

Transcript of an April 19, 1971, Meeting

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WASHINGTON, July 19—Following is the text of the transcript of a White House tape of a meeting of April 19, 1971, involving President Nixon; John D. Ehrlichman, the chief domestic affairs adviser, and George P. Shultz, then director of the Office of Management and Budget. The transcript was prepared by the impeachment inquiry staff for the House Judiciary Committee.

President: Yeah. Let's see (unintelligible) — Ehrlichman: Yeah. (Unintelligible) antitrust thing. P. No [unintelligible]

Unidentified: Um hm.

E. We are going to see the Attorney General tomorrow, and by then it may be too late, in a sense.

P. Hm. Honestly? E. ITT case, where God knows we have made your position as clear as we could to Mr. what's-his-name over there.

P. McLaren. E. And, uh, John has said because ITT is involved, he's not involved because he's got a conflict of interest going back to the old law firm.

P. Huh, [unintelligible] E. Richard Kleindienst, uh, uh, has been supervising McLaren's work. It's the Grinnell case. It involves an attack on, uh, conglomerates, on a theory which specifically had been contemplated by the Johnson Administration and laid aside as too anti-business.

P. Kleindienst is in this? [Picks up telephone.] E. Yes. P. [To telephone operator] Dick Kleindienst. [Hangs up.] E. And — P. How long before that [unintelligible] do you expect a moratorium? E. Well, they filed a notice of appeal. If—P. Who did? E. —we do not file a statement of jurisdiction by tomorrow the case is dead, and, uh—P. Who? E. —uh—the Justice Department. P. They're not going to file. E. Well, I thought that was your position. P. Oh, hell.

E. I've been trying to give, I've been trying to give them signals on this, and, uh, they've been horsing us pretty steadily. Uh, uh, Geneen—P. Statement of jurisdiction. E. Right.

P. I don't want to know anything about the case. Don't tell me a — E. Yeah, I won't. P. —thing about it. I don't want to know about Geneen. I've met him and I don't know—I don't know whether ITT is bad, good, or indifferent. But there is not going to be any more antitrust actions as long as I am in this chair.

K. Well, there's one—P. God damn it, we're going to stop it. E. All right. There's this other one that you are going to talk to John about tomorrow on the networks.

P. Well, I don't want him to do that, for other reasons.

E. Well, that's right. This, that's—P. This is the wrong time. E. These are all coming together. P. We wanted to do that at another time

I'm done to— P. Sure, I will. P. Sure, I will. S. —see what kind of shape, but there is a section on the question of is there something new about the economy today. Has business become more monopolistic, and so on. And I go through the various studies of (Telephone buzzes) concentration and the vertical integration and—

P. (Picks up telephone.) Yeah.

Hi, Dick, how are you?

Fine, fine. I'm going to talk to John tomorrow about my general attitude on antitrust, and in the meantime, I know that he has left with you, uh, the IT&T thing because apparently he says he had something to do with them once.

Well, I have, I have nothing to do with them, and I want something clearly understood, and, if it is not understood, McLaren's ass is to be out within one hour. The IT & T thing—stay the hell out of it. Is that clear? That's an order.

The order is to leave the God damned thing alone. Now, I've said this, Dick, a number of times, and you fellows apparently don't get the message over there. I do not want McLaren to run around prosecuting people, raising hell about conglomerates, stirring things up at this point. Now, you keep him the hell out of that. Is that clear?

Or either he resigns. I'd rather have him out anyway. I don't like the son-of-a-bitch.

The question is, I know, that the jurisdiction—I know all the legal things, Dick, you don't have to spell out the legal—

That's right.

That's right. Don't file the brief.

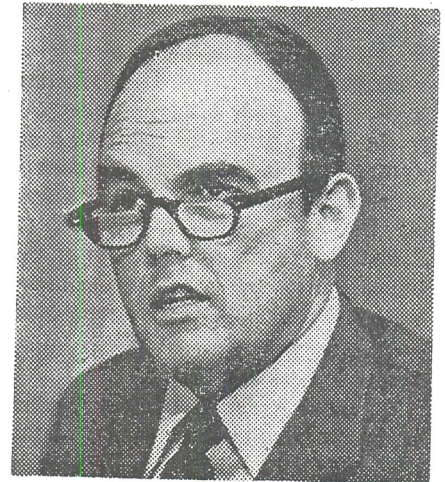
Your—my order is to drop the God damn thing. Is that clear?

Okay. [Hangs up.]

S. Anyway, looking—

P. I hope he resigns. He may.

S. If you look at concentration ratios over a period of time, on horizontal integration, if you look at ratios of sales to value added on vertical integration, what you find is no evidence of any increase in, in monopoly in American business. In fact, over a thirty-year period, and I checked this over with my friend Stigler who has made a lot of these studies. If anything, you see a decline. And in the conglomerate area is what I think we are witnessing, is, uh, a sort of a reaction to the buildup of conglomerates, which is perhaps affected somewhat by the antitrust. But basically, the market place is taken care of, in a sense that a lot of the firms that acquired businesses that they really didn't know anything about, are finding that they can't run those businesses very well, and they are getting rid of them. And, uh, so there is a cleansing process taking place. And where you have, uh, where you have a [unintelligible] of conglomerates, I believe, the case can be made, uh, rather readily in, uh, many, many instances, that they



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problem is McLaren's a nice little fellow who's a good little antitrust lawyer out in Chicago. Now he comes in and all these bright little bastards that worked for the Antitrust Department for years and years and years and who hate business with a passion—any business—have taken over. They haven't taken him over. Then of course McLaren is the man. They go into—Kleindienst is busy appointing judges; Mitchell is busy doing other things, so they're afraid to overrule him. By God they're not going to do it. I mean the point is that on this antitrust they had deliberately gone into a number of areas which have no relationship with each other, to—whether it's a question of operating more, more efficiently than the rest. There's simply a question of tactically, they've gone off on a kick, that'll make them big God damn trust busters. That was all right fifty years ago. Fifty years ago maybe it was a good thing for the country. It not a good thing for the country today. That's my views about it, and I am not—We've been, been through this crap. They've done several of them already about—They have raised holy hell with the people that we, uh, uh—Well, Geneen, he's no contributor. He's nothing to us. I don't care about him. So you can—I've only met him once, twice—uh, we've, I'm just, uh—I can't understand what the trouble is.

E. Well—P. It's McLaren, isn't it? E. McLaren has a very strong sense of mission here.

P. Good—Jesus, he's—Get him out. In one hour—E. He's got a—P. One hour. E. very strong—

P. And he's not going to be a judge, either. He is out of the God damn government. You know, just like that regional office man in, in, in San Francisco. I put an order into Haleman today that he be fired today.

E. Yeah. P. Today. Anybody that didn't follow what we're done per the latest'd have his ass, out. Unless he is a—What is he, is he a Republican hack or something?

E. No, I don't even know who he is.

P. How could he—I mean, that's ridiculous that he went through there with one—E. Five—

P. — applications out of four thousand he'd been processing. He didn't follow what we said. To hell with him. We've got to be a little bit more effective here. You're not going to [unintelligible]. Oh, I know what McLaren it, he believes this. E. Yeah.

P. I know. Who the hell—he wasn't elected [unintelligible].

E. That's the point — P. He is here by sufferance. E. That's the point.

P. And he is not going to stay one, uh, another minute. Not a minute. Because he's going after everybody, you know, just — Why the hell doesn't he go after somebody that, us —

E. [Laughs] That's been suggested. P. Did you? E. Uh, called "O'Hara—The United States Treasury," and it had a hell of a rating its first, uh, its first time —

P. "O'Hara" was it called? E. It was called: "O'Hara—The United States Treasury."

P.: I saw it. E.: They, they sent it over. P.: I saw it.

E.: Is it any good? It got a, it got a twenty-eight, uh, in seventy cities uh

opened up.

P.: Yeah. E.: Be going on now. P.: Right. Yeah.

E.: Uh, you asked for a PR plan on crime. The, uh—

P.: Get any cooperation? E.: Well, uh, we've got our boys working on it. It is going to take a little time, 'cause we're shifting into another phase on this whole thing now.

P.: What's the crime now? E.: Well, crime statistics are going to start running against us regardless of—

P.: We can do, because—? E.: —because of the entry of more and more kids into that—what is it, fifteen to, fifteen to twenty age bracket. They expect that burglaries and robberies, for instance, are going to go up thirty per cent in the next few years, just from the number of fifteen to twenty-four year olds that are going to increase. They're going to have that many more, so just statistically, the probabilities—

P.: Well, what if you can't do anything about it? E.: Well, we can't on that, probably, but there are a lot of other things that we can do and we're trying to gin up a bunch of stuff on other aspects of crime that we can get into, other than—

P.: How about turning to this, if the mugging, if the mugging [unintelligible]. E.: We're still, we're still doing pretty well there, Mr. President.

P.: Let's try to knock that down. That's where we had a responsibility—

E.: Right. P.: —and then blame the states for failing to knock this down.

E.: We can, we can do that. We can do that. P.: All right.

E.: And, uh, we've been, been working with Wilson on some more things that we could do here. But, uh, uh, George and I have been talking a little bit about our District of Columbia situation, and, we're going to have to, we're going to have to be sure that our management of that is, is very tight, 'cause the only way that we get these results is by just really keeping on top of these guys every day.

P.: Yeah. Who is, uh— E.: So, anyway—P.: Who's in charge?

E.: It'll be [unintelligible] and there will be some [unintelligible]

P.: Who's in charge in the district. Mayor?

E.: Nathan. Right. Now, then, in to the Mayor, uh, Watt, the Deputy Mayor, who is kind of [unintelligible] and to the Chief of Police. Klein's moved each one of those fellows separately, and we, we, work on each one of them differently.

P.: It can be done here in the District, and I think we can settle it.

E.: Our PR campaign itself—that's going to take a little more time than had been allowed [unintelligible] bear with us a little bit more and so—

P.: Well, we're going after drugs. We just want to be sure that we, uh— E.: —show that the— P.: show the radicals something—you doing something. John.

E.: Well, the Mafia, the organized crime thing, we show quite a lot of action. Bombing things— P.: Good. E.: —we'll get a break in the Capitol bombing case one of these days. P.: Right.

E.: They think they know who did that. This— P.: What—is the Grand Jury cranking out one count, or what?

E.: It's the same, uh— P.: Weathermen? E.: —Bernadette Dorne, uh, Rennie

burglaries, and each one of these destruction of files and all that, fits within the larger context. So, we are going through another grand jury proceeding right now on that. There will be quite a lot activity on, on, that kind of extreme violence front. Even though the street crime thing is not going to show up very well. We're going to have to put our accent where we can. The prison thing, the court reform thing, and those other things that are really significant, but are less sexy, we'll continue to push along on. And, there are some things we can do there.

P.: [Unintelligible] others in this if we can.

E. Well, we—the kind of thing we were talking about where you, where you visit this, this, uh— P. Yeah. E. —this facility and, uh, some of those things begin to point at some of these areas—your interest in them and, and, uh, so on. We'll be coming at you with a program. On suburban housing, uh, Supreme Court decided the case the other day, called the Lackawanna case—Lackawanna, New York—that's a case where the, where the Court found as a matter of fact that the zoning rested on a racially discriminatory basis; struck the zoning down.

P. Yeah. E. Uh, I think there's enough in that decision, that you can say: Okay, we now know what the law is—the Supreme Court decision—we now know what the law is. So, we are going to enforce the law and that's going to take care of all these associated problems here.

P. What does it do again? E. Well, it,

uh, in effect it announces the law, with regard to racial discrimination, in the location of housing proj—, Fed—, Federally assisted housing projects. P. And, and, says what?

E. Says that the trier of fact will determine whether or not there was a racial motivation from the exclusion of this. If he finds that there was, it's illegal; if he finds there wasn't, then it isn't. And so this comes down to a question of fact in each case, for the, for the Court—for the trier of fact. The Court is the proper forum for this. Not the administrative officer in HUD. So it—I think we can make something that will be along the lines of your, your basic thinking on this.

P. (Unintelligible) comes down the middle in cases.

E. Well, it isn't down the middle. It, it, what it says is, that every one of these is a separate case to be decided on it's— P. So you don't— E. —own facts by the Court.

P. You don't have, then, a national— E. You don't have national decisions done on the military basis of the Department of Housing and HEW.

P. (Unintelligible) the Black Jack case, or not? E. Well, it says, the Black Jack case ought to be litigated, and uh—All of these cases ought to be litigated.

P. The Supreme Court— E. In S—, Supreme Court denied certiorari. P. Have you told John, uh, — does Romney know this?

E. Well, he knows the case came down, sure.

P. Does he understand it?

E. I think so. I think he does. But I've

be in shape to start arating a poney statement on this, if you wish. Uh, the other thing we could do is simply make an announcement, that, as far as the Black Jack case itself is concerned, in view of the Lackawanna case, and some of these other considerations—

P. Yeah. E. —uh, we are going to, we're going to take the position that, the party should litigate these without the intervention of the Department— P. That's right. That's better. E. —of Justice.

P. That's better. The main point is that—keep us out of it, if you can. I mean it's, uh, it's, uh, a can of worms. No way you can—I, I prefer a different course—

E. Once you did—but, but, then the question is: Does the Department of Justice intervene— P. No. E. in all these cases, you see? Once you start that—

P. No. No. E. —uh, see, you've got a, you got a kind of a blank check.

P. You (unintelligible) Leonard Garmen who I'd never (unintelligible) but—

E. [Laughs] You'd be in every damn case.

P. You'd be eager to—E. Yeah, so, uh, what we try and do is to begin to draft, uh, a concise statement—

P. A concise statement—E. that, uh, [unintelligible]—P. it's, it's [unintelligible]. Waffles it and gets out of it.

E. Well, we're not going to be permitted a very good waffle, I am afraid. Uh, it's going to be subject to tremendous scrutiny. But, uh—P. All right. EHRLICHMAN:—we'll try to make it as tight as we can, and indicate why it is—P. Good. E.—that the Federal Government cannot be intervening in every way.

P. Yeah. one of the reasons, George, that you got to act on that SBA guy—I don't care if he's a kid with eight—a guy with eighteen kids—is that we have no discipline in this bureaucracy. We never fire anybody. We never reprimand anybody. We never demote anybody. We always promote the sons-of-bitches that kick us in the ass. That's true in the State Department. It's true in HEW. It's true in OMB, and true for ourselves, and it's got to stop. This fellow deliberately did not—I read the memorandum—he did not carry out an order I personally gave. I wrote the order out [unintelligible]. And, the son-of-a-bitch did not do it. Now, I don't care what he is. Get him out of there. Get him out of San Francisco, if he's, he's—the head is got to roll. I'd roll Kleppe's if it weren't for the fact that I know that Kleppe wasn't in there long enough to know where the toilet was. But this guy, in San Francisco, was the head of the Office. He was incompetent. I'm sure it wasn't deliberate. He was either incompetent or deliberately just didn't do it. So—but, the main point is, and I like, as I told Haldeman, it's got to be done with publicity. And, let him roll. So that—as a warning to a few other people around in this Government, that we are going to quit being a bunch of God damn soft-headed managers. I really think you got to do it. E. Yeah.

P. You've got to do it. That is the trouble with McLaren. McLaren thinks he's going to do everything. To hell with him. I mean, we, we're willing to go along with it, but he cannot deliberately just thumb his nose at everything that comes from this office, John. He is not that big, and of course, if John Mitchell

we're going to get this—that time, after time, after time, and again. The little boys over in State particularly, that are against us, will do it. Defense, HEW—those three areas particularly. They've got to know, that if they do it, something's going to happen to them. Where anything can happen. I know the Civil Service pressure. But, you can do a lot there, too. There are many unpleasant places where Civil Service people can be sent. We just don't have any discipline in government. That's our trouble. Now, I'm getting a little around the White House, uh, but we got to get it in these departments. That should not have happened. That was a terrible thing. One hundred and five applications processed out of four thousand in four months, three months or whatever it was—two months. God damn it, that's terrible. All at the time of his, his [unintelligible]. So, whatever you—well, maybe he is in the Regional Office. Fine. Demote him, or send him to the, send him to the Guam Regional Office. There's a way. Get him the hell out.

E. You're going to have a revenue sharing hearing starting on Friday. P. Yeah. E. On rural revenue sharing. P. Yeah.

E. Uh, we talked sometime ago about —P. Rural revenue sharing. E. Yeah. P. Yeah.

E. It comes up as a result of, of some hearing taken to the Senate. [Unintelligible] subject to economic development in the nation was shifted over to this, as I understand it. We talked about John Connally being a, sort of the Administration admiral on this. P. Yeah.

E. Uh, this would be a place for him to sort of kick it off, and, uh, if you have no objection, I'd like to get him briefed up and, and, lined up to go in on this, instead of just Cliff Hardin. Because I am afraid, if, if, we lead off— P. [Unintelligible]. E.—weakly, uh—I think that Hardin will have to be in it, but, uh—

E. To get the thing off on the right foot, I'd like to, I'd like to start with Connally on these.

P. Well, if he's willing. E. Okay.

P. I mean, we, we want to remember there's a big gun: don't want to pop it too often.

E. Oh no, no, but it'll— P. It'll waste it.

E. This is a, this is one that everybody's going to be watching, in effect. P. Really?

E. Well, I, I have to assume so. It's, uh, it'll be the first— P. What about general revenue sharing? E. —be the first consideration you see and we won't get to general revenue sharing in Ways and Means for another, oh, I guess six weeks probably, isn't it George?

SHULTZ: Something like that. It could be before that, and as I suppose somewhat—I don't know whether or not we can work out anything with Mills. And, have you had a chance to look at the various formulas that Harper and, uh, O'Neil—

E. Uh, I haven't been able to talk to him about it, though, 'cause I don't understand it all. P. That happens for tomorrow.

E. It, it just seems to me with that the first hearing on the subject, that we

great to do it, then, if he would.

S. All right. We'll see if we can— P. He knows that— E. He is coming over this afternoon to talk about it.

P. —he knows that part of the country and he knows the farmers, and he knows—uh, sort of kick off the reorganization and everything. He'd be an excellent guy to make the presentation, if he is willing. Well, also, assure him that we're not (laughs) going to send him up there every week.

E. Yeah. P. 'Cause that's not right. It's going to, it's a waste of a good property. And you only can use him, you know, and I don't, I don't want that hauling him up there, wasting his time.

E. Yeah. P. (Unintelligible) whether we've got anything more we can move revenue sharing, and—How did you get along with Mills, or, do you know him?

S. I haven't been back to him since the last time we talked because we are trying to, to see what kind of a proposal we can get up and what, how different formulas work, and how they affect the various states and so forth.

P. Well— S. So, I haven't done, wanted him to—

P. You mean he'd desire to move the thing? S. He'll— E. (Unintelligible) his staff worked on it.

P. Oh, I see. E. Which is not done. P. I've argued where he is waiting for us to present to him—

S. The last time I talked to him, I just described the, the general approach, and, uh, we talked about it, and he, he, uh, liked it. So, I said, well, I would work on it some more. And I'd talk to you about it. And, uh, said I didn't know whether you would buy this kind of thing or not. But anyway, uh, this was a, uh, this was a, uh, this was an effort to try to see if there wasn't some common ground, and that, uh, we'd try to, uh, develop something a little bit more specific, so we can see how it affects this state and that state and so on.

P. George, look here. Isn't really the case this: (Unintelligible) Mills or Byrnes or anybody else ever come up with anything else of their own thinking? Right up— S. Really, nothing.

P. Isn't that true? Well then, really, really, uh, we just got to press ours. I mean, if theirs, if that's the case (unintelligible) and, uh, and who's, who—if anybody's got a better thing, let's take it.

E. Uh, Byrnes is sort of hipped on tax credits. P. Oh, God.

E. I talked to Mel Laird at some length, uh, last week about, uh, our problem with Byrnes— P. Yeah, he knows him well.

E. And, he is going to talk to him over the weekend, and see if he could— P. Hm. E. —midwife some accommodation on this— P. Yeah.

E.—uh, so, uh, I expect to hear from Mel today.

P. Byrnes, you see, really plays into the hands of the, our political opponents here by sort of talking away—which is, all it does is simply—it raises an issue. Of course, he isn't going to get tax credit, so, therefore by raising—all he does is to stop our program and give them a chance to say: well, program isn't even begun.

E. He is causing great confusion

said: Okay, what's wrong with it? What can we do better? Where were we wrong, and this and that and kind of caught him—[laughs] would, you know, had to put up or shut up for this and, and so, we then got into a discussion about the Committee problems, which is his strong suit. And, he quickly sorted it out and said, "Well, I think John Byrnes is the key to this. He's probably not going to run for re-election. He's being very independent with this Congress. Uh, about the only way," he says, "we can work this is for me to talk to him." So, he says, "I'll talk to him over the weekend, and I'll be in touch with you." What we'll build toward, if we can, is a meeting with all the Republicans on the Committee, to just talk out the issues, to talk about the alternatives, weigh them and go into the detail with them, and ask them to spend an afternoon with us. And, uh, then, uh, see at the end of that whether we don't at least have the rest of the Republicans with us, even if we can't get Byrnes. Maybe they can bring him along with the House vote. So, that's kind of our strategy now, on that side, [Unintelligible] these guys to bear on the merits, I think we can solve a lot—

P. Yeah. Right. E.—of our problems. But it's just—

P. Well, it's basically—they've been —On the merits it's really a question of their—they don't have anything better, but, they therefore are always unsure of being for anything. That's our problem. It's new; it's new, and uh, extremely complicated.

S. I would, I would say that Mills's readiness to agree to the sort of thing we talked about is pretty clear indication that he sees—P. Yeah. S.—that something has to be done about the area. Because by the time you—P. Yeah. S.—you say all right, we're going to have a statement of purpose, and it's going to be as broad as all outdoors, and he accepts that, well that's, that's just accepting general revenue sharing. Whether the formulations that do more in the direction, of, of need can be worked out satisfactorily I don't know. But, uh, that's the other thing that he, he, uh, talks about.

P. George, can't we make a deal? Uh, the, the main thing is to get it done. And, we have to concede, but we may concede—don't want to concede too soon, but—

E. I've got the medical thing in the next day or two, and like the health thing, and maybe Gerry Ford with him.

P. [Unintelligible] try. Okay.

S. I talked to Byrnes about this, as well as Mills. Byrnes is not as, uh, enthusiastic about it as Mills is. Byrnes is just—He's very difficult to, uh, he's sort of giving him, uh, a compromise that would get him off the hook and he won't take it. He keeps on the tax credit idea.

P. Gee, that's awfully ir—irresponsible. I mean, uh, well—and, uh, this, grave business on the—It's the principle. If he doesn't want to do it, God damn it, then the second man on the Committee to help him [unintelligible].

E. Well, that's it. If he, if he— P. Who is [unintelligible]? Who's next. E. That's, uh, Betts. P. Will Betts do it?

E. Betts is the guy who's out speaking up and down the land for us. We got him very firmly aboard.

P. [Sighs] Oh, in that case — Stephen Bull, a Presidential aide, enters B. [Unintelligible].

P. How many have you got? About fifteen?

B. Uh, the number is, uh, seventeen. E. Seventeen — P. [Unintelligible] sees them. That's nice. Okay. [Unintelligible].

S. Alan Wallace is apparently coming in Sun—Saturday.

P. Well, they set up, uh—it seemed at the time, I suppose, a good idea. They set up some sort of a foundation, and, uh, that — S. Yeah, I know.

P. Teach teachers to teach, to do the two party system. That's a silly damn thing, you know, the two party system, but nevertheless they're all mishatched, and so, I got a great [unintelligible]. They're nice people, and they're all our friends. Bob [unintelligible]. You get that guy fired, George, in San Francisco. Get him out of there. And by—I want it all, I want it to ricochet all around the E.O.B., and I want it to ricochet all around H.E.W. And let people know that when they don't produce in this Administration, somebody's ass is kicked out. This will be the first person we've fired except Hickel. Now, God damn it, those are the bad guys—the guys down in the woodwork. We better get one. This guy goes. He's out. Fast.

B. Mr. President, Mrs. [unintelligible] will introduce these new people to you. It'll only—We're going to have a press conference on this, so only four people—you, and Senator Taft [unintelligible] and Mrs. [unintelligible] will be in the picture. The rest we'll put over there, and [unintelligible] photograph with them afterwards, sir.

P. All right. B. Thank you. [Several people enter. They exchange greetings with the President.]