passage of his tax cut proposals; it represented an important step toward taxpayer equity but did not cover all groups with equal claims; and it struck the President that if introduced later, in a general tax reform package, it might well help secure passage of such reform, in itself a principal goal of the administration.¹¹

Because Senator George Smathers (D-Florida) threatened to block a pocket veto by keeping Congress in session as long as it would take, President Kennedy had determined that he could only sign the bill or issue an outright veto. The lopsided margins by which the bill had passed did little to encourage a veto, and his conversation here with Senator Albert Gore, a prominent supporter of the administration and member of the Senate Finance Committee, would focus on the likelihood of an override were Kennedy to issue a veto.¹² Gore was one of the eight senators who voted against the measure during its final passage, contending that it conflicted with the administration's tax reform proposals designed to

10. Dictabelts 4K.8 and 48.2, Cassettes band M, John F. Kennedy Library, President's Office Files, Presidential Recordings Collection. Albert A. Gore was Democratic U.S. senator from Tennessee, 1953 to 1971.

11. "The President's Special News Conference with Business Editors and Publishers," *Public Papers of the Presidents, John F. Kennedy, 1962* (Washington, DC: U.S. Government Printing Office, 1963), pp. 714–15. Under the bill, a self-employed person would be allowed to deduct from taxable income 50 percent of contributions to a retirement fund. The annual deductions would apply to a maximum of 10 percent of annual income with a ceiling of \$2,500.

12. Along with Senator Paul Douglas of Illinois, Gore was the chief supporter of administration plans for general tax reform.

eliminate special favors for the wealthy and politically well connected. Having ten days with which to act on passed legislation while Congress remained in session, Kennedy was fast approaching the deadline for a decision on a veto.

President Kennedy: Hello.

Albert Gore: Yes?

President Kennedy: Albert, how are you?

Gore: Fine. How are you, Mr. President?

President Kennedy: Oh, very good. Well, now, it looks, unfortunately like we're beginning to run out of time—

Gore: Yeah, I'm afraid so.

President Kennedy: —on H.R. 10. Unfort[unately] . . . I wish to hell that Congress had gotten out Saturday.¹³ Now, what is your thought about how we should do this? I don't want to veto it if . . . unless we've got a prayer. Now, do you think we could . . . what do you think we could get in the Senate? I don't think we can do very well in the House.

Gore: Well, it depends on [unclear] . . . Mike will help you.¹⁴

President Kennedy: Yeah, but Hubert's for the bill.¹⁵

Gore: Well, he's for the . . . Now, Ralph Yarborough told me that he would sustain a veto—¹⁶

President Kennedy: Right.

Gore: —and announce for it. I'd say it would depend on Hubert and Bob Kerr.¹⁷ If they will resist overriding a veto, then Mike and I can corral enough others to prevent its being overridden.

President Kennedy: Well, now Hubert has told me at the last week's breakfast, and he said it again Saturday, that he wants . . . that he's for the bill.

Gore: Well . . .

President Kennedy: I'll tell you what I'll do is I'll get ahold of Hubert and . . . but . . . and see where he thinks we are. What we don't—

13. Allowing for a pocket veto.

14. Mike Mansfield was a Democratic U.S. senator from Montana, 1953 to 1977, and Senate majority leader, 1961 to 1977.

15. Hubert H. Humphrey was a Democratic U.S. senator from Minnesota, 1949 to 1964 and 1971 to 1978; majority whip during the Kennedy administration; and vice president, 1965 to 1969.

16. Ralph Yarborough was a Democratic U.S. senator from Texas, 1957 to 1971.

17. Robert S. Kerr was a U.S. senator from Oklahoma, 1948 to 1963, and chairman of the Senate Finance Committee during the Kennedy administration until his death on 1 January 1963.

Dictabelt 4K.8 ends at this point, in the middle of the conversation between President Kennedy and Senator Gore. The conversation is continued on Dictabelt 48.2.

President Kennedy: —to do is end up the session which is beginning to pass some pretty good bills, and have it . . . have us overridden so that we're 300 to 3 in the House and, you know, get about 8 or 9 votes in the Senate. That won't . . . if we could get it close then we've got a . . . then it seems to me that we'd be glad to . . . I'd like to veto it.

Gore: Yeah.

President Kennedy: But what we ought to do is see how many we can get; otherwise we'll end up on such a negative note that we won't be in very good shape going into the election to ask for a Democratic Congress, and we'd give the Republicans something to write about for a week.

Gore: Well, of course, I want you to do whatever you think is best to be done.

President Kennedy: Right.

Gore: I am more or less saying that if you want to make a fight to prevent the veto from being overridden, my opinion is it can be defeated in the Senate. But it can't be defeated unless you put yourself on the line on the thing. Now, it's really your choice, and I think that if you ask Hubert and Bob not to override, they would not and would fight it. But, I don't know whether you want to put that much at stake on it or not.

President Kennedy: Right. Well, let me do this. Let me talk to Mike Mansfield. He's against the bill, Hubert's for the bill, and Smathers is for the bill. And, of course, Bobby Baker's for the bill. . . .¹⁸

Gore: Well, you know it's a hell of a thing, with a Democratic majority, to have a paid employee who is a lobbyist for a special interest bill.

President Kennedy: I know, well, he's working for you fellas.

Gore: I know [*laughing*].

President Kennedy: [*chuckling*] Not for me.

Gore: He never did work for you in the Senate.

18. Bobby Baker was secretary to the Senate majority leader, 1955 to 1963. As secretary to Senate majority leaders Lyndon Johnson and Mike Mansfield, Baker established himself as a preeminent head counter and dispenser of unofficial favors. He also became an unofficial lobbyist through his Washington, D.C., law firm, Tucker and Baker, and earned a substantial income even as he drew the meager salary attached to his official occupation. Though officially attached to Senator Mansfield at this point, Baker worked much more closely with Senator Kerr and often reflected Kerr's views on any particular piece of legislation or government business. In January 1967, Baker would be convicted of income tax evasion, theft, and conspiracy to defraud the government.

President Kennedy: [*laughing*] No, I know that . . . I know that. But I will talk to Mike and ask Mike what . . . how many votes he thinks he can get and also Bob Kerr, and I'll be talking to you again before we do anything. Now, it may be that the House won't have a quorum by Wednesday. We can see what that situation is. But I won't do anything on this thing until late . . . until whatever the time limit is on it.

Gore: I doubt very much if the House will have a quorum, and the Senate will have a hell of a time getting a quorum.

President Kennedy: Well, we'll take a look. So we've got another 48 hours on it, and in the meanwhile, I'll be talking to you before what[ever] . . . I make a decision.

Gore: Whatever you do is satisfactory to me, and I'll come back up and make whatever fight you want made.

President Kennedy: OK, fine . . . well—

Gore: Whatever you decide, Mr. President.

President Kennedy: Good. Well, I'm going to have breakfast with Mike in the morning and then I'll be back in touch with you before we make a final decision.

Gore: OK.

President Kennedy: Thanks, Albert.

On October 10, 1962, two days after this conversation and six hours before the deadline, Kennedy signed the Self-employed Pension Bill without comment.

Kennedy's last appointment before lunch was an unrecorded meeting with Walt W. Rostow, counselor of the Department of State and chairman of the Policy Planning Council.

The only meeting the President taped on this day was a continuation of the previous Tuesday's \$100 billion budget discussion. This followed an unrecorded meeting of Bell, Sorensen, O'Brien, and O'Donnell.

4:48–5:10 P.M.

[S]ome feel that we're going to have to break the 100 billion dollar barrier. So we might as well break it now as in the election year.

Meeting on the Budget¹⁹

Though Pennsylvania senator Joseph Clark lamented in 1963 when discussing the national debt and the federal deficit that “no topic in our time has been the victim of so much nonsense,” few then were willing to countenance the ideas of President Kennedy and his economic advisers on the subject. Kennedy and CEA chairman Walter Heller and other administration economists called for a small measure of deficit spending, for accelerated public works outlays, and for a federal income tax cut to move the nation’s economy toward full employment and toward its productive potential.²⁰ Though U.S. corporations had increased their indebtedness in the 1957 to 1962 period by approximately 200 percent, U.S. individuals by approximately 380 percent, and state and local governments by approximately 400 percent, the federal government was expected to avoid this trend; Kennedy’s political opponents lost little sleep driving this point home to the American public.

As President Kennedy planned for last-minute campaign stops, mostly in the Midwest and Northeast (and in Senator Clark’s home state on five separate occasions), former President Eisenhower was engaged in a campaign tour of his own, stumping for Republican congressional candidates, speaking pejoratively of Kennedy’s domestic program as the “Far Frontier,” and warning the nation of Kennedy’s, and by proxy, the Democratic Party’s, fiscal recklessness. At the meeting detailed below, Douglas Dillon, Kennedy’s secretary of the Treasury, and formerly under secretary of state in the Eisenhower administration, began by recalling the methods under which spending plans had been presented in

19. Including President Kennedy, David Bell, C. Douglas Dillon, Henry Fowler, Walter Heller, Charles Schultze, Theodore Sorensen, and Elmer Staats. Tape 27A, John F. Kennedy Library, President’s Office Files, Presidential Recordings Collection.

20. See “Letter to the President of the Senate and to the Speaker of the House Transmitting a Proposed Stand-By Capital Improvements Act. 19 February 1962,” *Public Papers of the Presidents*, pp. 143–44; “Remarks Upon Signing the Public Works Acceleration Act. 14 September 1962,” *ibid.*, pp. 682–83.

the previous administration. Though the first part of the meeting was not captured on tape, the recorded portion began with Dillon counseling the use of low-spending estimates and reminding his colleagues in the Kennedy administration of how that device had helped the Eisenhower administration limp toward its modestly higher spending targets.

Kennedy pressed Chairman Heller to use the White House as a “pulpit for public education in economics.” Nevertheless, the President believed that there were limits on what the administration could do. Though a tax cut would be difficult to pass, increased spending—in an obvious and direct fashion—seemed politically out of the question.²¹ Consequently, with an eye toward the creation of a conservative-liberal coalition and the postwar reconfiguration of a tax code designed largely for World War II, Kennedy gravitated more and more toward the tax cut proposal as the preferred economic stimulus.²² Accordingly, questions like how to spend more on targeted investments, how to avoid draconian cuts elsewhere, and how to present a budget that would appear “responsible” enough to win a tax cut, defined the discussion as Kennedy and his advisers considered and wrestled with the administration’s future budget proposals.

Begins in midconversation.

Douglas Dillon: . . . expenditures on the low side, because it wouldn’t mean anything if they actually . . . if more was spent because it was . . . how much you would spend on past commitments, whether you spent more than estimated. It doesn’t stop you from delivering something that’s already in the pipeline. And we deliberately made our estimates low, thinking they might run over, and actually they very seldom, if ever, did. Oh, it was . . . services couldn’t deliver quite as many and some happily stayed with it. But the key thing is what you request. And in a way, what you rec[ommend] . . . put down for these two items in expenditures; you really run off the preceding year’s tendency for a good esti-

21. Heller noted that when Kennedy called for a balanced budget in his 1961 State of the Union address, “we counted seven escape hatches” [quoted in Walter W. Heller, *New Dimensions in Political Economy* (Cambridge, MA: Harvard University Press, 1966), p. 31].

22. Kennedy may never have given up on the idea of economic prosperity through increased government spending. Only 11 days before his assassination, with the tax cut bill as yet bottled up in the Senate Finance Committee, Kennedy reminded Heller, “First we’ll get your tax cut, and then we’ll get my expenditure programs” (quoted in Heller, *New Dimensions*, p. 113).

mate rather tightly. So I think that these two figures can stand up very well on the basis of the previous criterion.

President Kennedy: I think we can do something there. Now, the . . . Peace Corps.

David Bell: This is also, of course, the USIA and the State Department; there are small increases for both.

Elmer Staats: For the Peace Corps, this would hold them at about the level of where they would be just about a year from now. About a year from now they'll be just about 10,000.

President Kennedy: Soybeans? Has Larry O'Brien left?²³ We're going to know a little more after this election about agriculture.²⁴

Dillon: Sure. Well, Dave said there have been some other reductions; . . . price support would be real difficult.²⁵ He said he felt soybeans was possible and wouldn't make any difference anyway if you can use it right.²⁶

Bell: The main . . . the main money in here is the rural housing loans. That's the main issue, Mr. President.

Dillon: Let's see . . . it's 50 million and 75.

Bell: The REA generating loans is also a tough one.²⁷ [*Pause.*] Well, these—

Dillon: In determining anything, it's just . . . just not going up as fast as you were doing. That's the whole point . . . if that's where you're planning to go.

President Kennedy: I don't think we can probably get medical care by if we don't cover the non-Social Security beneficiaries.²⁸

23. Lawrence F. O'Brien was special assistant to the President for congressional relations, 1961 to 1965.

24. In the domain of agricultural policy, the Kennedy administration was attempting to move away from price supports to a regime characterized by direct payments to producers and lessened market interference.

25. The reference is to reductions in agricultural price supports.

26. Soybeans, emerging as a major export crop, were not subject to acreage control limitations, nor would they later be eligible for direct payments. In most years—1957, 1958, and 1961 being the exceptions—soybean market prices had remained above predetermined support levels.

27. The REA is the Rural Electrification Administration.

28. Kennedy's proposal for medical care for the aged was not faring well, politically, and at the end of his administration, stood as one of his more notable legislative failures. Indeed, the Medicare proposal that finally became legislation in 1965 required quite a bit of political maneuvering, the addition of a Medicaid program for the poor of all ages, and the force of the Johnson landslide in the 1964 presidential election in order to prevail.

Dillon: Well, this is just a deferment for one year—

President Kennedy: Yeah.

Dillon: —if you wanted to.

President Kennedy: Yeah.

Bell: Now, this would mean on the education, Mr. President, this would mean *no* program at all in the elementary and secondary field. That's what the implication of this would be.

President Kennedy: Well, we can't get it by.²⁹ It's just really as if . . . almost a political question as to whether we update it or recommend it, because [*unclear*] I think was—

Bell: There have been these suggestions to . . . Remember this year you had a recommendation for a quality improvement bill. And this 141 million is just everything we had in for that and, as well as, direct aid to school districts for construction and teachers' salaries and so on.

President Kennedy: All right. Well I want Ted [Sorensen] to look at what we ought to do about . . . what we ought to recommend in the field of education.

Theodore Sorensen: I think, like many things in this list, Mr. President, we can make a judgment on this at the time we make our legislative program judgments, and the time we make that judgment really is after election day. If we lose 40 seats, we're not going to be going up with the same education bill.

President Kennedy: If we lose *ten* seats. We lost one already.

Twenty-second pause.

All right, on the Interior Department, I think we can do something on that by taking another item . . .

Bell: Well, the Indian schools is an important—

President Kennedy: That's pretty hard to do, we don't want to . . . but the other thing, oceanography, helium, conservation, water fowl land acquisition, fisheries program, increased acquisition of recreational land, acceleration to improvement of parks and public lands. All those—

Dillon: This is all *increased* acquisition and acceleration of improvements that we're talking about; they'd still be moving ahead at present rates which is already increased over what was ever done before. [*Unclear*] that's all we're talking about.

President Kennedy: Occupational safety legislation. What is that, now?

29. As he predicted, Kennedy's aid to education proposals for the 87th Congress were defeated.

Bell: That's a legislative proposal and it's not much money. Six or eight million . . .

Sorensen: Grants to states. It's a very small amount.

Bell: Yeah, 6 or 8 million dollars.

President Kennedy: What does it do? What do we do with them?

Bell: They would be grants to the state labor departments to promote occupational safety standards in factories.

Unidentified: It's research.

Bell: [*Unclear*] would also be involved.

Dillon: And, as I said to this thing, this is illustrative—

Unidentified: Uh-huh.

Dillon: —and economic [*unclear*] 6 or 7 million dollars . . .

Bell: The key point here—

President Kennedy: Well, I think the only way you're really going to save much with these 6 and 8 million dollar grants—

Unidentified: [*Unclear*]

Bell: Yes. That's right.

President Kennedy: [*Unclear*] big programs are too—

Bell: Yeah.

President Kennedy: —have too . . . but, I mean, if you get these agencies all thinking about these smaller ones . . .

Bell: Well, the important issue here would be the training . . . piece of that. We got in a big fight with the Labor Department about that. We're already a good deal lower than they think we should be.

Twelve-second pause.

President Kennedy: GSA.³⁰ That could—

Bell: That, of course, is, that's work on buildings, primarily. And you can set that about any pace you want.

President Kennedy: Reduced direct housing loans are proposed, 25,000 housing loans, 23,000 loans?

Bell: Yeah.

President Kennedy: I don't know really why the Veterans Administration is in the direct loans these days, anyway. How is it?

Bell: Simply for historical reasons. We got in after World War II. And successive Budget Bureaus and presidents have been trying to get them out. Last year, after a considerable fight with Teague, we got an agreement under which this program goes along, but the veterans begin to lose eligi-

30. The abbreviation GSA stands for General Services Administration.

bility after a certain number of years.³¹ And a good slug of the veterans are beginning, now, to lose their eligibility under that legislation. So this will be phased out in a period of four or five more years . . . the bulk of it, as I recall. By '68, I think . . . you're just about through with this. But that was the best we could do in terms of the legislative agreement. And, meantime, they do have the authority and the veterans *are* eligible. So you, presumably, have to . . . they . . . they're under restriction now. They're holding back. They could lend a lot more. The question is kind of where you draw the line of how much heat you're willing to take to prevent loans being made that actually could be made under the existing law.

Unidentified: Yeah.

Bell: Twenty-five thousand is about the level this year, and it's about the same as the level last year. This involves some cutback.

Fourteen-second pause.

President Kennedy: But, some feel that we're going to have to break the 100 billion dollar barrier. So we might as well break it now as in the election year.

Dillon: Well, I think you may well. . . . I don't know what you're gonna be in, you may well break it in NOA; that's going to be a different figure entirely.³² We're talking about expenditures here. How much higher is NOA in August, here?

Sorensen: I thought we'd already broken a 100 billion dollars.

Unidentified: Oh, we're up by 6 or 7 billion.

Dillon: Well, that was a different NOA. [*Pause.*]

Sorensen: You know that it's being broken this year?

Unidentified: Yeah.

Bell: About to be five . . . under these figures which are August 30th figures.

Dillon: So that . . . that includes—

Bell: Mostly 2 billion dollars for the IMF and a lot of things like that, that are not actual expenditures.³³ It won't be actual expenditures.

Dillon: If we break it next year in NOA so the budgets that are going in would be over—

Bell: No, it's broken now!

31. Olin E. "Tiger" Teague was a U.S. representative from Texas, 1947 to 1979; chairman of the House Committee on Veterans Affairs, 1963 to 1973; and a much-decorated World War II veteran.

32. The abbreviation NOA stands for new obligational authority.

33. The abbreviation IMF stands for the International Monetary Fund.

Dillon: Well, it will be again next year.

Bell: Oh, yes, yes . . . [*unclear*].

Dillon: So, for that reason, I would think in the . . . if it's broken, then the . . . I'm only thinking of the expenditure side, would seem to be your . . . your tax reduction . . . what chance you have to get it.

Walter Heller: Well, there . . . there, you know, there are some other arguments that point on the up side. Every dollar of expenditure increase gives you more punch. You get a dollar of tax reduction because you're surer of the economic impact and certainly the . . . the slack in the economy.

Secondly, I suppose there is there some validity in the argument that if Congress is going to cut taxes, and they're going to want to make a showing of cutting your expenditure proposals—as part of the price of admission of the tax cut—to put them up a little higher doesn't make *you* look as good, I grant, if they cut, but it gives *them* the feeling that they've paid the price of admission for a tax cut. Well, it's just that a number of these things, I think, are cheaper if we do them now than if we do them later.

Dillon: The real problem with that cutting business is that they get those people involved, and the Ways and Means Committee and the Finance Committee are not the Appropriations Committee, and they will, they'll [*unclear*]. The chances of getting any tax reduction is going to be very difficult anyway, and it's required that . . . showing that we're really trying to hold down expenditures.

Bell: I think . . . I believe, now, that you have to—

Dillon: Well, they're not—

Bell: I don't make anything out of your third argument. The others, I think, are something that, you know . . .

Unidentified: [*Unclear.*]

Bell: The basic problem is that the President's program would cost this much. And if you're going to cut it, you're going to cut the programs. And this is on the one side, and the strategy of dealing with the Congress is on the other side, although there are arguments both ways on the strategy side.

Dillon: But these are all sort of picking at things, and—

Unidentified: [*Coughs.*]

Dillon: —certainly they are all . . . the foreign aid ones are not enough, are not any cuts, actually, and—

Bell: Yes, Congress—[*Unclear exchange.*]

Dillon: —very little.

Bell: Yeah, not very much, but—

President Kennedy: How about the Indian thing we can cut, but that isn't very much money in that anyway . . . it's only about 4 or 5 million?

Bell: Which, sir?

President Kennedy: The Indian schools.

Bell: Oh no, sir, it's more than *that*. I'd say, probably, 15 or 20 million.

President Kennedy: Is it really?

Bell: Yeah. You see, the previous administration left us in lousy shape on Indian schools.

Staats: I don't believe it's that much in this one year, but it's about a three- or four-year program all together. But in the first—

President Kennedy: Are the schools pretty bad?

Bell: Well, yeah.

Staats: Yeah, pretty—

Bell: Some of the kids didn't have school at all.

Staats: A lot of the children just don't have any school.

President Kennedy: Well, if we've got to get a good speech, well, we ought to give it Wednesday night or through this weekend.³⁴ I ought to stick to my script, about some of the things we've done. As I say, that thing on agriculture is really impressive. It's hard to give these speeches to these . . . threefold, obviously, but it seems to me, over the weekend, if we can sort of get about three or four speeches—like this Indian school thing—it'd show what we've done there as opposed to . . . it would build a better base for—

Bell: I think this is, this is 10 million dollars.

President Kennedy: I think that's sort of the theme for this weekend.

Bell: Ten million dollars [*unclear*].

President Kennedy: Congress will be closing . . . these will be dead-locked.

Unidentified: [*Unclear*] the Indian schools.

Dillon: The increase.

Unidentified: Ten [*unclear*], sir.

President Kennedy: It's a hell of a story, the . . . I think the agency may even see it right. Put them all together . . . four different speeches or three, you'll have a chance to do these domestic things.

[*Pause.*] OK, now . . .

Dillon: We simply . . . approach on this, as Ted said, a lot of these decisions you can't take until you sit down and do the final thing. It's just

34. President Kennedy gave a series of congressional campaign speeches in Ohio, Michigan, and Minnesota, 5 to 7 October 1962, and in New Jersey, Pennsylvania, Kentucky, and New York, 12 to 15 October 1962. Wednesday, 10 October 1962, he spoke in Baltimore, Maryland.

a question whether to start off trying to make decisions up here or start off down here and then if you spot down—

President Kennedy: All right, well, let's start off with 98.5, Dave, and then let's . . . we'll have to get each one.³⁵ Anything that's added beyond that will have to be added as a result of a decision that we'll take individually.

Bell: OK.

President Kennedy: We may go up to 108 billion, [*unclear*] go back to a hundred, but let's start with the . . . Are you going to [*unclear*]?

Dillon: I don't know where you come out.

Unidentified: Before the last election—

Staats: These are bridges we can cross a little better after we get a little further along with our message. [*Pause.*]

Dillon: Mr. President, you might like to note that [*unclear*].

Unidentified: [*Unclear.*]

Unidentified: [*Unclear.*]

Dillon: [*Unclear.*]

President Kennedy: We can divide that, Ted, I was thinking that. . . . So what do you think about this thing, trying to—

Sorensen: Well, I think, you know it depends a little bit on the audience.

President Kennedy: Hard to make it as a speech, but I . . . I'd like to get it in as a sort of—

Sorensen: Going on nationwide television, that is something that—

Unidentified: [*Unclear.*]

Sorensen: [*Unclear*] I'm already concerned [*unclear*] that the whole thing together, although that's . . . that's—

President Kennedy: That'll be a boring speech?³⁶

Sorensen: It's a less-boring speech. What you need to remember is, given that audience type and—

Unidentified: [*Unclear.*]

Sorensen: Out in Minnesota and all . . .

President Kennedy: You haven't got about 15 [*unclear*] that's a mean feat. [*Unclear*] can stand on the ground. Now those [*unclear*].

Unidentified: Yeah.

35. Reference is to the \$98½ billion *administrative* budget (excluding trust fund transactions).

36. After his 13 August 1962 televised address to the nation on economic policy, delivered with a plethora of statistics and accompanying charts and graphs, President Kennedy seemed particularly concerned that such presentations never be delivered again in such an uninteresting style.

President Kennedy: That poll shows Judd ahead.³⁷

Sorensen: [*Unclear*] the firsthand meeting [*unclear*].

Unidentified: [*Unclear*].

President Kennedy: If Judd gets to 43 percent . . .

Sorensen: Yeah, [*unclear*] and Andersen's pulled up an old [*unclear*].³⁸

Unidentified: [*Unclear*].

Unidentified: That just seems ridiculous.

Heller: Did Hubert say that he was doubtful about that poll?³⁹

President Kennedy: Which one?

Heller: This . . . you haven't [*unclear*] this poll, this last one?³⁹

President Kennedy: Yeah, well, no . . . I think we'd better, I don't think they've got much of a poll. I just think the problem is that . . . oop, turn that up, will you? Just turn them up.

The President turned off the machine.

The Secretary of the Treasury stayed behind to continue the discussion with the President and Walter Heller. The President had some time for more telephone calls, then he went to the pool at 7:03 P.M.

Tuesday, October 9, 1962

The President left only one recording from this important day. An hour before he was to sign a piece of pork barrel legislation to satisfy a difficult and powerful congressman, the President called Senate Majority Leader Mike Mansfield for mutual congratulations on the approval of a compromise version of the foreign aid bill providing for a \$300 million increase over the amount voted by the House.

37. Walter H. Judd was a Republican U.S. representative from Minnesota and keynote speaker at the 1960 Republican National Convention. Judd, in what was considered a mild upset at the time, lost in the 1962 election to Democratic state senator Donald M. Fraser.

38. This is mostly likely a reference to Elmer Lee Andersen, governor of Minnesota, then running for reelection in 1962. His reelection bid resulted in the closest election in Minnesota history with a loss to his opponent by 91 votes.

39. Hubert H. Humphrey was a U.S. senator from Minnesota.

40. A University of Minnesota professor of economics before joining the Kennedy administration, Walter Heller was particularly interested in this Minnesota congressional race.