

Thomas J. Watson, Jr. Oral History Interview –JFK #1, 11/30/1965
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Biographical Note

Watson, Thomas J., Jr.; Vice Chairman, Business Advisory Council; chairman of the board, International Business Machines Corp. (1961-1971); member, Labor-Management Relations Committee (1961-1969). Watson touches upon his role in various business organizations as he discusses business, labor and unemployment, and the balance of payments. He also discusses John F. Kennedy's [JFK] involvement in dealing with those topics, among other issues.

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Oral History Interview

with

THOMAS J. WATSON, JR.

November 30, 1965

By Nelson Aldrich

For the John F. Kennedy Library

ALDRICH: Well, I suppose we might begin by asking you a simple question: when was the first time you met President Kennedy?

WATSON: Well, through his sisters I had known of him because I knew two of the sisters, Jean [Jean Kennedy Smith] and Eunice [Eunice Kennedy Shriver], for ten years before he got in the presidential ring, through a skiing interest. We had been skiing a lot together, and I suppose somewhere in those ten years between '50 and '60 I met him, and I don't just remember the occasion. But in any case during the last five years I had at least a nodding acquaintance with him when we'd cross on an airplane or cross at a party that he or his sisters were giving, that sort of thing. But it was not by any means an intimate relationship in any sense of the word although my wife had known him well enough to have gone to a Choate dance with him, and then knew all the family and had visited on the Cape. So that was a rather warm relationship, mainly through the sisters, and mainly through Kick [Kathleen Kennedy], who had died in the meantime. So that the word Kennedy always rang in my ear and rang so much really that I had some sort of built-in resistance to the name by the time they actually became facts

and I met them.

And then I suppose the next part of it was that I had grave misgivings about Mr. Nixon [Richard M. Nixon], having known him a little bit through being a friend of Eisenhower's [Dwight D. Eisenhower] and seeing a great deal of President Eisenhower. I saw Nixon somewhat in those connections. And just before election we had a Business Council meeting in Hot Springs. The U-2 had just been flown over Moscow and shot down. And the glibness with which this, in my opinion, very serious international incident was explained away by Mr. Nixon gave me considerable misgivings about Nixon. So that when the television debate came along, I made darn sure that I had a chance to see them. And the first one I thought pretty well steered me into Mr. Kennedy's corner, and after the second one it was obvious. And directly after the second one, I sent him a wire, and said: "I am for you. Can I be helpful in anyway?" And I got an immediate response saying that it was helpful just to know that I was in his corner, and if I could make some kind of public statement and that sort of thing, it would be useful. I had not ever made any public statement about any kind of political campaign, and I was somewhat reluctant to do that. And then Chuck Spalding [Charles F. Spalding], whom you probably know, came around to talk with me and asked whether I could do something more, and I said, "Well, let's leave it this way. If you have a specific situation where I could be helpful, I will be delighted to come out. Meanwhile, certainly, by all means, I will make it no secret that I am voting for Mr. Kennedy, and there is no need for you to make it any secret if it is useful in your campaign." So that then business people who began to know that I leaned in this direction thought I had lost my mind, as I'm sure you could appreciate. There were relatively few business people for him and so.... [Interruption] -- I'm trying to think of where I left you there.

Then the election came along -- I guess that was the next thing -- and he won, and among my business peers I went from a sort of a questionable character to a man of high esteem very rapidly. I was invited to do a number of things which I thought were obviously connected with the fact that I had cast my vote and my support toward a winner. And I was delighted at that, but at the same time somewhat disillusioned.

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ALDRICH: Can you be specific about that? Both the attitude of your colleagues in the business community when you announced for...

WATSON: Yes, I can be reasonably specific. After that Business Council meeting I mentioned, but before election day, there was a Business Council meeting which my wife and I attended. And we found it difficult even to engage anyone in conversation, I think the people were so sort of exercised by our position. And then right after election -- why, I had been a member of the Business Council for ten years, had never been very prominent in its affairs, never asked to be very prominent -- I was quite quickly elevated to a position on the executive committee and very shortly thereafter to a vice-chairmanship which I accepted because.... Well, actually, I talked to Mr. Kennedy about accepting it because it seemed to me that since there was some friction between that organization and him, it would be perhaps better for me to get less active rather than more

active. And he said no, he thought it would be useful to be more active. Many of the things I worked out with him I worked out personally because I used to see him frequently, and when I didn't, I worked them out with Ralph Dugnan, whom you probably know, I think much of the Business Council discussion up till the time when there was a threatened break worked out through Dungan. Then the Inauguration came along, and we had looked forward to that, but we were stuck by a snowstorm in Boston, so we watched it on TV instead of being there and sort of a part of it. I think your question had to do with up to the Inauguration, and that was about it.

ALDRICH: Well now, let's go back to the Business Council and its functions prior to Kennedy's election. What was the...

WATSON: Yes, well, the Business Council, I think, first off, it's the most blue ribbon panel of businessmen in America and perhaps in the world. Therefore, it's something that all of us prize our membership in. It's a great forum to see people that you want to see for various business matters; it is supposed to advise, or was at that

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time supposed to advise, the Department of Commerce. And in times of stress I think businessmen drop completely their narrow interest fields and go flat out for the country. It's a very inspiring thing to me to see them do it. In times of normal business, they have a business position just like a farmer has a farmer's position. So that I think that the usefulness of the Business Advisory Council -- which it was then called, and it was a part of the Department of Commerce -- it then being peacetime, was not as broad as it became when the crisis came in Cuba or at other times of national stress during World War II and during Korea.

Then Mr. Hodges [Luther H. Hodges] took over as head of the Department of Commerce, and I think all of us felt that Mr. Hodges should be the voice of business, all business, big business and small business. Mr. Hodges immediately reflected to any of us who met him an anti-big business feeling. I was never able to understand whether this was a personal position on the part of Mr. Hodges or whether this was an administrative position, and it didn't particularly bother me in one way or another, he was always very kind to me. But he began to feel uneasy with some of the provisions of the Business Council rules; namely that the membership was sort of developed within the Business Council, the list of new members submitted to the Secretary of Commerce for his approval. And he felt that since it was a government agency, it should be the other way around. I don't think he knew many so-called big businessmen or even small businessmen of national repute. As a consequence, the first panel which he put up were not at the level that I think the Business Council had been used to getting its membership from. And when people turned up, I think they were somewhat of a disappointment to the Council. Let me say, some of them were somewhat of a disappointment. At least they did not represent the kind of businessmen that had previously been represented in the Council. And this began to make a real kind of grating between Commerce -- the Secretary of Commerce -- and its membership.

In contrast, for instance, to the Secretary of Commerce under Mr. Truman [Harry S. Truman], where I had also served, I had been a member that long and the name of the fellow is the name I was trying to think of; Charlie Sawyer was Secretary of Commerce. He always attended all the meetings of the Council. He didn't always agree with everything they had to

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say, but he was always right there. In contrast, Mr. Hodges didn't come to the meetings, he was reluctant to come to dinners, he acted in every way as though he felt that if he associated himself with this group of businessmen, it would somehow be detrimental either to him or to the Administration, I never knew which. And this reached a sort of a culmination -- I believe Roger Blough was the chairman of the Council at that time -- it reached the point where the Council felt they had been insulted by the Secretary of Commerce and that they then were going to withdraw from their Commerce connection and set up their own. And that was the point where I went to the White House and saw President Kennedy and said, "I don't think that this is particularly detrimental to you, but I think you want to do it by guidance rather than have the Administration just doing nothing and have it happen." So he called Dungan and said, "Look, this thing has gone further than I had any idea it was going. Get into it with Tom and get the thing stopped," which was then impossible to do. Dungan tried in every way to get Mr. Hodges to back up, and he didn't want to. And Mr. Blough and the membership had felt they had been put upon. So then we separated and went our individual ways with the hope of being able to continue to cooperate with government in times of stress. And then there was a very unfortunate incident that further drove business away from the President. Did you know President Kennedy, as an aside?

ALDRICH: No.

WATSON: Well, he was a curious fellow in that he could place great groups of people at ease without really knowing he was doing it, at the same time maintaining a posture of great dignity. He invited the Business Council to the White House at one point...

ALDRICH: Excuse me, was this before or after the separation?

WATSON: This was just after the separation, I believe. So each of us were looking at others to wonder what was going to happen, and his Cabinet

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came strolling into this room -- there were maybe a hundred of us in the East Room -- and each Cabinet member that came in, the membership would think it was the President and get ready to rise and sit down when it wasn't. And finally he came in, and he came part way into the room and hesitated and started to talk to a Cabinet officer so that nobody arose because he wasn't really in the room. And then when he finally entered, he

entered so fast that nobody got up. And the newspapers picked this up as being an insult from big business to the President. I don't know whether anyone else has mentioned this on a tape before. But it was a curious thing, and I tried to explain it to him later because there was no intended insult whatever, and yet people read into it that here were seventy businessmen that wouldn't stand up for the President of the United States. A ridiculous position for the news to take. So that didn't make it any happier.

ALDRICH: Was he offended?

WATSON: I really never knew whether he was offended or not, but knowing him slightly I would suspect he was no offended, but I would suspect that his associates probably made much of this. There was no great love down there by any of them for big business. I once said to him -- he asked me something about how could he best approach a certain business problem so as to be most helpful to businessmen, and I said, "Well, I don't really think that's your problem because there are so few really big businessmen in the world that it doesn't really matter a great deal how they vote. And none of them are going to change and be for you. A big businessman almost has to be a Republican and a conservative. There are only a few of us that have businesses that are profitable and at the moment relatively free of government control, and those kind of people can be relatively independent. Most businessmen are going to be conservative." And he seemed interested in that, and I think agreed with me on those terms. So the Business Council thing folded and the new end result was that while businessmen admired him, I think, as an individual and as a man who brought charm and grace and excitement to the Presidency, I don't think he ever changed

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the opinion of any perceptible number of them. I think that they always felt that we would have done better with Mr. Nixon than with he. Whereas the more he did, the surer I was that he was the right leader for the United States. I don't think he ever tried to win them really, and I don't think he did.

ALDRICH: And yet many economists have pointed out that his years in the Presidency were, in fact, times of policy which were pro-business.

WATSON: That's correct. That was the paradox of the thing which was a tragedy to me. I think that he realized that, completely apart from what was helping business, the best way for the United States to move was with prosperous economy. And that meant that big business and small businesses had to be prosperous. So that each one of these things that he would bring out is suspect in business, as you know, and the tax carry back system of depreciation was very suspect, and yet it has proved to be a very good thing in most businesses. And I think Heller [Walter W. Heller] numbers that one of the main reasons for getting business moving rapidly. But every one of them that came out in any business group that I talked to, there would be weeping and wailing, gnashing of teeth about

how awful it was, and this fellow so-and-so in the Treasury Department is a bright-eyed socialist, and this thing won't work and so on and so on. And never much talk later on of, "well, by golly, it did work. We were sure wrong about Surrey [Stanley S. Surrey] and Kennedy." And that's about par for the course. That's the way the country has been working for decades, I am sure.

ALDRICH: Right. Did you participate in the Business Council as it was set up after the break with the Commerce Department?

WATSON: Yes, I did. I went ahead as vice chairman for two years and have remained on the executive committee up until right now.

ALDRICH: What specific problems did you work on at that time?

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WATSON: Well, that's a good question because one of the things that I think was valid in the suspicions of Governor Hodges, and the President, to some degree, was that the Business Council in times of peace without great stress on the country, I don't think, really worked on national problems with really constructive and valid results. There were a lot of committees of liaison with this and that and the other thing, but as for bringing about really valid results, I'm not sure they really did. I think they put the business picture before the government and in that way served a useful purpose. For instance, the government set up the guidelines, I know immediately that the Labor Committee of the Business Council talked about guidelines, talked about their misgivings about them and this and that, and that was useful. But as far as specific projects being worked on, I don't think it was much. Now I worked on a project that was not in the Business Council. And that was in the recruitment of AID [Agency for International Development] which I mentioned earlier. But I used the Business Council almost entirely to do the job, and the hundred odd candidates which we got that turned out to be actually thirty or forty employees that went abroad for AID were developed through big companies and small, mainly through Business Council leadership, and they gave me the greatest cooperation and actually produced the bodies. And we had a big meeting in the State Department, and Rusk [Dean Rusk] and the President and everybody else came over and talked, and the net and result was some fairly substantial executives, including one of our top guys, just up and left and went abroad to manage AID. Our particular fellow went to Africa and did an outstanding job. A fellow from Borg-Warner, the brother of the head of Borg-Warner, went to the Philippines, and I think he did a good job for two years, and so forth and so on.

ALDRICH: Let's go back and recapitulate on this suggestion that Kennedy gave to you about getting businessmen into AID. When did that happen?

WATSON: Well, I suspect it was in the spring of -- let's

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see, he was inaugurated in 1961 was he, so it must have been in the spring of 1961. I don't think it was as late as the spring of 1962. It was in the spring of one of those two years, and he asked me to lunch with a group of people over there, including Dungan, and he said, "All of you business people say we ought to have more businessmen in government and here is your chance. We really need business people." He was then trying to recruit a head for the AID agency and having a lot of difficulty with it. I knew of some of the names that he was approaching, and he developed some of the other names from me, and most of them either were unacceptable to him for one reason or another or flatly turned it down. It was a darn hard job. And then he got a fellow whose name now slips me, but your histories will show it, who did a very poor job, and finally he latched on to Dave Bell [David E. Bell] pretty late in the game, and Dave Bell has done a superb job with it. Meanwhile, I went to the Business Council and said, "Here's our proposition." And the Chairman said, "Well, I think we ought to help this fellow." And I said, "Well, wait a minute now, if we are going to participate, it's got to be more than help. It's got to be flat out agreement to support because the President's given us an opportunity now to staff an important offshore agency giving a lot of our money away, and this is going to be largely a Business Council success or failure so we ought to decide here in this room are we going to really make it a success? If so, you all are going to have to cough up important people that are going to be hard to let go, or I'd better tell him that we really can't do it." So they agreed to do it on a flat out basis. And then we had the difficult of making separation agreements with the people that were agreeable with the Department of Justice. And we worked that out by having the people actually resign from their companies. There was no law against giving them liberal separation allowances, which the companies did, and no law against reemploying them after they left. But if they had been killed or anything, they would have lost all of their accrued company emoluments which made it doubly difficult for them. But in spite of it they went, and I think most of them did pretty well.

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ALDRICH: In the specific case of IBM, how did you spread the word?

WATSON: Oh, I think the same way that other companies did. I got our top hundred guys in a room and said, "I'd hate to lose any of you, but the country really needs you and here is the kind of thing that we want to have you do. You'll probably head missions overseas and so forth. And I guess I got a couple or three that were willing to go. And then they went to this meeting in Washington and were screened, and for one reason or another, I think mainly on their own, decided they couldn't do it, and this fellow Bill Lawless [William J. Lawless, Jr.] did it. He was the first to head up the mission in Ghana and had a lot to do with Nkrumah [Kwame Nkrumah], had some very interesting times with him, and every time somebody would go out there either on a government mission or some other mission they would come back and tell me what an outstanding job Lawless was doing. And then he was promoted to Nigeria and worked in Lagos for awhile, and now he's back in IBM

in a top position once more. I think that some of the professional people in AID didn't think this infusion of business blood was a particularly helpful thing, but I think that the President would have said on balance that he was reasonably happy with the end result of that particular program.

ALDRICH: Now I want to backtrack again to the pre-election campaign. You said that you were willing to help in any way you could. Were you ever asked to do so in a specific way, to make that speech of support?

WATSON: No, I was never asked to make the speech of support, and I must be honest: he asked me if I could make a statement to be the press about my position, and then Chuck Spalding reiterated this request. And I was much more diffident about doing things of this nature in those days than I am now. And I said that since we had a great deal of business on both sides of the fence, and since I didn't think I was entirely a free agent as the chairman of this corporation, that I had never made such a statement in any previous campaign and would be reluctant to make it in

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this; however, if it became a matter of crucial importance to him, that I would consider doing it. My point being that I didn't think that I would swing a single businessman by making such an announcement and that I felt that, on the other hand, I could offend people without doing any particular good for him. And after he got in, it was curious. I went out on an IBM field trip, and I made two or three speeches where I said that since I had held my tongue prior to the election, I did want to gloat just a little by telling them what a terrific President I thought we all had, and he was the President of all the people. And I got a lot of letters. I find that if a fellow comes out of school, having worked his way through school, and is very poor and he suddenly makes a lot of money (and here in IBM they can go from college to the twenty-five thousand dollars level, if they are really bright, in four years, four to five years. It's awfully rapid. It's a commission operation so they're selling that kind of business, but it's very rapid.) They turn very rapidly from liberals into ultra-conservatives. And while I thought I was chairman of a corporation of starry-eyed liberals, I found that if I wanted to be in politics, I might as well quit, and if I wanted to be chairman of IBM, I might as well keep my opinion to myself, politically. There was never any questions about where I stood, but I didn't make any more public statements about it.

ALDRICH: Were you ever approached as a contributor to the campaign?

WATSON: Yes, and I did contribute. I don't remember what. I was embarrassed the other day because one of my directors came to me and said, "Look, if you have made money, you darn well ought to support the party of your choice to the absolute limit of your capability." And I had never really thought of it. I'd given a few thousand dollars, I don't even remember how much. So I did that in the most recent Johnson [Lyndon B. Johnson] campaign. And then I looked back and thought I had done much less

than that for Kennedy and, really, Kennedy was my introduction to the Johnson campaign, and I thought he was a terrific guy, and I was embarrassed that there was some diversity between the two. No, I

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was a contributor, sure, and I guess in the way they count those things, a fairly substantial contributor.

ALDRICH: I just wondered whom you had been approached by and...

WATSON: I think I just sent the money. I think I just asked him over the phone, "I want to support you and who do I send the money to?" And you know you can only give three thousand dollars to any given thing, so I asked him for a couple or three different things, and I sent a check.

ALDRICH: Well, now to.... Again, I suppose through your connection with the Business Council, you may have been privy to some of the background in the steel price increase episode.

WATSON: Well, I was privy to it more through non-Business Council relationships than Business Council relationships, and I speak without knowing anything about Roger Blough's side of it. I've never discussed it with Roger Blough. But I worked at that time on the President's Labor Management Committee which President Kennedy made very active, he attended all the meetings of, and we felt very much a part of the Administration. Johnson, it hasn't been as active under President Johnson, and I think it's almost dead, and I'm serving in another commission that sort of supplants it in a way, called the Automation and Unemployment Commission, which is Johnson's concept. But I knew Goldberg [Arthur J. Goldberg] real well and still do, and admired him tremendously, and when I read that in the paper, just as an individual not knowing a thing about the background I thought, "Oh my God, what an awful thing to have an important business do at this particular juncture." Because it was obvious to me that you could not get a labor settlement without an increase -- and that was a labor settlement essentially without an increase through the good offices of Kennedy's influence and Goldberg's influence -- and then have a price increase without just a terrible explosion. And I was flabbergasted for two reasons: one,

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that they would do it under those conditions; and two, that they did not forecast what was going to happen which was, you know, going to be a terrible explosion. I take it they didn't anticipate that explosion, otherwise they certainly wouldn't have done it. But I think most people would have recognized that a one-sided thing on labor without an appropriate holding down of prices on the other side would be a blowup. Then I talked to Mr. Goldberg about it at some length on two or three occasions, and he told me that, in talking with Mr. Kennedy,

Mr. Kennedy was alarmed about the thing but was surprised when Goldberg offered his resignation. And he said, "Look, I've made this settlement with the labor side of things that implied that this thing was going to be controlled. I think I've let you down, and I'm going to resign." Have you talked to Arthur Goldberg?

ALDRICH: Yes. I haven't, but he has been interviewed.

WATSON: I would think that whoever talked to him would track this as being an approximate statement of Goldberg's. And then the President said, "Oh my God, Arthur, you certainly can't resign," but I think then began to analyze the depth of this thing and how wrong it was and how he and Arthur both were going to lose substantial faith with labor if it was permitted. Then the excitement broke. And then the terrible story of business criticism concerned me because the Administration gave business just enough of an excuse for them to take off on. I mean, we talked to the Department of Justice, and the inferences of the Attorney General, and so forth, while I don't remember all of the details, were just enough for business to say, "Well, look, this means we are being controlled now as a group of businessmen, that that big stick is there. The implication is you all have skeletons in your closet. If you do something wrong, we are going to come in and hunt down those skeletons, whereas if you don't do something wrong, those skeletons can stay there." And I think that the average businessman would say, "Well, look, if there is a skeleton that's breaking the law in my business closet, come on in, hunt it down, and let's clean it up and bury it. But don't let us go free if we do what you want and make us guilty if we do what you don't want."

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I think that was the basic argument of business. And I think it's a valid position which really didn't need to come about because all they had to do was to address themselves to the merits of the steel case without getting into threats of attacks on other steel fronts which weren't exactly connected with this thing. I mean, I thought that steel had broken an agreement, and I thought the Administration had every reason in the world to be madder than hornets and to move in and get the agreement confirmed. It was an implied agreement but certainly not a silent one.

But then the Department of Justice thing, which I'm sure came in because those boys were pretty excited that night, was I thought too bad because it folded all business into a sort of a group to criticize the Administration where they really didn't need to have been aligned that strongly.

ALDRICH: Have you any just speculative theories as to why a man in Roger Blough's position could have taken the position he did without being aware of the consequences of what he had done.

WATSON: Yes, I have speculated on it, and since you are going to let me handle this thing in the final estimate in any way I want, I'd be glad to speculate on it. I

speculate that he and his PR people were sort of out of touch with reality. I just don't think they understand what was going to happen, and I think that if they had had perhaps more of an ability to test their opinions on kind of average people rather than on people that were so imbued with the steel thing... I think that steel as an industry had sort of felt that they had the right to -- how am I going to get out of this statement? -- sort of had an ability to be autocratic because of the size of their industry and the length of time that they had been in business and so forth. Steel for so long was *the* kingpin industry in America. There are so many other industries that are, you know, moving up on them all the time, and in some cases going by them, I don't think they've gotten used to the new way of life. In days gone by steel could do pretty

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well what it wanted to do in America, and the country had to follow. I think they were pretty statesmanlike about it. I don't think they abused the power, but they were the sort of kingpin in industry, and they had gone beyond that point. I talked to Joe Block [Joseph L. Block] about this, too. Have you or are you going to interview him?

ALDRICH: I certainly hope so, yes.

WATSON: Well, he'll give you some much more interesting inputs into it than I. But I think he'll tell you, I can't speak for him, but my guess is he'd say they were just out of tune with how the country was going to react; first, how the Administration was going to react. I don't think that Mr. Blough thought he had an agreement. You've interviewed him and you know. But my guess is that he did not feel that getting the labor settlement... I think he thought they were two completely different things, and he was going to use all the power he could over here to keep those wage rates where he could because his profits were being etched away and that is a responsibility of his just as it is of mine here. He had to protect his stockholders, so he wanted to get as tough a settlement as he could. They were getting pretty high wages already. So he got that held there. And then I think he turned to an entirely new thing which he felt was quite unconnected, namely, prices. Having settled this, he then wanted to raise the prices a bit to get everything back in the right balance that it had been in previous years. But the only way he could have been home free on that, it seems to me, would have been to have said to the labor people, "Look, we don't want you helping the government. We want to do this entirely on our own, and if there is a strike, we'd like to take the strike because if we take any assistance from you, that'll mean you'll want to assist us in the price area where we don't want you in for one minute." Now if he had said that, he would have been home free. But I am saying this on the basis of hindsight, and Mr. Blough had to say it on the basis of foresight. It's a hell of a lot easier to hindsight it.

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ALDRICH: Well, I was struck, in talking with Roger Blough by his almost complete lack

of self awareness in a historical dimension. It's an area where modesty or humility shades off into blindness, insensitivity. I don't mean this in a personal way, I just wonder whether there is something in the corporate structure there that let's a man or encourages a man like this to rise to the top.

WATSON: I just don't know what it is. I find myself completely out of tune in trying to discuss anything with Roger Blough. I would say he and I must be about 180 degrees apart, and who's to know who is right? But I sat watched that TV thing of him trying to explain to the press why he raised his prices -- I don't know whether you saw any of the clips on it. Well, it was tragic. Al Williams [Albert L. Williams], who is my president, and I sat and watched that and we said, "Well, now how long would we hold our jobs if we reacted to a booboo that we had made with those kinds of answers?" We concluded not very long. We've got a board that would move in and want a little more responsiveness.

ALDRICH: Well now, as far as the Labor Management Relations Committee is concerned, how many times and with whom did you meet?

WATSON: Well, we used to meet about it, I would say.... Mr. Kennedy was President for three years. Well, I would say in those three years we probably met an average of every three months. So we probably met twelve times, and the chairmanship was rotating between Commerce and Labor to keep it in balance. The first chairman was Goldberg, then Hodges, then Wirtz [W. Willard Wirtz], and then Kennedy died -- or was shot. He made it very exciting because he was always at the meetings, we almost never met without the head of the economic council, Heller [Walter W. Heller]. Heller would always be with us, and Dillon [C. Douglas Dillon] came often. Lots of people came. He made it a very dynamic thing. He asked for specific reports on specific subjects -- how do you work on unemployment? -- and we gave those reports back with a surprising amount of unanimity. We had Henry Ford and myself and Block and a couple of other fellows from industry, we had

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five from labor and five from universities. I was just amazed at the amount of agreement we were able to bring about in those meetings and in our reports, but it was mainly because of his leadership. He was there all the time, and pretty active in it.

ALDRICH: Was the policy of guidelines enunciated to you in a...

WATSON: It was discussed, it wasn't conceived by and means in that meeting. It was discussed, and I think the general opinion of that committee was that the guideline approach was a good one, but that it would only be a temporal kind of a thing and could not be a permanent kind of thing because... Well, we developed in that committee something that I had never heard of before. I'm sure history would have shown it

had it come up a number of times before, but it was just a new idea to me. And that was that there was third interest in this labor and management discussion, namely the public, and that you could have labor settlements that would be compatible, for instance, to the General Motors Company and compatible to the CIO-A.F. of L., Walther Reuther's group, and strongly against the best interests of the public. And a lot of our deliberation had to do with how do you protect the public interest in this kind of a discussion, and we thought that the guidelines were one way that you did. It was perfectly simple for a big company to make a very big labor settlement with a tremendous increase in wages and then just put that out in increases in prices in the car, and, sure, the public suffers because there is no place else to buy cars, presumably, so you pay the higher price, and then the whole economy inflates. And if you watch the public interest, it's a pretty good automatic control of inflation. So this is something the President discussed a lot with us and was quite interested in .

I had a funny aside to the President which isn't particularly historical I don't think, but when he went

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over that on Khrushchev [Nikita S. Khrushchev] visit, he had some problems communicating with Khrushchev because of the necessity to go through interpreters. And we fiddled around with IBM with simultaneous translation. When we talk about it, people always think we can make a machine where you can talk in Russian and it comes out in English. Of course, if there's somebody sitting in there, that does the difference. So I had a kind of portable simultaneous translator system made up so that he could carry it around in a couple of briefcases, or his people could, and within ten or fifteen minutes plug it in the wall and with an appropriate interpreter sitting outside get a very rapid translation, as you would at the U.N., simultaneously of any discussion. I don't know whether he used it anywhere, but we brought it out and set it up outside his office in the Cabinet Room there, and I had an interpreter plus a Russian plus an American, and demonstrated it to him, and then he tried it and was quite interested. It as kind of a fun thing to do because it pleased him so to see that there was a device that could make international conversation quite simple. I think after that they probably wired it up, it was just a matter of switches, as you know, and microphones. But I think he used that approach in a lot of his conferences from then on.

ALDRICH: Did he have any stories to tell you about his confrontation with Khrushchev?

WATSON: No, not a thing. Except that I think that he was.... Let's see, Khrushchev visited here, didn't he, under Eisenhower? No, I never even talked to him about Khrushchev. I had taken Khrushchev through an IBM plant, and so I spent three or four hours with him, but I never had occasion to discuss him with President Kennedy.

ALDRICH: What others -- apart from guidelines, the philosophy of guidelines -- subjects were brought up in these meetings with labor?

WATSON: Well, the general idea of putting... First off, everybody who looks at these unemployment figures, doubts them, and there was a lot of

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discussion as to a better means of reporting unemployment so that you could distinguish between a housewife who only wanted to work part-time anyway and was out collecting unemployment insurance versus a head of a family who really needed it. There was a fair amount of rough unemployment when we first started there, particularly in the automobile area, and Reuther could speak to that very feelingly. And the general idea of setting up a point, let's say 3 percent, at which you really couldn't go below in employment areas, and then taking some sort of public action at the point where the employment stayed above that level, that was discussed a lot. The idea of using that excess employment to build shelters, for instance, he and Adam Yarmolinsky, who was over in the Defense Department, he was interested in shelters. I was interested in shelters. I thought it showed a more dedicated position on the part of Americans if we were willing to put those shelters in and get ready> And as you know, the idea was very unpopular in the country, so it really didn't work. But one of the ways that we thought you could take up that unemployment would be to build shelters. A less negative way was the whole area of urban renewal. We discussed the fact that many European countries used the highway building program, which there is federal rather than private as it is here, to sop up their unemployment. We talked at length with the Swedes on unemployment, and we did, he came and joined the meeting and he was most interested in the fact that Sweden has an unemployment rate of I think 1 percent, something absolutely negligible. That requires taking people and families from one part of Sweden into another, away from a declining company is growing. And they do that in Sweden. Of course to try to do that in the U.S. is a much more formidable job than in Sweden. In Sweden the maximum movement is 250 miles, and here it's 2500 miles. It gets a lot more complicated.

ALDRICH: What other points were touched on?

WATSON: I think there were literally dozens of points, but it seems to me that the idea of guidelines, the idea of putting a sort of automatic point at which

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government would galvanize into action to reduce unemployment was touched on... There was a fair amount of debate between Wirtz -- and this was after Goldberg had left -- a fair amount of debate between Wirtz and, in some cases, the public members of the commission and more often on the part of the industrial members of the commission as to the validity of the figures. But these arguments always were inconsequential or non-determinative because they were the best figures you had, and you couldn't very well argue with them as long as nobody could produce any better figures. All sorts of talks of central labor pools, means of upgrading the U.S. Employment Service which I think everybody agreed had reached a very low ebb. Instead of putting people back to jobs

with hope, it ran them through a very undignified procedure of why don't you work, and are you sure you're honest, this and that. Those kinds of things. I think that was about all. We had two big conferences where we were trying to educate people in the United States on the problems of labor and management and means of getting closer together. One of them to explain the guideline idea. I don't know how much good they did, but they were big conferences that Kennedy came to and opened in each case.

ALDRICH: Could you think of some "stars" that shone at these meetings? I mean did anybody dominate them at the expense of others?

WATSON: Well, I felt that really the star, the industrial star, was probably Joe Block. I mean he had a very rigid position; he had done a lot of labor negotiating with his steel company; he didn't want to give away anything to labor; but on the other hand I think he made us all feel that knowing the subject well, he wanted to be scrupulously fair with labor, at the same time maintaining the ability to argue between labor and management. I think he was the star. There was a member of that committee that, if it's important to you, can easily find who is a labor professor at the University of Pennsylvania. I think he was the star in representing the neutral or the public side. In the labor area I would guess the meetings by Reuther and Meany [George Meany]

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were dominated by Reuther and Meany. And probably in a less sophisticated, but in a straight power way, Meany would have been the dominant factor.

ALDRICH: You were also a member, I understand, of the Citizen Committee for International Development which is an organization I'm not very...

WATSON: Yes, but I would say that I was so inactive in that as to be not useful to you in discussing it. The only other thing that I did down there that I really was active in and knew about was a little informal committee that the President organized to try to work on the balance of payments problem. Doug Dillon was the chairman, and we had some Business Council members and some non-Business Council members. We probably had a dozen meetings, generally seeing the President at one time or another during the meetings. I think some of the inputs were helpful. The law that developed that made it difficult for foreigners to come in here and borrow money at low rates to develop off-shore projects developed as a result of deliberations in that committee. The committee was very much against the law, and it went in in spite of them. I think that it's proved to have been a very useful law. It's just shut off that kind of thing. That's helped the balance of payments, but not enough. As you know, it's still a very vast problem.

ALDRICH: What are your feelings on the subject of the balance of payments generally?

WATSON: Oh, they're very mixed because it's like Vietnam, it's a very difficult problem

to solve without hurting someone. The real solution of the balance of payments is stopping the offshore spending. All the offshore spending is on the downgrade with the exception of the military payments, and I don't exactly see how you can stop that. But if you restrict corporations from spending money abroad, we've been spending money abroad since 1918 at IBM and our contribution to the balance of payments over the past five years if you include this year would come pretty close to a half a billion dollars,

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a pretty immense amount of money. These are things that are paid for abroad and bought here, so that's a favorable contribution of major proportions. Well, if we had been restricted in, say '20 to '30, or more important from '30 to '40, we wouldn't be doing that today, and there must be companies like our own at an earlier stage of development which are being restricted from doing the kind of things that we could do that now bring this money back in. So that if you try to restrict it over anything but a very limited period, I think it's very detrimental to the long term future of the country. Now, you ask, "Well, are you in favor of what's being done now?" Yes, I am. But I think you've got to have a longer term plan which will permit this plan to end after a year or eighteen months and be supplanted by another plan. What's the other plan? Cut down offshore government spending: that's what it is. It's a very difficult thing to do, but that's what's got to be done.

ALDRICH: Well, your company is, as I understand it, well known for its extremely enlightened dealings with the business communities of other countries.

WATSON: Well, I think we are, but we've been doing it an awfully long time. We are one of the old people abroad. When we started fooling around abroad, there was almost no one over there except Singer Sewing Machine. And since then there has been an awful lot of activity. But with the exception of the automobile companies, I guess we are the greatest repatriate of dollars that there is in business, and I don't think it's because we are particularly enlightened, it's just we're experienced. We've been at it for... Well, I can remember going to Europe myself as a child of six in 1920, and my father from then on was going at least every other summer and sometimes every summer. This is not a family owned company. He was just a hired hand. He took us along because he liked to travel with his family. But he was fooling with Europe that long ago.

ALDRICH: I was thinking of the policy of hiring nationals.

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WATSON: Well, that came about because we were hiring Americans solely abroad and never made a nickel and finally decided to try nationals and immediately began to make money. It was as simple as that. We started mainly in France because we had an agent in England, and Germany was still recovering from World War I, so

France was the obvious place. We had one, two, three American managers over a period of about three years and were losing money all the time. Finally my father latched on to a big mustachioed Frenchman called Delcour, and he immediately made everybody mad by restricting the expenditure of francs to a very limited point and then immediately went in the black, and the company is growing and has been in the black ever since. And we managed it entirely with Frenchmen, never had an American involved in any way in it. And that now pertains to every country in which we operate. We operate in seventy-six countries, and I can tell you right now where we don't have nationals in that country; there are that few. We don't have a national in the Philippines because our Philippine guy has died and we're covering. We don't have one up in Malaysia, and there are probably three other countries. Five out of seventy five that are not entirely nationals.

ALDRICH: Would you like to speak to the more social or general impressions you had of President Kennedy at the times you met him, whether you met him socially, which I understand from Mrs. Kennedy you did once or twice.

WATSON: Well, I don't think there was anything particularly significant about those meetings. We came to a couple, one or two of their dances; we went to that Pablo Casals party. My wife was terribly excited one evening to sit on his right at a party. I guess it was before one of their dances. I was always impressed with his charm and his graciousness, and I was always impressed by her charm, the same reaction that almost everyone had to them. A very informal party was given by a woman called Josephine Blair which became a kind of a funny party because her husband was so ardently Republican. Has anyone told you about this party? Well, it was on the

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island of Islesboro up in Maine and I happened to be in Camden when Josie Blair called one night and said, "The President's coming to the Tunney [Gene Tunney] island to spend some time, and we hope we can get him up to Islesboro." We said, "Fine. What can we do to help?" And the party materialized we got a little motor boat and went down the bay and sort of followed him up, he was sailing on a Coast Guard yawl and he had Muskie [Edmund S. Muskie] with him and Spalding, who was frequently there, and himself and a few others, and he came ashore very much dressed as a sailor and had a very happy two or three hours there at the Blairs' house. And I remember he walked out to the plane with Josie and my wife and turned to Olive and said, "This is a pretty good way to cruise, isn't it Olive?" and then stepped into this helicopter which went "woomph" and took him away. It really was a pretty good way to cruise.

But, I don't think there was anything particularly significant in those kind of meetings. He was always you know terribly gracious in remembering his friends, remembering occasions that flattered you to know that he did remember. The same kind of thing that all charming people that are terribly busy seem to be able to do in order to endear themselves to their constituents. I thought he did it better than anyone I had ever known

before. He was just a thoroughly charming guy. I really don't have much to add in the social side.

ALDRICH: No comparisons between Eisenhower and Kennedy?

WATSON: I think it would be very hard to compare them because Eisenhower was so much older than he. There was a completely different atmosphere in the White House. I would be hard put to describe it because I admired both individuals greatly. I think perhaps it would be best described by saying that if you visited a couple, and let's say you were 45 which maybe I was about when Kennedy went in there, and you visited a couple who was 68 or 69 you would find quite a different atmosphere and quite a different house than if you visited a couple who were 42. And there was just that contrast between being down there socially with Eisenhower which I used to do on occasion, a couple of times a year maybe, and

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being down there with Kennedy.

Also Kennedy had a great imagination -- either he or Jackie, I don't know which it was, probably jointly -- great imagination on what to do, like the Nobel dinner. I thought it was very imaginative to get those great people together. And all of the things they did. The Casals concert. I remember that so vividly because the President got up at the end of the concert and said, "Pablo Casals, as you know, has not played in the White House for many years." Then he referred a little bit to Casals strong political feelings, and he said, "The last time he played here was in 1911." I think that was the date. He said, "There is somebody in the audience tonight who was at that concert." And he went down and took Anna Roosevelt Longworth by the hand and brought her up, and she said a few words, a very lovely looking old lady. And it was just a sort of spontaneous gesture that was the sort of thing that endeared him.

I knew Kennedy a lot through his sisters. And the fierce loyalty of those sisters. I mean I think it's great to be loyal, and I wish I could get my sisters to be that loyal about me, but you just can't question anything that President Kennedy ever did to one of those sisters without a violent reaction, which I think is wonderful. Wholly positive.

ALDRICH: Well, can you think of any other experiences of an either substantive or social nature that occur to you?

WATSON: No, I really don't think that I have anything else that would be significant. I just think that anybody who knew that guy, and I knew him very slightly, will probably always feel it was a great privilege to have known whether you are a Republican or Democrat. And most of my Republican friends, I think, although they are universally more friendly to Mr. Johnson than to Mr. Kennedy, I just think they all considered it a privilege having met the fellow because of him being such a singularly unique individual.

He had an attribute, I guess I could say just one attribute that I envied him, he had an attribute of being able to see things that were

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substantially against his position in an individual or in a statement or in a newspaper article without just having it drive him into a rage and motivate injudicious reactions from him. I think he was a man of great moderacy, and we sure need more of that everywhere, but particularly in Washington. I think that's all.

[END OF INTERVIEW]

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Thomas J. Watson, Jr. 590 Madison Avenue, New York 22, N.Y.

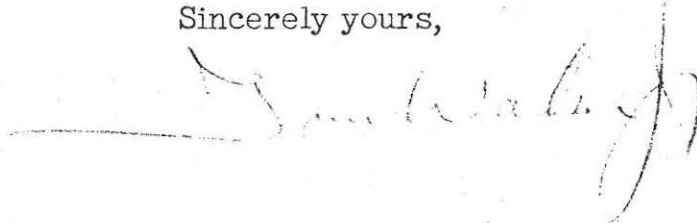
OCT 14 1960

October 14, 1960

Dear Jack,

Your performance at the TV debates has been magnificent. Olive and I have watched each of them with a great deal of interest and pride. We are confident that you are going to be successful and wanted you to know we are in your corner.

Sincerely yours,



The Honorable John F. Kennedy
1737 L Street, N. W.
Washington, D. C.

October 18, 1960

Mr. Thomas J. Watson, Jr.
590 Madison Avenue
New York 22, New York

Dear Tom:

I was delighted with your letter of October 14.

As I see it, the basic issue of the Presidential campaign is the restoration of American prestige throughout the world. The cornerstone of my program is a healthy rate of expansion for our economy. I have been heartened by the support of increasing numbers of American business leaders who are joining me in this effort. Your name and that of your company have become world symbols of American inventiveness, ingenuity and growth. It is a source of great satisfaction to me, therefore, to have you in my corner.

I would be particularly pleased if it were possible for you to play an active part in my campaign. We must meet the challenge of this critical period and move forward to strengthen our economy and perpetuate our system of free enterprise.

Sincerely,

John F. Kennedy

Thomas J. Watson, Jr. 590 Madison Avenue, New York 22, N.Y.

October 20, 1960

Dear Senator Kennedy,

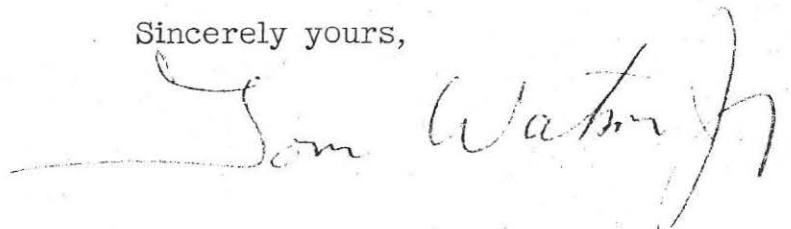
That was a wonderful performance last night at the Cardinal's dinner.

In answer to the question raised in your letter of October 18th about actively participating in your campaign, the situation I find myself in is as follows:

I do not wish to be a secret supporter, and my associates in New York and Connecticut know exactly where I stand. I also intend to continue to give financial support to the campaign. From the point of view of our company employees, I believe I should not take an active part in the campaign because I don't wish to interfere with the free environment in which our people register their votes. I'm sure you can appreciate the stockholder problem.

Should you have something special in mind, please don't hesitate to have one of your people call me. If it will fit into the policies which I have laid down for myself, I will be delighted to help.

Sincerely yours,

A handwritten signature in cursive script that reads "Tom Watson Jr." with a long horizontal line extending to the left.

The Honorable John F. Kennedy
1106 Connecticut Avenue, N. W.
Washington, D. C.