

September 26, 1955

MEMORANDUM FOR GOVERNOR ADAMS**SUBJECT: Cabinet**

While it was not contemplated that Cabinet meetings would start again until the middle of October, I think it would be advisable, under the circumstances, to schedule a meeting for next Friday. This would help emphasize to the whole country that we have a team here in smooth continuous operation. Nothing can underscore that idea more effectively than a Cabinet meeting.

The agenda of this first meeting should naturally be limited to only one or two items:

1. Government Operations in the Temporary Absence of the President

This item could be introduced by having the Attorney General give a brief summation of the statutes and the regulations governing the top-level operations of the Executive Branch with the Chief Executive temporarily inactive. This could be followed by a round-table discussion in order that any special problems might be identified, questions cleared up, and a concept of a smoothly functioning team solidified for the Government and for the Nation as a whole.

2. Oral Round-up by the Secretary of State

Secretary Dulles could appropriately be asked to give the Vice President and the Cabinet a brief round-up of the most significant recent international developments, including diplomatic meetings of consequence and the estimated effects of the President's illness on the world scene.

Maxwell M. Rabb
Secretary to the Cabinet



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September 29, 1955

The White House

Washington

THE CABINET

Agenda

9:30 A.M., Friday, September 30, 1955

- *1. Report on International Developments (The Secretary of State)

TIME SET: 10 minutes

2. Government Operations in the Temporary (The Vice President)
Absence of the President (The Attorney General)
(Governor Pyle)

- (a) The Vice President -- Introduction
- (b) The Attorney General -- The applicable legal situation
- (c) Governor Pyle -- Speech-making in the interim period
- (d) General Cabinet discussion

ESTIMATED TIME: 45 minutes

- *3. The Highway Program (The Vice President)

Announcement will be made of the new Presidential Advisory Committee to be composed of Secretary Weeks, as Chairman; Secretary Humphrey; Secretary Wilson; Secretary Benson; and Governor Adams, with Jack Martin as Secretary. The formation of this group has the President's approval. The Committee will look over past history, will work at a later stage with General Clay's committee and with Governor Kohler's committee, and will then determine what the Administration's highway program should now be.

ESTIMATED TIME: 10 minutes

- *4. Third Quarter Economic Report (The Chairman, Council
of Economic Advisers)

TIME SET: 10 minutes

* Titles which, it is proposed, could be released to the press.

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***5. Review of the Budget Position**(The Director, Bureau
of the Budget)

- (a) The Director of the Bureau
of the Budget -- General introduction
- (b) Round-table report -- A summation of
accomplishments, of not more than two
minutes, from each Department head

TIME SET: 25 minutes

***6. Time-table on State of the Union
Message**

(Governor Adams)

TIME SET: 5 minutes

***7. The National Equal Economic
Opportunity Conference**

(The Secretary of Labor)

Announcement will be made of the decision to hold this
Conference on October 25.

Proposed Press Release under Tab 7

TIME SET: 5 minutes

***8. Small Business in the National Economy**(The Administrator, Small
Business Administration)

An outline of Mr. Barnes' proposed remarks is attached, under Tab 8
~~in the 7.1.7.8~~

book.

TIME SET: 5 minutes

***9. New England and Carolina Storm Damage**

(The Administrator,
Federal Civil Defense
Administration)
(General Persons)

TIME SET: 10 minutes

NOT LISTED ON THE AGENDA:

Budget Director Hughes will announce to the Cabinet the
initiation of the management survey of the General Services
Administration. The reason for bringing this up at Cabinet
is that this survey will touch the Departments with which
GSA deals.

Maxwell M. Rabb
Secretary to the Cabinet

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E.O. 11652, Section 1

By BHC NLE, Date 10-25-77

MINUTES OF CABINET MEETING

September 30, 1955
9:30 A. M. --- 12:00 Noon

Vice President Nixon -- presided in absence of the President

Sec. Dulles
Sec. Humphrey
Sec. Wilson, and Deputy Sec.
of Defense Robertson
Mr. Brownell
Mr. Summerfield
Sec. McKay
Sec. Benson
Sec. Weeks
Sec. Mitchell
Sec. Folsom

Director Hughes,
and Mr. Brundage
Dr. Flemming
Chrm. Young
Amb. Lodge
Dr. Burns

Gen. Bragdon, in part

Gov. Adams
Gen. Persons
Mr. Anderson
Gov. Stassen
Mr. Rockefeller
Gov. Pyle
Mr. Morgan
Mr. Harlow
Mr. Martin
Mr. Seaton
Mr. Snyder
Mr. McCann
Col. Goodpaster
Mr. Rabb
Mr. Patterson
Mr. Minnich



In the President's absence, the Vice President opened the meeting with a moment for silent prayer and by then reading the text of the morning medical bulletin from Denver which indicated that the President had had an excellent night.

International Developments - Sec. Dulles reported that the most critical problems at this time concern the Near East, where the Cyprus question is inflammatory and carries a threat both to the Balkan alliance and to the Mediterranean flank of NATO. Mr. Dulles said that the US decided to support the British decision of keeping Cyprus off the UN agenda for the primary purpose of reducing tensions until a gradual and evolutionary change of Cyprus sovereignty can be effected. The Egyptian situation is also critical because the Russian armament aid jeopardizes the near settlement of affairs between Israel and Egypt and might also be extended to create a flow of arms to other African areas. Sec. Dulles indicated existence but not the nature of US plans for coping with the situation.

Sec. Dulles reported that the Geneva talks with China were not going very well because the Chinese now seem to be holding back on the release

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of American civilians for the possible purpose of exerting greater leverage on the discussion of future subjects.

On the reassuring side, the discussions at New York looking to the October Foreign Ministers meeting at Geneva went very well, according to Sec. Dulles.

Government Operations in the Absence of the President - The Vice President introduced this subject by emphasizing the need for carrying on the business of government without delay and without stacking up even less routine matters to await the President's return.

The Vice President suggested that Government actions could be accomplished under the terms of policies already set by the President, particularly by working through the NSC and the Cabinet. He reserved for future Presidential decision the establishment of important new policies. In regard to implementation of existing policies, he suggested that the agencies go ahead with regard to those actions which are strictly the business of the agency. For those actions that have ordinarily been submitted in advance to the Cabinet "by courtesy", the practice ought to continue. For those actions taken only after discussion with the President and which are related to NSC matters, the NSC yesterday decided that they should be reviewed in the NSC in lieu of or as a preliminary to discussion with the President. He believed the Cabinet would want to come to a decision on how to handle such matters as related to it.

The Vice President declared that there were no immediate operating problems in sight since it now appeared that the President would soon be able, the doctors permitting, to accomplish necessary routine signatures. He pointed out the good fortune of the President's having established an effective team that could, in the words of the Secretary of State, carry on government on the basis of principles. He emphasized the importance of maintaining a public awareness of the fact that this is the Eisenhower Administration and not one of any other person or group.

The Attorney General saw no legal obstacle to the Cabinet following the lead taken by the NSC yesterday and he believed the Cabinet would want to do so. He thought all members would want to lean over backward to insure that no individual actions affecting other agencies or the general policy of the Administration would be taken without prior discussion with the Cabinet or NSC.

Mr. Brownell said that he had been asked to determine how the Presidential load might be lightened with regard to routine actions. He therefore suggested that each Cabinet member and his Counsel prepare a list of actions within his department that required Presidential approval, and that that list be forwarded to the Attorney General along with the member's suggestions as to which types of actions might be delegated. He pointed

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out that delegations of this sort had frequently been accomplished in the past. Mr. Hughes added that many more delegations could still be accomplished.

The Attorney General then read a draft statement concerning government operations in the President's absence, a statement which he had been asked by the NSC to prepare. A number of suggestions were made for sharpening the language, and agreement was reached on a statement to be issued by the Press Secretary. The Attorney General and Mr. Humphrey emphasized the desirability of avoiding individual comment to the press on this statement. Mr. Humphrey went on to urge full cooperation and discussion of all complex matters in the Cabinet or NSC so as to avoid any possible appearance of controversy during the coming weeks.

Gov. Adams reported his discussion with Dr. White the preceding evening and the agreement that the medical experts should determine in each instance whether routine documents might be submitted to the President for approval. It was agreed that any such documents submitted in the near future must not be controversial and must not require such close attention from the President as to tax his strength.



Gov. Stassen believed that effective teamwork by the Administration in the coming weeks would constitute the highest possible tribute to the President's capacity for organizing government machinery and installing capable subordinates. He suggested that the Cabinet request Gen. Persons to inform non-Cabinet agencies of the actions taken by the Cabinet in this respect this morning. Chrm. Young and the Vice President agreed, the latter noting that the quasi-judicial agencies by virtue of their specific areas of responsibility were always closer to controversy. Gen. Persons agreed to undertake this project as far as possible.

Mr. Summerfield raised the question of speech making during the President's illness. Sec. Humphrey recognized the difficulties involved but believed it was necessary to carry out speech commitments. He thought it important to confine the content of speeches to recital of Administration achievements, thus avoiding partisan controversy. The Cabinet voiced general agreement. The Vice President noted that questions would come up concerning the future of the Republican Party, and he suggested that they could be dismissed quickly as being not worthy of discussion when the greatest concern is for the President's speedy recovery. He suggested that public speakers might take note of the President's skill in previously creating effective administrative machinery.

Gov. Adams reported Dr. White's statement that he had no objection to the President making a statement to the nation -- a suggestion Dr. White had recently heard. Sec. Benson and Amb. Lodge suggested that when the time comes for such a statement it contain recognition of the many prayers uttered throughout the world for the President's recovery.

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On the invitation of the Vice President, Gov. Pyle re-emphasized the desirability of having current speeches avoid controversy and emphasize that Government business goes on as usual. He believed that the President's absence should not cause any aversion to acceptance of speaking dates. Sec. Wilson said that he might be willing to speak to the Conference of Mayors at Miami in spite of his previous disinclination to do so.

Sec. Dulles noted that Gov. Adams would be at Denver as the channel for presentation of matters to the President. He expected that some individuals outside the Government might set themselves up as authoritatively reflecting the President's views, hence there was all the more need for reinforcing Gov. Adams' position, particularly since he is already a national figure of a highly respected character. The Vice President seconded this and pointed out that Gen. Persons in the Governor's absence would be the top man at the White House and that Government business should be channeled through the White House Staff as usual.

Gen. Persons suggested that Cabinet members take upon themselves a responsibility for holding in the departments such papers as did not merit early action rather than letting them wait at the White House where they could provide a basis for charges that Government business was being held up by the President's absence. The Vice President clarified this to show that since it involved only routine matters it was not in conflict with the earlier discussion of speeding Government business through discussion in NSC and Cabinet. The Vice President went on to point out that the Attorney General would have to assume an additional burden in keeping close to any questions having legal implications.

The discussion was closed by Mr. McCann's comment, at the Vice President's invitation, on the desirability of stressing teamwork in speeches.

Highway Program - Gov. Adams pointed out that the State Governors had appointed a new committee to study the highway program and that it would meet on November third. He believed it desirable to reconstitute an administrative group, particularly since Gen. Clay's illness prevented him from resuming his work. Gov. Adams suggested formation of a Cabinet Committee composed of the Secretary of Commerce as Chairman, the Secretaries of Treasury, Agriculture, and Defense, and a White House Staff member. Gov. Adams later suggested that the Secretary of Labor participate as an ad hoc member.

This Committee would review the recommendations made last year and decide what, if any, changes should be recommended this year. The Committee would report to the Cabinet and stand prepared to advise the Governors. The Vice President raised the question of giving publicity

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to this Committee at this time. Gov. Adams set forth some of the pros and cons, and noted that the President had previously been informed of the possibility of such a Committee. Sec. Weeks believed public announcement should be deferred, as did also Sec. Humphrey.

The Cabinet approved the idea of the Committee and requested Gov. Adams to arrange appropriate publicity at the proper time.



Equal Economic Opportunity - Sec. Mitchell reviewed plans for this National Conference on Equal Economic Opportunity and stated that the Vice President would in the President's absence give a dinner at some Washington hotel. He pointed out the purpose of the conference gives hope that it would produce recognition on the part of business men of the Administration's desire to enforce the policy of non-discrimination. The Vice President underscored the importance of the conference. Sec. Mitchell noted in passing how an FEPC expert from the previous Administration gave high praise in private, though not in public, to the manner in which this Administration had come to grips with problems he thought would never be faced.

Sec. Mitchell suggested that the Secretary of State might speak at the conference but the latter declined because of the forthcoming Geneva conference. Similarly, Amb. Lodge regretted that his commitments for UN Day would prevent him from speaking.

The Vice President urged that Cabinet members make every effort to attend the conference.

Hoover Commission Recommendations - Director Hughes announced the establishment of a coordinating mechanism headed by Mr. Kestnbaum to help implement the Hoover Commission recommendations and particularly to work out with Cabinet members individually the questions that might be resolved by modifying somewhat any specific recommendation. Mr. Kestnbaum will approach the Cabinet members beginning next week and will also carry on liaison with the Citizens Committee for the Hoover Report, which is headed by Mr. Clarence Francis. Director Hughes also pointed out that a small working group would be set up to supplement Mr. Kestnbaum's activity and would consist of Messrs. Flemming, Brownell, Weeks, Dodge, Robertson (the Deputy Secretary of Defense), and Hughes. He stressed that these actions did not in any way reduce the responsibility of each department head to effect action on Hoover Commission recommendations.

In response to Sec. Benson, Mr. Hughes indicated that Mr. Kestnbaum's work would not backtrack to the 1949 Hoover Commission report but that it would cover later on the work of the Commission on Intergovernmental Relations. He stressed that the Administration's purpose was to move ahead as rapidly as possible and have a complete picture by the time Congress convenes in January. Sec. Wilson noted progress made thus far in the Department of Defense, where it appeared that 75% of

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the recommendations would be acceptable and another 15% would be open to modification or later action. Mr. Hughes hoped that any "score card approach" could be avoided.

Gov. Adams stated that controversial matters in this field would be brought to Cabinet for discussion in every instance and that Cabinet members would be asked to join the special group on an ad hoc basis for items of particular interest to each.

With regard to publicity on this action, it was agreed that announcement should be deferred so as not to detract from the major statement approved earlier in the meeting, and that Gov. Adams should arrange announcement at an appropriate time.

Gov. Adams noted that Gen. Persons had discussed the Kestnbaum appointment with the President and that it had his approval.



GSA Survey - Director Hughes called attention to the management survey of GSA which was proposed quite a while ago, is now under contract, and would begin next week. It will necessarily touch upon operations of many Government agencies. Mr. Hughes made clear that the survey was not pointed at the Fortune Magazine article but would cover all aspects of GSA operations particularly as to efficiency.

Report on the Economic Situation - Dr. Burns set forth current economic statistics showing that the economy continues to expand, productivity still increases and nears the \$400 billion per year mark, employment increases to ever higher marks, unemployment continues to decline to a point of "virtually full employment", and personal incomes continue to increase. He pointed to the increased percentage of the national product that goes to labor, and he believed that the percentage had now reached the highest point in history. He noted that farmers were not faring so well but that they did share to a large extent in the increase of employment, as witness the share of industrial wages paid to part-time farmers. He noted also the stability of consumer prices, although there is a somewhat larger divergence between industrial prices and farm prices.

Dr. Burns then raised the questions of "whither heads the economy" and "what should governmental policy be". He noted such favorable factors as the excess of manufacturing orders over sales, and improved mortgage and credit terms as far as soundness is concerned. Somewhat unfavorable factors are the slowing of the rate of industrial expansion as expected because of labor shortage and tighter fiscal policy, a decrease of new construction starts, a decrease of new business formations and the tightness of credit which he believed was nearing the situation of mid-1953, and the possibility that stock market prices are inflated.

Dr. Burns believed that our economy will continue to expand for some time and that there is no immediate need for changing governmental

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policies. He believed, however, that the possible need for reversing certain policies must be kept sharply in mind. He recommended certain measures that might be desirable in the near future: (1) expansion of bank reserves through Federal Reserve and Treasury action; (2) cessation of FNMA mortgage sales and perhaps initiation of a mortgage purchase program; (3) avoidance of any Treasury long-term financing in the immediate future.

In response to the Attorney General's question, Sec. Humphrey pointed out that the President's highway program even if enacted next session would not show effect on the national economy for another year or two. Dr. Flemming noted the encouraging action of three aluminum companies in carrying on their expansion programs despite the termination of the ODM tax amortization program for aluminum.

Budget Outlook - Director Hughes reported on the progress of discussions since the last Cabinet meeting with regard to effecting further savings and bringing the budget into balance this fiscal year. He commented on the fine spirit of the discussions and on the prospect of reducing expenditures by \$.7 billion without reference to possible economies in the Department of Defense. This amount was achieved mainly through expected reduced cost of stockpiling and Commodity Credit Corporation activities. He noted that the Department of Defense was not sure it could hold to its anticipated \$34 billion level, much less effect further economies, but the Bureau of the Budget was somewhat more optimistic. He also suggested that tax receipts might surpass the expected \$62.1 billion level. Mr. Hughes concluded by stressing the need for continued tight rein on expenditures by all concerned.

State of the Union Message - Gov. Adams recalled the need for submitting material for the State of the Union message not later than October 15th. He recalled the hope once expressed by the President that he might some day deliver "a twenty minute Message". Gov. Adams stated that some officials believed the message this year should be confined to a statement of general principles without entering into a great mass of detail. Consequently, he hoped that the departments would attempt to make their submissions highly selective.

* * *

The meeting was concluded with word from Sec. Dulles on behalf of the entire Cabinet in appreciation of the tremendous stress on the Vice President during the past week and the wonderful manner in which the Vice President had reacted to it.

Distribution

Mrs. Whitman ✓
Mr. Rabb
Mr. Minnich

LAM
L. A. Minnich, Jr.



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October 1, 1955

The White House
Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet Meeting of September 30, 1955:

1. Report on International Developments

/Information item only/

2. Government Operations in the Temporary Absence of the President

ACTION: (a) It was agreed that each Cabinet Member would be particularly alert to bring forward for group consideration any proposed decisions of important public policy, especially if such decisions may involve potential differences of opinion, misunderstandings or public controversy. Subject to this general rule, the following internal procedures were agreed upon:

- (i) Actions which a Department head would normally take within his own authority and without consulting the Cabinet or the President are to go ahead.
- (ii) Decisions which a Department head could make within his own authority but which he would normally bring in for Cabinet consultation should, as before, be brought up for Cabinet attention.
- (iii) Proposed decisions which would not be made without consulting the President are to be brought before the Cabinet (or NSC) before they are sent to Governor Adams for presentation, as appropriate, to the President. This is to ensure coordination and to enable the President to have the benefit of Cabinet as well as individual recommendations on these matters.
- (iv) The channel for Cabinet business as well as for other Executive Branch decisions is, as before, the White House: through General Persons in Washington and through Governor Adams in Denver.

(b) At the request of the Cabinet, the Deputy Assistant to the President will advise the non-Cabinet agencies of the Executive Branch of the above Cabinet procedures and will stand ready to assist them with any similar procedures, as may be desired.

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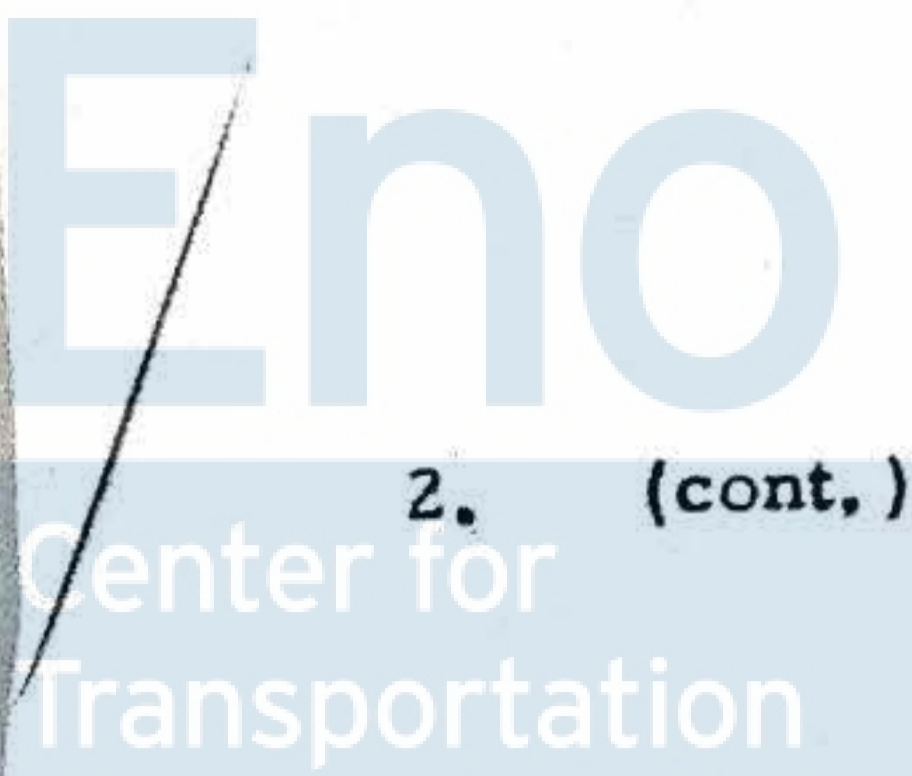


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2. (cont.)

- (c) Agreement was reached on a single public statement on this subject to be issued at the close of the Cabinet Meeting by the White House only.
- (d) Each Cabinet Member is to prepare a list of the kinds of papers, normally emanating from his Department, which by statute or otherwise now require the signature of the President. Each Member is to forward his list to the Attorney General together with his suggestions as to those types of papers the signing of which could be delegated by the President.

3. The Highway Program

ACTION: (a) It was agreed that a Presidential Advisory Committee will be established which will:

- (i) Review the Administration's proposed highway program of last year and the Congressional action taken on it;
- (ii) Recommend whether any modifications should be made in that program and what those changes should be;
- (iii) Present its recommendations for Cabinet consideration prior to November 3, 1955.

(b) The membership of this Committee will be:

The Secretary of Commerce (Chairman)
The Secretary of the Treasury
The Secretary of Defense
The Secretary of Agriculture
The Secretary of Labor (ad hoc)
The White House Office



(c) Public announcement of this Committee will be arranged by the Assistant to the President at the appropriate time.

4. Third Quarter Economic Report

ACTION: The Cabinet noted without objection the over-all recommendations advanced by the Council of Economic Advisers, i. e., that Administration economic policies be flexible so that rapid adjustments can be made in the future if necessary, and that several steps be taken immediately to ease somewhat the tightening of credit, especially for mortgages.

5. Review of the Budget Position

/Information item only/

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6. Time-Table for the State of the Union Message

ACTION: Cabinet Members were reminded of the importance of meeting the established deadline of October 15 for submission of material for the State of the Union Message, so that the necessary preparations can be made for Cabinet consideration of the general content prior to November 15, 1955.

7. The National Equal Economic Opportunity Conference

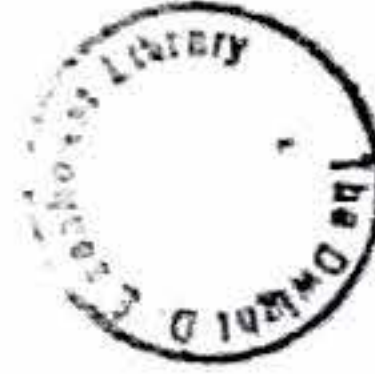
ACTION: Cabinet Members are invited and encouraged to attend this Conference which will be held, as scheduled, in Washington on October 25, 1955.

8. Small Business in the National Economy

Postponed.

9. New England and Carolina Storm Damage

Postponed.

**ADDITIONAL ITEMS:****A. Appointment of the Special Assistant to the President to Handle Hoover Commission Recommendations**

ACTION: Following Director Hughes' explanation of the procedures which Mr. Kestnbaum would be following, it was agreed:

- (i) That Cabinet Members affected would be brought ad hoc into the staff machinery being established whenever any matters come up which concern them.
- (ii) Controversial matters will be brought into the Cabinet for consideration.
- (iii) Announcement of this work will be arranged by the Assistant to the President at the appropriate time.

Maxwell M. Rabb
Secretary to the Cabinet

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THE WHITE HOUSE
WASHINGTON

October 6, 1955

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Highlights of the September 30 Cabinet Meeting

1. Carrying on in your absence:

Purely departmental business -- to go on as before.
All other top-level matters to be brought into Cabinet,
especially:

- --any problems with potential misunderstanding
or public controversy
- --all matters destined for your attention

Objective:

- to ensure complete coordination and team support
- to screen out matters which can be handled
short of you personally
- for what you must consider: to give you Cabinet-
wide as well as single Department recommen-
dations

The Vice President will continue to preside at weekly
Cabinet Meetings.

The channel for Cabinet and other top-level business:

The White House, through General Persons in Washington,
Governor Adams in Denver. It is Mr. Nixon's personal
request that there be no end-runs to the Vice President.

General Persons will inform the non-Cabinet agencies of
these agreed procedures.

Rule for speechmaking: we will keep it up but avoid partisan-
ship, stress the accomplishments of the Administration.

Major study started: each Department

- to go over every kind of paper now requiring
your signature
- to recommend to Attorney General what ought
to be delegated.



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New Presidential Advisory Committee set up -- to report by November 3. Chairman: Secretary Weeks; members: Secretary Humphrey, Secretary Wilson, Secretary Benson, Secretary Mitchell (ad hoc), The White House Office.

3. Economic Report:

Unprecedented prosperity -- outdistancing 1953 and 1954 records.

We are heading toward a 400 billion dollar economy.

(Gross national product is 391 billion dollars now.)

65.5 million employed.

76% of personal income is going to working people (as compared to rents and investments) highest percentage in our history.

Consumer price index: half a point below August 1954.

Dr. Burns' recommendations: that Administration economic policies be flexible so that rapid adjustments can be made in the future if necessary, and that several steps be taken immediately to ease somewhat the tightening of credit, especially for mortgages.

4. Status report on balancing the Budget:

Good cooperation from all agencies. They will keep trying to cut expenses, particularly within the next two months.

Defense having a rough time getting down even to 34 billion.

Tax receipts next year may be the decisive factor.

5. National Equal Economic Opportunity Conference:

Industry and labor leaders strong for going ahead with the Conference. It will be held as scheduled on October 25, with Vice President presiding and Cabinet Members attending.

6. Handling of Hoover Commission recommendations:

Mr. Kestnbaum on deck and machinery in high gear. Controversial questions will be brought to Cabinet.

Maxwell M. Rabb
Secretary to the Cabinet

