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Executive Director, Joint Economic Committee, 1949-1957
Technical Adviser to Senator Ralph E. Flanders, 1947-1949

Interview #2

Dealing with the Postwar Economy

(Friday, November 1, 1985)

Interviewed by Richard A. Baker

BAKER: Are there some points that we touched on in the last session that you would like to return to?

ENSLEY: I would be glad to talk about my first adventure up here as a staff man to Senator Ralph Flanders of Vermont. He was a freshman senator in January 1947. He was appointed to the Civil Service Committee, the Banking and Currency Committee, and the Joint Economic Committee.

There is a rather interesting story in connection with his service on the Civil Service Committee. You will recall, I had spent a number of years in the Budget Bureau and was concerned about the \$10,000 pay ceiling for most agency heads. I found that Senator Flanders, a successful businessman, was also concerned about attracting and keeping competent people in the executive agencies.

BAKER: This occurred right after the war. The war had brought a lot of competent people to Washington.

ENSLEY: Right. But they were leaving, you see. And furthermore, Flanders, a Republican, was looking forward two years hence to a Republican victory and he wanted whoever the Republican president

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was to be able to attract competent people. So, I worked with Donald Dawson down in the White House and people at the Budget Bureau. Dawson was President Truman's assistant for personnel matters. He and the Budget Bureau, where I had close friends and former associates, worked up a bill which would increase the pay of about 165 agency heads and other top people in the executive branch—Flanders introduced it. Committee Chairman [William] Langer made Flanders chairman of a subcommittee on pay legislation. The subcommittee was composed of the senator from Connecticut who later became a judge [Raymond E. Baldwin], a very fine man, and Senator [Herbert] O'Connor, who was a former governor of Maryland. The three of them all felt alike about breaking this \$10,000 ceiling which had been in existence for years. We had hearings. Former President Herbert Hoover was a witness. He was solidly back of Flanders' bill.

BAKER: At that time he was the chairman of the President's Commission on Executive Organization.

ENSLEY: Right, and very active in this area of trying to increase the quality of people in the federal government. As I helped the former president out of the committee room, he indicated to me the importance of also doing something for the president. There was nothing in the original Flanders bill that would do anything for the president of the United States. Hoover indicated

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that it was very expensive to live in the White House. In addition to a salary increase, he thought there should be some kind of an additional tax-free payment that the president could use to handle the various obligations that fall upon the president. He indicated that he was not handicapped because he had independent means. But he thought particularly of Truman. He mentioned Truman specifically. That made quite an impression on me.

Well, the legislation didn't move. But we were getting near the election and [Thomas] Dewey was the Republican candidate for president in the fall of 1948. Flanders had talked a couple of times to Dewey about the need for top pay legislation and Dewey conveyed to him the importance of getting this legislation through before he was inaugurated in January 1949. Flanders and I had an appointment to see Dewey to go over the bill on the Friday following the election. We were all set to push the legislation. You'll recall that Truman, at the Democratic convention, called a special session of Congress to meet right after the 1948 election. So, we geared up to try to get this legislation through during that special session following the election in order to enable the new Republican administration to attract a group of capable people. Well, as you can imagine, that meeting on Friday following the Tuesday never took place. (laughter)

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The Democrats and the press assumed that Flanders would forget about this legislation. But, he didn't. He called the subcommittee into executive session at the beginning of the special session and started going over these two-hundred-odd positions. The number had grown a bit. I reminded them, as they were just getting started, of what Hoover had said about the need for doing something for the president. I indicated that if we wanted to do something for President Truman, we'd have to get it enacted before January 20, because under the Constitution you can neither increase or decrease the pay of the president during his four-year term. Well, Flanders, said, "Grover, just go into the other room and write an amendment to this bill doing something for the president." That was the only instruction that the subcommittee gave me. I went out and wrote a simple sentence saying that the salary of the president shall be increased to \$100,000 per year. It was then \$75,000. I wrote another sentence providing for \$50,000 additional pay, which would not be taxable. I pulled those figures out of the air and took the amendment back to the subcommittee. The subcommittee adopted it without a change in the figures. They also put

something in for the vice president and the speaker of the House, as I recall. That amendment was then added to the pay bill. Well, the bill didn't go anywhere in the special session. After all, it was a lame duck Republican Congress with a new Democratic Congress coming in in early January.

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There was no vice president. Alben Barkley, who was the minority leader in the Eightieth Congress was going to be the new vice president after January 20, 1949. The pay legislation bill passed in the House and it came to the newly organized Democratic Senate. It got bogged down in extended debate. As I recall, they discussed, for example, whether J. Edgar Hoover should get \$15,000 or \$20,000 as director of the F.B.I. and other individual situations. The debate was dragging on and on. I could see it not getting signed with a pay increase for the president before he was inaugurated. So, Flanders and I went over to see Barkley, who was on the floor. We explained this problem to him. Thereupon the Democrats, who were in control, amended the bill deleting *everything* except this paragraph that I had written for the president plus provision for the vice president and the speaker, and *passed* it! It went through conference quickly and over to the White House. The president signed it just a day or two before the twentieth of January when he was inaugurated for his first full term. The next Christmas, the president sent me the pen that he had used in signing that bill!

BAKER: That couldn't have happened before 1937 when the term of the Congress and the president ended the same day, on March 4th.

ENSLEY: That's true. That made Truman the highest paid president in history up until Richard Nixon.

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BAKER: What happened to Eisenhower, Kennedy and Johnson?

ENSLEY: Here's what happened. Senator Wayne Morse from Oregon occasionally became upset with President Truman. Sometime during the Truman administration, a routine pay bill went through Congress right at a time Morse was having a big fuss with Truman. So Morse proposed an amendment to the pending pay bill which would make this \$50,000 taxable! In the legislative history of that bill, fortunately, it was made clear that it could not, under the Constitution, apply to Truman. But Morse felt that he was at least telling Truman something by getting the amendment attached. After Truman went out of office, that \$50,000 became taxable for Eisenhower, Kennedy and Johnson. I think it is still taxable. But, other legislation came along increasing President Nixon's salary from \$100,000 to \$200,000. So, I like to think I am responsible for Truman being the highest paid president in history up until Nixon.

Flanders was also put on the Banking and Currency Committee and we found that very

stimulating. He had been president of the Federal Reserve Bank of Boston for about three years before coming to the Senate.

BAKER: I'd like to ask you about that appointment to the Federal Reserve Bank. Is that largely a political appointment?

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ENSLEY: No. The presidents of Federal Reserve Banks are not political appointees and I know because I was invited to become president of the Federal Reserve Bank of Richmond a few years ago. Each Federal Reserve Bank has a board of directors composed of bankers and representatives of the various economic interests in that Reserve district. The directors get together to determine who they would like to have as president. That appointment needs to be approved by the Board of Governors of the Federal Reserve System in Washington.

Well, that's the way it emerged for Flanders. Obviously, he was well known in New England. When he retired as president of Jones and Laughlin Machine Tool Company in Springfield, Vermont—and he was very active in the Committee for Economic Development after the war—he was a likely candidate for something like the presidency of a Federal Reserve Bank.

BAKER: It sounds as if the Committee for Economic Development was a powerful organization, at least in serving as a grapevine for . . .

ENSLEY: It was a new group of progressive business people concerned about what the postwar economy would hold for us in light of a whole decade of depression. It wasn't until World War II that we reached full employment and full use of our resources. These people were concerned about the possibility of reverting back to the

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kind of chronic unemployment and under utilization of capacity that we had during the 1930s. This group came in with a burst of enthusiasm and research. They had an economic policy committee that Flanders chaired. Every report they issued received good media attention. They projected an optimistic postwar economy.

Well, getting back to the Banking and Currency Committee, it was an active committee in the Republican 80th Congress. Senator Tobey of New Hampshire was the chairman. Flanders was on the committee and since he had been appointed in November, had seniority over the big crop of Republicans that had been elected in November. This meant that he was immediately made chairman of several subcommittees of the Banking Committee.

I'll use this role of Senator Flanders to explain my recollection of a very notorious

senator, Joseph McCarthy. He was sworn in on the same day with Flanders, in January 1947. I have already indicated some notoriety he received on his initiation to the Senate. Early in that session, President Truman sent up a special message asking for, as I recall, a six-month extension of sugar rationing. There was still a great shortage of sugar. Chairman Tobey appointed Flanders and Senator [John] Bricker and Senator McCarthy to be the Republicans on a five-man subcommittee to hold hearings on extension of sugar rationing. Before marking up the bill, subcommittee chairman Flanders had a Republican caucus with Bricker and McCarthy.

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First Flanders asked me to explain Truman's rationale for extending the sugar rationing program for another few months. I attempted to do that. I had just come over to my Senate job from the Budget Bureau and I knew the background. My friends there gave me all the latest statistics on quantities of sugar available and what might happen to the price of sugar and its availability if it was decontrolled.

After presenting, I thought, a pretty good case, McCarthy made it very clear that he had been elected on a platform of decontrol. And he didn't want any of this nonsense of extending control one day. Bricker pretty much agreed with him. I argued the case for the administration position. McCarthy—I'll never forget—at one point pounded the table and said to Senator Flanders: "Look. Is Ensley a Republican or is he a *DEMOCRAT!*" And Flanders pounded the table back and said, "I never asked Ensley when I hired him what he was and I won't ask him now!" So the Republican caucus folded up, voting 2-1 against extending sugar rationing. We took the bill back and Flanders reported to the full committee. Now Tobey, Flanders, and all of the Democrats represented a majority. So, this coalition voted to override the subcommittee and extended rationing. All the other Republicans on the committee voted against it. The bill went through the Senate and sugar rationing was extended another few months as the president had asked.

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That was the start of a running problem that Flanders had with McCarthy. Next, the State of Wisconsin was celebrating its centennial. The state wanted a centennial coin run off by the U.S. Treasury. Just the preceding year the Treasury had sent a report to the Congress advising against making these commemorative coins. We had some hearings on the request. Flanders was chairman of the Coinage subcommittee. Senator Wiley from Wisconsin had introduced the bill. Flanders was convinced by the Treasury and argued against authorizing such a coin. But McCarthy was very much for it and they got into quite a struggle over the proposal.

Then, that summer, before Congress adjourned, the Congress authorized a Joint Committee on Housing.

BAKER: Can I ask you, on that point, do you remember how the coin matter ended up?

ENSLEY: It was denied, again with Flanders and Chairman Tobey siding with the Democrats.

BAKER: So McCarthy had reason to be irritated with Flanders.

ENSLEY: That's right. Now, as we approached adjournment, the Congress created a Joint Committee on Housing. This was at a time when there was a lot of discussion about public housing, and government support for low-income housing. Most of the Republicans

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were skeptical about federal expenditures for housing. The Democrats tended to be for it. But Majority Leader Taft was for public housing and the whole liberal housing program. The Republican leadership of the Congress decided they would have a joint committee study the problem over a period of several months. The Senate president pro tem appointed Flanders and Tobey and I forget who else from the Senate, including McCarthy, since he had sponsored the legislation. And the Speaker of the House appointed their members.

They had the first joint committee organization meeting after Congress had adjourned in the summer of 1947. Flanders couldn't be at the meeting. In the Senate at that time they could vote proxies. I went with Tobey to the organization meeting with Flanders' proxy for Tobey to vote. The House Republican members didn't want Tobey to be chairman, because he was for public housing too, along with Flanders. So they proposed [Representative Ralph A.] Gamble, who was the ranking member of the House Banking Committee. They proposed him as chairman and McCarthy as vice chairman. Tobey, of course, had the votes, but the House members ruled that Tobey could not vote proxies because the House does not recognize proxies. After a long fight, Gamble of New York and McCarthy were elected chairman and vice chairman—both opposed to public housing. These two hired the staff and went on their merry way. Months later and after hearings,

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the committee chairman and vice chairman came up with a four or five hundred-page proposed committee report.

BAKER: Did you have any input into that report?

ENSLEY: None at all. No. We were given the report after it was completely drafted and ready, presumably, for approval by the full joint committee. I got busy at Flanders' request and had the Housing agency downtown—which was a Democratic agency—help me write just a brief forty-page report, which would hopefully become the report of the joint committee. We sent it around the committee so that we knew just who would support it. All the Democrats on

both sides would support it with Tobey and Flanders. That gave us the votes we needed. We went to the final committee meeting and Gamble and McCarthy were in charge. They moved that the committee adopt their long report. The committee argued for some time. At the appropriate time, Flanders produced his proposed substitute report. It was passed around and all the Democrats and Flanders and Tobey signed it. We had the majority!

Flanders, Tobey and the Democrats just walked out of the meeting and left the other members there hanging. Tobey and Flanders gave the report to the press and filed the report in the Senate and the Democrats filed it in the House. That left further bitterness between Flanders and McCarthy, you can be sure.

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There were other issues that caused Flanders and McCarthy not to get along well. So, it didn't surprise me several years later to go into Flanders' office one day and find him personally writing a brief sense-of-the-Senate resolution censuring McCarthy. I looked it over. I didn't have much input. I was with the Joint Economic Committee at that time. But, nevertheless, I was keenly interested in it. I was sitting in the Senate the day Flanders got the floor and introduced the sense-of-the-Senate resolution. It was referred, eventually, to a special committee of the Senate, headed by another member of my Joint Economic Committee, a former judge, Arthur Watkins of Utah—a wonderful person. His special committee held hearings and came up with, as you know, a somewhat modified resolution, but which was passed.

I was rather upset years later when a historian from Wisconsin wrote a biography of Joseph McCarthy. The author, I forget his name . . .

BAKER: Thomas Reeves?

ENSLEY: I couldn't say, but he was being interviewed on ABC for a half-hour a few years ago. On the same program was Roy Cohn. They were reviewing this whole McCarthy era. I was very upset when near the end the inquisitor asked Cohn what he thought of Flanders. And he said, "Oh, Flanders he might not have used the word

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"crazy", but he said he was "senile and over the hill." He implied that Flanders didn't have all of his faculties about him during this era. That irritated me, because there was no one there to answer him and Flanders had died years earlier. This poor historian didn't know Flanders personally. And then Cohn said that Flanders got up on the Senate floor after this resolution was passed and *apologized* for what he had done to McCarthy.

Well! I would have given anything to have been there, because here's what he got up and apologized for! At one time Cohn and [G. David] Schine were traveling around Europe together.

All sorts of rumors developed as a result of the two single men traveling around Europe. Flanders got up one day and made a casual remark about their trip, because he'd been in Europe and had witnessed the unfavorable press they had been receiving. He criticized them for going over as representatives of the United States Senate. He had no thoughts of anything immoral about it. But, after the censure of Joe McCarthy, it came to him from somebody that this comment on the Senate floor had been interpreted as impugning the morals of these two gentlemen. So, he got up in the Senate and said there was only one thing that he ever did in the long censure proceedings that he regretted. He tried to straighten that out, because it really bothered him. Now, that was the extent of his apologies. But, it did reflect Flanders' integrity. And to have Roy Cohn get up and say

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that Flanders apologized for introducing the censure resolution made me wish that the days of dueling were still with us! Because I would have challenged Cohn to a duel over that terrible misrepresentation of the integrity and sincerity of Senator Flanders.

BAKER: I took a course on "practical politics" at the University of Massachusetts in 1959, taught by Senator Flanders as a guest lecturer. I can attest to his having all of his faculties at that point. He was very sharp.

ENSLEY: Of course. And this was—years earlier—that Flanders was allegedly "off his rocker." There was no one there to defend him in that television show.

BAKER: In fact, the activities of Cohn and Schine, going around Europe acting as inquisitors, were totally off base. There was no solid precedent for these staff people to be acting as if they were members of the Senate.

ENSLEY: And that is what Flanders was criticizing.

You know, being here on the Hill gave me a number of opportunities to travel. I mentioned earlier my being a delegate to the international statistical meeting in Rome. After that meeting I went to Geneva, Switzerland to a meeting of GATT, General Agreements on Tariff and Trade where I was a U.S. delegate. This was in September

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of 1953. I think it is interesting because it was the first meeting of the new Republican administration with GATT. Our chief delegate was Assistant Secretary of State for Economic Affairs, [Samuel C.] Waugh. There was a considerable amount of apprehension about what he was going to say in his opening statement. The other member-country delegates had memories of the 1930 Smoot-Hawley Tariff. They remembered that during the 1930s it was the Democrats that were so-called "free traders" and for the reciprocal trade program. The Republicans

historically tended to be protectionist. Now, isn't that kind of ironic! Today, 1985, it is almost the reverse. You have the Republican administration talking free trade and against protectionism. You have the Democrats who are calling for protection.

Back in 1953 I was a good friend of Mr. Waugh. He had taught at the University of Nebraska. We had a number of mutual friends. I was director of the Joint Economic Committee and Waugh arranged for me to be a delegate to the GATT meeting. The night before his opening speech he called me in to sit down with him to go over his statement, which he wanted to modify to remove the apprehension of the other delegates. He expressed to me a concern that his superiors in the State Department—Foster Dulles was secretary—had not clarified yet the position of the new administration with respect to trade. And here Waugh was going to make the first public statement

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on the subject. It had been prepared, I guess, by underlings and they had not made the new administration's position clear, either. So, we rewrote the first part of his speech to allay any fears of the rest of the world about the possibility of this administration, or our government, reverting to the awful Smoot-Hawley era.

BAKER: And this was nine months into the administration already?

ENSLEY: Yes. Waugh had been impatient, but we clarified his statement. It allayed all fears abroad. It was a commendable and timely statement.

BAKER: Now that required some fast footwork on your part. You were working under the gun. You had a fairly short deadline.

ENSLEY: Well, we didn't have to make many changes, actually. Just a few words here and there to remove the suspicion that was pretty evident among the other delegates.

You might be interested in the Joint Economic Committee and its broad purposes. It was to advise the Congress on the president's Economic Report and other economic conditions facing the Congress. So, we were quite dependent on the Council of Economic Advisers for explaining to us the president's Economic Report, which comes in January of each year and which the joint committee must forthwith

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study and report to the Congress what it should do with respect to the main recommendations in the report.

BAKER: The idea of a president's Economic Report was really brand new, wasn't it?

ENSLEY: Brand new.

BAKER: Where did this come from?

ENSLEY: Well, it goes back to the [1946] Employment Act itself, which required it.

BAKER: How did it work into the Employment Act itself?

ENSLEY: The Employment Act said that the federal government should use all of its powers to maximize employment, production, and purchasing power. It was a rather simple, but pretty comprehensive statement as to the responsibilities of the federal government. Use all of its powers, you see. In order to carry this out, the framers of the act felt that the president, as the executive head of the government, should send a report to the Congress each January about the conditions of the economy and what recommendations he would wish to make in dealing with the economy to carry out the objectives of the Act.

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BAKER: Was there something in that that was a reaction to President Franklin Roosevelt and the way that he cavalierly treated Congress, particularly in the early war years? Here's Congress saying, "We want a report!"

ENSLEY: I don't think so. I must say that when I came to the Budget Bureau in 1941—the Budget Bureau had been just recently reorganized, establishing five divisions, of which I was in the Fiscal Division. That division was responsible, among other things, for preparing the president's message accompanying the budget. Right from the beginning of my time there, we decided that we wanted the president's budget message to be more than just a little simple statement of the estimates. We attempted to incorporate in the budget message much of the stuff that later found its way, naturally into the Economic Report of the president prescribed by the Employment Act. I always visualized the president's budget, or any budget, as being more than just statistical tables. It should set forth the program of the administration.

We were faced, right off in the committee with having the president's Economic Report coming up in January and of being required by law to advise the Congress what should be done with respect to the major economic recommendations in that report. Now, I had always thought that the chairman of the Council of Economic

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Advisers should logically be the first witness to testify at the hearings that the committee would hold on the president's report. Dr. Edwin Nourse was the first chairman. He was a distinguished and able economist from the Brookings Institution. But, he took a very narrow

position. He thought that the Council of Economic Advisers—and you could give this interpretation under the law—should only advise the president. He would not testify or even meet with the committee. He'd come up and have lunch with me, or Senator Taft, or both of us, or with Flanders, but he would not come up and testify. He was chairman for a couple or years.

When he resigned for, I suppose, age reasons, the next chairman was Leon Keyserling. He was a member of the Council and Truman designated him chairman. Keyserling was just the opposite. Not only did he testify, he was an advocate of the president's program on any platform or in any media where he could get attention. Unfortunately, he put the Council in a vulnerable position. When Eisenhower was elected, there was a question as to whether the administration should continue the Council of Economic Advisers. As a matter of fact there was a three-month hiatus when there was no Council.

BAKER: What kind of "vulnerable position"?

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ENSLEY: Mr. Keyserling was considered too much an advocate of the president's program. More of a politician than an objective economist. And I guess it was the personality too that irritated people. As a matter of fact, it wasn't just the new Republican Congress and administration that were disillusioned with the Council. The outgoing Democratic Congress in 1952 appropriated only nine months of funds for the Council. So when the new Republican Congress came in, their funds had run out. They were on a fiscal year beginning July 1. By the first of April there were no funds and the Council went out of existence. All the staff were let go. The new president had not yet selected a Council. Arthur Burns was a White House advisor and was obviously going to be appointed. And he was appointed, but there was a hiatus with no staff—primarily, I think, because of the image that had been left by Leon Keyserling. I hate to say that. He was a good friend of mine. He'd made a tremendous contribution in the government housing field. He was a close associate of Senator [Robert] Wagner.

The next chairman was Arthur Burns. He reverted to the position of Nourse. He might come up and have informal closed discussions with the members of the committee as long as no transcript—or tape—was made. This was his position for the two or three years that he was chairman. Then when he retired, he was succeeded by Raymond Saulnier, who is a good friend of mine. We had dinner together last

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night and I told him about these interviews. He was impressed by the fact that the Senate is interested in history.

Raymond Saulnier came in as chairman in 1956. The committee had this on again-off again experience with the chairman of the Council of Economic Advisers. I sat down with Steve

and worked out an arrangement in writing whereby he would come up and testify. If he wanted to meet in closed session, we would give him that privilege. We took that arrangement to Senator Douglas, who was the chairman, and he agreed to it. It was approved by the committee and by the Council. That's the way it has been ever since. The chairman does come up and testify. Several years later, when Arthur Burns was back at the National Bureau in New York, and before he came back for the Nixon administration, I had dinner with him one night and he said, "Grover, on that subject, I was wrong and you were right." As you know, when Burns came back in the Nixon years, he was one of the most effective witnesses I've ever seen in the Congress—one of the most persuasive and adroit. I felt pretty good that he had conceded that he had been a little too stiff when he was Council Chairman in the Eisenhower administration. But, I think it was the result of Keyserling's unfavorable image that he left with the Congress and the public generally.

At the joint committee, in addition to having a non-partisan staff, we developed liaison with the economics departments of the

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universities. Both in terms of correspondence and getting around visiting. When Congress was not in session, I was out visiting the various universities. I would participate in faculty discussions, among other ways of liaison. We had close relationships that we developed with research organizations throughout the country—both government and non-government. We created relations with groups in business, agriculture, labor and with our foreign peers. This was important to give the country and the various economic interests a feeling of participation in the work and the recommendations of the Joint Economic Committee. We took that very seriously. I think that from the clippings you've seen, you can see that we did build up a pretty good rapport with the interests groups and with the media, too. I felt very comfortable with the press.

BAKER: Clearly, they took you as a person of great substance and of great power, because you had not only the information that for the general public is often difficult to understand—economic policy information—but you also represented the members of the Joint Economic Committee.

ENSLEY: They gave us a great deal of credit. *Business Week* of July 1957, for example, carried a favorable report on the work of the committee. The long article on its importance stated:

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It was under Ensley that the committee scored most of its successes and that the staff worked out the study methods that presumably will be continued by his successor. When given an assignment, the committee blocks out the particular subjects it wants covered, then calls on the best professional brains in business, labor, and the universities for

background papers. These papers are published, often accompanied by a staff-written document in which the material is sharpened up. Hearings are then held in which authors of the background papers participate.

In the scholarly atmosphere scrupulously maintained at these hearings, economists exchange views with the same freedom they would have in a university seminar.

This method has produced some landmark economic studies, notably the inquiry into money and credit conducted by Senator Douglas; an inquiry into general credit control and debt management conducted by Representative Wright Patman (O-TX); and last year, a sweeping study of the economic factors in tax policy, by Representative Mills.

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The committee handles its one routine job each year the same way—its assessment of the President's Economic Report to Congress, which is prepared by the Council of Economic Advisers. The president's report is required by the Employment Act, and the committee in turn is required to hold hearings regarding it.

What results is a critical assessment by the committee, the staff, and outside experts of what the Council of Economic Advisers has told the president regarding the state of business.

Fortune magazine in December 1955 ran an article, "The Economy's Scouts." It pictured me as one of "The four economists—that exert a profound influence on the national economy." The other three referred to were Arthur Burns, chairman at the time of the Council of Economic Advisers, Gabe Hauge, assistant to the president in the White House, and Win Riefler, assistant to the chairman of the Federal Reserve.

Nation's Business of October 1955 stated:

Dr. Grover W. Ensley is staff director of what has been called the country's most important economic policy group. This is Congress' over-all Joint Economic Committee. The committee, which was formed in 1946, has

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been a major force in shaping American economic policy not only in Congress but in the Administration and business world as well. Its studies and publications are must reading among economists.

I always thought these statements pretty nice!

BAKER: I would say so. Quite a compliment. Did this ever present any problem in your relationship with the members of the Joint Economic Committee?

ENSLEY: No, I don't think so. I tried to be deferential to my members. I got to be known as the fellow that walks things around. I would go one-on-one and explain the economic situation to them and what I thought the committee and Congress should do. Then I'd go to the next one. When we'd have a committee meeting, it was pretty much resolved beforehand. I found that technique useful in private business later on. To walk around and get everything settled before the board meeting. I would know before the committee would meet as to where I could get areas of agreement and where I couldn't. The objective was to try to minimize confrontation. Not that you would try to eliminate serious differences of opinion or debate, but we would try to reconcile things as best we could.

It was interesting to me to compare the Congress here with legislative bodies in other countries. I got to know Hugh Gaitskill

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pretty well. He was the Labor Party leader in the parliament in Great Britain. We would go to seminars each summer put on by Amherst College at the Merrill Center out on Long Island—Southampton. One time in the fall of 1953, on the way back from the meetings in Rome and Geneva, I stopped in London. As soon as I got to the United States embassy I called Gaitskill's office and found that he was out of town at a Labor Party Congress and wasn't expected back until after my scheduled departure. This made me feel badly. Nevertheless, our embassy driver drove me over to see the Parliament. Parliament was not in session. I got out of the car and released the driver and went to the front door. It was locked! I went around that Parliament building and all the doors were locked. I came to what was apparently the last door and I tried to open it. It wouldn't open. As I was turning to leave, it opened a crack and a guard stuck his head out. I went up and I said, "I'm Grover Ensley. I work for the United States Congress. I am leaving tomorrow night and this is the only chance . . . I'd like very much to see the Parliament Building." He said, "Well I don't think we can tolerate you this afternoon." (laughter) Well, I explained to him that we were appropriating billions of dollars for the Marshall Plan to assist western European countries and Great Britain.

I used every trick I could to get him to show me Parliament. But to no apparent avail. Finally I said, "You know, I'm a very good

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friend of Hugh Gaitskill." "Well, why didn't you say so in the first place!" he said. He took me by the arm and he gave me a two-hour personal tour of the entire building. He knew the history, tradition, and all the background. He showed me where the king or queen comes before they make their annual presentation to the House of Commons. He pointed out how one party is on

one side, and one on this side—just beyond where swords would reach. Then he took me over to the House of Lords and gave me the long history and tradition of the House of Lords. After that, he took me down underneath the House of Lords Chamber to the Lords' Bar where there was a storekeeper taking inventory. I ended up buying all three of us a glass of "whiskey" as they call it. The three of us had quite a discussion there for a good half an hour before I left.

I got back to the embassy and found a call from Hugh Gaitskill. He had come back early and wanted me to be sure to stop at his home on the way to the airport the next day. So I did. We had a real good visit and I told him this story about my visit to Parliament and how I was turned down. Before I could get to the end of the story, he said, "Well why didn't you tell 'em that you knew me?" (laughter) When I told him that was how I got in, it made him feel pretty good.

Years later, in 1960, my wife and I went over to London. Harold Macmillan was the prime minister and Gaitskill was still the minority

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leader. We were there for one day, and Gaitskill was busy, as it was question day—he, nevertheless, took us to good seats for special guests in the gallery. Then Gaitskill and the minority paraded on to the floor of Commons. He looked up and waved at us. Then Macmillan and his cabinet came in and sat down. Gaitskill asked the first question of Macmillan. It was a very complicated question about the Common Market. This was before England went into the Common Market. I'll never forget that Macmillan answered him in kind of a flip way, which made Gaitskill look like two cents. It was a very skillful reply. Gaitskill looked up at me and just kind of shrugged his shoulders. It was the last time I ever saw Gaitskill, because he died soon after that. Years later, Mrs. Ensley and I went over and visited Lord Gaitskill in Parliament. His wife had been made a lord.

On another trip in 1955 when I was in South America, I arrived in Lima, Peru and was met by the minister of finance who took me to my hotel. On the way to the hotel, he *whispered* to me, "There is something I want you to tell President Eisenhower." I didn't disillusion him. He outlined the military threat from Ecuador or Bolivia, I forget which country. He wanted me to tell Eisenhower personally that Peru was about to be invaded. He didn't want me to talk it over with our ambassador to Peru who I saw the next day. When I got back to Washington I immediately went over to the assistant secretary of state and built this up as dramatically as I

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could. He just laughed at me. "He tells all the congressmen that come to take a personal message to President Eisenhower!" Well, that was kind of disillusioning . . . (laughing).

In the days I worked for the Congress, security was not the problem that it is today. I had no difficulty walking on the Senate floor at any time. One develops a certain confidence after a

time. In the 1950s one time I visited the United Nations in New York City. I just strode into a meeting of the Security Council and sat with this country's delegates. No one even asked to see my driver's license!

In 1955 the joint committee created a subcommittee on automation. It was the first venture of the Congress in this field. Representative Wright Patman of Texas was the chairman of the subcommittee. We had some hearings. The first witness, as I recall, was Vannevar Bush, the famous scientist. He pointed out that the Soviet Union was graduating more scientists and mathematicians than we were, or something to that effect. We had several days of hearings. And those hearings did lead to increased aid to education as well as other tangible results. It was the first time that I had heard of robots. One of the witnesses told how robots were going to be the thing of the future.

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About ten years later, in 1965, when I was with the savings banks, I was at a trade association meeting in San Francisco. My opposite, who headed the Credit Union National Association came up to me and asked when I was going back to New York. I said, "Tomorrow." He said, "Won't you accompany me to Dallas, Texas, and drive over to Texarkana. The Credit Union Association is having a testimonial dinner for Chairman Wright Patman of the House Banking Committee. I know you know him and he knows you. We'd like you to come to that dinner." Well, I'd never gone from Dallas to Texarkana. We arrived in Dallas about the middle of the afternoon and were met by the Texas credit union group. We drove over to Texarkana—some two hundred miles! We didn't get there until about seven o'clock. There was time for just one quick bourbon before going to the junior high school auditorium where the banquet was already under way. Everyone was seated and eating. They put me right up in a front row table. It was not on the podium. I sat down, had a good dinner, completely relaxed. I had been told that Mr. Patman had a half-an-hour speech denouncing commercial banks and high interest rates. This was his principal interest. He was a populist of the old school. I saw that big speech that he had there on legal sized paper and I suspected that that was what he was going to do.

After dinner the toastmaster stood up and came down directly to *me* and introduced himself, because we had come in after they were all

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seated. He said, "Dr. Ensley, I think we'll start with you." I said, "What do you mean start with me?" He said, "You'll be the first speaker and we're gonna start right now." I didn't dream that I was going to have to say anything. The toastmaster turned and returned to the podium and introduced me. Well, it hit me all at once as I was walking to the podium—this automation study. I started out: "You know how happy I am to be here in Chairman Patman's home town. While it is tempting to talk to you about banking and credit matters, you are acquainted with his forte in that area. I am going to tell you something about Chairman Patman that you perhaps do

not know. When I was with the Joint Economic Committee ten years ago, he was chairman of a subcommittee that conducted the first hearings ever held in the Congress on automation. And those were rather noteworthy hearings." And I gave one or two facts—I referred to Vannevar Bush on Education—and then I sat down.

There were a dozen or so other speeches before the climax, when the toastmaster introduced Chairman Patman. Patman came up to the podium with that big manuscript and he started out, "I am so glad Dr. Ensley is here. You know he is the greatest economist in the country. And I remember those hearings on automation." And for fifteen minutes he indicated what the nature of the hearings were and

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what came out of the hearings and the legislation that was produced. I had forgotten most all of that. But he remembered. And he never did get to his speech attacking commercial banks. (laughter)

BAKER: You had known him going back to the beginning of the committee.

ENSLEY: Oh, yes. We were close after I left the Hill and went with the mutual savings banks. Because he was an old time populist and something that was "mutual" or nonprofit meant something to him. He was a champion of the nonprofit credit union movement. So we got along just fine.

Another good friend was Senator [J. William] Fulbright. After I had gone with the mutual savings banks, I was made a Franklin Fellow of the Royal Society of Arts in Great Britain. The Royal Society was created about in the middle of the eighteenth century. One of the first members was Benjamin Franklin when he was representing the colonies in Great Britain. Every year the Royal Society makes an award to an outstanding American one year, and a Britisher the next, who has helped bind America and England together. I urged naming and Fulbright a few years ago. The Fulbright presentation was made at the British Embassy here in 1977.

Incidentally, the president of the Royal Society is Prince Philip, the Duke of Edinburgh. A few years ago on the occasion of

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our Bicentennial, the Royal Society had a three day celebration in London commemorating the event. The Society invited all the Franklin Fellows and their spouses. The high point of the program was the reception given us by the Society's president. I remember presenting Prince Philip with a set of commemorative coins. He seemed grateful. He told me he was chairman of the British Commemorative Coin Committee.

The speaker of the House of Commons also entertained us at a luncheon in his apartment in the House of Commons. It was on that occasion that we visited with Lord Gaitskill. We were taken from the speaker's apartment nearby to the House of Lords, but our escort—a member of Commons—could not cross a certain line. He beckoned to a Lord to come to this line and take us the rest of the way and help us find Lord Gaitskill.

BAKER: I would like to get back briefly to the whole concept of joint committees. Right after the war, with the Legislative Reorganization Act of 1946, there was a great proliferation of joint committees.

ENSLEY: That's right. You had the legislative budget committee, the atomic energy committee, the Joint Economic Committee, and there have been others.

BAKER: Internal Revenue Taxation . . .

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ENSLEY: Well, of course that goes back to an even earlier period. A very dear friend of mine, Larry Woodworth was the executive director of that committee until President Carter persuaded him to go down to the Treasury in 1977 and help him with a tax reform bill that never got off the ground. He died in office. I think partly out of the frustration that came with trying to reorganize the tax code and face up to all these conflicting interest groups.

Then, of course, there were always a lot of short term or ad hoc joint committees, like the Joint Committee on Housing that I mentioned that was created for just a set period of time.

BAKER: Before I ask you about the structure of joint committees, perhaps we could pick up on your discussion of the joint budget committee and focus on why that ultimately failed as an outgrowth of the Legislative Reorganization Act.

ENSLEY: As I mentioned earlier, the Legislative Reorganization Act of 1946 provided for a joint committee to come in with a consolidated budget and appropriation bill. The committee, as I recall, was composed of a number of representatives from the two taxing committees, from the two appropriations committees, but at least one member from each of the authorizing committees. For example, from the Agriculture Committee—the chairman generally. In the first

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year, 1947, it actually did produce a unified one-appropriation bill, with all the agencies taken care of in that one bill—as against some thirteen or fourteen bills that you normally have. It took a lot of cooperation, but you had in that first year a burst of enthusiasm because it was new. The Congress had just passed it. So they put a lot of effort into making it work. And it did. But I

think that was the last year. It was too unwieldy, perhaps. Each of those committees is jealous of its prerogatives. Why should the Appropriations Committee take on the other members to consider the appropriations? Why should the authorizing committees be hindered by the appropriations committees? There are certain basic "turf rights."

BAKER: Is there also a House-Senate turf problem in view of the House's exclusive role in initiating revenue bills?

ENSLEY: I am sure there is that jealousy. Just as there is between the executive and the legislative branch on issues. For example, the good case of that was a monthly publication called *Economic Indicators*. It is a best seller. It was developed first in the Budget Bureau and then taken over by the Council of Economic Advisers. I was with Flanders at the time, and we persuaded the joint committee to print it each month. As a standard procedure, when I was executive director of the committee, once every year I would put on the front cover, "Suggestions Requested." This was a short paragraph addressed to the reader and the users in order to encourage

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feedback. The Council would send a rough draft up and we would look it over and send it to the printing office and get a galley. In the summer of 1953 Arthur Burns was chairman of the Council. The month we put "Suggestions Requested" on the galley and shot it back to the Council of Economic Advisers for final proofreading, Arthur Burns called me and he wanted no part of that at all. He said, "I'm the master of this publication." Well, now here was a Republican administration saying that the "Suggestions Requested" note had to come off. I went over to my chairman, who was Jesse Wolcott, the Republican chairman of my committee. I explained to Wolcott that I thought it was good PR, if nothing else, to give the users an opportunity to make their suggestions of what we should include or exclude and the general arrangement of the publication. Wolcott agreed with me. He called Burns and told Burns off and the notice stayed on. Now, here was a case of jealousy between the legislative branch and the executive branch. Everybody has their areas that they would like to protect. And the printing of this document was the responsibility and the prerogative of the Joint Economic Committee.

BAKER: You have really identified a very interesting point at a very interesting time in congressional history. Nineteen-fifty-three with a new Eisenhower administration, a lot of Republicans on the Hill who had not really been in power very long . . .

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ENSLEY: That's right. They'd not been in a position of running the Congress in many years. It was quite a transition. For a person like Wolcott, who'd been here for many years as a minority man, and a *ranking* minority man, to put on him the responsibility of running a committee, the Banking Committee or the Joint Economic Committee, was a new experience for

him. I mentioned earlier my walking on the House floor without being stopped by the newly organized Republican House to hear Winston Churchill speak to a Joint Session in early 1947.

BAKER: I gather from reading Robert Taft's biography that there was a lot of frustration on the part of Republican leaders, at least in the Senate, about this new Republican administration—and there hadn't been, as you pointed out, a Republican administration for many years—but they weren't paying a whole lot of attention to their party members in Congress. For example, what does Eisenhower do, he names Martin Durkin as secretary of Labor! A Democrat. And he didn't even bother to consult Taft—the senior Republican on the Labor Committee. Did you pick up a sense of that kind of feuding between Republicans in the White House and on the Hill?

ENSLEY: Yes, there were a number of instances. I've mentioned the hiatus with the Council of Economic Advisers early in the Eisenhower Administration. It took some intensive efforts on the part of Gabriel Hauge, assistant to the president at the White House,

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and me at the joint committee to get action by the Senate Appropriations Committee to fund a reconstituted council in the early summer of 1953. It reflected a lack of experience in liaison by Republicans, newly in control, at both ends of Pennsylvania Avenue. And between the House and the Senate. But that is life. Actually, my experience with university faculties, with private business boards, when you really get down to it, suggests there is something about the decorum in the Congress that is unique and satisfying. There is a certain amount of give and take, and respect that you don't always find on the faculty of a university or in private business. There can be some of the most difficult problems that you ever saw, as you know if you have ever been on the faculty of a university. But, here in Congress there is a respect for each other.

I remember when Flanders first came to the Senate. I would sit down beside him while he was handling a piece of legislation on the Senate floor. He had to be the floor manager on quite a bit of legislation, because even though he was just a freshman senator, he was senior to many of the other Republicans—and there was a raft of them of course in 1947. On one occasion he was explaining a bill to the Senate. Senator Barkley, who was the minority leader, got up and paid Flanders a great deal of respect, using all of this "distinguished colleague" stuff. He ingratiated himself to Flanders no end.

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Flanders just kind of flippantly bowed. I forget just what it was. Anyway, in a few minutes, when the opportunity arose, Barkley came over and I heard him quietly chide Flanders for being so flippant in his responding to Barkley's flattery. In other words, it wasn't the proper etiquette. Now, Flanders took this very seriously. He respected and was grateful for Barkley's counsel. Here was somebody from a different party coming over to explain to a freshman senator

the etiquette of the Senate. That is pretty important, I think, to the smooth running of the Congress.

BAKER: Is there something in this that grows from the realization that issues transcend personal feelings? No matter how much you might personally despise another member, you may need his vote someday. And if he tells you that down the road he is going to be with you on an issue, there is an etiquette that his word is his bond.

ENSLEY: That's right. And if it isn't, you are soon done, aren't you?

It is a fantastic organization. I wouldn't give anything for the few years that I was able, as an employee, to see it in operation. It was a fantastic experience.

Did I tell you about witnessing the attempt on Truman's life?

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BAKER: Not on tape. This was the 1950 incident?

ENSLEY: In the fall of 1950, as you know, Truman was staying in the Blair House because they were rebuilding the White House. I was over at a meeting at the Council of Economic Advisers on the third floor of what is now the Executive Office Building, overlooking Pennsylvania Avenue just across the street from Blair House. I was talking with the members of the Council. We heard some shots. With my experience in Guam during the war, I knew it was gunfire. I looked out the window and there was a policeman in the middle of the street, lying down shooting at somebody trying to go up the steps to Blair House. I guess there were forty of fifty shots in all and, as you know, there were some deaths there. Fortunately Truman was asleep in Blair House and they weren't able to penetrate the door.

I went down and looked around and got a cab back to the Capitol. On my way to my office, I stopped in the Senate Press Gallery and told them. They knew nothing about it. The news hadn't gotten up here yet. It was just minutes after it happened.

I wrote my parents of this incident. Over ten years later, upon their death, we found a box of clippings which I took East. This year (1985) I thumbed through the clippings for the first time and discovered a clipping from my hometown newspaper reproducing the

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letter I had sent my parents. I had not realized that they had shown it to the newspaper. (See attached copy of the clipping).

Several years later [on March 1, 1954] committee clerk John Lehman and I were going

up the elevator in the Senate wing of the Capitol and there were four people who got on the elevator in the basement. A girl and three men. I kind of thought that they were perhaps Puerto Ricans. Of course, those involved in the attack on Truman nearly four years earlier were Puerto Ricans—this nationalist group. Well, these four people got on and, as we rode up the elevator, they wanted to get off at the main floor and they said, "What is the direction to the Senate gallery?" We pointed out how you go down this way and this way and so forth. We were on one of the back elevators.

Well, about an hour later Senator Flanders and I walked across to the House floor to meet Chairman Jesse Wolcott to review some Joint Economic Committee matters. As we approached the door to the House, people were coming out from all directions, from the gallery and from the House floor. These folks that had ridden up the elevator with us had missed directions and had entered the House gallery and shot five members. They had probably intended going to the Senate gallery, but by some mischance, ended up in the House gallery. That's the only explanation I have for it. I went back to my office and turned on the radio. The news was on and the announcer

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indicated that the police had caught the "three" suspects. Well, we knew there were four in the group. So we immediately got in touch with the police and said that we thought it was the same group we rode up with in the elevator, and in that group there were four! The police went down to the bus depot, among other places, and they caught the fourth man.

BAKER: That is one of those events around here for which everyone remembers exactly where they were on that day.

ENSLEY: Just like John Kennedy's assassination. I was at home in Scarsdale, New York in bed with a bad back. I was listening to a football game on radio when the announcement came of the Pearl Harbor attack on December 7, 1941.

BAKER: In thinking about the time that you were here with the Joint Committee, it occurs to me that one of the characteristics of Congress during the period from 1947 to 1957 was the closeness of party division. During that entire time there was only a handful of votes separating the parties. When Robert Taft died in July 1953, he was replaced by a Democrat, with the result that the Democrats actually had more votes than the "majority" Republicans. This drove the new majority leader, William Knowland, crazy.

ENSLEY: I had forgotten about that.

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BAKER: Was that a factor in your daily life? People will argue that it makes parties a lot

more responsive to one another when they are so closely divided.

ENSLEY: Oh, yes. In the next Congress, we had Sam Rayburn and Lyndon Johnson as the leaders in the closely controlled Democratic Congress. They worked very well with Eisenhower. Partly because of the closeness of the votes. I think, too, it was a credit to the men involved, to both Johnson and to Rayburn. They helped the Republican Administration a great deal. I sometimes think that we don't have as much of that today.

On the other hand, the opposite party may be too accommodating to the majority if the wrong policy is being pursued by the party in power. I was critical of the Democrats in 1981 for going along so quickly with the Reaga-led 25 percent reduction in the personal income taxes. I thought the large tax cut was premature. I tried to lobby with my Democratic friends on the House side. But, they said, "Oh, let the Republicans hang themselves." Currently the House Speaker says that, "We are going to get the tax reform bill through the House this year; we are not going to take any chance of being criticized for not doing so." It might be a terrible reform bill, but they will pass something. There is lacking a certain amount of responsibility, it seems to me. I realize I shouldn't get into

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currently controversial things here, but it just seems unfortunate. Actually, tax reform is always in order and the Ways and Means reform bill looks good.

When I think back upon the decade I was here—sure there was a lot of partisanship—but it seemed to me that there was more of an attempt to accommodate each other and work for the common good. I might be wrong. I guess it is just old age.

BAKER: But you are raising a very important point—the problem of the interrelationship of politics and economics. You were in a position to try to make that relationship work.

ENSLEY: It was my whole life. My goal was to try to seek and achieve areas of agreement and get on with some constructive legislation or some constructive action.

BAKER: Here you were, sitting in the Joint Economic Committee with responsibility for developing a non-partisan or bi-partisan approach to economic policy. You must have felt an awful lot of forces coming along trying to take the statistics and the indicators and twist them to particular partisan ends.

ENSLEY: Yes. You just had to do the best you could. Fortunately, I hired the entire staff, except for two or three people

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who were there when I came. And they were selected on a non-partisan basis so that we truly had a non-partisan staff. We had a great deal of loyalty to each member of the committee. But we didn't have any employee who was there by reason of one of the members persuading me to hire that person. It was somewhat unique here on the Hill, I think. I didn't have to do much firing and hiring, but I never had any member of the committee question me about how I handled the staff.

BAKER: That's an awfully tall order. When Joseph O'Mahoney took over as chairman from Robert Taft in 1949, how did that work?

ENSLEY: Well, I was not at the executive session. In fact, I was not an employee of the committee at that time. I was still with Senator Flanders. I think it was an easy meeting. Taft and O'Mahoney got along well. They understood the mechanics of the operation. They might disagree on policy, but when it came to organization and committee machinery there was no problem.

BAKER: Did you think that some of that came from the sense that the joint committee was essentially a study committee.

ENSLEY: In part. We were not a legislative committee. Our responsibility under the Employment Act was to make recommendations to the other committees on dealing with the recommendations that, in the first instance, the president had in his Economic Report and in

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other economic matters as well. I remember the first hearings that we had even before I came with the committee, when Taft was chairman. The steel industry had increased their prices. There was a question about whether or not it was justified and Taft presided over those hearings. It was a completely non-partisan effort. (laughing) They were all against the steel companies for increasing prices at that particular time, nothing partisan about it at all. The next year we had more hearings when they increased them further and O'Mahoney was chairman.

BAKER: Did you have a sense of rolling a rock up a hill? Once you had done a study and had come to some amalgamation of policy matters and academic thought and so forth, then it was up to the individual legislative committees to take the rock and keep it going.

ENSLEY: We worked hard to induce the legislative committees to act on our recommendations. In most cases there was cross representation with the legislative committees. But there was also the role that I viewed the committee as being a force for influencing broader public policy, public opinion and, of influencing the administration downtown. For example, in 1950, we were concerned about our highway system. We came up with the idea that maybe we should have a study of it and we did. We got the agencies downtown to come up and have some input. We published a study that was the forerunner for the

whole Interstate Highway System. We gave the report a fancy title. But the initiative came from the Hill. It was a \$40 billion program of highway construction.

BAKER: So just by airing these issues and bringing together the best of thought, in that alone you can take an awful lot of pride.

ENSLEY: The study of Russian economic growth compared with United States economic growth was a pioneering study in 1955. It did not have any bearing on immediate legislation. I suspect that maybe it was used by the defense agencies and other groups. As I pointed out earlier, we were able to draw upon the agencies inside and outside of government that had access to information and could analyze that information. But, we were in a position to publish it under the auspices of the Congress. That meant more than maybe just some professor issuing something in an economic journal. So we did have a platform that we tried to use constructively for the general good.

BAKER: Beyond that, did you feel an advocacy role to go to people such as Senator Burnet Maybank on the Banking Committee, Walter George on the Finance Committee and try to get them to follow through?

ENSLEY: I was working all the time on that. I took a position of not only coming up with a recommendation, but doing everything I could that was logical and within the ground rules of trying to get it accomplished.

BAKER: Let's get back to the question of the structure of joint committees in general, apart from the Joint Economic Committee. Some senators have had complaints about joint committees. In fact, we see fewer joint committees these days. Why do you suppose that is?

ENSLEY: That's right. I think there is a turf problem and also it can permeate down to the staffs of the House or Senate. There is a certain natural and understandable jealousy. Some of the rules of the House are different from the Senate. As I said, when they got together on this Joint Housing Committee in 1947 the House people couldn't use proxies and the Senate could. It made for a very messy organizational meeting. It left some deep marks there that lasted for the whole period that the study was underway. It actually meant that the true majority was not the working majority. When Flanders and Tobey and the Democrats of the two houses had more votes than the rest of the Republicans, it was the minority that created the machinery and hired the staff and pioneered the study and came up with a big report that did not have the backing of the true majority of the joint committee. That was unfortunate, I think.

BAKER: Was Jesse Wolcott the first House chairman of the Joint Economic Committee?

ENSLEY: Yes. In 1953.

BAKER: So, the committee had been in existence for six years, always with a Senate chairman.

ENSLEY: Always with a Senate chairman.

BAKER: Why was that?

ENSLEY: I think that in 1953 the House members, even before the 1952 election, had come to the conclusion that it was about time that they have the chairmanship on their side. And I agreed with them. I couldn't say too much, because the chairman that I had been working under for four years, Joseph O'Mahoney, was up for reelection. But he was defeated and it was just almost automatic, I think. It would have been either Wolcott or Flanders as the Republicans had just won control of both houses. I think, frankly, that Flanders would have been a better chairman. I think the Republicans at that time felt that it would be better to have a more down-the-road Republican as chairman. And Wolcott was their man. That's one explanation of it. But, logic was with them. It should rotate. It just hadn't because of the dominance of members like Taft and O'Mahoney. They were so prominent on the Hill generally. About this time we

developed some written rules for the committee. The first rule agreed to was that the chairmanship should rotate every two years between the Senate and the House.

BAKER: Just a couple of questions to conclude. I was reading with great interest the transcript of the 1966 commemorative meeting—the twentieth anniversary—of the Joint Economic Committee. You were selected to serve as chairman of those proceedings.

ENSLEY: That was a great honor.

BAKER: I read those transcripts extensively and you clearly ran that meeting. You were very much in control.

ENSLEY: Well, we had worked a half-a-year on that meeting. (See picture of press conference announcement of the special committee in the United States Capitol in October 1965.) I came down from New York many times and worked with many members of the committee. I walked the plan around for conducting the meeting. We were going to have it here in the Senate, but there was no room at that time big enough. So, we had it over at a hotel.

BAKER: Why did the committee decide to have that event? Did they have one for the tenth anniversary?

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ENSLEY: Yes. There was just a dinner meeting put on by the National Planning Association. It was kind of a last minute thing. I guess no one really thought about it at the time. I should have been on the ball, I guess.

BAKER: Was there any particular hidden agenda for the 1966 meeting?

ENSLEY: No. It was just the twentieth anniversary. There were two living ex-presidents, including the person that had signed the bill—Harry Truman. I wrote a letter to Chairman Patman and to Gardner Ackley, the chairman of the Council of Economic Advisers, in the early summer of 1965 indicating that they should give some thought to the upcoming twentieth anniversary. That's when they got in touch with me. They came up with the idea of forming a special congressional committee composed of non-congressmen. (laughter) But, even more interesting, I think, was the fact that they had me preside over the whole day's proceedings.

BAKER: A great tribute to you. I was a little surprised at Edwin Nourse's attitude. He asked the first question after the formal presentations had concluded.

ENSLEY: By design. He should have really been on the program itself. But at that time he was rather senior. He was of sound mind and all, but physically he was getting along in years. I wanted him

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on the program. That night at the banquet, I had him stand up. He was the only one from the podium that I introduced. He had some reservations about the program itself. You'll recall, in his remarks during the question period, he thought that maybe we should have had representatives from labor, and business, and the interest groups come and participate in the formal presentations. We had given some thought to that, but we just didn't know where to start and stop. We were going to have a good solid hour of questioning and observations. Anyone could get up. He was the first one to do it. The second one was my predecessor, Ted Kreps.

BAKER: Nourse remarked that he thought there should have been more participation on the part of the committee—that John Lehman was the only person who spoke from the perspective of the committee.

ENSLEY: No. That wasn't quite right. It was true in the afternoon when Nourse made his remarks, but that evening Paul Douglas spoke, as did Wright Patman. Richard Bolling, and

William Widnall read letters from Truman and Eisenhower, and the then executive director of the committee, James Knowles, summarized the day's proceedings. The proceedings were published by the committee: *Twentieth Anniversary of the Employment Act of 1946: An Economic Symposium, February 23, 1966.*

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BAKER: No doubt that there was a large congressional representation. I just mentioned that as preface to his remark, that he was wondering whether the "passage of the Employment Act of 1946, did that mark a subconscious or intentional departure from the traditional American principle of checks and balances and toward a monopolistic central government?" What did he mean by that?

ENSLEY: (Laughing) Oh, I don't know.

BAKER: Was there any particular significance in that?

ENSLEY: I'd have to think about that a little more.

BAKER: It seems to me that the essence of what you were doing in the Joint Economic Committee was to make the checks and balances work better, to bring the parts of the government into better cooperation and harmony and to get away from what had been going on earlier with the executive branch calling most of the shots.

ENSLEY: I think, actually, Nourse felt a little badly that he didn't have a larger role in the Twentieth Anniversary proceeding. Quite frankly, in talking with the members of the committee here, they were the ones that persuaded me not to schedule him as a principal speaker. It's the first time I've ever mentioned that. But now that you are pressing me, that was the case. I say that with great respect for Dr. Nourse because he and George Galloway sponsored

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me for membership in the Cosmos Club. So, I had every reason to be deferential to him. But quite frankly, Douglas and Patman particularly, as well as some of the Republicans that I had walked the program around to just didn't think—because of Nourse' aloofness when he was chairman—he wouldn't come up and testify. They just thought it wasn't right to put him on the formal scheduled program. I think he wasn't too happy with the format of the meeting as reflected in his observation there. But, I went out of my way to alert him, several days before, that I was going to look to him first to get up and make some observations when we came to the questioning period. Frankly, Patman just didn't want his name showing on the printed program.

BAKER: Some strongly held memories.

ENSLEY: That's right. These were senior people on that committee and they remembered his refusal to come up and deal with us. Now that you've put it on the line, I'll give you my explanation of it.

BAKER: At that session, you said at a moment of great importance, that "one of the greatest achievements of the Employment Act during the past twenty years has been the improvement in economic knowledge and the use of that knowledge by public and private policy makers. I believe that no area of American life has witnessed a more dramatic revolution than in this area"—Do you still agree with that?

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ENSLEY: Well, (laughing) I get a little disillusioned once in a while. I must say that so much of the product of the joint committee now is a Democratic party statement, if they are in charge and a minority statement by the Republicans. I just don't think the committee today has the influence or the respect that it had in those good old days. I might be wrong. It probably isn't fair to say, but I don't think that it is as attractive for prominent members to come on the committee as it once was.

I remember when Senator Goldwater of Arizona had just been elected to the Senate in 1950. I knew we had a Republican vacancy on the committee. I had studied Goldwater's background. His experience as a department store operator and as a citizen out in Arizona. I thought he would be a good member of the committee and I wrote him a letter. "You are coming in January. There's a Republican vacancy. Why don't you give it serious consideration." And he did. And he was appointed to the committee. After I left, he stayed on for a few years and then he resigned from the committee. Years later I saw him at a restaurant and I reminded him of how we had worked together on the Joint Economic Committee and he said, "Yes, but the committee isn't like it used to be."

BAKER: When do you think it began to change?

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ENSLEY: (Laughing) I hesitate to say it was when I left. Paul Douglas was a good economist and he carried on in a very respectable way. Dick Bolling was a fine man, but he got tied up with the House Rules Committee and other areas that he couldn't provide the leadership. I must say that when William Proxmire was elected chairman in 1967, I got a call from his secretary saying that he was going to be in New York the next day, and he was wondering if he could come up and see me. I was president of the National Association of Mutual Savings Banks and located in the Pan American Building and he came in to see me. He wanted to know if I would come down as executive director of the Joint Economic Committee. I was honored, but with four kids in college at the time, it wasn't possible for me to get away.

BAKER: One final broad question. Do you see any fundamental structural weaknesses in the way that Congress and the executive branch operate today to formulate and implement economic policy?

ENSLEY: Not if you adhere to the intent of the law and of the Constitution. We've talked of the responsibility of the executive in carrying out the purposes of the Employment Act. We have a Budget and Accounting Act of 1921. It has been amended off and on since, but it is still a model law, placing the responsibility on the president of the United States to develop and bring up the budget program of the federal government for the next fiscal year. And

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through amendments he must make some longer run projections. It is a clear-cut piece of machinery for our government for developing its program. But, I must say, I don't think we are getting that type of leadership today. You have President Reagan talking continuously about amending the Constitution—forcing a balanced budget and an item veto. I can see some values of an item veto, but I can see how it could be used to penalize and punish members of the Congress by deleting some specific program that means a great deal to them back in their districts. And, yet President Reagan hasn't come up with a program for a balanced budget in his five years in office. I think he is not carrying out the intent of the Budget and Accounting Act. He is concurring with the Gramm-Rudman-Hollings amendment to the current debt ceiling bill, which creates a structure which really puts off what should be done now—namely, moving aggressively to narrow that deficit, either through tax increases or expenditure cuts or both. If the amendment is enacted, and we will know in a few days, it will create new machinery, but no Congress can really bind the next Congress. There are many ways in which it can get around Gramm-Rudman. But yet, it apparently gives the Congress something to vote affirmatively on and go home saying they have done something about the deficit, when they really haven't.

One of the values that I see in the Gramm-Rudman-Hollings amendment is that it might force the president, when he puts together

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a budget next January for the fiscal year 1987, to find that the only way he can accomplish the defense buildup and take care of the minimum requirements in the non-defense areas is to increase taxes.

Now, with respect to the Congress, I have already criticized the Democrats for their behavior in 1981 for just going along with the premature tax cut and apparently today going along with the adoption of the Gramm-Rudman-Hollings amendment in the House. In both of those instances, it was the House Democrats saying, "Well, let's let 'em have it, because they are going to live to regret it and the country's going to have a political reaction to it." I think that is unfortunate. When I was up here on the Hill, I don't think you would have had Rayburn and

Johnson proceeding in that manner. I am concerned about the persistent deficit here and the fact that some of my most conservative friends think it is wonderful. I refer to it as Keynesianism going wild. It just can't go on forever. It might go on for another year or two or three. Who knows. But, all you need is the Japanese and the other foreign investors in this country saying, "We're going to take our money out." And you could have a panic.

I think the Congress is lacking in leadership in handling budget matters—both appropriations and revenues. When the new fiscal year begins on October 1, very few of the appropriations bills have been passed. And there is no effective machinery for reconciling revenues

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and expenditures. The legislation of the 1970s calling for early resolutions and goals looked promising and was perhaps in the right direction. But Congress seemed unable to face up to its fiscal responsibilities.

BAKER: But history does offer a few lessons. You came in on this whole picture in the wake of the Great Depression. You grew up in the Great Depression and knew what that was like. You had an opportunity to implement some of your ideas, particularly when looking toward the period after World War II. You seem to have made a career of trying to integrate, to bring statistical sources together, to bring agencies together for unified planning. And I gather that you are saying that you are really seeing a falling away from that.

ENSLEY: I think we have had some retrogression in recent years. The decline in the accuracy and completeness of our statistical programs is a good example. It does not involve a great deal of money, but it is a cost that I am sure some budget directors feel is less important than other things—than cutting taxes, for example. I think it is leaving us in a bad way.

You mentioned lessons of history. When I was in the University of Washington in the early 1930s, my professor was James K. Hall. He died in 1962. We created a memorial fund giving financial assistance

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to promising graduate students in economics. This is very near to my heart. So, last June the University had me come to the presentation of this year's award. They asked me to speak to a faculty and graduate school group luncheon about my experience working my way through the university in the depression of the 1930s. They taped it. I'll leave a copy with you. (See Appendix)

BAKER: On the first of June, 1957, you took on a new position and career as president of the National Association of Mutual Savings Banks.

ENSLEY: As you can imagine, during the time I was here, I was approached on a number of occasions by big commercial banks to join their organizations. A large corporation that I won't name wanted me to come and rationalize its bigness. This was in the days that there was criticism of big companies. Some people thought they should be broken up into units. I was also approached one time by a large oil company that wanted me to come and rationalize its tax depletion allowance. These offers were constantly coming through. And they were very attractive from a monetary standpoint. But I couldn't face the philosophical adjustment required. In 1957 I was approached by Booz-Allen & Hamilton. This consulting firm had just made a study of the mutual savings bank business and thought it should have a stronger national association with a strong executive director. I gave a lot of study to the mutual thrift industry. The philosophical

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adjustment was not too great. A mutual institution is managed by a group of trustees. It operates for the benefit of the community. I joined their ranks for twenty years—1957-1977. Unfortunately, today—after I retired a few years ago—many of them are converting from mutual to stock, which bothers me. So, it is just as well that I have retired.

My final position, an unpaid honorary one, was president of the International Savings Banks Institute between 1975-1978. ISBI is an association of government and private mutual savings banks from now over one hundred countries. It is based in Geneva, Switzerland, with a professional staff. The president is elected by members for a three year term. He is a spokesman for savings banking around the world. We traveled the world over several times during this period. The president serves as chairman of the board of directors, presides over the annual general assembly of members, and the International Congress, which meets every three years.

In closing, Dr. Baker, let me tell you how much I appreciate your indulgence. These hours with you have been the crowning achievement of my life. I have three requests.

First, perhaps the attached list of publications of the Joint Economic Committee during my association with it can be included as an appendix to this document (the Eightieth through the Eighty-fifth Congress). I

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participated in the preparation of virtually all of this material as associate, acting, and during the last six years, as executive director of the committee. The list of publications is prefaced with a notice of their availability. A few years ago, I transferred my personal copies of all these publications to the Truman Library in Independence, Missouri where they are readily available to scholars and historians.

Second, I'd like the last half of Edward R. Murrow's news broadcast of March 15, 1955 printed as an appendix.

My third request is that the attached biographical information be included as an appendix.

Thank you.

BAKER: Dr. Ensley, thank you very much for a most informative series of interviews.

ENSLEY: Thank you.

[End of Interview #2]

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