Oral History Interview
With

DANIEL L. GOLDY

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by Raymond L. Geselbracht and Dennis E. Bilger

GESELBRACHT: Mr. Goldy let me ask you, how did you come into the Interior Department in Truman's Administration?

GOLDY: I had been over at the Labor Department as the Special Assistant to the Director of the United States Employments Service, it was then a Federal operation, Federally operated, during the reconversion from wartime to a peacetime manpower operation and it had been the field in which I had been working for a long time. And when I came out of the Navy, I went back into the position with the head of the Manpower program of the country, and frankly, I had become interested in how we could expand jobs in the United States instead of just stretching the existing job base so enough people could find jobs as they came out of the military service and we had our transition from war to peace. And on top of that we had--my wife and I had visited--she had lived there before--we had visited the Pacific Northwest and we had decided that that's where we wanted to go to live now that our military duty was over. And so we visited in the Northwest, met some people who were key in the Department of Interior, and they in turn introduced me to people in Washington, D.C. in the Department, and given the particular background that I had had in heading up a regional committee of various Federal agencies in other positions that I filled, I was offered a job in the Pacific Northwest by the Office of the Secretary where they were creating a field committee of the Interior Department agencies for the Colombia Basin.

The then Secretary of Interior, Julius Krug--"Cap" Krug--had come out of the TVA and his Assistant Secretary, C. Girard Davidson, had come out of the TVA, and they were very interested in creating a Colombia Valley Authority, an equivalent of the TVA for the Pacific Northwest and the Colombia Basin.

So I was set up--they felt they would have difficulty with the Congress in getting one approved just directly, but Secretary Krug felt there was absolutely no reason why they should not pull all the agencies--existing agencies--together in the Interior Department and at least have a coordinated program with respect to what they had control over. And I was hired actually to go to the Northwest and become the executive secretary of this interagency committee within the Department of Interior.

Well, we went out there and we found a house, rented one, and we were just about to settle down and undertake our duties, when I had a call from the Assistant Secretary, Mr. Davidson, who said that his assistant had departed for the State Department and he said, "Dan, you'll be out there in left field without a glove," he said, "if I don't have some assistant," he said, "we won't really be able to staff that and get it under way. You won't have anybody to really report to and things won't happen unless we do something about that." So, he said, "I want you to come back here to Washington, and," he said, "I want you to be my assistant until we can find somebody and as soon as we do you can go back out to the Northwest and do what you were hired to do."

So, we cancelled the lease on the house and we went back to Washington. And back in those days there were really two Assistant Secretaries in the whole Interior Department, and the way Cap Krug had it organized they each took turn running the Department. One of them ran it for two weeks and the other ran it for two weeks. They got all the mail from all the bureaus up there and we weren't called Deputy Assistant Secretaries at first, we were Special Assistants, but we were the only assistants they had, and there was one for each Assistant Secretary.

So, every two weeks I read all of the Department mail. Everything headed for the Secretary's signature would show up in my office. And it'd get stacked around the walls and piled up. Anyway, that's how I got introduced to the Interior Department.

We did have certain Bureau assignments as well. We had the Park Service and back in those days when I came in there was a General Land Office and a Grazing Service, we later while I was there, we put them together to become the Bureau of Land Management as it's known today. And we had the Geological Survey and we had some other--we had most of the land functions of the--other than Reclamation and Power. But we did have, we took turns--and also we had a kind of regional orientation and Assistant Secretary Davidson and I were oriented toward the Northwest and some of the other Western states.

GESELBRACHT: So, while you were in Washington, you didn't really specialize too much then did you. You handled everything.

GOLDY: Yes, I got quite an exposure to almost everything going on into the Interior Department, that's correct. And also, we handled other special assignments. For example, one of the assignments that came to the Secretary from President Truman when he was initiating the idea of a Marshall Plan, assistance program, for Europe to rehabilitate them after the war. The issue came up of America's capacity to produce resources to transfer to Europe. How much could we transfer, what were the limits of our ability to do that, and the Secretary of Interior was given the mission of looking at our resource base in the United States, and making a recommendation to the President of what could be transferred to Europe by way of assistance. And I was involved in that study as well. As a matter of fact, we got a commendation from the President for the work we had done on that. And that was my introduction--I was here, I got started in a sense with the Marshall Plan before it began over in the Interior Department, and as you know, later on I went to work in the Marshall Plan in Europe.

GESELBRACHT: We'd like today to try to evoke from you some things about your experience that will help our researchers to use your papers in the coming years and one of the issues in your papers that's very evident and that you've talked to me about today, is this matter of the Oregon and California lands issue. Can you describe, I guess, the genesis of that issue, both as an issue and how it came to your attention and how you got involved in it, and just what it all means.

GOLDY: Right. Well, the O&C Lands as they're known, Oregon and California were vested railroad grant lands. Those lands had been given to the Oregon and California Railroad to compensate them for building a railroad line from California into Oregon and what happened was they were given every odd section on each side of the railroad right-of-way extending up into the Cascade Mountains and the Coast Range in Oregon and they contained some of the best--probably the best forest lands in the whole United States. And there were terms and limitations put on the grant to the railroad. And they were supposed to sell these lands at certain price to settlers and other things, and they didn't do that, they recognized that the land had value for timber and so they started using it for other purposes.

The Federal Government, in effect sued--suits were filed and they reclaimed the land. The lands were revested back to the Government on the basis that the railroad had violated the terms of the grant. And so now here were lands, forest lands, very important lands, that had been on the tax roles of the counties. They had been private lands. The counties used them as a tax base and now they were back--they were Federal lands again. So the Congress, the President asked and the Congress decided to pass a law--I mean they enacted legislation special to the O&C lands setting up-- different from the National Forests--they had a different mission. Those lands were dedicated to providing a sustained flow of timber to the forest- dependent communities in that area, to support the communities, to be an economic base for them. And the distribution of the proceeds from those lands were different from the way the gross proceeds on the National Forest are distributed. And the counties in which these lands are located, we call them O&C counties in Oregon. They were entitled to 75 percent of the revenues from the lands and the Federal Government would have 25 percent except that in the years until the Federal Government was reimbursed for the costs of reacquiring, revesting them, and the cost of the money that they had put into it administering them, managing them, the counties would get 50 percent and the Federal Government would get 50 percent.

Well, that's where the lands came from.

GESELBRACHT: When did that happen, when had the revesting occurred and all these regulations been developed?

GOLDY: The revesting occurred--the issues started around 1915 or so, and the actual revesting occurred, I'm not sure what the exact date was, around 1920 or '21 or '22 somewhere in there. What happened to all the--in the Pacific Northwest, which is the most forested area of the United States, the best timber and the most dense acreages, where the bulk of actually the greatest part of the U.S. Forests are located, until World War II most of the timber from there and elsewhere came from private lands. There wasn't much intense use of the National Forests or the O&C lands. Some sales, but not much.

Then came World War II and tremendous pressures developed on the forests. The supply of raw material to build barracks, to build all kinds of things, and for other construction and shipbuilding and what-not. And so the forests got more heavily used. After World War II, as everybody remembers, we had an enormous backlog--unfilled backlog of demand for housing in the United States. And as this demand asserted itself in the marketplace, the demand for wood accelerated enormously. And at this point, the Federal Government was under great pressure to increase the volume of sales from the National Forests and from the O&C lands.

Now, what happened--one other thing I should tell you about the O&C lands. Because they had been part of this. I mean they came from the railroad grant, and they were every odd section, they were checkerboard lands. Every even section was owned by some private party and these checkerboards meant that private ownership was interspersed with the Federal ownership, unlike the National Forests which tend to be more blocked up, solidly blocked.

Well, what had happened was that the private companies that owned the private checkerboard, the even sections, had developed--they put the roads in, they were harvesting the timber on their private lands and when the O&C timberlands were put up for sale, they had the roads, they had the only means of access, so they were the only ones that could bid on the timber. So it meant that the price of the timber was very low and the receipts to the counties were low and they--in effect the control of the timberlands, the O&C timberlands, were really in the hands of the private companies that had the checkerboard with them, rather than in the Government. The Government went through the motions of selling the timber by competitive bidding, but occasionally there were timber that would be sold—enough of it was sold on occasion by actual competition in bidding so you could get some idea of what it was worth. The timber that was sold by competitive bidding went for something like three times or four times the price of what was sold at the appraised price and went just to the parties that had the checkerboard.

And this is the way things were going and finally the Congress passed something called the "sustained yield act" applying both to the National Forests and there was this sustained yield act also for the O&C lands. This was an amendment to the original O&C Act and it authorized the creation of what they called cooperative sustained yield agreements with private timber owners. And the idea was that the private timber owner if they would commit their lands to sustained yield management, which means that there'd be timber at in perpetuity, you wouldn't cut any more in any given year than what you could grow, so you'd have a perpetual yield that the Federal Government would commit to this agreement, a block of Federal lands, and would give the exclusive rights to this one company that committed its private lands to have exclusive right to bid on the Government timber. I should tell you one other basic fact that explains what happened and how I got into all of this.

As the pressure grew for timber and wood to beat the housing requirements and the demand for enough, more and more companies, smaller companies, independent companies, not just a few big giants who'd gone out there and had bought up a lot of timber land at very low prices after they'd cut out of the areas in the Middle West and they came to the West and Northwest. More and more independent companies, small independent companies came along, and these companies, unlike the old ones that had been there, the big ones, were interested in installing the latest technology for harvesting and for processing and manufacturing timber into wood products. And they got much of their technology from the Scandinavian countries who had advanced technology in cutting and conserving the timber. And the new technologies meant that you could get a lot more production, yield, lumber, out of the given input of logs and raw material.

Now, these companies that installed the latest technologies would build new mills, small mills, with the latest technology. They were much more efficient than the big old companies. But they needed access to the public timber in order to have the raw material for their mills. And so they began competing very vigorously for the timber that was going up for sale. But more and more of them were blocked on their access because they couldn't get on the roads, and more and more of them were blocked by the fact that the companies that had the checkerboard on the O&C lands, or were working in close relationship with the Forest Service management, the resale foresters and the supervisors of the National Forest, were kind of given special preference when the timber came up for sale.

Well, the way I got into all this, I was back in Washington as the Deputy Assistant Secretary and my turn on the mail, I had all the mail one two-week period, and along with the mail that came in there was a stack of papers that were almost as high as this desk wrapped in red tape, literally, it was all wrapped up in red tape and tied at the top and this came from the Bureau of Land Management. And it was the Mohawk--proposed Mohawk Sustained Yield Cooperative Agreement under which the Bureau proposed for it to give a 99 year lease, exclusive right to cut a big block of O&C lands, timber lands, in the Mohawk drainage near Eugene. I mention Eugene, Oregon because this is an area where a lot of the new mills have been located, down in the valley and around Eugene and a little further down by Roseburg and so forth, and a lot of the new mills had come in there and these mills had better technology and they wanted to compete.

Well, the Fisher Lumber Company owned some of the checkerboarded lands and they'd come up with a proposed cooperative sustained yield agreement and the Bureau looked at it and said, "Well, this is exactly what we had in mind. We're going to give them an exclusive right to do this." And what happened was that an enormous howl went up, cry went up, from the independent mills, the mills that had come in with new technology and wanted to compete and they were joined by labor who wanted--whose jobs were in jeopardy if they couldn't get access to timber, the companies they worked for, and other groups also. The counties were concerned about the fact that under appraised prices you didn't get as much for the timber as you did when you competed. So there were a whole group of people, recreationalists were opposed to locking up Federal timber lands under the exclusive control of a company for 99 years.

Well, there were enormous numbers of letters of protests that had come into the Bureau headquarters in Washington, but the Bureau had already made up its mind that it wanted to do this and so it just piled the letters up and that's why the stack of papers that came up in my office were so high, because here was on top the Bureau recommendation to go ahead with the agreement and just said "sign here" to the Secretary and agree on it, approve it, and everybody had initialed it, signed off on it, the Bureau had recommended it, but in this enormous pile of papers were all of these protests from people locally.

When I saw this, I read through it, and I went in first to the Assistant Secretary and I said to Davidson, I said, "Jebby Davidson," I said, "here is one that the Bureau recommends I don't recommend. I think we'd better take a good careful look at this before the Secretary signs it." So he and I went in to see the Secretary and I explained to the Secretary, and I pointed out, "I said, "All of the groups that are supportive of President Truman and of this Administration, are opposed to it. The people that are for it are a few large companies that are solidly opposed to the

Administration--just about everything that the Administration is doing." I said, "I think what we ought to do is take a good careful look at what the protests are about." And the Secretary said, "Well, how do you propose doing that?" I said, "I think we ought to just don't approve it now but we'll go out and hold a hearing in the area. We'll go to Eugene hold a hearing, let everybody come in and present their case." The Secretary said, "Fine." So, the Assistant Secretary, Mr. Davidson, and I went out to Eugene, Oregon to hold hearings on this. And the hearing was scheduled to be held in the largest auditorium at the University of Oregon in Eugene.

GESELBLRACHT: This was in 1950?

GOLDY: No, this was actually in 1947. We went there to Eugene and we went to this hall where we'd hold a hearing and there were about two thousand people outside that couldn't get in the hall. I mean it looked like all of the Willamette Valley had shown up there to participate in this hearing. So, we realized that we'd have a riot on out hands if we tried to conduct the hearing that way, and the only thing we could do was, we inquired, we stopped everything and we inquire, found the biggest theater in downtown Eugene, the biggest theater that would hold the most people, and so we adjourned and we reconvened the hearing down in the theater. All of the people still couldn't get in, but that theater was jammed to the rafters with people. And we, of course, we listened to them, and they presented their grievances. That's when we began to hear all about this, and it wasn't just the cooperative sustained yield agreement. It was clear that the grievances went far beyond that to the fact that people tried to compete and they went through the motions of competitive bidding, but they weren't really selling it in competitive bidding. And the people were saying that the timber wasn't being sold the proper way, it wasn't being harvested, that too big a proportion of the wood that they were selling was being left in the woods to rot. They were only high grading it, taking out the few big trees in the stands. Why? Because they didn't have the proper equipment in the mills to cut these smaller type timber, so there was a tremendous amount of waste, there was an enormous amount of criticism.

Well, after the hearing Mr. Davidson and I went back to Washington and we reported to the Secretary about the hearing, and again I had initiated all this and the Secretary said, "Well, Dan, what do you recommend?" I said, "Well, what I recommend Mr. Secretary, is number one that you don't approve this. Number two that you free me up from my duties as Deputy Assistant Secretary so I'm not working eighteen hours a day trying to figure out what to do with all this stuff coming up from the Bureaus. I'd like to be freed up and spend some time really probing, getting into this issue and coming up with a new program for you to deal with this very important, valuable set of timber lands."

Now, I should interject right here why this was so--this was all in one state the O&C lands. Why was it so terribly important to the Interior Department. Well, aside from the fact that it was an enormous issue up there, which was a political problem, and part of the political problem was that the senior Senator from Oregon was a Guy Cordon, and he was at that time chairman of the Interior--the Senate Interior Committee, and he was also chairman of the Interior Appropriations Subcommittee. So he was Mr. Interior in the U.S. Senate and he was from Oregon. And he had come--before he had become Senator, he got to be Senator by being the Executive Secretary of the O&C Counties Association. He had come right out of the O&C Counties, that's how come he had gotten to be Senator. That's how important those timber lands were.

But the timber lands were important to the Interior Department for another reason, very important reason. You remember that all of the public lands had been in the Interior Department until during Teddy Roosevelt's administration, there was the great Teapot Dome scandal, and Secretary of Interior Fall had also been accused of selling timberlands off improperly and there were these scandals.

GESELBRACHT: Harding's Administration.

GOLDY: Yes. During the Harding Administration, right. And so when Teddy Roosevelt came along he took--remember Gifford Pinchot had worked for him over at the Department of Agriculture, and what they did was they carved out of the public domain, the public lands, the forest reserves that had not--areas that were forested that had not already been put in some kind of a reserve, and that's when they created the National Forest System and the U.S. Forest Service under Gifford Pinchot. And they took it out--all those lands--out of the Interior Department and put it over in Agriculture Department and that was a permanent black mark on the reputation of the Interior Department. It was a stigma that said, in effect, "The Interior Department cannot be trusted with these very valuable timber lands of the United States because they might be abused and mismanaged, and fraud and abuse occurred. So, every Secretary of Interior after that, has as one of its primary purposes in life, to redeem the Interior Department and get the National Forest moved back over to the Interior Department to be melded with the Bureau of Land Management. By this time it was a bureau, General Land Office and Grazing, which had the bulk of the acreage in the West, but much of it grazing lands, and other types of lands, Federal lands and that sort of thing, but had these very valuable O&C timber lands in Oregon. So, managing the O&C timber lands properly was a key objective of the Interior Department if it was to have any hope of doing just what I'm talking about getting the Forest Service moved back over into Interior.And indeed, what happened was I did write a new program. I consulted very heavily with the Forest Service, U.S. Forest Service in developing the Program. I should explain to you that I'm an economist by background and much of my work had been done on manpower and human resource problems, as you know, and I'd been used to urban areas and it wasn't until I joined the Interior Department for the reasons that I said. I wanted to find out how you could create jobs from resource development, that I became acquainted with all this. And what I did not--what I didn't know about forestry was legion. I was no forester by background and profession. So I had to learn a tremendous amount about forestry and how it worked and what good Silva culture practices were and what the economics of it was and its relationship in sustaining the communities and something about the technology in the mills and marketing and all that sort of thing. And I did intensive--the Secretary was nice enough to free me up to do that, and I worked with the Forest Service and I worked with everybody that I could talk to where I thought I could get educated, and we developed a whole new program.

Now, I must say what we did was we did not rule out Cooperative Sustained Yield Agreements at that time, but we did recognize in the program the absolute necessity of solving the problem so that the new technologies could come into being and the mills could compete. And what we did was we turned down the Cooperative Sustained Yield Agreement with the Fisher Lumber Company. We did not approve that. We didn't rule it out permanently, but we indicated that there were a whole series of problems that had to be resolved before we would do it. Such as, and this is very important for what President Truman did later. One of the conclusions I came to was that unless companies competed for the timber, unless there was some competition, if you gave--there was no incentive to improve their mills, to improve the technologies, to take the risks that were involved. Witness the fact that the companies that weren't competing had old mills that were stalled on technology and the ones that were competing to survive these were the ones that had all the new modern technology. So, I said, "If we turn over a 99 year exclusive purchase right to buy at the appraised price, which is always lower than the competitive price, the bid price, how do we get the companies to improve their technology? Are you going to stall the technology for 99 years?" And they said, "No, we have in the agreement a statement that the Government can require that the company adopt modern technology." And my position was, I said this with the Secretary and later on when I testified before the Congressional—Senate committee that was investigating all of this, I said, "I cannot imagine anybody, any private sector operator accepting decisions from a bureaucrat working for the Government on what technology he had to invest in in his mills." I mean they would just laugh them out of court. I mean they would just say, "That's ridiculous, what do you know about running a mill? You know, if you knew how to run a mill that well, why aren't you out here owning one instead of sitting up there in a Government office." And I said I didn't see any way that the Government could prescribe technology. Tell companies that they had to make investments in certain types of technologies, and I didn't see how you could substitute--I mean we'd have to find an answer to that before you would lock up and give exclusive rights. I didn't think we ought to be doing that, and we didn't.

And what happened was that we did adopt--oh, I presented this new program and Secretary Krug, Secretary of Interior Krug, said to me, "Well, Dan," he said, "looks all right to me, but," he said, "I'm not going to sign off on it unless you can go out and get"--the O&C lands had an advisory board, that was part of the statute and the Advisory Board had been operating for sometime and had very prestigious people on it, but only the large companies that owned these intermingled blocks was represented on it. There was one representative from the environmental community on it represented the--Isaac Walton I think had a representation on that. But essentially, the representation was the former Republican Governor of the state who was the publisher of a newspaper in Salem, very distinguished person and very--everybody looked up to him, very honorable fellow, very respected person. He was chairman of the O&C Advisory Board and the bulk of the members were the presidents of the large companies that bought timber, but the very ones that I was going to—whose control I was going to take away, reduce, and we had a representative of the Isaac Walton League and there was a representative of the counties. And I think at that time, if not later when I revised it, but I think at that time the dean of the School of Forestry at Oregon State University was on the board.

Well, the Secretary said to me, "Dan, I'll sign it, but you've got to go out there and you've got to get unanimous recommendation of that advisory board to what you're recommending."

GESELBRACHT: It sounds like an impossible task.

GOLDY: Yes, it seemed like an impossible chore, but I went back out to Oregon and sat down with them and what I had going in my favor was the uproar and the possibility that they could lose a lot more than just having a Government bureau administering the lands beginning to do some things to open it up to competition. I think also these companies felt that they had a kind of an ace in the hole to maintain control and that was they owned the roads. They had built the roads into these checkerboarded areas and whoever had the roads controlled the timberland. So even though in the policy we indicated we were going to sell competitively and we were going to do all of these different things, and we weren't going to go along with the Cooperative Sustained Yield Agreement at the time and we were going to set up marketing areas and master units. So what we were going to try to do was to strengthen the provisions they were authorized by the law, and we wanted to implement those provisions to support the communities that were dependent on the timber for their livelihood. I think they decided--also they had a great stake in the reelection of Senator Guy Cordon and he was up in 1948. That was the election, that was also when President Truman was running, and his election, he was up for reelection and he was being criticized very roundly because of the fact that the O&C lands were so monopolized by a few companies. And so anyway, that's what I had going for me.

Now, I don't know how I did it exactly, but in any case I persuaded them to go along with the program.

GESELBRACHT: This was while you were still stationed in the Secretary's office in Washington.

GOLDY: I'm a Special Assistant to the Secretary and released from my duties as Deputy Assistant Secretary to work on this program, to put this program together. So, Secretary after I came back, the O&C Advisory Board had signed off on it, he signed it, he approved it, and that went down there as the O&C Program as of 1947, that's when it was done.

GESELBRACHT: Now, it sounds like the problem is solved.

GOLDY: Well, hardly. So then what happened was the program goes into effect, it's adopted, and nothing happens. The Regional Administrator of the Bureau of Land Management, who was a forester, trained forester, he's out in Portland and he's also the Regional Administrator. The BLM out there is also--and it's a separate title, the Administrator of the O&C Lands, that's an extra title. He's the administrator and he doesn't agree with the program, the Regional Administrator out there, he has spent all his time out there working very closely with these few companies that own the checkerboarded lands, and has absolutely no intention of changing anything if he can help it. The only thing that's happened is that this Cooperative Sustained Yield Agreement didn't go through.

So, pretty soon, it wasn't very long before the howls began coming up again, people again began sending wires to the Secretary and complaining and criticizing Senator Cordon and others about the fact that nothing's been changed; got a new program but nothing's happened.

At that point, Secretary talked to me and said, "You want to o out West don't you?" And I said, "I do. We came here always with the intention of moving out West to the Northwest." "Well," he said, "this is your golden opportunity." He said, "I'd like to have you go out there and put this program into effect." He said, "You go out, I'm going to send you out as my Special Assistant, right out of the Secretary's office." And he said, "It's your program, you put it into effect. There are going to be hearings out there by the Senate committee, Senate Subcommittee, by Guy

Cordon, Senator Cordon had arranged that. The Senator from Utah was the chair of the committee because Guy Cordon didn't want it, although Guy Cordon was the senior member of the Senate Interior Committee, he had somebody else chair it because he was so much involved. And the Secretary said, "I want you to testify on behalf of the Department and tell them about your new program at this hearing." And, he said, "I want you to quiet everything down out there, and," he said, "I want you to go out there and put your program into effect."

So, my wife and I moved out there in the summer of 1948 I guess it was, maybe spring of '48, to do this. And I quickly found out that even though I had the mantle and the title from the Secretary and I had what authority he had, very difficult to put things into effect when you could only operate through another official who had the direct line to the District Managers, the District Foresters of the program. And they were all very resistant to the program. This was a whole new--I don't think frankly they took kindly to the idea that all of this was coming from a person who was not a forester, and worst of all, was an economist. I mean that was unheard of, "What's an economist doing talking about how to run a forest," you know. They didn't think about--and I kept saying to them, "Well, that's what we're talking about, we're talking about the economy. These forests are critical to the economic underpinnings of this whole part of the world and we're looking at them as an economic resource, and that was foreign to their whole culture and their whole approach to things.

So, what happened was, I did testify and gradually I was beginning to put pressure on them to do some things, but it was just moving--things were kind of moving along at a creeping pace, and there was still quite a bit of unhappiness but nevertheless, the hearings were dramatic enough so that Guy Cordon got himself reelected. I mean he was able to say, "Well, we have now resolved these problems," and people had high hopes that their problems were going to be resolved. And I was out there and I was looked at by the independents of the industry and all the people that wanted to change the policy of the program as the kind of a savior that had come out to take care of this. So, it took care of things through the election.

And then wonder of wonders, of course, President Truman got reelected in that '48 election. And then when that happened, then everything changed, in effect. I was out there and I had an opportunity to tell the Secretary then what had to be done and my recommendation was that the then Regional Administrator be moved to Washington. He became the Chief Forester of the Bureau of Land Management in Washington, and I became the Regional Administrator of the Bureau of Land Management and the O&C Administrator and all this happened with Guy Cordon's blessing. He approved it. And so I started out when Harry Truman started out his first full term as elected President. I also started out as the Regional Administrator of the Bureau of Land Management out there.

GESELBRACHT: Now, you became the Regional Administrator to the Pacific Northwest specifically as the result of this one issue, is that right?

GOLDY: Pretty much so, yes. Although, I had been, during the period that I served as the Deputy Assistant Secretary, and we had the General Land Office and the Grazing Service as our Bureaus to work with, we had engineered--I was instrumental in the combining of the Bureaus into the Bureau of Land Management and I had been, of course, acquainted with the grazing issues and the other issues that concerned them. And the mining issues, we had the Geological Service and the Bureau of Survey and the Bureau of Mines under us, so I was familiar with the other issues that were involved in the land management program.

But, yes, the real reason I became the Regional Administrator, the reason I was sent out there, was because of the forest issues, the timber issues, and the reason I became the Regional Administrator and the O&C Administrator was because it was critical to put that new program into effect.

At that time, the region consisted of Oregon, Washington and Idaho. There were 32 million acres of public lands, 22 district offices, and it was a vast domain. And there were a lot of other problems besides timber. But that's right, I was appointed largely because of the timber problems.

BILGER: What was the Pacific Northwest Coordinating Committee?

GOLDY: The Pacific Northwest Coordinating Committee was set up by the Secretary of Interior and it was a field committee out in the field so that instead of the agencies being uncoordinated in the Colombia Basin, or the Pacific Northwest, which was not 100 percent but quite similar to the Colombia Basin, Colombia River Basin, coincided pretty much with it. The idea was that instead of each of these agencies operating on its own with just a line to Washington, their headquarters in Washington, D.C. and operating as though they didn't know one another, were unrelated, we had this Northwest Coordinating Committee, a field committee, in which we met regularly and the heads of all of the Interior Agencies got together and talked about the overlap of their programs and their common programs and what had to be done in their programs and how it affected the others.

I should say that it was important, for example, of one of the issues that came up during the period when I was Regional Administrator of BLM, for example, was that the Bureau of Reclamation, which was the Interior Department agency that built dams, was under great pressure to build more dams on the Rogue River in Southwestern Oregon. And the O&C was interspersed and the O&C lands were checkerboarded there with the National Forest lands. Every other section was National Forest and every other section was O&C. And these were the forests that rose right up As I say, the Bureau of Reclamation was under great pressure to build more dams on the Rogue River to store water for irrigation for the farmers. The Rogue Valley is one of the great agricultural areas of the world, it grows fruit and all kinds of things that are marvelous in their growing area.

Well, the recreationalists and the wildlife people said the Rogue River is one of the greatest steelhead fishing streams in the world. And one of the great trout streams of the world. And they said, "That stream--it's a wild area and it should not--you shouldn't build dams. If you build dams you're going to have to strip all of the timber out and, you'll have slack water and no more fish runs and that sort of thing." So there was a tremendous argument about it.

Well, I used my position as member of the Northwest Coordinating Committee, I took this issue to the Coordinating Committee and here was--I had the opposition of the Bureau of Reclamation they were on the other side, the Corps of Engineers were kind of with the Bureau of Reclamation, they wanted to build dams up there too. But I took it in there and I said, "Now, look, before any decisions are made, before we all go off our separate ways, I said, "Let's get together and let's go down and take a look at the river together."

So, we did that. I organized the trip and we got a guide, and we went down in several boats, all the various agencies went down. The people that were concerned about wildlife and fish in the department, and we had just about everybody from the different agencies and we went down. It was a lot of mining, a lot of gold mining, occurred on the Rogue River and we had the Bureau of Mines with us and so forth. And we all took this trip down the river together, and by the time the trip was over and everybody had done a little fishing on the river on the way down, and we camped, we rolled up in sleeping bags on the bank, took us about four days to go down the river, to the mouth to the ocean where we got out. The Bureau of Reclamation was reluctant but everybody else in the Interior Department was agreed that the river should not-- we shouldn't be building more dams on the river, that it ought to be a wild river. And I prevailed. We got the river set aside as a wild river. And to this day, it's one of the great recreation resources and fishing streams anywhere in the West. But that was that sort of thing.

We also looked at all of the Colombia River issues together, the land issues combined with the power issues, with the water issues, with the fish issues and that sort of thing. And we did our best to make up for the lack of a Colombia Valley Authority.

GESELBRACHT: Let me go back to the 1948 campaign. Did President Truman during the campaign take a position with regard to the O&C issues?

GOLDY: Oh, he did indeed. Let me go back and pick it up where I came out there and became the Regional Administrator and the O&C Administrator, and began to put the program into effect. And the more I got into it, the more I was persuaded that what we needed to do was to go for open competition for the timber. One of the problems--oh, one of the bits of background that you have to understand here, and this is something that the President was very sensitive to, and aware of, was there is a great clamor all over the United States about overcutting of timber, the flack on private lands, on any lands--forest lands, of any intelligent regulation of these forest lands for conservation purposes, no sustained yield. And overcutting. Now, we had the big dramatic examples of the timber that had been overcut in the Midwest and then the people would cut out and get out, they would leave stranded communities and keep moving West and there was a big howl about that. And the conservation groups at the time, their solution was they wanted a Federal statute authorizing the regulation of private forestry practices in the United States. And, of course, the industry was very resistant to that type of regulation. They said no.

Well, one of the things that I found when I got out there on the ground and began administering this program, the forest program, that I didn't fully appreciate when I was just out there you know, making a study of it, was that how much of the timber was going to waste, as I said, in the woods because they didn't have the proper technology. And secondly, what was happening was that on the private timber lands, when the companies would cut it, they would hire land, they would cut the timber off of it, and then they would let it go for taxes, they didn't even want to pay the taxes on the cutover timberland because they felt that it wasn't valuable enough.

Well, at that time, the timberlands--timber was going for--this is kind of a technical term, but in some areas like in southwestern Oregon, that's southern, that's selling only for a dollar, two dollars a thousand board feet. In the best areas in the valley around Eugene, Roseburg, Eugene and north, that area of the valley, it was going for maybe four or five, six dollars a thousand board feet. And the appraisals of course were very low, and the counties weren't getting very much, but at that value of timber, this devalued all timber. Well, at those low prices, it really didn't pay for a private company, after they cut off the timber, to go out and reforest, clean up the land, and get replanted and get it growing again, to reap a crop maybe in 70 years, 80 years. Back in those days they thought rotation ages were 110 or 120, and it was the kind of forestry that was being practiced before the tree was mature, so they said, "What's the point investing our money and waiting all that time before we can do anything with it. So they were allowing timber land to go for taxes, and the counties were acquiring some land because they weren't paying taxes on them.

I quickly found out the timber that we were able to sell for competitive bidding, I quickly found out didn't go for four or five, six dollars a thousand, it went for three or four times that. And at the higher prices it paid people to do something. It paid, I mean conservation practices paid. And so I began to really poke into the question of how did we open it up to competition. We're going through the motions of selling it competitively but for the most part it wasn't competitive. Nobody could bid except people who had the roads.

And so, that's when we came along with our great innovation, which turned out to be as controversial as anything could ever be in public life. We took a look at the road situation and I said--I consulted with my lawyers and the people in my office and I had brought out from Washington a lawyer in the Interior Department that I had gotten acquainted with and was very bright. I had recruited some of the people from Washington to come out with me and he was one of them. And we sat down together and we doodled about this to figure out what we could do about it, and I said, "Well, I think I've got an answer." I said, "The private companies that own the checkerboard, who control the timber now, who really control the O&C lands, they have to get a right-of-way from us to go across our lands. They can't build a road, if they build it on our lands, they've got to get a right-of-way. They've got to come and ask us for a right-of-way. When we go and ask for a right-of-way if we wanted to build a road, we ask for a right of way on theirs, we wouldn't get it. What's more, they build the road, they've got it half on our land and half on theirs, and if we come along and we want to sell it to somebody who's not somebody other than them, we can't use the road, even though it's half on our land. So I proposed a new set of regulations, we evolved a new set of regulations, right-of-way regulations. And what we did was we said, "We're going to tack on conditions on these right-of-ways. We will no longer grant--the regulations said--we will no longer grant a right-of-way across the Government land to our O&C lands, unless we receive reciprocal rights of use from the private owner of the checkerboard lands."

What's more, we said--they came along and said, "You can't do that. We built the road, we have an investment in it." I said, "All right, whoever we permit to use the road, it's a continuous road, part on our land, part on your land, we'll pay you proper compensation for your investment in the road."

Well, that, as soon as you get into proper compensation, you've got the devils of the details, you know, and you've got a lot of problems about how you got--but nevertheless it was very sticky, very difficult, very tough kind of thing to work out, and I never settled it, I didn't go to the Secretary with a set of regulations to approve until I had for myself a satisfactory answer to all the questions, and there were a myriad of questions that came up about how we could do this. But I finally had a set of regulations that I felt we could live with.

And then came the battle. Because I went to the Secretary to get the right-of-way regulations approved and the big companies wanted no part of it, because that meant they would lose control over the checkerboarded lands. My wife and I and our little boy then went to Washington. I fought for two weeks to get these right-of-way regulations signed. I think we were there for about two months or so while all this was being hasselled out and there were all these meeting people coming in and these meetings in front of the Secretary, and I'll never forget one of the owners of the checkerboard who controlled the land, came and said to the Secretary, we were having this meeting and discussing it, and he said, "I want you to know how terrible your Regional Administrator Dan Goldy is. What a terrible fellow he is. He's cost me my bank loans." And the Secretary said, "I don't understand, explain to me what he's got to do with your bank loans." "Well," he said, "I had been able to get out and go to the bank, and I used as collateral for my bank loans, for my company, the O&C timber lands, on the grounds that nobody else could get access to them, nobody else could harvest that timber but me. So, really I would have all that future in front of my mill and I would have the right to harvest all of that timber, and the bank was loaning me the money for my mills on the basis of the fact that I controlled that timber. These right of way regulations I lose control. I don't have them--I don't know who will buy that timber. Whoever bids the highest for it will wind up getting it. I don't know whether that will be me or somebody else. And my bankers say no more. We can't loan you money based on the O&C lands."

And another one, another one represented big companies said to the Secretary, he said, "Well, Dan Goldy recommends that we share the roads out there." He said, "Well, sharing a road with Dan Goldy," he said, "would be like sharing a swimming pool with somebody, except he wants the top half of the swimming pool." I mean there were all of these arguments. But it was--the arguments were bitter. I can't tell you, because they understood what was at stake. It meant tripling or quadrupling the cost of the timber and it meant also that they were going to have to retool their mills because under these arrangements, open competition, the most efficient mills would be able to bid the most for the timber and that the most efficient mills meant the least among of waste in the woods, the most timber coming out, the most recovery of lumber per log input, the most value recovered, and more incentive to more technology improvements, and above all, I saw that it meant we didn't have to get a law that would regulate the private timber practices because with stuff--all of this time the companies had put all their value on the mills and virtually no value on the timber, because they could buy it so cheaply. But once they competed for the timber, and the timber was subject to open competition, and the prices went up to the true value, to the market level, then the timber resource became the most valuable out there. That was the most valuable part of what they had. And when that happened, you didn't have to regulate, practice conservation, to reforest, to do all these things, to go out and acquire cutover land and plant them. The land itself had acquired so much value that it would happen automatically. Well, you asked the question about how this got involved in the campaign. Well, you can imagine in the '48 campaign--now I was out there, I had started this program and I had learned some of the facts, but I still wasn't in the position to put it into effect. But I prepared material that President Truman used in his campaign swings through the Northwest, and I remember my favorite line, and I couldn't have been more happy when I heard him use it, listening to it on the radio when he was making his speech from the train. I gave him the line that "this new program that we've adopted for the O&C lands here in Oregon, in it we went on the premise that an ounce of competition is worth a ton or regulation." And he used it, and that was basically the principle that we adopted and the policy we followed from there on. And we got that whole program then put into effect.

GESELBRACHT: Now, you wrote some copy that got to President Truman through, presumably Richard Neustadt and Clark Clifford.

GOLDY: Right.

GESELBRACHT: So he adopted your position and accepted your principles.

GOLDY: Right.

GESELBRACHT: How did this then turn into a big fight?

GOLDY: Okay. That's the most interesting part of the story. What happened was after--in 1949, January 1949, then I became Administrator and then we began to put the whole new program into effect. Now, remember I said that the greatest ambition of every Secretary of Interior was to get the Forest Service back into the Interior Department. To make the Interior Department indeed the Department of Natural Resources. And President Truman when he was elected, he obtained authority, reorganization authority similar to what President Roosevelt had had to reorganize the Federal Government. And under the reorganization authority, the President could propose moving bureaus and agencies around, consolidate them in different departments, but they had--it was subject to a veto, or approval on the Hill, in the Congress. And actually, what would happen, is if the President issued an Executive Order transferring an agency it would go into effect unless the Congress by a certain time after the Executive Order went up there on the Hill to the Congress, they vetoed it, they voted no. So, Secretary Oscar Chapman was now Secretary of Interior, Truman having fired Cap Krug, and installed Oscar Chapman, and it was Oscar Chapman that I had to go to to get the right-of-way regulations set up and everything and before whom all this controversy developed. Oscar Chapman was very ambitious to get the Forest Service moved over, and he went to President Truman and asked the President to transfer the Forest Service to the Interior Department. The Interior Department now exhibiting as witness what we're doing on the O&C lands in the Northwest, a whole new ability to manage lands in a proper conservation way. We installed a lot of things in this new program that hadn't been there; new up-to-date inventories of the timber and of different cutting practices and improved watershed protection and all that sort of thing. So we were quite proud of our program, plus the fact that we were improving the income for the counties. The counties just thought that the cornucopia had opened up, you know, they were getting three, four times as much money now flowing in every year as they had had before they saw all this revenue coming.

So, Secretary Chapman went to the President and said, "Look, we like to have you send an Executive order up on the Hill transferring the Forest Service to the Interior Department. Of course, the Agriculture Department, Secretary of Agriculture, said "Absolutely no, over our dead body." So, what President Truman did was appointed a task force, and in the task force he had one representative of the Interior Department, one representative of the Agriculture Department, and the third neutral representative member of the task force was from the Bureau of the Budget. And that task force made a study of the whole question of whether or not the Forest Service had ought to be moved to Interior or the Bureau of Land Management ought to be moved to Agriculture, and what ought to be done about these programs. Well, the task force came out and spent a great deal of time with me in the Pacific Northwest, in Oregon. And they studied very carefully this new program for the O&C lands and when the task force made their report to the President, the task force voted two to one to move the Forest Service into the Interior Department based on this new program that we had installed for the O&C lands. And so Oscar Chapman said, "Okay," to the President, "your task force has made its decision, has concluded, made its recommendation to you. And now we're asking you to send the Executive Order to the Hill to transfer it." Well, the President said, "Well, Oscar, I'll do it just as soon as you can show me that when it goes to the Hill it won't be vetoed under the reorganization authority, because," he said, "I know there's all that excitement, there's a lot of turmoil out there in the Northwest about the new program. A lot of people like it, but some people don't like it, some of the companies don't like it, the big companies don't like it. And they've got quite a bit of influence on the Hill." So, Oscar Chapman had to do assignment, and he went up and talked to the Senators on the Hill, and of course, it wasn't long before the word was out that the Forest Service would come over to the Interior Department unless the Hill objected. And so the big companies that objected very strenuously to my program went up and were lobbying the same Senators not to approve it, not to approve this in order to exert leverage on the Secretary.

So, Oscar Chapman, the Secretary, sat down with the big companies, the ones that objected strenuously to open competition, all of the things that I was doing that the President himself had bought up on. And he said to them, "Look, can't we work out some kind of an arrangement because I want very much to have the Forest Service moved over to Interior." And they said, "Yes, we're willing to work out an arrangement with you, as soon as you will agree and will take action to eliminate these onerous right-of-way regulations and some of these other programs that Dan Goldy has put into effect out there on the O&C lands, we will support you then on the Hill to transfer the Forest Service to the Interior Department.

So, the Secretary made a Faustian agreement, bargain, and he said, "Okay," he'd go along with that, and a person who had been his special assistant was given the job of seeing to it, through the Bureau of Land Management, that some of these changes occurred. The problem was I didn't agree, I wouldn't go along with them, I just said no that I hadn't gone through all of this blood, sweat and tears to put this new program into effect only to see it traded off. And then use it and persuade this task force of the President that that program was so good that that's the way the whole Forest Service ought to be run, so therefore the Forest Service would come over to Interior only to have the whole program put down the tube in order to get the Forest Service to move over to Interior. I would not do it. By this time I had had the Advisory Board expanded so that there wasn't only a few big companies on it. I had the big companies and I had independent companies on it. I had organized labor on it. I had a whole group of people that were concerned about the broad aspects of the program I was administering. In addition to which I had on my own initiative set up District Advisory Boards in every one of the districts in which we operated the O&C lands. I had a district board, same composition, and in addition to that I had installed a program so that nobody could play favorites on the timber sales program. I had installed a process where they had to have a timber sale plan, an advanced plan for two years, and the timber sales that were coming up had to be run by the Advisory Board at the district level and if anybody objected, and they could not work out the objections at the district level, then it came to me for resolution,because I wasn't going to have anymore of this business of timber being put up here just for one company, a favored company, which is--and a lot of these district managers had their favorite companies, district foresters had their favorite companies. So, we had all this installed and the big companies wanted no part of it. They wanted it all dismantled, and I had installed, put out regulations, doing all this, so I just dug in my heels and I talked to my Advisory Board and I talked to my district advisory board members, and I let them know what the issue was and that I was not going to go along. Then by now we had a big confrontation between me, as Regional Director, and the Director of the Bureau and the Associate Director of the Bureau were not unsympathetic to my point of view but were under orders from the Secretary and the Special Assistant to the Secretary. The Assistant Secretary Joel Wolfsohn, and I think you've got his papers here at the Library, Joel was a particularly good friend of mine. He and I had gone through the reorganization of the General Land Office and the Grazing Service together and a lot of things that we had worked together, and he was sympathetic to me personally but he was by now the Assistant Secretary in charge of all these functions for the Secretary and Oscar Chapman was his great good friend. And the battle was getting pretty mean and it was all out in the public. I mean stories were being written by the papers, editorials were going on, and the shells were flying all over the place and people were maneuvering and I was not budging on this. And they could either fire me or whatever, but I wasn't about to change. And finally, the Secretary, he realized he was being castigated. I should tell you that this program--this is kind of going back a bit, but the program had acquired enough national attention--as I told you, the New York Times did this four or five pages--four pages of that national story about this tremendous battle going on where I was accused of being a Socialist or a Communist because I was, you know, asserting control over lands that had traditionally been a part of—that went with the private lands of these companies and so forth, and asserting control by the Government through right-of-way regulations that had never before been done. And that was all written up. So, I was invited by the Woodrow Wilson School at Princeton to come and spend a week with their graduate students at the Woodrow Wilson School at Princeton explaining all of this, what was going on. I mention this only to indicate how much National attention this was getting. And the more I resisted, and the more articulate I became, and the more public I went--I made speeches and stuff, the more uncomfortable the Secretary was getting with this, and what's more, he still wasn't getting the Forest Service moved over to the Interior Department, it stalled. Finally, he sent the Assistant Secretary Joel Wolfsohn out to see me in Portland and the Assistant Secretary said, "Dan, we've had enough of this. Obviously your relationships with the Secretary are pretty well frayed and torn, what we want to know is what does it take to get you to resolve this issue?" And I said, "Joel, very simple, I'm prepared to leave, as a matter of fact I'd like to leave because what I want to do I have spent a lot of effort, time and a terrible amount of stress trying to install a whole new program, which I'm very dedicated to, but," I said, "I'm aware of the fact that programs don't remain, you don't institutionalize them. In order to become institutionalized, in order to be a permanent change, they have to survive the person who installs them. I don't plan to spend the rest of my life with my finger in a dike out here trying to maintain this program. I would love to see the program--want the program to stay, but I don't want to be responsible for having to stay here all the time to do it." What's more I said, "I've got some other things I'd like to do." So, I said, "My terms and conditions are these: I want assurances that the regulations do not get changed, they're not going to change the policy, they're going to remain, right-of-way regulations, all of these things that we've installed, District Advisory Boards, impartial review of the timber sale program so people can't play favorites and that sort of thing, it stays. Competition goes on." I said, "The other thing I want, I want assurance that they stay. The second thing that I want is that the person who comes to take my place, I don't say that I want to pick them, but I want to have a veto that if I think it's somebody that will demolish the program gradually over a period of time. I want to be able to say no, and I don't want that person selected. You can select them, but," I said, "I want somebody that I understand will be impartial, fair, and carry on the program."

He said, "I'll go back and talk to the Secretary about it."

BILGER: I think that time is getting short, maybe we'd ought to go into the Mutual Security, talk about this.

GOLDY: Well, I'm just about through. Anyway, the answer came back that the Secretary said yes he would go along with that, and so that was how I exited from the Department. The person they selected was the Deputy Associate Director of the Bureau in Washington, Roscoe Bell, I felt was perfectly sound, an okay person. He came out to take it on. The program did remain, it did not get changed, and the Forest Service did not go over to the Interior.

GESELBRACHT: Why is it still an issue today? I mean it sounds like the program was an excellent one, if things were administered in that way there'd be no controversy anymore.

GOLDY: Okay, the issue today is different. The timber program expanded and the counties got richer than they'd ever thought of being. The program was a huge, howling success, even the big companies with the checkerboard interspersed learned to live with it, and the ones that were so mad at me in those days became my friends, acknowledged later on that it was inevitable that it had to be opened to competition. There was no alternative to it, and that it was just that I was just sort of in advance of the times. I had to break the ice and get this done. No, this program is a tremendous argument--subject to all of the argument today for a totally different reason. What happened was that the conservationists who supported me fully back in those days on this management program, to manage the lands on a Sustained Yield Basis, what happened is that the environmental movement became radicalized. People found out that part of it was reaction to some timber practices, forestry practices in the private sector, and to some extent forestry practices that might not have been the best Silva culture by the Forest Service, to some extent maybe the BLM, but I don't think so. I don't think the BLM was ever a target particularly, of the Forest Service, but anyway what happened was that conservative old-line environmental organizations, like the Sierra Club and the Audubon Society and the Wildlife Federation, and the Wilderness Society, which were small, quite conservative, became--what happened was they acquired new leadership. The new leadership found that they could acquire a tremendous flow of money by claiming that the lands and the forests were being raped, being diluted, that the wildlife was being wiped out and made wild, extreme statements. They weren't accurate at all, but they invented the figures, did the--and a tremendous flow of money under the freedom--one of the Senators got the information from them and put it out at a hearing a couple of years ago. They were getting at that time $450,000,000 a year flowing into these environmental organizations and they were using it to lobby. And they lobbied in Washington. They were providing big contributions to Congressmen and whatnot, and what happened was they also went to court, and they got--in the Ninth Circuit, there were a bunch of judges who were strong environmentalist who were put on there during the Jimmy Carter Presidency, and there were some other judges in the Seattle area that way, and they filed suit and what we have now--in the meantime some additional statutes came along. The Endangered Species Act, the National Forest Management Act, were added to the National Environmental Protection Act, NEPA, all these new laws came along, and unfortunately those laws didn't take each other into account. The laws overlap on their requirements and under their processes, and it meant that it was possible for environmental organizations to go to court. And if they couldn't stop something under one law, they could under another. It would have been impossible for an agency to have met all of the requirements of all the laws because of the overlap.

So, what happened is that the environmental-ists went to court and in effect got injunctions which, for all practical purposes, shut down the management, the harvesting of timber on the public forests out there, including the O&C. They got separate injunctions for the O&C than for the National Forests, but it's all locked up.

And now we've got right at this moment, as we sit here and speak, we have a situation where the Federal Forests which constitute 70-75 percent of the commercial timber in Western States, most of it is locked up. Virtually nothing being sold and harvested, and from then the increases in demand all the time for housing and for repair, remodel going on in the country, so demand for wood is going up and what they're doing is cutting it all on private timber, the industrial private companies own and the not industrial private, the woodlot owners, the farmers and others. And that is being cut off at a nonsustainable rate. That's just being creamed at the moment and it's the younger timber that have been cut earlier that should have been allowed to grow, that was where the future lay, and the old growth and the older timber that we were trying to harvest on a sustained yield perpetual basis and managed the forests. What we had, we just concluded this year, 1994, the worst fire year in years out there. Billions, something like three, four billion board feet of timber burned up. And that's because we got millions of acres of timber that are bug infested, that are dying. The whole forests are being wiped out there, and then, of course, the fire gets into it, you get lightening strikes in the summer and it's very dry and then dead and dying, and then the fires sweep through and kills the whole thing, and so we're losing a lot of the forests because we're not managing it, and you can't manage it because it's locked up. And first it got locked up for owls in the western forest, they call it Owl Forest west of the Cascades. Now for fish, in the eastern, east side forest and for other wildlife. In the Rocky Mountains it's Grizzly bears and other things, but you've got tremendous blocks of Federal forests that are not being harvested because they're under injunction.

Well President Clinton came out. He promised during the campaign that he would, and he held a forestry conference in Portland in April right after he was inaugurated, and he came up with a new program, only for the Owl Forest in the western part, west of the Cascade Mountains, the west side. And the program has been tied up in the court ever since. Nothing's being sold under it. They came up with an option, some management, a lot of lockup. But that's what's happening.

Now, you ask why the O&C particular is locked up in controversy. I said at the outset the O&C had a separate statute, because it once had been on the private tax roles. And then it was revested in the Government, and when it was revested, they put up these special arrangements under which the counties could get more money and they treated them separately. They also dedicated those timbers to a sustained raw material resource to support the communities. Well, under this new program, Secretary of Interior Babbit, just recently came to the conclusion that we don't want to administer it under separate statutes where timber harvest sustained timber harvest as primacy, we want it administered just like we do the national forests where we give primary consideration to wildlife, recreation, watersheds or whatever, view sheds, other things. And timbers is strictly incidental. I mean it's just totally secondary to these other considerations. So, he did that by fiat, he just came on and said, "Well, we're going to treat the O&C lands the same as we treat the National Forests." And whereas before, the O&C lands were producing 1.2 billion board feet a year on a sustained yield basis, and they just had a new inventory that said that that could go up on the same basis of management to 1.5 billion, and for reasons that I would have to explain to you, with the new technology in the mills, much more efficient mills, that would produce about 3-1/2 billion feet of lumber in this country, and that's an enormous amount of lumber in a country that desperately needs--of course, the demand's going up. What they've done now, their latest plans under the President's option, is that the most that they'd harvest is about 200 million feet, not 1.2 billion or 1.5 billion, 200 million feet, and it would take them 3 years even to get up to 200 million. They're not producing anything. And it's all locked up now.

GESELBRACHT: Let me go back to 1951 when you described your departure from the Regional Administrator's position. How did you get into the Economic Cooperation Administration.

GOLDY: Well, now, as you know, from looking at my files, I spent the early part of my public service working in Human Resources. I was flattered by people thinking that I was one of the experts on the operation of Employment Service and Employment Insurance programs, the Umemployment problem in general, all related programs with respect to resources. I had run agencies involved in this, had been in the War Manpower Commission, and was involved in the U.S. Employment Service when it was national, federalized, and the reconversion from war to peacetime. And then I wanted to move to the Interior Department to learn all about resources and how you develop jobs from resources and that sort of thing.

So that made me a little unique in the world, in that most people who were in Human Resources fired it, and studied it in the universities and wrote about it and administered, managed it, administered it, didn't know much about physical resources. Different world. They didn't have forestry degrees, you know, land management degrees or anything. So, I was kind of different in that I had been in the human resource area and then I had moved over to the physical resource area, all involved in the timber programs we've been talking about, and grazing and mining and other things.

Then what happened was that the Marshall Plan actually got cranked up and going and I said I'd worked on the study on transferring resources, how much we could procure. I was very interested in the Marshall Plan. And a very, very, close friend, dear friend, of mine, who was the Director of Social Security Affairs for the AF of L-CIO, Nelson Cruikshank by name, was appointed to be the director of the Labor Division for Europe in the Office of the Special Representative of the President for Europe for the Marshall Plan located in Paris. And Nelson Cruikshank came after me then and said, "Dan, I need you over here to be the Deputy Director of the Labor Division." And I said, "Gee, Nelson, I'd love to do it. Love to come over and do it, to look at the whole European problem and then study it and do something about it in the aftermath of the war, but," I said, "here I'm tied down with this tremendous argument I'm having with the Secretary of Interior over this program I've installed."

And he said, "Well, how soon do you think you can become disengaged?" I said, "I think I can see daylight at the end of the tunnel. I think we've got this battle to the point where I might be able to extricate myself." And sure enough, it was only a matter of a couple of months before Assistant Secretary Joel Wolfsohn came out to see me and to say, "What are the terms?" I didn't tell them that I had a job waiting for me that I'd prefer to go to, because I figured if they knew how much I wanted to go to Europe with the Marshall Plan, my bargaining power would have been reduced. So I didn't tell them anything about it. But as soon as I made the agreement, then I went over to Europe with the Marshall Plan and I was delighted to go there.

BILGER: Why is your report on Italy so important?

GOLDY: The report on Italy is important for several reasons. I guess the most important reason for the United States was that at the time Italy was the basket case among the postwar European countries. It had the highest unemployment rate, so high nobody could even measure it. They said they had 22 or 25 percent unemployment, but we knew that there was more unemployment than that. It was the country with the greatest threat of a Communist takeover. The Communist Party was very strong in Italy and with all the unemployment and dissatisfaction and unhappiness, this was the country they were the most concerned about having a possible Communist takeover. The Prime Minister of Italy had come to the President, President Truman, and said, "With all this enormous unemployment we don't know what to do about it, we don't know how to deal with it. We think that we need an escape valve and the escape valve is that we need to allow more--get more Italians to migrate out of Italy. There are a few, some thousands, maybe 40-50 thousand a year that are going to various countries, but we need to be able to get large numbers, we need a million, two million, Italians to migrate to someplace where they can find work, and we need that as a safety valve, otherwise we're going to have real trouble.

So, this came, of course, to the Labor Division for Europe and this was our bailiwick, people migrating from one area to another, the transference of labor. And when we heard, when Nelson Cruikshank and I heard about this, I said to Nelson, "Absolutely no way, can't be done. It's impossible. There's no way you can transfer. You couldn't easily get a hundred thousand let alone a million or two million people transferred out. It would be an enormous problem. And what's more, not necessary." And he said, "What do you mean, not necessary?" I said, "Why don't we do something about resources development in Italy, to develop jobs for them over there. So, Nelson and I sat down with Henry Tasca, who was the Director of Program and . . .

GESELBRACHT: Do you remember the last sentence?

GOLDY: Yes, I was telling you that we sat down with Henry Tasca, who was Director of Planning and Programming for the office, special representative in Europe, so he was looking at all of Europe. And in addition to that, Henry Tasca was his particular protege of Averell Harriman, who was then the Administrator of the program in Washington in the White House. And we sat down with Henry Tasca and as the name implied, he was ethnically Italian by background. And he was particularly interested in Italy and the problems. And so I explained to Henry, and I know he's gotten along very well with them and we agreed on a great many things, and I explained to him. What I said was "It's impossible to solve the unemployment problem in Italy by exporting Italians, but I do think we could do something very major about the unemployment problem in Italy by developing its resources."

Well, Henry said, "Dan, you know, of course, that everybody, the assumption that we operate on as an agency and that they go on--there was an agency, an organization for Europe, for the European countries that were with us. The assumption is that Italy has no resources, it's resource poor, it's sort of like Japan, it's without resources." I said, "Henry, every country's got resources. It just can't be true." I said, "I can't tell you what those resources are, but if you'll free me up of my responsibilities here, I volunteer to go to Italy, give me some help, I need some help from our agency, but also from the people in the Italian bureaucracy, and I will come back and I'll tell you what the resources are that can be used to put the people to work in Italy." Well, they took a deep breath, crossed their fingers and said, "Okay." So I was sent on a mission to Italy, and unbelievably, I found exactly what I was looking for. And in that report I read it now, and I'm amazed. Frankly, I couldn't remember--I wouldn't have remembered all the things that we found. But I had help, I had some people assigned to me from the agency, but I also had people from the Italian government--I got them out of the people who knew something about minerals, about forests, about water, about oil, and I had some help, and we got in a car and we toured Italy and we went down--the biggest threat in Italy came from Southern Italy where the unemployment was enormous, people were living in caves. There were two Italies at the time. You know, the common theory was and I just blew it apart in my report, was that the problem of Italy was that unlike the rest of Europe it had too high a birth rate. Everybody was Catholic, a tremendous birth rate. And what I found out by poking into it, looking at the facts was, that Northern Italy had a birth rate lower than the rest of Europe, because in northern Italy there were jobs. There were more jobs, people had some hope, the standard of living was higher, and people did not produce more kids than they thought they could raise and provide a decent education for, and a decent future for. But in southern Italy, southern Italy was like a undeveloped--you know--less developed or undeveloped country. It was primitive, living in caves and they had kids running all over the place, unlimited birthrates, you know, and they thought this was the only way they could survive in the future, was a lot of kids to help support them and work, you know, and do whatever they could find.

And so we went through all of southern Italy, we looked at the resources. At the time we were looking at it, for example, Europe was desperately short of sulphur, as an example. The biggest sulphur deposits in all of Europe were in Sicily, right in the middle of the Island of Sicily. Well, we went down and took a look at the sulphur deposits in Italy. They were mining them by methods that were modern, modern technology in the Middle Ages. I mean it was just unbelievable. But they had this tremendous untapped resource, with tremendous demand all over Europe. They had people building roads down there in Sicily, modern equipment, you know, would have had the roads built in nothing flat. They had people breaking stones to put into the road with little hammers. I mean this was just spread the work. They had all these unemployed people and they were doing things in the most primitive way. They had--we went through Sicily and southern Italy, the boot, we found torrents, I'd never seen a--I didn't know what a torrent was until I went down and took a look at it. These were places--what had happened back in the years before, back in the days when marauders were coming by ship, and invading--they had built back in those days of Sicily—you know Italy is surrounded by water and these people would come by ship and so they built their villages on top of the mountain. They cut all of the timber off the top of the mountains and then they would farm below the village on the mountainsides. Well, they cut all the timber, cut all of the timber off and would try to practice agriculture on these steep hillsides with no timber, nothing to hold the water. No modern techniques. No terracing methods or anything.

Well, every time when it would rain, the heavy rains would come, everything would wash down. There's nothing to hold it, and it would wash down in torrents. Well, some of these torrents, the floods that would sweep everything down, boulders and the soil from up above, when you drove across them, when the water wasn't in them, you'd be two, three miles across these things, down you know, where you drive across. It was utterly ridiculous. What they needed was timber and they could grow Eucalyptus and other trees that would grow fast, Cypress, things that would grow for a pulp industry, a wood industry, but als they needed it to hold their soil. Agriculture, in the few places where people owned their own acreage they would take a few hectares and they would produce grapes, fruits, all kinds of things, olives and all kinds of things in abundance. But basically, the land, the fertile lands, the lands that could be operated were in big land holdings. The biggest landholder was the Church, the Catholic Church, had these big landholdings. What they desperately needed was land reform. What you had were these people who wanted to farm, radicalize the communist making inroads. In the few areas where they could farm, they were not doing too badly, and they were producing a lot, but southern Italy was just perfect for growing citrus fruits, and Europe was starved after the war for citrus. Desperately needed. But you couldn't get anybody to grow it, to plant it, to harvest it, except if they owned small plots and used land reform to get it. But here was an enormous potential for putting people to work, to change the system to make Italy into the great agricultural potential that it had.

Then we kept going. We found that there was oil, there were minerals. Sardinia was full of minerals. Their problems even in the industrial areas were institutional. They were not—instead of hiring new people, they would work the people they had long hours because the severance allowances were such that they didn't want top hire anybody and have to ever lay them off. And their practices were really archaic in this regard. So, I wrote the report and my report said, "Yes, Italy can deal with its unemployment problem. These are the things that they have to do. They have to develop their mineral resources, oil, gas, sulphur, iron ore, coal, they had all these things. They've got to develop their agricultural potential which is enormous, tremendous market for it if they'll do it. They have to reforest, they have to do land reform so they can put people on the land.   Incidentally, they were even finding—they had big, what we call tufa, which is a very soft type of rock, or something, and in areas where people owned their land, they were carving out terraces out of the tufa rock and they were able to plant olive groves on the tufa. And the tufa made perfect terraces to catch the water. They needed water conservation there, but they could do it, and they needed industrial reform so as to employ people and to release some of the energies that they had. Well, all of this went into the report. I say why it was important, not only it was important for 1. We came off this idea of exporting the Italian, something that would have been impossible. 2. We came up with a program that could deal with the unemployment problem, to do something about it. 3. Henry Tasca liked the program so much that he not only--I went to Washington after I'd prepared it, and I presented directly to Mr. Harriman and the staff in Washington, after it was concluded, after I finished it, and Henry Tasca was appointed ultimately--Mr. Zellerbach was then head of the aide program in Italy, but when Mr. Zellerbach left, Mr. Tasca was appointed the aid administrator and he proceeded to implement as much of this program as he could. And it turned Italy around on its course in terms of unemployment and programming.

I say it's important for one other reason. That was important to me for another reason, and important maybe to others, because it demonstrated conclusively that we had to get out of this hide bound idea that people are expert in unemployment problems, or they're expert in resource problems and never the twain shall meet. That whole approach would not have been possible if somebody who was concerned about unemployment and had studied it and knew something about it, had also taken all this time out to learn about the physical resources, and what could be done to develop jobs. And it was the combination of those things that made that report possible.

BILGER: One thing that when I first started to work on your papers, I realized that you had so many different jobs, both in the private sector as well as the public sector, and I think you have explained pretty well that the abilities you had as an economist, and understanding natural resources as well as human resources, they all kind of tied together. Does that seem to be a...

GOLDY: Absolutely, as a matter of fact, I think the fact that I had gone from working on the human resources, which tend to be public sector, not entirely, you know, personnel, industrial relations are private, personnel relations, but the kind of thing I was doing, how do you organize the labor markets and that sort of thing, how do you deal with the mass unemployment problem, and the micro problem, and the social insurances, that tended to be Government. Then when I went into the physical resources area, I became intimately involved with the private sector. Learned a great deal about the private sector. That's when I came to the conclusion that competition was worth more than the regulation. That you could do things. I learned something about how the private industry was managed, that Government people cannot tell people in the private sector how to invest directly. They can encourage it, maybe with tax incentives and things, but you can't dictate. You cannot direct, you have to provide incentives for that sort of thing.

So, that gave me an appreciation so that later when the opportunity came, and I went into the private sector, it was not a big--I didn't have to make a big step. I didn't have to reorient myself and before the Kennedy Administration came along, I had finally made this step out of the public sector into private. And I was working then on building--we were building a lumber mill in

Alaska and I was also involved, as I think my papers reflect, I had taken time out when I was dealing with manpower problems, long after I had been out of the BLM, but now I was back in the Northwest dealing with the manpower, migratory labor problems and that sort of thing. Some of the people that I'd gotten acquainted with asked me, "Can you take a leave of absence Dan?" And I said, "What do you need?" And they said, "Well, we need you down there to analyze an opportunity as an economist." So, I would, I'd take a two weeks leave from my job, I'd go down, I'd look at a situation and I'd analyze the economics of it, and I'd make a recommendation to them. And if I recommended, yes, you go buy the mill and go buy the timber, and what not--these are the things that can be done, it's a great deal, this is what's coming later and all the rest of it, and then they'd go ahead and do it, then they offered me an opportunity after a while to join them. I mean they made it possible for me to get involved in some of the ventures with them that I recommended they undertake, because I was analyzing.

So, I became involved in the industry that way, but never as fulltime, never as an operator, I mean just as kind of an investor, but occasionally taking time off to use my economic skills to advise them about where to invest. Then came the time when this big venture--Mr. Davidson, who was the Assistant Secretary that I'd worked with and had been my friend over the years, and a group, got involved in a big investment in Alaska where they did get the Forest Service to put up a big block of timber on one of these long-term lease arrangements, but they were to build the mill and to get into the business. And I went to work fulltime with them on the mill and what had to be done, and I was involved in that when Kennedy ran for President. And I became involved in the Kennedy campaign as I think I mentioned the Alsorina Minining claims and one thing and another. I guess it was before--not on the tape I didn't do this, but I was telling you earlier, before that things, issues had come up, mining claims when I was a regional administrator I testified before one of the regional campaign conferences at sessions that Kennedy had when he was running for President. And when he was elected, and I was invited to come back to Washington and to become deputy--first as a consultant to them on setting up the area redevelopment administration to deal with the depressed areas, economic development of depressed areas, resource development, employment development. Again then I went back with the Kennedy administration as deputy administrator, and then I went on from there to the Commerce--this was in the Commerce Department but then I was asked to take on the major part of the Commerce Department, the successor to the War Production Board, the area was the Business and Defense Services Administra-tion and all the industry that was in that, and then I went on from there to handle the negotiations on the Kennedy round the trade negotiations. Then I held the industry hearings, and then I became the White House Coordinator for export expansion and the Executive Director of a Cabinet committee on export expansion.

BILGER: And to back up just a little bit, I note that you have a lot of correspondence with Eliot Janeway. Who was Eliot Janeway and what...

GOLDY: Okay, Eliot Janeway was an economist, a private consulting economist, located in New York who had earned a nationwide reputation because he was the one who accurately predicted the recession that occurred during the Truman administration. Remember, we were coming out of--the war came along and we got into--there was a dip and Eliot Janeway accurately called the shot on the recession. They had tightened up on credit, the Federal Reserve Board had, and he accurately called it. He developed a big reputation and the--well, he also called the recession that came when Johnson was President. And they tightened up, the Federal Reserve Board had tightened up, and again we went into recession. That was a short lived one. So, he was a private economist who was hired by all kinds of large banks, big companies, all kinds of people, as sort of the Guru, the economic Guru, forecaster, operating in New York. And I forget how we got acquainted, but during the period that I was operating in the Commerce Department. And probably got acquainted with him before I went to Commerce, but during the time that I was in the Commerce Department, I used to see--he used to come into Washington and see me all the time, and when I was the coordinator for Export Expansion, he had a lot of clients who were interested in this area. See, he used to come in and talk to me all the time.

BILGER: One thing we didn't talk about only briefly was the tremendous problem of migratory labor, and a real blight on our country of migratory labor, and then I know you worked for Governor Miner for a while when you were transferred to New York, and you worked for Governor Miner for a while.

GOLDY: Yes. Actually, I got into that after my Marshall Plan, after I left. Although I did not get into any big arguments over my Italy report, I was engaged in some pretty big arguments about how the Marshall Plan ought to be operated in Europe. And I had a lot of arguments with people higher up in the agency than I was. And my basic concern was--and this is fundamental to all our Aid programs, even the ones that we practice today. I felt that we didn't understand enough about the institutions that were there and do enough on institutional reform in the countries in which we were providing aid, so that a lot of aid was wasted. It would go in and just would become dissipated through the--back in postwar Europe for example. They needed a lot of changes in institutional arrangements so that there was competition, the cartels didn't control things, there was competition in the market place, that labor was paid based on what their skills and what they produced. There were incentives for increases in productivity, all this sort of thing. And I felt that we had the leverage because we were providing aid, we should have tried harder to get these institutions to change. Well, when I left, when I was offered then, they set up a new regional office in the Manpower program in the United States, the Bureau of Employment Security. In the Northwest, there never had been one, it had been down in San Francisco, the regional office. But they set up a new regional office for Oregon, Washington, Idaho, Montana and Alaska. And the then director of the Bureau whom I had worked with over the years, I had worked with him in the War Manpower Commission and all these other things before, Bob Goodwin by name. He was Director of the Bureau, and he came after much, much the way that Cruikshank had come after me to go to Europe. He came after me in Europe and he said, "Dan, I need to fill the job in the Pacific Northwest and there's nobody that knows the Pacific Northwest the way you do. Would you be willing to come back home now and become Regional Director of the Bureau in the Northwest, the Bureau of Employment Security?"

So, I thought about it hard, and I said, "Yes, okay, we've been over here now for a year and a half and we've had a lot of arguments about the Marshall Plan, but a lot of things are going, yes, okay." So, we went back and we became Regional Director of the Bureau of Employment Security in the Northwest. Well, I wasn't there for long. There were two big issues that came up, and one of them was Eisenhower became President and what happened was that my old mentor when I was working in the State of Illinois in the Labor Department as the Assistant Commissioner for Unemployment, the Employment Service and Unemployment Compensation, Martin Peter, he became President Eisenhower's first Secretary of Labor, and he and I were the closest of friends and associates. So I was fine for one year, the first year of the Eisenhower Administration. I was going back and forth to Washington all the time and advising Mr. Durkin, Secretary of Labor about all kinds of things. And I was kind of in a unique position out in the Northwest, because we had the first litmus test out there, we would always find out earliest if there was going to be a national recession. We found that out because the first thing that would happen is that orders to the lumber mills would come down. That was because the Federal Reserve Board would tighten up on credit and home building would go down. As soon as home building would go down, lumber would go down, we'd see it immediately unemployment going up in my region.

Well, there were big arguments going on then about unemployment insurance. And the President had announced standards for state unemployment insurance laws. I said, "That's wonderful. We'll go out and put them into effect in our state." So I proceeded to do that. I began to lobby the State Legislature.

But the other big issue, and that's the one you were raising, came with migratory labor. What they were doing, the growers in the Northwest, we had beet growers, we had growers of peas, we had orchardists, we had others, and they found that their most compliant, pliable labor were Mexican nationals that would come up under contract. They would contract for them. And they would come up and they could pay them low wages, the working conditions were horrible in many instances. They couldn't protest their conditions because they were there under contract. If they objected to anything they got shipped out and sent back. It was as close to slave labor as you could get. And hoeing, stoop labor, you know, weeding beets and picking peas and all that sort of thing, was very difficult labor. So they were using this labor and they were not paying prevailing wages. We had unemployment then growing up in the wood products industry and the other industries, there were a lot of local labor unemployed that wanted parttime work, or temporary work, but they wouldn't take it on slave labor wages. They wouldn't take it unless it was prevailing wages.

So I was presented with this predicament. Officially, labor could not be brought in--you can't move labor from one area to another between states, or bring it in from abroad, without a certification by the Regional Director, which I was, that there was a shortage and they would be paid prevailing wages and work under the prevailing working conditions. That's what you had to certify. That was under the law, the Wagoner Piser Act that Congress had enacted that governed the operation of the U.S. Employment Service. Well, as I got acquainted with the situation, I said, "They're not paying prevailing wages. And they're not paying--their working conditions are substandard, and what's more, if we could get the wages up to something like they ought to be, we'd get a lot of workers, get a lot of domestic workers given jobs, because they'll go and pick apples and then pears and things when they're unemployed, they've been laid off from the mills. And the mills are all out in the rural areas where these people are. So, I said, "No," when they asked for certification to transfer the Mexican Nationals. I said, "No, I won't do it. Not unless you improve the wages and working conditions. And if you do, we'll try to recruit local labor."

Well, the growers didn't want the local labor. The local labor was not all that compliant, they wouldn't stand for some of the kinds of conditions that the Mexican workers would work out.

So, they said, "No, we've always had Mexican workers. We don't want them. Where do you get this idea of prevailing wages and working conditions?"

Well, I went further. I decided that what's more, the prevailing wages, how do you decide what they were. I said, "Well, they're the minimum wage. If there's no other way of deciding it, it's going to be the minimum wage." Well, the minimum wage law didn't include agriculture. There was a kind of an argument about this.

Well, the people--needless to say, the growers, did not love me very dearly. I was not a very popular guy with the growers who had had other ways of doing things. I mean they would always say, they'd just write their own ticket, get whatever they wanted, and when they wanted it, and nobody argued with them. I said, "No."

So, the growers went to their friends and they had a particular friend in the Governor of Idaho, which is a big beet growing area, big agriculture area. They always used a lot of Mexicans, eastern Oregon, Eastern Washington, Idaho. Well, Governor Smiley of Idaho, is also a particularly good friend of Sherman Adams, who was President Eisenhower's Chief of Staff. Smiley had gotten acquainted with Adams when they were both Governors. Adams had been the Governor, you know, it was New Hampshire I guess, and they had gotten to be very close friends. So, Governor Smiley protested to Sherman Adams about this character out there, Regional Director, who was changing the world. I mean he was out there and providing all kinds of elevated wages and working conditions for Mexican nationals and insisting that we use domestic labor where they were available. And Sherman Adams didn't think about the policy particularly, he thought "Well, we'll take care of that."

Well, by this time, Martin P. Durkin had been fired and James Mitchell was the Secretary of Labor. The Assistant Secretary of Labor, Rockos Ciciliano, who had come in--Marty Durkin had hired him, and I had gotten well-acquainted with him. He was marvelous, very principled fellow, and I had worked very closely with him, he was there as the Assistant Secretary. Well, he did his best to protect me when the shot and shell began to rain down from the White House, and elsewhere. And this got to be a cause celebre and I'm just reminded of a couple of things. One, the AFL- CIO who were my staunch supporters, by now Nelson Cruikshank is back at the AFL-CIO and is in touch with me all the time. That's that folder I was looking at, correspomdence with him. He's back there, and the AFL-CIO had employed Frank Edwards to do a nightly radio program nationwide sponsored by the AFL-CIO commentary on all kinds of things. And he picked up on this issue, so there I was all of a sudden on the nightly news frequently. About the argument going on. In addition to that, Edward R. Murrow decided to do a TV program called the "Harvest Exchange" his was called, and a friend of mine who was doing documentaries for a broadcast system, the NBC regional broadcast network, the King Broadcast Network headquartered in Seattle, he did a documentary called "Bitter Harvest." We got all of this material from what I was doing. And, of course, others got involved in it. The Episcopal Church for example, very heavily involved. So there were a lot of people who were picking up the cudgels on this and this became a nationwide issue. So there they were, their friends were saying, "You've got to get rid of this guy." In addition to doing all this stuff about Mexican nationals, and messing up with the growers out here-- incidentally, no growers as far as I know, ever went without his harvest unpicked. But a lot of them had to pay better wages to get it done.

The result was that a lot of them went to mechanical pickers, did a lot better job and saved themselves a lot of money in the long run. But, anyway, they weren't very happy with me at the time, but in addition to that, there was this big argument over unemployment insurance. Mitchell had been touting their minimum standards on unemployment insurance all over, and I went out and put them into effect. I got all the states out there to adopt them. And the employers, some of them, were just furious about this. So, all of these protests were coming into the White House, so they said, "Well, we may get castigated, we may get plastered. Better we get them out of here," and so Frank Edwards said, "Now, there's something to say about this on TV all the time." And he was succeeded by Edward P. Morgan, who did a TV program all the time on this. So they said, "How do you get them out of there, he's a Civil Servant." "Ah," they said, "we'll transfer him to New York, and once we get him--he'll never go to New York because he's wed to the Northwest. He's cemented in there, he's got all of his roots there. He'll never go to New York, so we'll transfer him to New York." But see, unbeknownst to them, Bob Miner and my friend Carl Holderman, who was this commissioner of Labor and Industry, were after me to come to New Jersey anyway, because Bob Minor wanted to run for President and wanted my assistance; or he wanted to straighten his own program out, number one, unemployment, manpower, labor, all the rest of it. And number two he wanted to know all about resources in the West and everything to run for President. So, I had decided to do that, but I let them transfer me to New York because I figured that the British West Indians and the Puerto Ricans needed all the same kind of help. They were being just as badly exploited as the Mexican Nationals were in the Northwest. And after about, I guess it was six months that I was Regional Director, eight months, or something like that in New York, Secretary Mitchell had all he could stand. The growers were howling, the wages of the Puerto Ricans were going up, Governor Munos Murin of Puerto Rico thought that I was the savior that had come down to save the Puerto Ricans and increase their incomes and save them from exploitation. So I had a lot of supporters and I had a lot of people mad at me. Anyway, there was lots of turmoil and so just as Secretary Chapman of Interior sent Joel Wolfsohn as Assistant Secretary out to say, "Okay, what does it take to get rid of you? What are your terms?" Secretary Mitchell sent his Under Secretary, a marvelous guy that I liked very much, out to New York. Came over to New York to talk to me. As a matter of fact, he talked to me when I was out in the Northwest before I got transferred and he agreed. He said, "Dan, everybody agrees you're doing the outstanding job in the country, you've put the standards into effect which we advocated, but it's embarrassing us, we don't want this. And you know, we're not going to be able to leave you there, we're going to have to do something about it." He was the one that told me I was going to have to go somewhere else or leave. So, he came to New York and said, "Okay, Dan, what does it take to get you out of here? Life is miserable for the Secretary. Everybody's screaming at him." And I said, "Okay, all I want is I want to take a leave of absence. I'm a civil servant, been a civil servant, I've got a retirement program here. I just want to take a leave of absence so that somebody if I want to I can come back." And he said, "That's all?" I said, "Yes, that's all." I said, "I'll go do something else, but all I want is a leave of absence."

He went back and talked to the Secretary, he called me the next day he said, "It's on, you're off, it's a deal. We'll help you in every way that we can." I didn't tell them I was going to New Jersey, because this is where Jim Mitchell was from. Mitchell was appointed Secretary, he had been the personnel industrial relations director for a big construction firm there, and I knew his plan was to come back to New Jersey and run for Governor. And I think the last place in the whole world he wanted me to be was in New Jersey working for Minor. But they didn't ask, and I didn't tell, and I guess they just figured I'd go back to the Northwest. Well, when I showed up in New Jersey, not only showed up there but with the newly created position of the Deputy Commissioner of Labor and Industry in charge of all the manpower programs in the State, everything they rolled into one big--I had everything, I had vocational education, I had rehabilitation, I had everything. I mean he damn near died. I think he had fits. But anyway, that's what I did and I went to work for Minor and we reorganized it, and I cleaned up the mess, with the growers of New Jersey. I mean, I can't do it in any other state, New York, but I can do it in New Jersey and I stayed there until my good friend the commissioner Carl Holdeman died, and when he died, I assumed--I had made a commitment to Minor that I would get--if anything happened to Carl I would become the Commissioner. Well, a couple of strange things had happened. One was there had been a big story in the Newark newspapers about the Alsarina mining claims where I had turned down--you know, this was when I was Regional Administrator of the BLM and I had turned them down and they stayed turned down not withstanding all kinds of political pressure. I knew they were phoney mining claims used to grab Federal timber and then cut the timber and no mining ever done. And they were the biggest scandal ever to hit in the mining claim area under this crazy 1872 mining law. And I objected strenuously, wouldn't go along with it, and then when Eisenhower was elected President the Secretary of Interior took the thing out, he was under great pressure to do it from the people that had the claim. He took the Alsarina Mining claims, took it out of the Bureau of land Management, took it to the Secretary's office, approved it and they went ahead and issued the claims, issued the patents for it, and for virtually nothing, they got this tremendous area of the Rogue River National Forest which they cleaned out. They cut from one end to the other, just cut it all down. And so during the Kennedy campaign I went down, my wife and I went down, and we took pictures of it. And the Alsarina Mining claim scandal became a big issue in the Northwest J.F. Kennedy campaign along with the land--the BLM scandals--the land exchange, scandals in Arizona, which we presented too.

So, all of a sudden there in the North papers, people and growers are mad at me because they felt I had something to do with the Alsarina Mining claims, and it was a scandal. So, the Newark News Ledger, I mean the newspaper, came out and said that--talked about me as prospective commissioner, but how could they appoint me, I was involved in the Alsarina Mining claims scandal. Well, I was the one that stopped it. I mean I would refuse to let it go on. But the Newark paper didn't know anything. But the Governor got--the other thing that had happened was the Governor had taken one of his proteges and had made them--he was the head of the Motor Vehicles Division, and he appointed him Chairman of the Workman's Comp Commission and he had to be confirmed for that. And the fellows name was Ed Parsekian and what he had done was refuse to fix parking tickets for members of the legislature or their friends. I mean if they got stopped on the freeway for speeding or something he wouldn't do anything about it. So they were mad at him, they wouldn't confirm him to be Chairman. That battle had just gone on and the Senate had turned him down. And so Governor Minor said, "Dan, you've made a commitment, I want you to be—you've been running the Department, you're doing all this." He said, "I want you to do it, but," he said, "I'm afraid to send your name up." He said, "I don't want another turn-down by the Senate." He said, "Sure, you and I know what the Alsarina Mining claims about, you know, you've explained, you've written a letter to me, but all people know is there's some kind of scandal, they think it's some Italian who went out and shot somebody and you were involved in it." And he said, "I'm not sure that I can appoint you." I said, "Well," I told the Governor he was a good personal friend, I said, "Look, that's fine with me. I don't mind." I said, "The one thing I'm not going to do is stay around. I'm not going to serve as Acting. I don't mind if I'm not confirmed. If you want me to be the commissioner, you appoint me as commissioner. I don't want no appointment, just serve as an interim. If you're going to do it, I'm willing to fight out the question of confirmation. I've got the--I'll take it on. But if not, just say so and what my wife and I want to do is go back to Oregon. The people out there want me to do some things, and I'd just as soon go back. September is coming on," this was August-- "September's coming on, and I want to be back there in time to put our son in school so he doesn't lose--so he starts with other kids, beginning."

Well, Bob Minor just dithered about it, he couldn't make up his mind what to do. He was afraid, didn't know whether he could or not. So I made up his mind for him, I said, "Bob, I've decided, I'm going back home. Get you off the hook, there are other people, you get somebody else to be commissioner. I'm going back to Oregon." So I did, that's when I picked up and left, and that was why. That was what happened.

BILGER: And you stayed out of Government until Kennedy...

GOLDY: Until Kennedy. Then I was full-time working on the wood products business. I had this partnership in these companies where I had done the consulting for them, and I acquired an interest through the consulting arrangement with them, but I wasn't working at it. But then, Jebby Davidson and his associates made this big investment in the timber resources in the mill in Wrangle, Alaska and I went up to Wrangle. I joined them as vice-president of the company and helped build the mill and dealt with the lobbying and all kinds of issues and worked on that until the Kennedy campaign came along. Kennedy and Marie Newberger had then succeeded her husband and we worked on her campaign and we were heavily involved in the Kennedy campaign and then when he was elected I was then asked to come to Washington, and that's what happened.

BILGER: One thing in our notes here that Ray has made, he said to ask you about how Truman institutionalized the New Deal reforms.

GOLDY: Oh, yes. Well, basically, my view was that I witnessed--I worked in the Roosevelt administration too, either directly, but mostly to some degree in it, as the war was building up. But for a long time as a kind of an ancillary part of it, of course I was the one who drafted the first unemployment insurance law when Social Security Act came around, my major professor was the Executive Director of President Roosevelt's commission, so I was involved in almost every aspect of the new Social Security program, social insurance program, a good part of the New Deal programs. All of my professors from the University of Wisconsin were involved in the New Deal programs, almost every one of them. So, I was very intimately involved in the whole collection of them. Lilienthal whom I knew was from Wisconsin became chairman of the Tennessee Valley Authority, and my professors were the ones who came along with the tax reform legislation and the utility reform legislation, and just about almost anything you could think of. I mean the social insurance programs, they were all there. Labor legislation, and whatnot. And I watched Roosevelt become very unpopular. I mean, his was a dirty name among industry and business type because he was associated with all these major reforms. Then Truman succeeded him, and the problem for Truman, one of the problems he had was to get all of the reforms that had been instituted during the New Deal, and these were major institutional changes for the country. He had to get them institutionalized. By institutionalized I mean just what I did when I said the program had to succeed me when I left it in the timber program, forestry program in the Northwest. What he had to do was to get people to recognize that those programs were going to be there, they were now a permanent part of the institutional landscape of the United States, that we were always going to have to have some kind of a social insurance safety net under people. That we were going to have these programs, we were not going to revert back to the pre-New Deal days. And he had that problem, and he encountered in his first bi-election that occurred after he succeeded, to some of the same antipathy that was attributable to Roosevelt. In addition to that, he had the additional problems of the conversion from war to peace, and if you remember--if you look around the world, here in England, Churchill, who from our point of view and our vantage point, was a magnificent hero who had really done--turned the thing around from Nevel Chamberlain the appeaser and had bolstered the British people and had negotiated with Roosevelt to get the aid they needed and saw the people through the war. I mean he should have been the great hero. What happened, the first election that occurred they turned him out and they voted in the labor party.

Well, Truman was suffering from some of the same thing. So what he had to do--when I say talked about institutionalizing--he had one of the toughest assignments, in my opinion, of anybody who ever had the job of President. Because the enormous changes that had occurred under Roosevelt for which there was still all this kind of bitterness out there in the body politic, particularly among the industry and the investors, but he also had to deal with the dislocations that came from the conversion from war to peace, and the fact that he was able, after that first rejection, by the voters in 1946 when you had the sweep and the Republicans took over the Congress, that in the two years, the next two years, he was able to imprint his personality and the solidness of his character and the firmness of his convictions on the body politic, and win the enormous victory which nobody believed he could do, and you know sweep back at Democratic Congress with it, it was an incredible performance. And when I say that he had to institutionalize these things to do it, he had to get the acceptance. You know it was under Truman then that we got the first Full Employment Act. Dedication you know is public policy to Full Employment in this country, and the Council of Economic Advisors was formed under Truman. An enormous number of additional reforms. And, of course, he tried as others had tried, to get health insurance, health coverage, and enormous difficult task. And we did see--you know, we did get Medicare, Medicaid, but he couldn't ever get the whole package that he wanted, and it was--he never could have done it if he hadn't in effect gotten the people of the United States to accept the fact that all of these changes that occurred had occurred during the Roosevelt period were now part of the permanent institutional landscape of the country. That's my personal view.

GESELBRACHT: Thank you Mr. Goldy very much.