

Oral History Interview

With

ROBERT C. GOODWIN

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Washington, D.C.

October 13, 1977

by James R. Fuchs, Harry S. Truman Library

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FUCHS: Mr. Goodwin, to start, scholars might be interested in a bit of your background; when and where you were born, your education and your experiences until you came into the Truman administration.

GOODWIN: Well, I was born in Idaho and had my early education there. I graduated from Whitman College in the State of Washington. I took graduate work in public administration at the University of Cincinnati and went from there to work with the city of Cincinnati. I was in charge of the State-City Employment Service then for a short time; part of it was when I was still in school. It was a co-op course in the school -- University of Cincinnati -- and I worked with the city during that period.

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FUCHS: Were you studying public administration?

GOODWIN: Yes, public administration. I ended up as the Welfare Director for Cincinnati and Hamilton County. I was in that for a couple of years. Then I went with the Social Security Board in 1937. I went as regional representative of the Bureau of Public Assistance, and then a couple of years later was promoted to Regional Director in Cleveland for the Social Security Board. From that I became Regional Director of the War Manpower Commission. The Executive Director of the War Manpower Commission died in 1944, and I came to Washington as Executive Director of the War Manpower Commission.

FUCHS: This was directly under McNutt?

GOODWIN: That's right. The war only lasted about six months after that, and I stayed on as Director of the Public Employment Service. It, of course, had been the operating arm of the War Manpower Commission during the war. Then in 1948 we were

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transferred to the Federal Security Agency from the Department of Labor. The agency was combined with Unemployment insurance, and I was made Director of the newly-combined agency.

FUCHS: Did you favor that move of the Labor Department?

GOODWIN: We were in the Federal Security Agency only one year, and President Truman transferred us back to the Labor Department by Executive order. We stayed in the Labor Department.

FUCHS: That transfer to the Federal Security Agency of this new bureau, known as the Bureau of Employment Security, occurred right after Schwollenbach died. Do you think it would have happened if he had lived or was this all in the works at the time?

GOODWIN: Well, my guess is it would have happened because our transfer to the Federal Security Agency was done by the Congress and it was -- I think I'm right in this -- a Republican Congress at that time.

FUCHS: Yes, that was the 80th Congress -- the one that

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Mr. Truman castigated.

GOODWIN: That was a very conservative Congress. They were responding to pressures to get as many agencies as they could out of the Department of Labor. There was a lot of feeling at that time that the Department of Labor was representing organized labor and that this brought undesirable results from their point of view. Of course, President Truman met the challenge by transferring the whole thing back the following year. We were in the Federal Security Agency just one year. We went back into the Labor Department in '49. And we came back with the Unemployment Insurance program as well.

FUCHS: This was rather strange in a way although I understand the President had made a definite effort, along with Judge Schwellenbach, to get agencies back into Labor after the war. Then two or three years later Congress was doing the opposite.

GOODWIN: Yes, that's right. This was an issue with the Congress.

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FUCHS: Did you discuss this with anyone such as the President or with your superior? Did you report directly to the Secretary of Labor?

GOODWIN: Yes. At that time the Labor Department was not highly structured. We didn't have an Under Secretary at that time. We had an Assistant Secretary and actually it would be fair to say I reported to both. In those days Bureau directors had a good deal more authority, responsibility, and freedom than they have now. I mean they're much more highly structured now with Assistant Secretary and Under Secretary and so on. The Labor Department was a pretty small outfit in those days.

FUCHS: Around the time they appointed the Under Secretary, whom I believe was Keen Johnson, three Assistant Secretaries were also appointed. From the AFL-CIO I believe there was [Philip] Hanna and [John] Gibson. Then David Morse came in from the Office of International Labor Affairs. Did you work directly with one of those Assistant Secretaries?

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GOODWIN: Let's see, was Morse Secretary...

FUCHS: He came in as an Assistant Secretary in '46 and then in 1948, about the time you were being transferred out of Labor, he went to the ILO as Director General. He had come over from NLRB in '46 and was an Assistant Secretary of Labor for two years.

GOODWIN: This was the period when they were trying to do something about building Labor up, and part of that, of course, was getting more policy officials and creating the Under Secretary

position. I'm not entirely clear on the timing of this. I know that when we went to the Department of Labor they didn't have an Under Secretary.

FUCHS: No, they didn't under Francis Perkins. There was a reorganization movement that Schwellenbach instituted, and that's when they got an Under Secretary and the three Assistant Secretaries. What were your views of Judge Schwellenbach as a Secretary of Labor?

GOODWIN: Well, I didn't think he was very effective.

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Of course, he was ill during part of that time. He'd been a judge, and he continued to operate pretty much as a judge during the time he was Secretary of Labor. I can remember that the Employment Service had been Federalized during World War II as part of the War Manpower Commission. One of the things that Congress wanted to do immediately was to turn the Employment Service over to the states. The President was in favor of keeping it in the Federal system. We fought this battle out with the Congress and we lost; they returned the Employment Service to the states and set it up on much the same basis as it had been before the war. In other words, it became part of a Federal-state system.

FUCHS: As I understand it, the states accepted the provisions of the various acts of Congress on the Employment Service, including the provisions on taxation. How was it different when it was operated by the states, as against being operated by the Federal Government?

GOODWIN: Prior to the war and at the present time it

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is a Federal-state system, which incorporates a grant-in-aid program. The Federal Government sets broad policies and they are responsible largely for financing.

Originally the Employment Service was set up on a matching basis, 50-50. Then when unemployment insurance came along there was a tremendous workload involved in that for the Employment Service. The Social Security Board made the decision that the Employment Service could be financed from unemployment insurance administrative money. The source of that was a tax on employers, and it was financed that way. During the war it was financed from general funds. But at the end of the war it reverted to a payroll tax. There is still a little money that comes from the general fund of the Treasury -- about 15 percent; but the remaining 85 percent of funding for the Employment Service comes from the unemployment insurance administrative money.

Well, with the grant-in-aid system, we had extensive control over the fiscal operations and

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state policies. We have authority to decide in general terms at least, how the money could be used. But the states were responsible for administration. They hired the people and fired them. We required that they do that through a merit system, but we could not substitute our judgment for theirs in the selection of people or getting rid of people. In those areas they had full control.

Well, after the Employment Service went back to the administration of the states the basic organizational structure has continued since that time. There've been differences in the program, changes in the program, but the Federal-state character of it has remained the same since it went back to the states in 1946.

FUCHS: What are your personal views? Is it better to have it federalized or is it better to have a system of Federal-state cooperation?

GOODWIN: Well, I have been on record over the years

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for a Federal system. I think you can have a good Federal-state system. But the economy is largely a national economy. It's influenced by what happens on a national basis. You get more problems, I think, in unemployment insurance than you do in the Employment Service, under the Federal-state setup. You get differences that are not justified; differences in benefits and other things. I think that a Federal system can be more efficient. I think it can be adjusted to the local differences that do exist. But I doubt that any change is in the cards politically in the near future.

The thing that may bring a change in unemployment insurance is the financial situation. The '74 recession really bankrupted the funds of a good many states; 24 states had to borrow money from the Federal Government in order to run their benefit structure. Although some important steps have been taken to bolster the fiscal system, if we got another recession like

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'74 in the next year or two why we'd be in a very bad way. I think that if federalization comes, it's likely to come through the fiscal failures of the state systems, rather than anything else. I think it's more likely that we'll get some Federal standards rather than out-and-out federalization of the system.

Congress last year passed a new unemployment insurance bill that was pretty important. It extended coverage and now we have almost universal coverage. It mandated a tax base that was almost a 50 percent increase in what was required on the tax base, and it also increased the tax rate to a small extent. And it passed a number of other important amendments to the law.

Congress also set up a commission to study additional changes that might be made in the system. That commission hasn't gotten off the ground yet. President Ford, in his last couple of hours in office, appointed members to

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the commission. Most of them come from management. The law requires that the commission be balanced, and they're clearly not balanced, so this administration has been trying to clear the decks so that they can get going. They've asked the members who were appointed by Ford to resign. He appointed seven; four of them have agreed to resign, but the others have refused. They haven't got this settled yet, but expect to get it settled sometime soon.

FUCHS: Do you think it was just an oversight or do you think there was pressure on him?

GOODWIN: I think he just took care of some obligations before he got out of office. It probably was presented to him by one of his staff, and I'm sure he didn't realize what kind of a problem he was getting into. It was done at the last minute. We had assumed he wasn't going to act because it went until the last day, you know. The point I was going to make is that if that

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commission gets operational as we think it will, it'll be a new look at the entire system. Although the emphasis there is on unemployment insurance, they'll undoubtedly take a look at the Employment Service and its relationship with unemployment insurance. And something more may come out of it.

FUCHS: At the time of the move did you feel that unemployment insurance and employment services should be so closely tied together in one bureau?

GOODWIN: Yes, I think there are real advantages to it. One of the Employment Service's functions was to administer the work test for unemployment insurance. People are offered work and if they refuse then they are not eligible for unemployment insurance. It is desirable to have those two things operating together. It can operate the other way. Canada experimented with it; they separated them a few years ago, and they're putting them back together again. At least they're

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bringing them closer together than they were.

FUCHS: There were similar efforts at separation one time in our system, weren't there?

GOODWIN: Yes, there were -- during World War II. That was not a very good test because we had widespread labor shortages during that period and so the unemployment insurance program got down to virtually nothing. It was very, very small. So there wasn't a lot of stress in the employment service operation on matters of unemployment insurance in that period.

FUCHS: In looking at the organizational structure of the Department of Labor and then of the FSA [Federal Security Agency], I notice there was a Veteran's Reemployment Service and then there was the Bureau of Employment Security. Yet I thought I read someplace where one of the functions of the Bureau of Employment Security was to oversee the veteran's reemployment rights. Why was there a separate bureau? Do you recognize what I'm talking about?

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GOODWIN: You're talking now about the reemployment services. That was a comparatively small operation in the Department of Labor. The Veteran's Employment Service itself was within the Employment Service, and the Employment Service was part of the Bureau of Employment Security. The Reemployment Service -- was it called a service?

FUCHS: Earlier there was an administrator of retraining and reemployment administration; he was a major general. I don't know if that corresponds to what later was called the Director of the Bureau of Veteran's Reemployment Rights.

GOODWIN: Reemployment Rights may have been an outgrowth of General Graves.... Well, it was a Marine Corps general that was brought into that. One of the major problems in this period was assimilating the veterans that were returning.

FUCHS: Erskine was the name.

GOODWIN: Erskine, yes. I've mixed up two people.

FUCHS: He was a Marine Corps major general, G. B. Erskine.

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GOODWIN: Yes, that's right. Well, as I say, what was regarded as a major problem was that of assimilating the veterans that had returned. There was a great fear on the part of many people that we were going to have high unemployment. Their rationale was simply that we had had 10 or 12 million in service and that industry just could not absorb the veterans fast enough to avoid widespread unemployment. I did not agree with that theory. There was a tremendous backlog of demand for many, many things -- automobiles and all of those goods that had been virtually closed off to civilians during the war. But the point is that many, many people were concerned about postwar unemployment. Erskine's operation was partly that of public relations and partly that of working out programs with Congress. It was designed to deal with the problem of returning veterans. That office did not stay in existence very long as I recall. It may have been in existence a year and a half, but I don't believe much more than that.

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FUCHS: It changed its name. Under Erskine it was Retraining and Reemployment Administration, and then it became the Bureau of Veteran's Reemployment Rights under [Robert K.] Salyers and did go on until the end of the administration.

GOODWIN: Yes, it did; but that was only a small part of the other operation. It was administering a fairly narrowly-conceived legal program. The returning veterans were guaranteed certain rights to reemployment, and this office had the responsibility to see that they got those rights. It was limited to that. They cooperated with us in the Employment Service and we did a good deal of their work for them. But they confined themselves to the role of helping returning veterans get their re-employment rights. This was done largely on the basis of complaints. Veterans tried to go back to a job, had trouble, and made complaints. Then Salyers' outfit got into it and helped them get their rights. It was a pretty small operation. My guess is that Salyers had no more than 50

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people; now that's a guess.

FUCHS: What would your departmental office there have? The Bureau of Employment Security in the Washington office?

GOODWIN: I think our peak in the Federal end of it was 1800 or 1900. That included Unemployment Insurance and Public Employment Service, and included our regional offices and our Washington office.

FUCHS: That was the whole Bureau of Employment Security, as far as the Federal end of it?

GOODWIN: Right. For a long, long time our budget was larger than the rest of the Department of Labor combined, because our budget included the grants to states -- the money required to run the program in the states. So our total budget was more than half of the Department's budget for a long, long time.

FUCHS: I noticed in a document of John Gibson's that

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the reason for keeping it in the Department of Labor in 1948 was that funding in millions of dollars would be lost. Did you feel that quite sharply when you went into FSA? Was there a large cut in your funds when you were transferred to the Federal Security Agency?

GOODWIN: Well, actually, we weren't there long enough to have any impact, and I don't think it did have any, actually. The President still was interested in the program, and I don't think he would have permitted any sharp decreases. Well, on the transfer to the Federal Security Agency, it was done by a rider to an appropriations bill. On the transfer back, it was done by Presidential reorganization, by an Executive order.

Yes, that's my recollection of how it was done. I know that one of them was a rider; that was the transfer to FSA. And coming back, that was by Presidential action.

FUCHS: In the Federal Security Agency you were under the Social Security Administration, is that correct?

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GOODWIN: We were under the Social Security Administration.

FUCHS: I was wondering if you had worked with Mr. Altmeyer; did you work through him? Of course, as you say, you were only there about one fiscal year.

GOODWIN: Well, I'm just trying to think; I'm not sure. We did not report to Altmeyer.

FUCHS: Did you report to Oscar Ewing?

GOODWIN: My recollection is that we did, to his Under Secretary. Don Kingsley, who I had recruited into the Federal service when I was Regional Director of the War Manpower Commission, was Assistant Secretary. He was very influential in the setup in which we operated

over there. He had reservations about putting us into the Social Security Administration, as I recall, and was influential in getting it put the other way.

FUCHS: Did you ever discuss with President Truman the

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peregrinations of the United States Employment Service, as you recall?

GOODWIN: Well, I talked to him about it after he left the Presidency, but I didn't do it directly while he was President. I was invited to the White House a good many times, and our meetings over there involved the Employment Service primarily. Also, they were with the staff, and not with the President himself.

FUCHS: Did you have regular staff meetings when you were in the Department of Labor, with the Secretaries, the Under Secretaries, and other Bureau heads? What do you recall about that mode of operation?

GOODWIN: Yes, there were staff meetings. The Under Secretary used to have staff meetings. As I remember, they weren't on a regular basis but were called on occasion to deal with special problems. Morse particularly was active in this during the period he was there as Under Secretary.

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John Gibson, I recall, was there as Assistant Secretary. I had known John Gibson when he was out in Michigan, and I was in Cleveland as Regional Director. John, I think, was the Under Secretary on an acting basis for a short time, after the change took place there. I think he wanted very much to be named to that job. Actually, I think he aspired to be Secretary, and made a bid for it, but he didn't get it. I think he would have taken the Under Secretary's spot. I don't believe that was offered to him either.

FUCHS: Do you think that he would have performed capably as the Under Secretary or the Secretary?

GOODWIN: He was a very capable person. You know he ended up by making a huge fortune.

FUCHS: Yes, I've heard that.

GOODWIN: He ended up in the banking business. When he left the Department he first had the distributorship for one of the better known beers in this area and made quite a bit of money out of that. He went

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from that to McDonald's. He got the franchise from McDonald's in the early days when they were just starting out in the Washington area and sold that out at a tremendous profit, five or six years later I guess. Then he went from that into the banking business. I used to maintain contact

with him. He died last year, of a heart attack. He was a hunter, too. He had a place down in the Delaware shore area. He was down there hunting about a year ago and died.

FUCHS: Waterfowl hunting?

GOODWIN: Yes.

FUCHS: Mike Galvin, of course, was Under Secretary for practically Mr. Truman's whole second term. How did you view him?

GOODWIN: Well, not very favorably. Most of the people actually reported to the Secretary. Maurice Tobin was the Secretary. Tobin ran the Department, largely.

FUCHS: In an interview that I have done, one former

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Labor Department official said he had very good relations with both Secretary Tobin and Galvin, but he thought they were both very poor administrators. They did a lot in the political field, he pointed out. Would you confirm that, or would you probably say that just applies to one or the other?

GOODWIN: Well, I think Tobin was well-qualified in areas that were most important in the top job, and that is the policy area. What I think he needed was a good administrator who would see that the Department was run and he just didn't have it in Galvin. Galvin was not a good administrator and in my opinion he just didn't do a very good job for Mr. Tobin while he was there.

FUCHS: The New York *Times* commented that in this reorganization Schwellenbach brought in what they termed the "secret six." I just wondered if you ever heard of that term. One of these was John R. Steelman. Each one of them had an area, as I understand it, to look into and reconstruct in the

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Department. Do you recall that?

GOODWIN: Steelman was over at the White House.

FUCHS: He might have already been in the White House but I think not. I got it from the New York *Times* that there was what they called the "secret six." Were you conscious of this? There were Steelman, Carl Moran, John Carson, Edwin Connelly, A. A. Laframboise, and Ike Comeaux.

GOODWIN: I remember Steelman. I wasn't conscious of this group operating as a unit in the Department of Labor. Two or three of the names you mentioned strike a chord with me; they were there, and I thought they were acting primarily as advisors to the Secretary.

FUCHS: I guess that's really what they were doing.

GOODWIN: I think that's the way they were regarded by the bureaucracy. We did have some contact with two or three of them but not all of them.

FUCHS: Did you know Steelman personally?

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GOODWIN: Yes, but not awfully well. But I had more contact with him, I think, after he got over to the White House.

FUCHS: How did you come in touch with him there; what aspect of his job?

GOODWIN: It was developing programs and keeping in touch with what was going on in the Department of Labor and elsewhere. He was known as a labor market person among other things. He was interested in some of the programs that we had in the Employment Service.

FUCHS: Did you ever have any conversations or hear any conversations, the general tenor of which was that Steelman was a meddler, or that he was out of step with the Labor Department? Perhaps there was jealousy of Steelman, in that there was this division of authority.

GOODWIN: No. I can't say that I can recall, anything along that line.

FUCHS: One writer in particular has said that Steelman

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was appointed to handle labor matters and to bolster the Secretaries of Labor, but in actuality he sort of took over and the Secretary of Labor's authority was diminished.

GOODWIN: Yes, now that you mention it I recall there was something along that line. I don't remember whether that operated primarily with respect to Schwellenbach or Tobin. I do remember that there was something along that line. Tobin, I think, was pretty aggressive in taking his views to the President. I recall there was something, but I was a bit removed from it.

FUCHS: Of course, you were more involved in labor conciliation services, that sort of thing.

GOODWIN: Yes, that's right.

FUCHS: I suppose that this would have been a bigger bone of contention if the Federal Mediation and Conciliation Service hadn't been removed. Then he would have been getting more into Department of Labor affairs directly through that agency. As a

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matter of opinion, did you approve of the Federal Mediation Service being removed from Labor and becoming independent?

GOODWIN: No, I thought it should have stayed in the Department of Labor. This was part of the concept that the Labor Department couldn't represent the public. Supposedly, it represented organized labor as against the rest of the country and therefore anything which involved a strong interest other than labor had to be placed someplace else. This is what operated with respect to our program. While that was the argument they used in transferring us to the Federal Security Agency, I didn't agree with it then, and I didn't agree with that argument with respect to the Conciliation Service.

FUCHS: Is the Employment Service in HEW now, or is it in Labor?

GOODWIN: It's in Labor.

FUCHS: It stayed in Labor after the subsequent administration?

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GOODWIN: After it came back in in '49 it stayed there all the way through.

FUCHS: I read that there was a difference of opinion about the philosophy of the operation of the United States Employment Service. One side held it should be used by all people, and the other argued it should just be used for the disadvantaged. I'm sure you're familiar with that.

GOODWIN: That came much later. That came in the late sixties and that was an issue when they set up the poverty program. The Employment Service was criticized on the basis that they didn't respond to the needs of the individual, that they were oriented to the employer, and therefore you had to have a different kind of a program to deal with the disadvantaged. This was to some extent a self-serving argument. It had some validity, but it was a self-serving argument, too; it was promoted by the bureaucracy that was really built up in connection with the poverty program. In that period it built up and got to the point where

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one large state sent out an instruction that unemployment insurance claimants would not be registered with the Employment Service because they were job-ready and they could take care of themselves. Well, that was really the turning point. Employers got on their ear because they said we're financing the Employment Service, and we have to be permitted to use it. One of the results of that philosophy was that the number of placements performed by the Employment Service went down because employers lost confidence in it. The philosophy got turned around, really, about five or six years ago after the Government decided they'd made a mistake. If you permit the total number of placements to go down, you also do a poorer job with the disadvantaged.

FUCHS: Did this problem arise at all during the Truman years, '45 to '53? What do you recall as your major problem other than reorganization?

GOODWIN: Well, building up the Employment Service and making it a good Service. As I said earlier, our major problem was to give good service to the

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veterans.

FUCHS: I imagine the states were kind of jealous of their prerogatives and wanted to keep the Employment Service arranged organizationally as it was. But after they got into fiscal difficulty, did any of the states or major groups try to get the Government to Federalize it entirely

GOODWIN: Well, they have recommended that a larger proportion of the fiscal responsibility be taken over by the Federal Government. On unemployment insurance we're proposing now what we call a cost equalization. These 24 states that I mentioned to you that had to borrow money from the Federal Government -- most of them are states that had high unemployment. The extent of unemployment differs mainly between the states. States like Texas, and Midwest States such as Kansas and Nebraska, have had average unemployment rates over a period of years that are much, much lower than New York, California, Michigan, and Illinois -- the big industrial states -- and all of New England. So

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this proposal we made would set up a formula which is based upon the amount of unemployment in the states. Under this formula, we wouldn't give any state anything unless unemployment was over 6 percent insured unemployment. Insured unemployment relates to about 6 percent, as against perhaps 8 percent total unemployment. This was introduced by Congressman [William M.] Brodhead and there are about 58 sponsors for it in the House. There won't be any action taken on it this year but there may be action taken on it next year. But this is the approach the states have taken. I think it's a reasonable approach. It's based on the theory that if unemployment consistently is high in a state that there's justification for Federal assistance in financing it. They are not advocating that the Federal Government take over additional power. Whether that will go with it or not I don't know. That's been one of the trends I think we've had over the years; with a shift to Federal expenditures on some of these programs, a certain amount of Federal control has gone along with it.

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FUCHS: During the Truman administration did the matter of foreign agriculture, primarily Mexican migrant labor, crop up and command your attention?

GOODWIN: Yes. This program got started, really, during the war when large numbers of foreign workers were brought in to work primarily in agriculture. Also they were used to some extent in industry and in railroad work. That program was later written into law. My recollection is that during the war they were brought in under general war powers. There may have been such language in the administration and appropriations bills, I don't know. Then after the war the Mexican program was set up; that was in the Employment Service and we administered that for a number of years. That was limited to agricultural work. We brought in as many as 400,000 in one year. That program was eliminated five or six years ago by the Congress.

FUCHS: Replaced by the "wetback" program?

GOODWIN: You're right. That is what's happened, mainly.

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Lots of them are used now, but many come in illegally.

FUCHS: Were you consulted in the hearings?

GOODWIN: I testified.

FUCHS: Was there any particular controversy you can recall where Congress wanted to go one way and you said it should be done another way?

GOODWIN: The Congress was badly split on this question. On the one side you had those representing the agricultural interests, in particular. I remember Senator [Carl Trumbull] Hayden from Arizona was very, very much interested in the program and stayed very close to it. That was when he was Chairman of the Senate Appropriations Committee. So there was a struggle going on in the Congress. Some of the Congressmen from states and districts that represented to a large extent domestic labor interests were opposed to the program.

I came to the conclusion after some years of administering the program that there was no

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way you could administer it without adversely affecting wage rates. I tried to put through and finally did put through a program for what we called an "adverse-effect wage." In brief, we reached a decision based on certain data that we collected, that if we didn't have the farm workers in the country the wage would have gone up to a certain point. For years the solicitor in the Department of Labor would not go along with us on this. He didn't think we could establish such an adverse-effect wage. Finally the criticism reached the point where they accepted our position on it and we put it into effect.

At that time, the largest proportion of these Mexicans were used in cotton harvest, doing what is called "pulling" cotton or picking cotton. I remember we made a decision on what the wage should be there. This was one of the areas where Mr. Galvin did get into the act and really upset things. He reversed the decision that I made on the level of that adverse-wage effect as far as pulling and picking cotton was concerned. He

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reduced it.

Even so, the effect of raising the wage -- and my recollection is that we raised the wage somewhere in the neighborhood of 15 or 20 percent -- the effect of that was that it became less economical for growers to use Mexican labor. They didn't go to American labor but they went to machines. In a matter of two or three years the industry was transformed. This was partly due to the fact that technology had improved in machines so that they could do a better job, and cheaper. But the result of that adverse-effect wage dramatically dropped the number of Mexicans in this country. We went from a high of over 400,000 down to about 125,000, that's my

recollection, in a matter of just a couple of years. All that happened largely because of the operation of the adverse-effect wage.

In spite of that we had agricultural activities where the adverse-effect wage didn't do the job. We couldn't get it high enough to attract domestic workers into employment, and therefore, you didn't

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have a basis for getting rid of the foreign workers.

The criticism, however, continued to grow and the result was that Congress finally eliminated the program. The program, however, had its good points. I mean we supervised such things as living arrangements for workers. They had to have decent housing; they had to have health facilities and things of that kind that domestic workers at that time did not have. So you had a contrast between what was available to domestic workers and what was available to foreign workers. Foreign workers had better working conditions and frequently better wages than the domestic workers.

But my conclusion was that you just couldn't do the things necessary on the foreign program to completely eliminate the adverse effect on domestic wages. I came to the conclusion that the program ought to be eliminated for that reason.

FUCHS: You say Galvin undercut you on this; how did he do that?

GOODWIN: He did it on his own and it became a little

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bit of a controversy within the Department at that time. But the Secretary didn't reverse him. I think if I could have gotten to the Secretary before it had been announced publicly, that I might have had a chance, but it was a "fait accompli" before I ever had any opportunity.

FUCHS: You think the Secretary was sympathetic to your views but he didn't want to reverse his principal advisor?

GOODWIN: That was my feeling at the time.

FUCHS: Did they have any sort of a policy at that time on speeches that bureau heads were going to give?

GOODWIN: Not nearly as much as they did later. I'm not sure whether there was any that operated at the time; I don't believe there was. It didn't represent any kind of a problem for the bureau administrators at any rate.

FUCHS: Maybe we'd better get on to something about

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the Defense Manpower Administration that came about at the time of the Korean war. Frank Graham was appointed.

GOODWIN: Well, I was the first administrator of that. I actually operated it most of the time. Graham was there for a short time but then he went with the United Nations.

FUCHS: What was your title?

GOODWIN: Director of Defense Manpower Administration. I believe it was Executive Director.

FUCHS: Did you appoint Leo Werts?

GOODWIN: Yes, he was my Deputy. I'd known him for a long time. He had been, first, in the Illinois Employment Service and was head of it. Then he came to Washington during the war and was Deputy to Colonel McSherry of the War Manpower Commission. At that time, I was Regional Director, in Cleveland, of the War Manpower Commission. We worked together on a lot of things. Then he left that job at

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the end of the war. I came to Washington in January of 1945. Leo left there shortly after that, I believe. McSherry then took Leo with him to Germany on reconstruction. I went over there for a short time at Leo's request to do a little study on the Employment Service. Germany had had a very well-developed employment service before the war.

FUCHS: Well, who brought you to Washington, so to speak, from the region in 1945?

GOODWIN: McNutt brought me.

FUCHS: You knew McNutt?

GOODWIN: I didn't know him well, but we had what was regarded as the largest regional job. We had Michigan, Ohio and Kentucky. We had more war production in that region than any other region. And we were regarded as having done a pretty good job. I hadn't really had much contact with him. I had had some when I was with the Social Security Board which was under McNutt and the Federal

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Security Agency. The board got crosswise with Governor Davey on a conformity issue and had taken away their Federal money.

FUCHS: In Ohio?

GOODWIN: In Ohio. Although, I was not the Regional Director at that time, I was there as Public Assistance Representative. We really didn't have a Regional Director at that moment. The Regional Director had resigned and they hadn't appointed a new one yet. So I handled that Ohio

controversy with Governor Davey and I assumed that I came to McNutt's attention through that. We came out of it fairly well and that may have had something to do with it.

FUCHS: You were known more by reputation than by personal relationships.

GOODWIN: I had no personal tie with any of the people in the setup there at that time.

FUCHS: Well, you had two hats for a while there, 1950-53, because Graham didn't operate there too much.

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Of course, he went on a leave of absence, I believe, on a special mission to Kashmir, Pakistan.

GOODWIN: That's right. That's the first thing he did. Then he went with the United Nations after that.

FUCHS: I see. So you and Leo largely operated it?

GOODWIN: That's right.

FUCHS: Did you come in touch with Charlie Wilson and Arthur Fleming?

GOODWIN: Yes. I know Arthur Fleming quite well and had a good deal of contact with him during the war period.

FUCHS: Korean war, you're speaking of?

GOODWIN: Both wars. He was on the Civil Service Commission during the war and was their representative to the War Manpower Commission, and that's where I knew him first. I've had some contact with him over the years since that time.

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I attended a few meetings where Wilson was in charge. But he left the War Production Board soon after I came to Washington. Of course, the war was grinding down to a halt then, and so I didn't really have a personal acquaintance with him.

FUCHS: As the Administrator of the Office of Defense Mobilization and then with Fleming as his subordinate, you may recall there was a controversy about whether the Manpower activity should be placed in the Department of Labor or, as Graham and maybe his subordinates thought, that it should be more on a voluntary basis rather than under strict control. Do you recall this?

GOODWIN: Oh, yes. I had one session with Wilson on that. After he took that job he called me over to the White House one day -- to the Executive Office Building -- and it put me in a bad spot because he had not gone through the Secretary. What he had in mind at that time was to lift our outfit out of the Department of Labor and make it separate. He, in effect, was offering me the job of running

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that part of it, the manpower part of it.

Well, I told him I'd have to talk to Secretary Tobin about it and I did go back and discuss it with Tobin. It created quite a little furor because he had not talked to Tobin in advance. Tobin was very upset about the whole thing. It fell through. Tobin, I guess, raised enough hell about it that it fell through.

FUCHS: What was your major problem in relation to the Office of Defense Manpower activities during the Korean period?

GOODWIN: Well, we had a system of committees in the War Manpower Commission, labor-management committees, and we had them set up on an area basis. We had labor-management agreements affecting recruitment and such things as designating less important activities that were not to use scarce labor and that sort of thing. They were partially successful. I guess they probably worked better than if we'd had actual authority to impose and enforce restrictions. We had to

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use indirect means on a lot of it, but it was pretty effective.

There were lots of incidents but I don't know if they're too important. I remember one involving the appointment of a regional Manpower Director for Northern Kentucky. I had a call from Mr. McNutt one day asking me to consider a certain person for the area Director job. Well, I checked it out and I found that this fellow was the attorney for the gambling interests in Northern Kentucky which were quite extensive at that time. Gambling was one of the things that was on our nonessential list, so I could see all kinds of potential problems in that, including political and public relations problems. So I talked to McNutt and told him I didn't think I could appoint this guy. Well, he let me ride for a while; then he called me again. I think he called me three different times. What I learned later was that Senator Barkley was behind him. He was one of his friends and supporters.

FUCHS: He would have been Vice President then.

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GOODWIN: Yes. I just felt that no matter who was behind it I couldn't go along with it. McNutt never got to the point where he ordered me to do it. He urged me to, and he asked me to, but he never got the point where he ordered me to do it. I never did appoint the guy. I finished the period I was there with an acting director in the area. They were not able to fill it; but I didn't appoint this person. McNutt was pretty good on those things generally. Of course, he was ambitious politically and he would have liked very much to go along with the Senator, in this particular case.

FUCHS: In a war period like that were your two activities pretty much intertwined? I am referring to the Public Employment Service and the war manpower activity. Or did you spend most of your time on the war?

GOODWIN: Oh, virtually all of it on the war. The Employment Service was a recruiting arm of the War Manpower Commission, and we didn't really pay much attention to anything except what was war-related.

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There were some civilian activities that had to be directly war-related or essential in the civilian sector before we would put resources into them.

FUCHS: Did you feel that Fleming was a strong person, a strong administrator?

GOODWIN: Yes.

FUCHS: Did the Full Employment Act of 1946, have any impact upon you?

GOODWIN: Well, yes. I'd say that it had a big impact on the philosophy of government. As you well know they watered that down a little bit in terms of what could be used for actual application. But in terms of the statement of philosophy and a statement of purpose for the Federal Government it was important. I guess the main thing it did was to affect attitudes toward other specific legislation from time to time. We never got full employment and we don't have it yet. We never got acceptance of the idea that the Government ought to be the employer of last resort -- public

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employment to reduce the unemployment level. But we have moved in that direction, so I think it was important. But of course, it never achieved the objectives that were stated in that law.

FUCHS: One concrete thing was creation of the Council of Economic Advisers; but other than that do you think that it was largely a statement of principle?

GOODWIN: Well, that's the way it looked to me, yes.

FUCHS: In the table of organization of the Department of Labor they had a slot assigned in the latter years for Assistant Administrative Secretary.

GOODWIN: That's the job that Leo Werts had, Administrative Assistant Secretary.

FUCHS: He had that? In at least two *Government Organization Manuals* there was a vacancy showing. I wondered if anybody ever did fill that.

GOODWIN: Oh, yes. They had a fellow in that position for a good many years. His name slips me at the moment. Then when he retired Leo Werts was put

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in it. He stayed in it for several years.

FUCHS: In other words that was in the Secretary's office?

GOODWIN: Yes. This fellow, Dodson, was the name I was trying to think of.

FUCHS: James Dodson?

GOODWIN: James Dodson. He started out under the label of chief clerk.

FUCHS: Then he was involved with budget management?

GOODWIN: Yes, and it grew into the Administrative Assistant Secretary. The Administrative Assistant Secretary was set up on a Government-wide basis; it was instituted in other departments as well. Dodson was put in it at that time and then later Leo Werts was in it. I forget the name of the person that's in it now. I didn't realize that it showed up as vacant for a time. When was that?

FUCHS: I believe it was 1951. Here is a page from

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the 1950-51 manual, which was revised as of July 1. This is the first one I have, and it shows a vacancy, Administrative Secretary of Labor, and the next one shows a vacancy in 1951-52. Then 1952-53 shows a vacancy.

GOODWIN: That surprises me. There's something I don't know on that. Dodson was there then, but maybe they didn't give him the title.

FUCHS: Yes, they show Dodson as Chief Clerk, and then they had him as Chief Clerk and Budget Officer.

GOODWIN: Well, that surprises me.

FUCHS: Here they had a Director of Office of Budget and Management. I never saw a name connected with the Administrative Assistant job, so I wondered if Millard Cass had that title?

GOODWIN: No; Millard's title through that period was Assistant to the Secretary. Either Assistant to the Secretary or Assistant to the Under Secretary.

FUCHS: In '49 he showed up as Special Assistant to

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the Under Secretary. Then after that he didn't appear in the organization as shown.

GOODWIN: Well, he was there. I had understood that his job was Assistant to the Secretary.

FUCHS: You're probably right; it just doesn't show in the organization manual.

GOODWIN: He was in a key spot during much of this period we're talking about.

FUCHS: What are your views of the organization as it now stands under President Carter?

GOODWIN: I don't agree with the way they've organized the Employment and Training Administration. They've divided it up too much. Looking at it from the standpoint of employment security, they've got it divided up about five different ways. If you want to take a look at the total operation of employment security, you have to look at unemployment insurance which has no field responsibility at all. You have to look at the fiscal end of it; you have to

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look at the field service. All of these are separate; they're not tied together short of the Assistant Secretary. I don't think you get a good result that way. I think it takes a lot more energy and effort to operate when it's structured that way. I think when you look at the program in the field, you've got an Employment Security Administrator, and the only person in Washington who is on a level that can deal with him is the Assistant Secretary. I mean, deal with the complete unit. I think they've got some very able people over there, and we work with them cooperatively on the program. But it is awfully hard to get things done sometimes.

FUCHS: I should ask you what you did. Could you succinctly characterize a typical day in your activities as head of a bureau like that?

GOODWIN: Well, we divided our time. During that period I had a good deal of responsibility for relations with the Congress, almost completely on the appropriations end of it, and to a very large

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extent on substantive legislation. My relationships up the line in the Department of Labor took an awful lot of time, but were very important. In those days we handled a good deal of the public relations aspect. I had an informational service that at one time had about fifty people in it. A good deal of our work was done through the states. In our contact with the states, we had the regional offices and we had a field service of four or five people in Washington who kept in touch with our regional people and what was going on out there. The problem was selecting the most important jobs and getting them done. We had a lot of meetings with people from state governments, and many of these concerned the financial problems in the states -- appropriations and how much money they needed to run their programs.

FUCHS: Who was your principal assistant?

GOODWIN: Well, over that period of time I had several. For a good many years my deputy was Ed [Edward L.] Keenan who later went to one of the units over in

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the White House. He retired four or five years ago.

I had an assistant for a number of years named Bill Curtis. He died about a year ago. Then my last assistant over there was Margaret Dahm. But I had a lot of very good people in that setup. Bill Norwood was first in charge of Employment Service in the bureau. Then he shifted over to unemployment insurance. He was there about fifteen years. Lou Levine for part of that period was in charge of the Employment Service. The two operating units were Unemployment Insurance, and Employment Service. Then I had an overall deputy and that's the one I mentioned, Ed Keenan and later Bill Curtis. It's been an exciting experience over the years.

FUCHS: What year did you leave?

GOODWIN: I left the Department of Labor in '74. They reorganized in 1970 and eliminated the Bureau of Employment Security and set up the Manpower Administration. At that time I was put in charge of

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the Bureau of Employment Security, since it was formed in '48.

FUCHS: Do you recall anyone else that you worked closely with in the White House during the Truman years?

GOODWIN: I don't offhand, no. We, of course, had our dealings on appropriations and budget with the Budget Bureau. This was before that office was broadened. We used to have examiners over there with whom we had a lot of contact.

FUCHS: Were you in touch with David Stowe?

GOODWIN: David Stowe was our examiner for a good many years.

FUCHS: Would you talk with him personally about things?

GOODWIN: Oh, yes, yes. We spent hours with him on our budget. A very capable fellow.

FUCHS: Do you have any other memories of President Truman or men close to his administration?

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GOODWIN: No. We had a couple of assistants that he was personal friends with. They used to go to see him when they came to town. One of them was Ted Marks who was in the Veteran's Employment Service. They'd been in the Army together. Ted used to visit Truman after he was President, when he'd come to our meetings.

FUCHS: You knew Ted Marks personally then?

GOODWIN: Yes. Then there was James Doarn.

FUCHS: James Doarn.

GOODWIN: He retired recently, in the last few years, from the Federal Security Agency -- now HEW. He was a Regional Director in Kansas City. He wasn't as close to the President as Marks was. But he was close enough that he took that regional job out there away from a person who'd been in it for a number of years. Doarn had been in a job in the Federal Security Agency, and he decided he wanted to go back to Kansas City. They had a person in that job who was very competent and had

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a lot of backing, including political backing. But Jim Doarn was able to take it away from him.

FUCHS: Was there anything else you want to share?

GOODWIN: As soon as we stop, I'll probably think of more things.

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