

Edward Gudeman Oral History Interview – JFK#1, 09/22/1964
Administrative Information

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Interviewer: Dan B. Jacobs

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(1906 - 1974) Under Secretary of Commerce (1961 - 1963), discusses role in the Department of Commerce working under Secretary Luther H. Hodges, among other issues.

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Edward Gudeman – JFK #1

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Oral History Interview

With

Edward Gudeman

September 22, 1964
New York, New York

By Dan B. Jacobs

For the John F. Kennedy Library

JACOBS: This is the first tape of an interview done with former Under Secretary of Commerce, Edward Gudeman, in his home in New York City, on September 22, 1964. The interviewer is Dan B. Jacobs. Mr. Gudeman, how was it that you joined the Kennedy [John F. Kennedy] Administration in 1961 when it was first taking over?

GUDEMAN: I will answer that, Mr. Jacobs, in a moment, but first let me say that I thank you very much for coming to New York and to my home to record this tape and I am delighted to make it. I have always thought older businessmen, I was 53 or 54 when John Kennedy was elected, should, if possible, do two things for the society that gave them the opportunity to prosper in business. One, serve that society by going to Washington and working for the government, or, if they preferred in local or state government and, two, teach or give seminar courses in either college or graduate schools of business. I have not done the latter. I was fortunate enough to do the former in the Kennedy Administration.

JACOBS: How did you go about letting your interest in working in the Kennedy Administration be known—how did you get your job, in other words?

GUDEMAN: Well, after President Kennedy was elected in November of 1960 I made up my mind I wanted to join the Administration. I had a high admiration for the President and had

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been a Democrat of a long standing, although not active in politics whatsoever. My wife had been active in the first Stevenson [Adlai E. Stevenson] campaign but I must say...

JACOBS: In Illinois, you mean—as Governor?

GUDEMAN: In Illinois, yes, as Governor and when Stevenson ran for President. But other than to help her count the money that she collected, I really did nothing in that situation. Now, after President Kennedy was elected I thought that one of two men would become Secretary of Commerce—Senator Symington [Stuart Symington II] of Missouri or Governor Hodges [Luther H. Hodges] of North Carolina. I had met Governor Hodges some ten years before, but of course I realized that he would not remember me. However, I phoned him from Winnetka, Illinois, where I lived and told him that I recognized he could not answer me, but that I thought he would be Secretary of Commerce—that he would be President-elect Kennedy's choice—and if so, I would like to be considered as his Under Secretary. He answered by saying that he was going to South America on a trip with other governors and that I should write him a letter which I did immediately. I told him at that time I was going to call Senator Symington because I thought he was the other candidate. I called the Senator, whom I had known in business, at his home in St. Louis. When I got him on the phone, he told me definitely that he wanted to remain in the Senate and that there was no possibility of his taking on the Secretary of Commerce position even if offered.

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I would say that about three or four weeks later I heard from Mr. Hodges who, by that time, had been designated as Secretary of Commerce. We met in Washington, had a long interesting conversation and I returned to Winnetka, Illinois. Subsequently, my wife and I went to Puerto Rico and while there I received a phone call from Secretary Hodges saying that he hoped I would accept the position of Under Secretary of Commerce and almost immediately thereafter, I received a telegram from the President-elect asking me to come "aboard."

JACOBS: When you took over as Under Secretary of Commerce what was your relationship with the Secretary and how did you carry on your duties in the Commerce Department?

GUDEMAN: The Secretary and I worked closely together. Being two businessmen, I think we knew the relationship that existed in business, let us say, between the Chairman of the Board of a corporation and the President. We each

tried to cover certain functions—I was more the internal man and he was more the external man. At the same time, we met every morning to review the prior day's work so that we were both fully informed on all matters. I think that in the many years I've been in business there is no individual with whom I worked closer than with Secretary Hodges nor was there any individual with whom it was easier or more pleasant to work.

JACOBS: Did you take part in the reorganization of the Department of Commerce which went on during those two years you were there?

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GUDEMAN: Yes, one of the first things that we did was to try to learn the organization as quickly and as thoroughly as we could. I might digress here and say that there was never any pressure put on by any politician to place men in key positions in the Department of Commerce for political reasons. We were given complete freedom to choose for each position the man that we thought was best.

JACOBS: Was this true in the U.S. Travel Service?

GUDEMAN: No—not entirely. The individual who managed the U.S. Travel Service was a man of our choice. I must admit, however, that pressure was applied, but we withstood that pressure. Possibly I should say that we had complete freedom in selecting men during the first few months of the Kennedy Administration. After eighteen months or so there were more suggestions from both the White House and the National Democratic Committee for positions than at first and I was talking above about our first reorganization of the Department. We soon learned that the Department, as it was then constituted, could be made more efficient and effective. We had an Assistant Secretary for Domestic Affairs and another Assistant Secretary for International Affairs. With the balance of payments, which I imagine we will discuss a little bit later on, being as adverse as it was, it became perfect evident that one could not separate international affairs from domestic affairs and that if the Department were to have two Secretaries, there would be overlapping. Consequently, we brought the two functions together under one Assistant Secretary. Again, for example, we had several different economic bureaus

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within the Department of Commerce. There was an Economic Bureau for International Affairs, another for Domestic Affairs, and in addition a Bureau of Economic Affairs for the Department as a whole. There was lack of coordination and jealousy. We thought that we would get better economic examination, that we would be able to advise better with the Council of Economic Advisors under Mr. Heller [Walter Wolfgang Heller] if we had one Economic Department under a capable individual. We were fortunate in convincing the Congress of our viewpoint and we therefore established an Assistant Secretaryship for Economic Affairs. These two changes were major ones as the old organization had been in

existence for years, but I believe they strengthened the Department internally and made it easier for a business man to work with the Department.

JACOBS: I think one of the first controversies your Administration encountered early in 1961 was that concerning the Business Advisory Council. It was then headed by Ralph Cordiner [Ralph Jarron Cordiner] of the General Electric Company.

GUDEMAN: That is correct.

JACOBS: And, could you go into the details of what happened there?

GUDEMAN: When Secretary Hodges and I arrived in Washington we discussed the Business Advisory Council thoroughly with

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members of the White House staff and came to the conclusion that this was an excellent and important Council. We wanted, however, to see it expanded. With some sixty-five members, we thought that it was too small and that its influence would be enhanced by the addition of what we call "smaller businessmen." The Council at that time was made up primarily of the Presidents, former Presidents and Vice Presidents of large corporations and we thought if some of the smaller companies of our nation could be represented it would, indeed, serve as a better representative of the country as a whole. In addition, if I may use the term, we did not agree with the private club atmosphere of the Business Advisory Council. For example, while it was true that the Secretary of Commerce had the veto power on any new member who was proposed, in reality this veto power was never used and was not expected to be used. We wanted to make the Business Advisory Council more an integral part of the Department of Commerce rather than an independent outside agency which came to the Commerce Department. Frankly, we wanted to have more influence in the Council. Mr. Cordiner, whom I had known for many years as Chairman of the Board of the General Electric Company, was likewise Chairman of the Business Advisory Council. Unfortunately, this was at the time when the entire case relative to the fixing of prices between various companies was being investigated. Secretary Hodges and I thought that it was impossible for the Department of Commerce to have a Chairman of the Business Advisory

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Council whose company and officers were being examined for possible unlawful acts. This presented a very difficult situation. We asked Mr. Cordiner to come into Washington and he met with the Secretary and myself around 4:00 in the afternoon. We discussed the subject of his Chairmanship of B.A.C. thoroughly with him for about an hour, but Mr. Cordiner saw no reason why he should resign. Somewhere around 5:00 or 5:30 the Secretary had to leave for a meeting and I continued the conversations with Mr. Cordiner which went on until about 7:00

when we both had to break up because of evening engagements. When we left, however, Mr. Cordiner was still not in agreement with our viewpoint that he should resign as Chairman. We felt no need for him to resign as a member of B.A.C. but we thought our position was rather sound that he should resign as Chairman of the Council. Not being able to resolve this, the next morning I called up Mr. Blough [Roger M. Blough], Chairman of the Board of U.S. Steel, and asked him to come to Washington so that we could discuss the subject and obtain his viewpoint. I did not know, at that time, that he was next in line to be Chairman of the B.A.C. and I called him because I thought he would be the best individual to express our viewpoint to other members of the B.A.C. and get their advice. After our telephone conversation there was no need for Mr. Blough to come to Washington. He agreed thoroughly with us and handled the matter. Mr. Blough was elected Chairman of the Business Advisory Council and we continued our conversations

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with him, but, unfortunately, we disagreed in basic philosophy. I say basic philosophy, but probably the disagreement was not as great as it appeared to be at the time. We proposed the introduction of smaller businessmen as members; widening the base to possibly seventy-five, eighty-five members from the sixty to sixty-five that existed at that time; selecting men from different parts of the United States so that each section of the country was represented. In addition, and I forgot to mention this before, we suggested that possibly some businessmen could be found who thought a little more broadly than the present members. We also wanted the meetings to be open so that the press could be present and we indicated to Mr. Blough that this was a requirement of government. Much of what we stood for indicated a desire for more interference from the Department of Commerce, more interference from the Secretary of Commerce. There was resentment from the B.A.C. membership, or possibly I am using the wrong term—there was at least disagreement. As a consequence, Mr. Blough called upon the President and said that he wanted to break the B.A.C. off from the Department of Commerce, that, as he put it, he wanted the B.A.C. to widen its base and serve all functions of government, all departments of government, rather than to be restricted only to the Department of Commerce. A select group from the B.A.C. discussed the subject with the President, and it so happened that I was present because the Secretary was out of the city. The

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President said that he was sorry that this was occurring, that he disagreed with Mr. Blough, that he thought our differences were not as great as appeared on the surface, and that he thought we could work out our problems. Mr. Blough disagreed and, as a consequence, the B.A.C. broke off from the Department of Commerce. Since the name "Business Advisory Council" was the property of the Department of Commerce, the organization changed its name to B.C., namely Business Council. Our relationship thereafter with the B.C. was a cordial one and the members were most helpful to us. There was never a time that we could not go to them with a problem, an idea, or ask their help that it was not freely given and we met with them any number of times thereafter.

JACOBS: I presume they continued to function in the way that they had—in the way that you had objected to and that they continued to maintain approximately the same membership.

GUDEMAN: Yes, as far as I know, that is the case—at least until I left the Administration.

JACOBS: What date was that?

GUDEMAN: That was in February of 1963.

JACOBS: Was there anything more on the Advisory Council?

GUDEMAN: I do not believe so. No, I think that covers it.

JACOBS: I think we might take up the steel price rise controversy next. Was there anything in the earlier situation with the Business Council that—and Mr. Blough—that was a

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precursor to the steel price rise controversy approximately one year later in the Spring of 1962?

GUDEMAN: Well, I do not believe that I am in a position to answer. I think one can speculate that had the B.A.C. and the Department of Commerce remained as existed formerly, before our break off, possibly Mr. Blough would have come to the Secretary of Commerce and talked to him about the increase in steel prices. But that is strictly speculation and the way in which he did present this to the President certainly mitigates against that type of handling.

JACOBS: Did you have any indication at the time as to why Mr. Blough chose the manner—abrupt manner—that he did in coming to the White House and presenting the President with a *fait accompli* on the point of having already raised the steel prices of U.S. Steel?

GUDEMAN: No, Mr. Jacobs. I have no idea. I have speculated on that any number of times. I have known Mr. Blough a long time. I respect him and admire what he has done both for society and in his own company. I think he is a man who acts in that manner and I would have no other speculation.

JACOBS: What was your own experience in regard to this particular issue when it arose—in April 1962?

GUDEMAN: Yes, that is right. Actually, as far as I was concerned, this was one of the highlights of the time I spent in Washington. Exactly what happened is this. As you know, it

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was very late afternoon when Mr. Blough notified the President about the increase in prices. I was still in the office but did not hear about it, left for home shortly thereafter and went out to dinner with my wife. When we arrived home later in the evening there was a telephone call for me to call Walter Heller, who, as you know, headed up the Council of Economic Advisors. I called him and he told me about the price increase. I was amazed, I was really stunned, and I was in complete disagreement with the action. I thought that, from the figures which I had seen both in the Department of Commerce and at the Council of Economic Advisors, there was no need for a price increase at the time. What was required was greater production of steel which would have provided more dollars profit as well as a greater percentage of profit because the steel industry would have been working closer to capacity than it was at that time. I thought that an increase in price was exactly the wrong move at that particular time, as I have said. I felt that it would continue to increase imports of steel which were on the rise; that it would mitigate against our expansion of exports which we needed desperately in order to help the balance of payments. Obviously, late at night there was nothing that an individual could do. When I arrived at the office the following morning, about 8:00 Washington time, I decided to call Mr. Joseph Block [Joseph L. Block], Chairman of the Board of Inland Steel and get his viewpoint on the subject. Mr. Block, whom I had known for years in Chicago was a member of the Labor-

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Management Committee and I saw no reason why I should not talk the matter over with him. When I placed the call to his home, because it was only 7:00 A.M. Chicago time, I found out that he was in the Far East and, therefore, I called another member of the Block family, Mr. Philip D. Block [Philip D. Block, Jr.]. I caught him at home eating breakfast and asked him his opinion. He said that he knew nothing more about the price increase than I did, that he had only read it in the morning newspaper, and had heard it over the morning radio. I asked him whether he would be kind enough to phone me after he had discussed the subject further with his associates and tell me what he thought. He said: "Well, I'll tell you this. Inland Steel will take no action before talking to you, Eddie." He did not say that he would talk it over with me. He said "you will be advised in advance." All that transpired by about 9:00 in the morning. I went about my business in the Department of Commerce. I phoned Walter Heller and told him what I had done and shortly thereafter I got a call from Mr. Feldman [Myer Feldman] of the White House staff asking me whether I could call any people in the steel industry and get their feeling on the matter of the price increase. I repeated to him what I had said to P.D. Block. Then I called Mr. Joe Hall [Joseph B. Hall]. Mr. Hall was Chairman of the Board of the Kroger Company, but was on the Board of Directors of Armco Steel.

JACOBS: Is that H-a-1-1?

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GUDEMAN: Yes—Hall—he lives in Cincinnati. I discussed the subject with him and found that he was very much against the price increase. Then I asked whether he would, as a Director of Armco, talk to some of the officials of Armco, giving his own opinion, as well as the opinion of the Administration, and would he then call me back if he received any direct answer. Within a short time he did call me back and said, “I have nothing to report to you except to say that Armco is not going to follow the lead of U.S. Steel immediately. They are going to think this over a while—they are going to take their time and they are not going to act precipitously.” I then phoned Mr. Finley Griffith, a longtime friend of mine, and President of the Acme Steel Company in Chicago. I expressed the same viewpoint to him that I had done to Mr. Hall and Mr. Block, namely, that this was the wrong time to raise steel prices but he disagreed with me completely. He said that his own company had been losing money and that when they had made money they hadn't made a sufficient return on capital and that he was following the lead of U.S. Steel immediately. We discussed this for some period of time, but he was adamant. There was no swaying him and, I must say, on the other hand, that he did not sway me. That covers the part I played. I do not remember now whether it was twenty-four hours or forty-eight hours later that Mr. Block called me from Chicago and said, “We discussed this matter fully and we are not going along with the price increase.”

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JACOBS: This was Phil Block?

GUDEMAN: This was Phil Block. I asked him whether he had covered the decision with Joe Block and he said, “Yes, but the connection—the phone connection—to either Hong Kong or Tokyo was so bad that he was not sure Joe understood exactly what he was talking about, but that was their opinion and that within the hour he was going on television in Chicago and announce Inland Steel's position.” That was the end of the steel situation.

JACOBS: This is the end of the first tape of an interview with former Under Secretary of Commerce, Edward Gudeman, done by Dan B. Jacobs on September 22, 1964.

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JACOBS: This is the second tape of an interview with former Under Secretary of Commerce, Mr. Edward Gudeman, done in his home in New York City on September 22, 1964. The interviewer is Dan B. Jacobs. Mr. Gudeman, I know that when President Kennedy took office in January 1961 he was quite concerned about the balance of payments problem. I wonder if you would tell us what your own

experience was in the Department of Commerce and working with other agencies in attempting to cope with this problem.

GUDEMAN: I will be glad to cover this subject because it is important today and was important to the Commerce Department during the Kennedy Administration. I would say, probably four to six months after inauguration, the President organized a committee to study the entire balance of payments problem. This was made up of Treasury, Defense, AID, State, the Council of Economic Advisors, and Commerce. As far as the Defense Department was concerned, the problem was to reduce to a minimum purchases abroad, for both material and the daily needs of servicemen and their families. I might add that over the next year Secretary McNamara [Robert S. McNamara] did a magnificent job in reducing expenditures abroad. The same was the situation in the AID, but here, as you know, even at that time, close to 80% of all the goods that AID needed abroad were bought in this country. As far as the Commerce Department was concerned, our program was to work with businessmen, corporations, individually-owned companies to try to get those who were not exporting to enter

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the foreign market. As you know, only a relatively few concerns in the United States do a sizeable export volume. We believe that the primary reason businessmen did not attempt to export goods was a lack of understanding of how to obtain such business. We therefore established an export office in the Commerce Department headed up by a former advertising executive whom we called "Export Coordinator." His primary functions were twofold; first to work with all other departments which could play a part in increasing exports. The Export Import Bank is a good example and substantial improvement of warranties and guarantees were made. Second, the Export Coordinator worked directly with businessmen, chambers of commerce, the NAM, and others who could be influential in telling businessmen the export story. Over the following year he held many meetings, published brochures, tried to show businessmen that export business was not only profitable, but was not difficult to establish, and that in reality it was not as mysterious as many, particularly smaller businessmen, thought. At the same time, the Commerce Department established a Trade Center in London which exhibited American products. We tried to have a different display each month so that buyers in Great Britain could see the types of goods that were available in the United States, obtain cost prices, a method of ordering, and, therefore, begin to import that goods. Our Trade Center in London proved successful for the British market. Unfortunately, we could not expand the Trade Center program as rapidly as was essential to help the

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balance of payments problem because we could not obtain funds from the Congressional committee which handled the appropriations for the Commerce Department. Congressman Rooney [John J. Rooney] was Chairman of this committee and was unsympathetic with our entire endeavor. Since he controlled the Committee there was nothing we in the Department could do. I was of the opinion that the congressman allowed his personal likes and dislikes to

influence his decisions rather than base judgments on facts and sound thinking. I might digress to say that there was no one who was more conscious of expense than Secretary Hodges and I think I can put myself in the same category. We were both businessmen who had come to Washington from large corporations. We were used to spending only a minimum amount of money in our corporations and we carried this same spirit into the Department of Commerce. Therefore, I felt strongly that when we requested an additional appropriation to expand exports and backed up our request with facts and statistics, it should not have been given cursory attention by Congressman Rooney. It is interesting to note that all other members of Congress always gave us a complete hearing and were most conscientious in obtaining all the facts about the subject under discussion. Now back to export expansion—we expanded the Trade Fair program under which American goods is exhibited at foreign fairs. Foreign fairs, unlike the fair here in New York at this time, are for trade purposes. Those attending are buyers and wish to see the goods on exhibit, obtain cost information

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and place orders for future delivery. In fact, in most fairs immediate orders obtained at the American Exhibit more than offset the cost of the display. We improved materially the United States participation at foreign fairs by obtaining display “props” from private industry at no government cost. The Secretary and I used our former business associations to help in this regard and I believe that a major improvement was made in trade fairs. On the other hand, I must say that we could have participated in many more important foreign trade fairs which would have helped our export program had we been able to obtain the appropriation from the Congress committee. We still have the balance of payments problem, we still have to increase our exports and this problem is probably going to be with us for many years to come. I believe that the only way in which we are going to increase exports is by showing our wares. We can and should do this through private industry in the normal business fashion. The Federal Government, however, can give industry important assistance through government-sponsored foreign Trade Fairs, Trade Centers, and the like.

JACOBS: I believe another committee that you did serve on while in your capacity as Under Secretary of Commerce was the not so well-known one called the Committee on Long-Term Economic Growth. Is that right?

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GUDEMAN: Yes, that is correct, Mr. Jacobs. And I would like to comment on that for a moment for two reasons. First, I think it showed the long-range thinking of President Kennedy. He established the committee under Walter Heller of the Council of Economic Advisors to study what Federal government could do, from a long-range viewpoint, to assist in economic growth, to reduce poverty, to establish full employment, to allow people to earn more money. I think that this showed his real fundamental long-term concern because little could be accomplished within his term of office and his entire thinking here was for the welfare of the country. I said, Mr. Jacobs, that I was

interested in the Economic Growth Committee for two reasons and the second reason is strictly personal. I learned a great deal out of the meetings myself, and they helped broaden my outlook. We studied any number of matters—what the government could do in establishing private industry in poverty-stricken areas. Rather than go into all of that, however, I believe the fundamental thought that came from the committee's deliberation was that the major way in which economic growth could be hastened and enhanced was through education. I might say that personally, up to the time I served on this committee, I felt that Federal aid to education was something we should resist and that the States should handle this matter themselves. I realized shortly after our discussions started that in reality, the States were not taking care of education and that by default, if for no other reason, there was

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need for Federal aid to education. My thinking was completely reversed and I definitely feel today, that even though there are arguments against Federal aid to education, it is of utmost importance to the long-term economic growth of our country, and while I believe that the Federal government should not substitute for State help to education, I think it can supplement it.

JACOBS: Did you wish to discuss any other aspects of that Committee on Long-Term Economic Growth? Was it out of that committee that the thinking for an attack on Appalachia or dealing with the problems of poverty arose, do you feel?

GUDEMAN: I cannot state this specifically and I do not wish to give unwarranted credit to the Economic Growth Committee, but my feeling is that the entire anti-poverty program, which of course is of utmost importance, was started in this committee.

JACOBS: Let's move on to the Trade Expansion Act. What was your part in that? Did you have a role in your office as Under Secretary of Commerce?

GUDEMAN: Yes, the Commerce Department, the Secretary, and I, as Under Secretary, played a part in that program in the following way. We were present while the Administration wrote the type of Trade Expansion Bill it wished to present to Congress. We made a small contribution here and I do not want to overemphasize it whatsoever. I believe that the committee which the President established before he was elected, headed by George Ball [George W. Ball], who subsequently became Under Secretary of State, did the primary work

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in outlining the type of Trade Expansion Act required. Then, later on, when the Administration's bill was considered by the Congressional Ways and Means Committee under Wilbur Mills' Chairmanship, we carried on the discussions with that committee. As

you know, hearings were conducted over about a two-month period. The Commerce Department and the committee analyzed each paragraph, each sentence of the Act and it was our responsibility to explain and justify the Administration's position.

JACOBS: Were you in on those discussions yourself as well as Secretary Hodges?

GUDEMAN: Yes, we handled these discussions together, or rather I should say that if Secretary Hodges were in the city, he handled the discussions, but when he had to be absent, I would handle them. Of course, we had with us members of the State Department, Labor Department, as well as some of the experts in our own Department to assist us in explaining to the Congressional committee the Administration's viewpoint on any point that they wished to have covered. I think one of the most interesting aspects of the Trade Expansion Act, to me, was President Kennedy's handling. Sometime late in 1961 or early 1962 after the Administration's Trade Expansion Bill had been written and the various parts of it had been agreed upon, the question arose whether or not this should be presented to Congress in the year of 1962 or whether the whole Trade Expansion Act program should

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be held back for a year and presented to Congress in 1963. Some members of the Administration thought that we should delay until Great Britain had joined the Common Market while others believed we should present our Bill to the Congress immediately and attempt to get it passed as soon as possible. There were many discussions in the White House on this matter. The State Department believed in delaying until 1963. We in the Commerce Department thought that the Act should be presented to Congress immediately. One must remember that, at this time, the temper of the country was not behind the Trade Expansion Act to the degree that it was several months later. Businessmen, I believe, had confirmed no viewpoint at the time because the subject had not been brought forcibly to their minds. There had been no discussion by the Chamber of Commerce, the CED, the NAM, and my guess is that if a poll had been taken, at that time, businessmen would have been anti rather than pro. The President had to make a decision. Should the Bill which was one of the fundamental bills of his Administration be presented to Congress immediately or should it be delayed until 1963? As I mentioned, we discussed this several times with the President. He handled the consideration cautiously, would have a meeting in late afternoon, discuss it for a half or three-quarters of an hour, would meet again the following week, review previous discussions and introduce new arguments and considerations. I would say that it took the President a good full month to make up his mind and, of course, as we all

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know, he decided to present the Bill to Congress immediately. I think his timing was perfect as it was accepted by Congress readily, businessmen approved and the country as a whole backed his viewpoint. I think the ready acceptance of the Trade Expansion Act showed the

astuteness of the President in reading not only the thoughts of Congress but those of the country as well.

JACOBS: You don't think he read General DeGaulle's [Charles A. de Gaulle] mind?

GUDEMAN: No, I am afraid not.

JACOBS: He didn't anticipate that one?

GUDEMAN: I do not think he would have anticipated that one which has almost become a real roadblock.

JACOBS: I believe you and Commerce Department and others throughout the government made quite a point in going around and speaking throughout the country in order to inform public opinion about this.

GUDEMAN: Oh, indeed we did. And certainly here Secretary Hodges did a magnificent job, not only by explaining the Trade Expansion Act to the public, but also to members of Congress in both Houses. All of us, in any speech that we gave at that time, included a reference to the Trade Expansion Act, why it was needed, what it would do for our country, and how it would help long-term economic growth.

JACOBS: Now, there was a committee created during the Kennedy

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Administration, the Labor-Management Committee, which was quite unique and I thought maybe it would be useful if you would tell us something about your experience with that committee. That was one that I believe was Secretary Goldberg's [Arthur J. Goldberg] idea, is that correct?

GUDEMAN: That is correct, Mr. Jacobs. I think the idea of a Labor-Management Committee was one of the finest contributions presented during my stay in Washington. Secretary Goldberg had the belief that if management, labor and the public discussed problems concerning our society, solutions which would satisfy all elements would be found. He was not as interested in the subject matter of the Labor-Management Committee as he was in the fact that labor, management and the public were working together. Therefore, a committee was organized, made up of seven members of labor, seven members of management, and five members representing the public. In addition, members of the committee were the Secretary of Labor and the Secretary of Commerce. During one year the Secretary of Labor was chairman of the committee, during the following year the Secretary of Commerce held the Chairmanship. The Under Secretaries of both Labor and Commerce served each as an Executive Secretary to the committee and, of course, met with it. Now, I believe that Secretary Goldberg initiated something here which went far beyond the individual members of the committee. I have mentioned Joe Block previously in

the steel situation. Mr. Block was a member of this committee. He made a great contribution to it and at the same time, I think the committee in its deliberations

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broadened Mr. Block's outlook and gave him a more general viewpoint of the United States, its economy, its social setup, the place of labor, the place of management. I thought that the great value of the committee was not the reports on various subjects which it presented to the President, but the fact that here were men, with fundamentally different points of view on any number of matters, who met regularly for one or two days a month for a period of years. You know, the committee is still in existence and meets regularly. To me, this was a great thing for our country. I give credit to the then Secretary of Labor, Mr. Goldberg, but I also give credit to the President, because he saw the value of this committee and while he did not meet with it every month, he joined its discussions at least four to five times a year, asked questions, reviews its deliberations, read its reports carefully and commented on them. In addition, I believe the committee was influential in helping him formulate principles.

JACOBS: Under what circumstances did you leave your position as Under Secretary of Commerce?

GUDEMAN: During the Fall of 1962 I began to see that the Department of Commerce was not playing the part in general business counseling of the President and of other members of the Administration that I thought it should. I attribute this to any number of different causes. While I stated that I had the highest regard and still have the highest regard for Secretary Hodges, he was never influential in any counsel which the President had relative

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to economic and business conditions. As time moved on the President, less and less, depended on Secretary Hodges for information, influence, ideas relative to business. I believe, although I can be incorrect, that he turned more and more to Walter Heller, Secretary Dillon [C. Douglas Dillon] of the Treasury, Mr. Martin [William McChesney Martin, Jr.] of the Federal Reserve and even Secretary McNamara in Defense. I felt that my own work was becoming more internal administration and that the business background and knowledge which I had was not being utilized. I blamed this on no one—it didn't frustrate me—this is the way it was. Possibly the President was correct, possibly he did not receive sufficient leadership from the Secretary of Commerce. Perhaps the President was incorrect and maybe he should have used our Department more, but in any case, he did not do so. As I have said, I saw my own position turning into an administrative one which truly did not stimulate my imagination and therefore I thought that the time had arrived to step out of the Administration. I was sorry to reach this conclusion because I admired President Kennedy and wanted to continue to help in any manner possible. I explained my viewpoint to the President who understood it and said, and I'm glad that he did, that he agreed and that he was very hopeful at some future date I would come back in the Administration. And while I think

this is probably not going to happen, I too would be glad to return to Washington and serve again in whatever capacity.

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JACOBS: Thank you, Mr. Gudeman. This is the second and concluding tape of two tapes of an interview with former Under Secretary of Commerce, Edward Gudeman, done by Dan B. Jacobs in Mr. Gudeman's home in New York City on September 22, 1964.

[-END OF INTERVIEW-]

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