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CA - 35

October 25, 1955

The White House

Washington

**THE CABINET**

Agenda

9:00 A.M., Friday, October 28, 1955

- |    |                                                                                                |         |                                                |
|----|------------------------------------------------------------------------------------------------|---------|------------------------------------------------|
| 1. | Report from Denver                                                                             | (Oral)  | The Assistant to the President                 |
| 2. | Program for Assistance to Depressed Localities                                                 | CP - 37 | The Chairman, The Council of Economic Advisers |
| 3. | The Labor Department's Legislative Program                                                     | (Oral)  | The Secretary of Labor                         |
| 4. | Program for Federal Disaster Insurance                                                         | CP - 38 | The Director, The Bureau of the Budget         |
| 5. | The Administration's Highway Program for 1956 -- Report of the Presidential Advisory Committee | (Oral)  | The Secretary of Commerce                      |
| 6. | Administration Position on Postal Rate Increases                                               | CP - 39 | The Postmaster General                         |



Maxwell M. Rabb  
Secretary to the Cabinet

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**CABINET MEETING  
FRIDAY, OCTOBER 28, 1955  
9:00 A. M.**

**The Vice President - Presiding**

**Honorable Herbert Hoover, Jr.,  
Under Secretary of State**

**The Secretary of the Treasury**

**Honorable Reuben Robertson,  
Deputy Secretary of Defense**

**The Attorney General**

**The Postmaster General**

**Honorable Fred G. Aandahl,  
Assistant Secretary of the Interior**

**Honorable True D. Morse,  
Under Secretary of Agriculture**

**The Secretary of Commerce**

**The Secretary of Labor**

**The Secretary of Health, Education  
and Welfare**

**The Director, Bureau of the Budget**

**The Chairman, Civil Service  
Commission**

**The Chairman, Council of Economic  
Advisers**

**Honorable Victor Cooley, Deputy  
Director, Office of Defense  
Mobilization**

**Governor Adams**

**Governor Stassen**

**General Persons**

**ALSO:**

**For Item 2: 9:00 A. M. - Dr. Saulnier, CEA**  
**For Item 4: Mr. Meistrell, HHFA**  
**9:30 AM Mr. Jones, Bureau of the Budget**  
**Mr. Aiken, FCDA**  
**Mr. Barnes, SBA**  
**For Item 5: Mr. Turner, Bureau of Public**  
**10:15 AM Works**  
**General Bragdon**  
**Mr. Phil Ray, General Counsel,**  
**Commerce**

**STAFF MEMBERS:**

**Messrs. McCann**

**Anderson**

**Snyder**

**Minnich**

**Harlow**

**Hauge**

**Goodpaster**

**Martin**

**Morgan**

**Rockefeller**

**Rabb**

**Patterson**



**ABSENT:**

**The Secretary of State**  
**The Secretary of Defense**  
**The Secretary of the  
Interior**  
**The Secretary of  
Agriculture**  
**The Director, ODM**  
**Ambassador Lodge**

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MINUTES OF CABINET MEETING

October 28, 1955

9:05 A. M. -- 12:00 Noon

The following were present:

Vice President Nixon  
(presided in absence of the President)

Under Sec. of State Hoover  
(for Sec. Dulles)  
Sec. Humphrey  
Deputy Sec. of Defense Robertson  
(for Sec. Wilson)  
Atty. Gen. Brownell  
PMG Summerfield  
Asst. Sec. of Interior Aandahl  
(for Sec. McKay)  
Under Sec. of Agriculture Morse  
(for Sec. Benson)  
Sec. Weeks  
Sec. Mitchell  
Sec. Folsom

Director Hughes  
ODM Deputy Director Cooley  
(for Dr. Flemming)  
Chrm. Young  
Gov. Stassen

Raymond J. Saulnier, CEA, in  
part  
F. J. Meistrell, HHFA, in part  
Harold L. Aitken, FCDA, in part  
Wendell Barnes, SBA, in part  
F. C. Turner, Bureau of Public  
Roads, in part  
Gen. Bragdon, in part  
  
Asst. PMG A. J. Robertson, in  
part  
Dr. Irving I. Raines, Post Office  
Department, in part

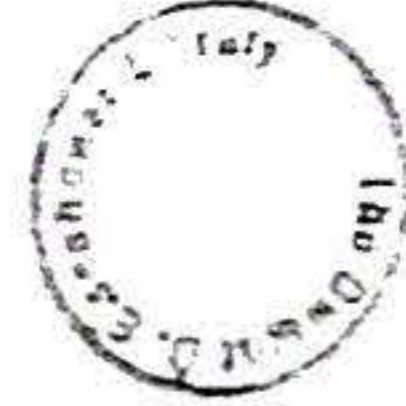
Gov. Adams  
Gen. Persons  
Mr. Rockefeller  
Dillon Anderson  
Dr. Hauge  
Mr. Harlow  
Mr. Morgan  
Mr. Jack Martin  
Gov. Pyle  
Mr. Seaton  
Mr. Snyder  
Mr. McCann  
Col. Goodpaster  
Mr. Rabb  
Mr. Patterson  
Mr. Minnich



The agenda was prefaced with remarks by Governor Adams on the President's progress and the expectation that he will begin to participate in Cabinet and NSC meetings about the first of the year.

The Vice President again called attention to ex-Sec. Durkin's illness and requested Mr. Rabb to prepare a letter to him which could be signed by all Cabinet members.

Depressed Localities (CP-37) - Dr. Burns reported progress on development of this program. He said that after further discussions following



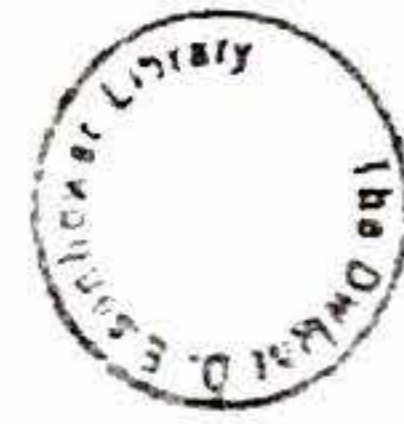
the last Cabinet meeting agreement had been reached on the major elements of the program and he had been able to inform the President of it while in Denver. The President himself had approved the public announcement of the program. Dr. Burns indicated that he and representatives of Treasury, Commerce and Labor had constituted a committee to work out the remaining technical questions and that a draft bill could be expected in several weeks. The President's Advisory Committee on Organization will be consulted to determine whether any parts of the program can be put into effect through use of a Reorganization Plan.

The Vice President noted the very favorable editorial comment on the program. Mr. Morse wished to emphasize more the fact that agricultural activity in areas near the cities concerned could be of much value, and consequently that Agriculture perhaps should be represented on the committee. Sec. Weeks believed the agricultural connection to be very small, and Sec. Mitchell stated that agricultural aspects might best be considered in connection with definition of chronically depressed areas. The Vice President suggested that this program and the rural development program be emphasized in speeches as showing the "heart" of the Administration.

Gov. Stassen again pointed to the desirability of associating this program with Members of Congress from depressed areas, and the Vice President asked Gen. Persons to arrange to do so at the appropriate time.

Labor Department Program - Sec. Mitchell presented for discussion the legislative items Labor Department expects to advance for the next session. He referred to, and the Cabinet accepted without comment, such items as legislation on pension and welfare plans, application of the eight-hour law in Federal projects, stimulus of industrial safety programs, transfer from Labor to individual departments of the charges for the Federal Employees Compensation program, longshoremen and harbor workers, extension of unemployment insurance to Puerto Rico, changes in the District of Columbia unemployment compensation program, transfer to the District of the local Employment Service Office now operated by the Department of Labor, establishment of a D. C. Commissioner of Labor.

In regard to extension of coverage of minimum wage legislation, Sec. Mitchell believed the Administration this year should recommend specific changes, but newly covered areas would not have to be subjected to the recently approved \$1 minimum wage. Instead, Area Wage Boards would make appropriate recommendations. Sec. Humphrey believed such legislation could be interpreted against the Administration as undoing the recent increase of the minimum wage level, and that the establishment of the Wage Board principle undermined the principle of an established minimum wage. The Attorney General hoped that it would not be necessary to name specific industries open to new coverage. Mr. Stassen expressed agreement with the remarks of Sec. Humphrey and felt that Mr. Mitchell could cite to Congress existing facts but leave all determinations to the Congress.



Mr. Mitchell believed that the Wage Board principle would not weaken minimum wage principles, and he re-emphasized the belief that the Administration must in the coming election year be more specific in its recommendations than in the past. It was agreed that the Secretary of Labor should undertake to develop for future Cabinet review the precise language that would be used.

Sec. Mitchell then noted several items which might cause controversy -- unemployment insurance for ex-service men (to replace the benefits terminated by the blanket Executive Order of 1955 with regard to veterans benefits); judicial review of determinations by the Secretary of Labor in regard to qualification of State Unemployment Compensation practices; equal pay for women; possible regulation of transportation of migratory labor.

The Attorney General questioned whether a recommendation would be made for making Labor subject to anti-trust legislation this year. Mr. Mitchell answered that it would not.

In regard to changes in the Labor-Management Act, it was agreed that the President's requests of 1954 and 1955 should be repeated.

Sec. Mitchell suggested the possibility of greater recognition of unions of government employees. Mr. Summerfield reacted adversely, and the Vice President believed the question should be discussed further when more time is available.

The Vice President called attention to public opinion polls showing an increased feeling among workers that the Republican Party serves their interests best in economic matters, and a slight decrease of favor for the Democrats in that regard. Mr. Summerfield pointed to the vast improvement of feeling in a Michigan county where Sec. Mitchell had made many personal contacts.

Disaster Insurance (CP-38) - Director Hughes outlined the proposed disaster insurance program and emphasized that it was primarily an experimental program. Mr. Folsom suggested that any program would necessarily involve Government subsidy. Sec. Humphrey explained it would be merely a disaster fund for making gifts wherever disaster strikes, and that any effort to hold it to a purely insurance basis would necessarily fail. Gov. Stassen agreed and recommended as an alternative the development of a national disaster program, possibly through matching grants to the States. Sec. Morse noted the recurring deficits incurred by the experimental crop insurance program which failed to be a self-sustaining insurance type activity. Mr. Folsom referred to the Kestnbaum Committee statement on disaster assistance and Gov. Adams suggested that the plan be recommitted to the Budget for coordination with the findings of the Kestnbaum Committee. Sec. Weeks spoke in favor of State participation in any program. Mr. Robertson expressed favor for some sort of program to meet these human problems and thus prevent vast demands on the Corps of Engineers for uneconomic flood control projects in potential flash flood areas.

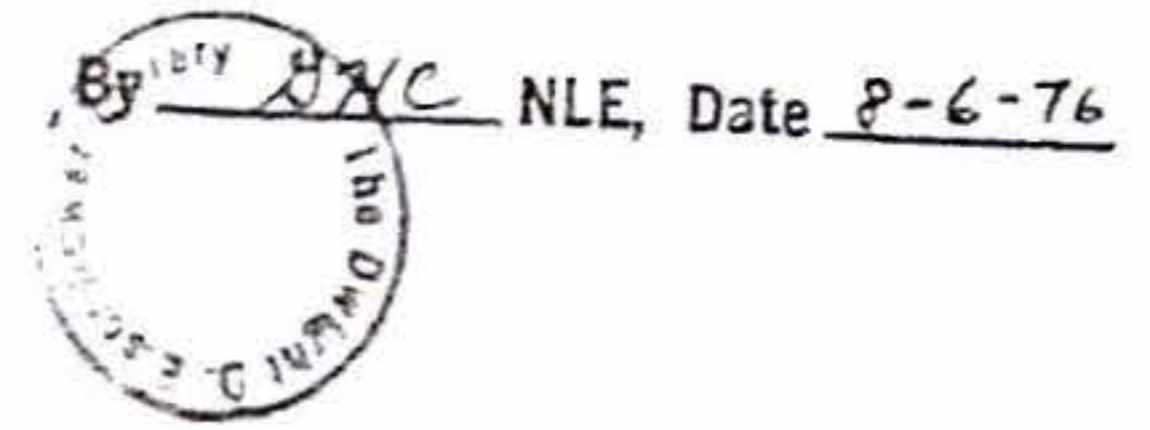
It was agreed that Budget should coordinate the matter further and in

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time for making recommendations at the Congressional hearings beginning October 31st.

Highway Program - Sec. Weeks reviewed the work of the Committee established in August following failure of the Congress to enact the recommended program. He said that the bond proposal had now been eliminated as a possibility, and that the Committee recommended a package of new or increased taxes so as to finance a \$26 billion program for the intra-State system over a 15-year period. The taxes would include a 2¢ increase on gasoline, an increase on tires, a tax on camel back, and an increase of 2% on the excise tax on trucks and buses, bringing it up equal to the automobile excise. He wished to present this proposal to the Governors Highway Committee on November 3rd and invite their concurrence or submission of an alternative proposal which would not depend on deficit financing. He stated that the public opposition of last year to tax increases would not be in evidence this year.

Sec. Humphrey stated his full agreement with Sec. Weeks and his strong feeling that he had made a mistake in testifying for the bond proposal in the program last year. He now recognized that Congress could not be committed for future years to agreement that certain taxes should be levied for certain purposes, hence the proposed bonds would have been backed only by the good faith of the Government and general revenues. Gov. Adams asked and was assured that the tax increases would be devoted completely to the roads program, thus perhaps avoiding potential opposition of the States. Mr. Hoover believed the States that have already been very active in road building would protest further gas tax increases that would flow to States previously less active. Mr. Martin indicated that the matter of compensation for toll roads already built could be worked out subsequently.

The Cabinet gave its general agreement to this program for presentation to the Governors during the coming week.

Postal Rate Increases (CP-39) - The Postmaster General presented a series of charts showing the need for increases in postal rates.

The Vice President raised the question as to the desirability of incurring a fight on this issue during the next session, and suggested that Mr. Summerfield discuss the possibility of acting on the issue without incurring the inalterable opposition of the Democratic leadership. Mr. Summerfield stressed the urgency of being able to discuss this with the President over the week end. Gov. Stassen suggested the possible alternative of securing Democratic support for the establishment of a Bipartisan Commission and thus taking the traditionally controversial subject of rate-making out of Congress. Mr. Summerfield believed Mr. Rayburn would oppose such action. Sec. Humphrey -- speaking generally -- believed the Administration should work to balance the Post Office budget but that no decision should be made immediately on the

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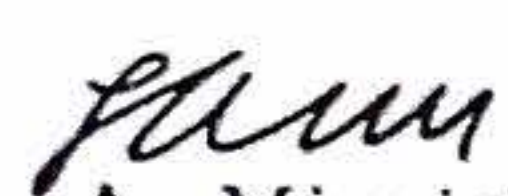
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By BHC NLE, Date 8-6-76

details of proposals for doing so. The Postmaster General said he would welcome all possible suggestions on specifics, and it was agreed that the exact proposal to be made would be studied further.

Mr. Hughes cautioned against use in the charts of statistics reaching back to 1789 because of changing values of the dollar. Gov. Stassen believed the charts should be revised to show the situation between 1940-1945, even though it was an unusual wartime situation.

  
L. A. Minnich, Jr.



Copies to:

Mrs. Whitman ✓

Mr. Rabb

Mr. Minnich

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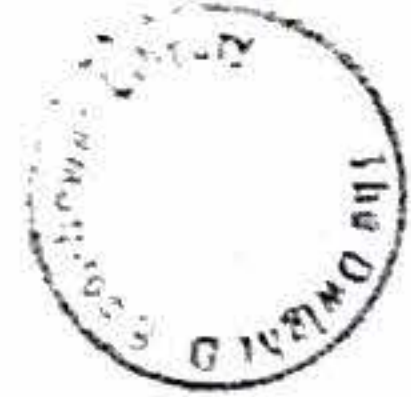
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THE WHITE HOUSE  
WASHINGTON

October 28, 1955

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Highlights of the October 28 Cabinet Meeting



1. Program for Assistance to Depressed Localities

Dr. Burns summarized the present shape of this program which he discussed with you earlier this week. He mentioned that an informal interdepartmental group was now preparing draft legislation. He also pointed out that the President's Advisory Committee on Government Organization was to be consulted to consider how much of this program could be accomplished by Reorganization Plan.

The Cabinet noted how strikingly this proposed program will give the lie to the charge that this Administration is cold to the needs of "the little people". The Vice President asked General Persons to have a careful review made of legislative sponsorship for this program -- in order that credit for it can be taken by friends of ours on the Hill.

2. The Labor Department's Legislative Program

Secretary Mitchell outlined in a preliminary way 13 points which he wished to propose for the Administration's 1956 legislative program. Among the major ones are:

- (a) That registration and reporting be required for all welfare and pension funds.
- (b) That the coverage of the minimum wage and fair labor standards act be extended.



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While last year we took the position that extension of coverage should be "studied further", Secretary Mitchell feels that this year we, as administrators of the law, are going to have to make specific proposals. He is not recommending a dollar minimum for areas to be newly covered (since such a rate would be nearly destructive in some of those areas), but is recommending the setting up of wage boards which would hold hearings to determine the applicable minimum wage.

- (c) Renewal of unemployment compensation rights for new veterans. (Only those signing up before January 1, 1955 now have such rights.)
- (d) Equal pay for women.
- (e) Repeat, without elaboration, our 1954 and 1955 position on the Taft-Hartley Law.



### 3. Program for Federal Flood Insurance

Mr. Hughes outlined a proposed program which, after discussion, the Cabinet decided needed further study with more attention given to the Kestnbaum recommendations. It was feared that the proposal was not insurance but rather an outright gift. Premiums will certainly not provide enough capital; claims from any really heavy damage will result in a straight drain on the Treasury. Some felt it might be better to establish a flood disaster fund on a matching basis with the states.

It was agreed we must come up with some program, however, since we may otherwise be nearly defenseless against the flood of demands which are going to come for billions to be spent by the Corps of Engineers in small local flood control projects.

### 4. The Administration's Highway Program for 1956 -- Report of the Presidential Advisory Committee

Secretary Weeks summarized the agreed conclusions of this Committee:

- (a) That the Administration should advance a highway program of similar scope to that of last year;
- (b) That the Federal Government's share of the \$27 billion proposed interstate system would be 90 percent, and the construction period would be 13 years;
- (c) That this share be financed by increasing the taxes on gasoline, tires, camelback, trucks and busses so that the federally financed construction in each of the 13 years is paid for on a current basis without any deficit financing.

The Cabinet agreed to his suggestion that at the meeting -- next Thursday -- of the Governors' Conference Highway Committee, he be authorized to outline this plan, try to sell it to them and tell them that if they could think up any better alternatives -- which excluded the method of deficit financing -- he would be happy to hear of them.

Secretary Humphrey commented that he has changed his mind completely about the advisability of financing this program with bonds issued against future taxes. Since the present Congress cannot commit future Congresses, the security for these bonds would be basically uncertain; it would be a very risky and unwise method of financing. Governor Adams emphasized that care should be taken to ensure that all the tax revenues collected under this program would be put back into highway construction. Although the Committee believed there would be no industry support for tolls as a financing method, this is not being excluded in Administration thinking.

5. Administration Position on Postal Rate Increases

The Postmaster General gave the Cabinet a persuasive chart presentation on the need for reducing the growing postal deficit. He pointed out that, to his knowledge, we are the only major country in the world which runs a postal system that doesn't break even. He proposed rate increases which would reduce the estimated \$493 million deficit for this year to \$112 million.



An independent commission would be established to set postal rates in the future, and keep them balanced with costs.

The Cabinet agreed completely with Mr. Summerfield's objective of getting the Post Office on a self-sustaining basis, but suggested that some soundings be taken of the legislative situation and that further thought be given to finding the most appropriate methods for reaching the agreed objective.



*Maxwell M. Rabb*

Maxwell M. Rabb

Secretary to the Cabinet

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October 29, 1955

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THE CABINET

Record of Action

The following action was taken on the items presented at the Cabinet Meeting of October 28, 1955:

1. Report from Denver

/Information item only/

2. Program for Assistance to Depressed Localities

CP - 37

ACTION: The Cabinet noted with approval the report given by the Chairman of the Council of Economic Advisers:



- (a) that the concurrence of the interested Departments and the approval of the President had been obtained for the general nature of a plan wherein
  - (i) an Area Redevelopment unit would be established in the Department of Commerce with responsibility for coordinating existing government programs to aid depressed areas more effectively, and for furnishing these areas with the technical assistance needed to help regain their economic strength;
  - (ii) a lending program would be instituted for depressed areas;
  - (iii) the establishment of a new lending agency would be avoided;
  - (iv) the lending authority would be administered by the Treasury Department;
  - (v) it would be desirable to ask for a loan limit of \$50 million rather than \$25 million.
- (b) that an informal interdepartmental group was now preparing draft legislation which would be available for discussion in about two weeks;

**CABINET PAPER**

(c) that the President's Advisory Committee on Government Organization was to be consulted to consider how much of this program could be accomplished by Reorganization Plan.

3. The Labor Department's Legislative Program

**ACTION:** The Secretary of Labor will continue to develop his legislative program, taking into account the suggestions made during his preliminary discussion with the Cabinet, and will prepare appropriate draft legislation for the normal clearance procedure through the Bureau of the Budget.

4. Program for Federal Disaster Insurance

CP - 38

**ACTION:** CP - 38 was recommitted to the Bureau of the Budget for further study, including consideration of the suggestions made at the meeting and of the analyses and recommendations made in related areas by the Commission on Intergovernmental Relations.

5. The Administration's Highway Program for 1956 --  
Report of the Presidential Advisory Committee



**ACTION:** The Cabinet approved the following proposals of the Secretary of Commerce, Chairman of the Committee established on September 30, 1955, as a basis for presentation to the forthcoming meeting of the Governors' Conference Highway Committee:

- a) That the Administration should advance a program covering the construction of the interstate highway system similar in scope to that of last year, and covering federal aid to other highways at approximately current levels, plus a cumulative increment annually.
- b) That the federal government's share of the \$27 billion proposed interstate system would be 90%, and the construction period would be 13 years.
- c) That this federal share be financed from existing motor fuel taxes and such increased taxes as may be necessary after deducting other federal aid, to pay for the program on a current basis without any deficit financing.

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6. Administration Position on Postal Rate Increases

CP - 39

- ACTION: (a) The Cabinet agreed with the objective stated by the Postmaster General: that the Post Office should be put on a self-sustaining basis.
- (b) The Postmaster General will give further study to the most appropriate methods of accomplishing this objective, taking into account the suggestions made during the meeting.



Maxwell M. Rabb  
Secretary to the Cabinet