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Executive Director, Joint Economic Committee, 1949-1957
Technical Adviser to Senator Ralph E. Flanders, 1947-1949

Interview #1

Origins and Operations of the Joint Economic Committee

(Tuesday, October 29, 1985)

Interviewed by Richard A. Baker

BAKER: Would you tell me a little bit about your early years—your family, your childhood, and your education?

ENSLEY: My grandfather, Henry Ensley, and his parents, Joseph and Eliza Canutt Ensley, went west to Oregon in an ox-drawn covered wagon in 1852 out of Indiana by way of Missouri. When my grandfather was a young man, in 1872, he went to the Palouse country in eastern Washington State. He took out a homestead and went to the Clearwater River up above Lewiston, Idaho and cut logs all one summer and floated them down the Clearwater and then the Snake River. He and his wife, Mary Rice Ensley, built a house on his homestead near Almota, Washington. When Henry died at the early age of fifty-eight, he and grandmother gave each of their six children including my father, Dwight, and mother, Mary Rose, 160 acres of land.

That's where I was born in 1915. We got by in the 1920s, but the Depression caught up with us. In the fall of 1933, after I had completed high school, my father said I could take over the near-bankrupt farm. But with his and my Swiss-born mother's encouragement I decided instead to go to the University of Washington. I hitch-hiked a ride to Seattle. It took two days to

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travel the 300 miles on the back of an open truck. It was snowing in the Cascades. I arrived in Seattle with ninety dollars in my pocket in the fall of 1933 right in the worst of the Depression.

BAKER: That must have been a difficult decision for you, where you had an opportunity to take over the foreclosed farm.

ENSLEY: Yes. My first cousin, Melvin Ensley, who lived nearby decided to farm and he did very well. About two years ago, President Reagan appointed him to the Federal Farm Credit Board. He's one of the thirteen directors of this now nearly bankrupt farm credit organization. I'm much happier having gone to the university instead of farming.

BAKER: What stimulated you, in your high school experience, to want to go on for further education?

ENSLEY: I think it was my father. He tried to go to college twice. Both times his health broke down. He always used to tell me as a child: "Grover, I would rather have a college education than the best farm in Whitman County!" That was drilled into me.

BAKER: Were you the eldest child in the family?

ENSLEY: No. I was the third. There were four children in our family. We went to a little one-room school. I rode a horse four miles. There were about eight or ten students. The teacher was

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generally a young woman that had finished high school and gone to normal school two years. She'd have six or seven grades to teach; it was a long day for her. Students had to pass state examinations in the seventh or eighth grades in order to be eligible for high school. I went to high school in Colfax some twelve miles away. It seemed like a big town. I batched in a rented room. There were three or four girls that had higher grades than I did when we graduated, but I had the highest grades of any boy in the class. I was senior class president.

The superintendent of schools said, "Grover, you've got to make one of the talks at high school commencement. I want you to talk on 'The High School and the Community.'" I worked up a six-minute speech, with the help of my English teacher. It was letter perfect. I memorized it and delivered it. In the fall when I arrived in Seattle, the first thing given me at the University of Washington was an entrance examination. I'm almost certain that I flunked the IQ test and the English test. But, the last item of the examination called on us to write an essay. I could choose from six subjects. One of the subjects listed was "The High School and the Community"! Well, I still remembered the commencement speech and I wrote it letter perfect. The results baffled the psychology department which was handling the examinations. The examiners couldn't understand how such a *stupid* guy could write such a brilliant essay!

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BAKER: So, when you arrived in Seattle, you didn't know for sure whether you would be accepted into the university?

ENSLEY: No, but because of the good essay, I didn't even have to take "dumbbell English."

BAKER: That was quite a gamble.

ENSLEY: It was a gamble. Of course, I had to get jobs. The first two years I was fortunate and lived with my sister and her family, Naomi Krehbiel. I rode a bicycle the three miles to the university. Unfortunately, they moved from Seattle at the end of my sophomore

year. At that time things became really tough. I had at least four part-time jobs. During my third year I worked at Schweitzers Beanery two hours a day for a twenty-five cent lunch, which I couldn't eat until 12:30 after the rush, and a thirty-cent dinner that I had to eat before the six o'clock rush when I put in my two hours waiting on tables. I couldn't afford breakfast, so I'd go from 6:00 o'clock at night until the next day at 12:30 without any food. Fortunately, the federal government came along and bought the Schweitzers Beanery property and put a post office there. I got a better job working for three modest meals in what was called the "Commons," the cafeteria at the university where students were fed. I took care of the rats and the rabbits used for experimental purposes in the physiology department. It was a National Youth

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Administration job, fifteen dollars a month. That was big money. Another job I had was in the calculator machine room in the College of Economics and Business. I showed students how to run the machines and made sure that no one stole one. It wasn't a hard job because I could work on my studies part of the time. I was a watchman on Sundays and holidays at a ladies apparel store in downtown Seattle. The store had lower insurance rates if they had somebody in this five-story building. But I had to do janitor work all day for three dollars and a half. These things all added up and I got by financially. I had to budget my time as skillfully as my money, since I had to make respectable grades.

In my third year, I went into a new five-year government service program. I was one of the first students in it. My colleague was Robert Mayo who ended up as President Richard Nixon's first budget director and then president of the Federal Reserve Bank of Chicago. The program demanded that you had nothing less than A-B grades, but the professor I worked under insisted that he didn't want any but "A" students. I was under a great deal of pressure. In my senior and graduate years I graded papers, and taught economic sections, which covered my tuition. I completed my five-year program and obtained a master's degree under Professor Hall. He did a lot for me. In 1962, I helped create a "James K. Hall Memorial Fund" at the University of

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Washington, which is being financed with the help of his widow and former students. It provides financial help to promising graduate economic students.

BAKER: This government service program was established in the middle of the Depression at a time when the federal government was being increasingly more active. Was there a relationship there?

ENSLEY: I think that inspired the faculty committee or whoever creates such programs at a university. It sought to encourage "bright" young people to look forward to public service. We took courses in history, political science, law, economics, public finance, and public utilities,

as well as state and local government. Three months of the fifth year was as an intern in the state government in Olympia, Washington. It was a great experience.

BAKER: In your experience in Olympia, were you involved with both the governor's office and the state legislature?

ENSLEY: Basically, I was working with what is now called the Public Service Commission. The commission was responsible for regulating public utilities in the state. I completed the program, including an MBA, in the summer of 1938. About that time the Alfred P. Sloan Foundation created a government service program at the University of Denver. It was then a fantastic fellowship. The single fellows received \$100 and married students \$150 a month. This

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was an eighteen-month program. There were three or four thousand applications for these ten fellowships and I was fortunate to get one. It was at the University of Denver that I met my wife, Creta Mabie. She was a senior. We met in the stacks of the library.

Part of our eighteen months was spent in field work, studying government in some area of the Rocky Mountains. I studied government in Albany County, Wyoming, which is the county embracing the University of Wyoming at Laramie. I was there nearly six months studying *all* levels of government as it affects that geographic area: the federal government, the state government, the county government, the school district government, and the municipalities. There were only two municipalities in the county at that time. We went out in teams of two. My teammate was Walter Durham. He had worked here in Washington. He was about five years older than me. We did our research and took all of our materials after Thanksgiving 1939 to Mexico City where we roomed and boarded for about a month and put our report together. We took it back at Christmas time and were the first team to complete our dissertation. It is a large volume.

BAKER: Did the county receive a copy of your report?

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ENSLEY: Oh, yes. We completed the program in March 1940. I would hope somebody fifty years from that time—late in this decade—could make a follow-up study of government in that Wyoming county. I think it would be an interesting contrast.

BAKER: I agree. When you finished at the University of Denver, where did your career take you?

ENSLEY: I was invited to join Tax Foundation, Inc. in New York City. In late March of 1940 I got on a train with some borrowed money and arrived in New York City on a Sunday

morning and went up to what was to be my office in Rockefeller Plaza. For a kid who had never been east of Denver it was exciting. I lived in International House near Columbia University until getting married in August. And so I worked as a researcher for Tax Foundation during the day and on my PhD at night at New York University.

BAKER: How did you decide that you wanted to go to New York University?

ENSLEY: Frankly, I would have preferred Columbia University. But, Columbia didn't have an evening program at that time. It was convenient to attend NYU. I was getting \$175 a month at Tax Foundation, and I received a fellowship in the Graduate School of Business. I completed my residence for the PhD in May of 1941. In June of 1941, I accepted an invitation to come to Washington for an

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interview at the Treasury Department. I thought it was a pretty good setup, but I liked the Budget Bureau better. I was interviewed there by Budget Director Harold Smith and several others, including J. Weldon Jones, assistant director, and Gerhard Colm, chief fiscal analyst. They offered me a job. I took a position in the Fiscal Division, as junior fiscal analyst.

BAKER: Can we back up for just a minute? It was clear to you then in 1940 that you wanted to get a PhD? You felt that was necessary for where you wanted to go in life?

ENSLEY: Yes. I was young and I had nothing to do at night. I thought I should make use of that time. My professors at the University of Washington with whom I kept in touch—while they might swallow a bit at New York University as against Harvard or Stanford—thought that "Once you get the PhD it won't make that much difference what the name of the school was." Actually, I had a good program and I am very proud of NYU.

BAKER: Who did you study with at NYU?

ENSLEY: Paul Studenski was my major professor. Public finance was his field. At the time he was also adviser to Governor Thomas Dewey. In New York at that time, and maybe still, the governor had some academic scholar as a part-time adviser. There were other teachers there too. Walter Spahr and Lewis Haney. It was a pretty

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conservative school, except for Studenski. I wouldn't say Studenski was a Keynesian, but he was more liberal than most of the other economic and business professors at the university.

BAKER: He was pretty widely regarded at that point, wasn't he?

ENSLEY: Yes indeed. He was a Polish immigrant in the early years after World War I. As a matter of fact, he was a pilot and one of the first persons to solo across the English Channel. On one occasion he had all the graduate students out to his place on Long Island for a Saturday afternoon and evening. This was in the fall of 1940. We discussed our imminent involvement in the war in Europe. There were a couple of students there who thought we shouldn't get involved. These people were clearly—it developed later—Communists. It was a very vigorous debate. These people who were so opposed to our involvement, the day after Hitler invaded Russia the next year, changed their position overnight. One came down here and worked in the predecessor agency of the CIA, the Office of Strategic Services. He was brilliant, but after the war, it became rather embarrassing for them. Historically speaking, the period leading up to the Japanese attack on Pearl Harbor was a very interesting period. Of course, here in the Senate, you had Arthur Vandenberg and Burton K. Wheeler who were isolationists before Pearl Harbor. And you had your interventionists. It was a difficult time. The recent book by Joseph Lash on Roosevelt and Churchill is very interesting. It is

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amazing that we did as well as we did in unifying this country as Winston Churchill did in Great Britain. In retrospect, in World War II, we were about as united as a people as in any war we had ever been in before or since.

BAKER: That raises some questions that we can deal with after the war, because what happens when that unity begins to unravel?

ENSLEY: I will fill you in on some of my personal experiences with Vandenberg, which were interesting to me.

BAKER: So, you got your residency requirement out of the way at NYU . . .

ENSLEY: And came down to the Budget Bureau in May 1941.

BAKER: Why the Budget Bureau?

ENSLEY: The Budget Bureau had just been reorganized a couple of years earlier and moved from the Treasury Department over to the Office of the President, and given greater powers and responsibilities. It had five divisions: the Estimates Division; the Administrative Management Division; the Statistics Division; the Legislative Reference Division; and the Fiscal Division. This was before the days of the Council of Economic Advisers. The Budget Bureau and the Fiscal Division was the coordinating force in bringing together a progressive budget policy that was internally consistent.

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I became interested immediately in trying to tie together the economists in the Departments of Treasury, Commerce, Labor and Agriculture, in the Federal Reserve and the emerging defense agencies to make sure that when the president's budget and economic program came to the Hill, to the Congress, it was sound and internally consistent. All these agencies, you know, have to make assumptions as to GNP, national income, and corporate profits and the like in order to put together their budget justifications and legislative requests. We thought it incumbent upon the president to make sure that the programs were internally consistent. The Budget Bureau provided the vehicle to develop such programs.

For example, the defense agencies budget estimates were in terms of obligational *authority*. But we were concerned, as we got into the war, with the "inflationary gap" as we called it—as a result of rapidly growing war expenditures. It was rather difficult to persuade the defense people—the War and Navy departments—to translate their appropriation requests into dollar figures that would be spent during a particular period. We put these requests together with other government outlays, private investments, and consumer expenditures to see how much inflationary pressure would result.

In March of 1942, soon after we were into the war, the secretary of the treasury came up to the Congress and testified that we needed comprehensive direct controls. He maintained that higher taxes and

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fiscal restraint wouldn't really do the job of controlling inflation. The next day, Leon Henderson, who headed the Office of Price Administration came up and testified that we needed more fiscal restraint, and that direct controls wouldn't do the job! Now, here were two major administrative agencies apparently contradicting each other before the Congress. Well, I went home that weekend and drafted a memorandum to the president. The memorandum stated that we needed to develop a comprehensive anti-inflation and mobilization program. We mentioned the various agencies that should participate in formulating such a program. On Monday the Budget Bureau staff perfected the wording and the budget director sent it over to President Roosevelt that night. The next morning about 10:30, the budget director called us down, all excited. He'd gotten the memorandum back and at the top of the page it said, "HDS," meaning Budget Director Harold D. Smith, "O.K. Work Fast. F.D.R."

BAKER: If possible, I'd like to have a copy of that memo for this transcript.

ENSLEY: Certainly. On the basis of this mandate, the Budget Bureau got things going. We brought in experts from various universities. We brought in business people. We helped the president with a special message to the Congress requesting the necessary mobilization legislation. In October 1942 the president persuaded Justice Jim Byrnes to leave the Supreme Court to head the

new Office of War Mobilization. I feel proud of this memorandum and I had the foresight to have it photostated.

I recently had lunch at the University of Washington with historian Frank Freidel, biographer of President Franklin Roosevelt. He was very interested in this memorandum since he was in the process of studying Budget Director Smith's unpublished diary. He showed me several pages in which Smith records his experience in getting the president's instructions implemented. The Smith diary is kept at the Roosevelt Library at Hyde Park, New York.

As I mentioned earlier, the Fiscal Division of the Budget Bureau had an opportunity to try to make sure that anything in the economic area the president sent up to Congress for action was sound and internally consistent. That was not easy to do and had never been done systematically before.

Before the Budget and Accounting Act of 1921, when the Budget Bureau was created in the Treasury Department, each agency would bring up their appropriation and legislative requests separately and independently to the Congress. During the 1920s and '30s the Budget Bureau compiled appropriation requests in an annual budget document. But it did not coordinate the overall government fiscal program. But the Executive Reorganization Act of 1939 gave some muscle to the Budget Bureau. The Bureau had for the first time a vision of what a

budget should look like—much more than just a bunch of tables. It had to be a comprehensive, internally consistent program. And believe me, it was not easy to get the Treasury Department to tell us their assumptions for personal income and corporate profits, which were used to estimate tax revenues. And if you looked deeper you might find that the Department of Agriculture was using different assumptions on their estimates of how much agricultural subsidy you would have to provide in the budget.

BAKER: Was there problems of inconsistent assumptions within those departments, as well as between them?

ENSLEY: I suppose there was, although they didn't have the facilities to have as many competitors there. I don't think there was much inconsistency within a department. It was when these department economists got together that we'd have to thrash out the best consistent assumptions.

During this period, I wrote my doctoral dissertation on the subject I called a "nation's economic budget." This embraced the federal government expenditure and revenue programs and those of state and local governments, private investment and, finally, the consumer segment.

I used the developing national income data. Rather early, I published an article on this approach: "A Budget for the Nation" (*Social Research*, September 1943). I also participated

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in a pioneering study for the National Planning Association's *National Budgets for Full Employment* planning pamphlet numbers 43/44, April 1945. I designed the presentation of the budget utilized in the analysis. A summary of my thesis completed in 1947 is included as an appendix (see attached).

Later, when I was executive director of the Joint Economic Committee, we used the nation's economic budget mechanism to quantify our economic projections and assumptions and to set forth a rationale for the committee's recommendations to the Congress. These budgets were published each year as an attachment to the committee's report to the Congress.

BAKER: It says a lot about the climate in which you were working that you as a young man starting out had the kind of support and the flexibility to come up with a memo that went to the president, and then to see it implemented.

ENSLEY: You know how it is. When you are young, you'll try anything.

BAKER: Sure, but the fact is that you were able to get through, to communicate. And there was something about the environment that stimulated you to go ahead and do that.

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ENSLEY: It was a stimulating environment. We had a good staff in that fiscal division. Very good leadership too.

BAKER: You came from New York to Washington in 1941. You were here until 1944, when you joined the Navy?

ENSLEY: Yes, I took a commission and went to the Harvard Naval Supply Corps school for four months. Then I was made the ordnance control group officer in the supply depot on Guam. I was still working on my doctoral dissertation at nights, although we were on the job from six to six, seven days a week until the Japanese surrender.

BAKER: Did you have difficulty getting source material?

ENSLEY: Fortunately, I had my materials pretty well in hand before I went overseas.

BAKER: Washington in those years—1941 through 1944—must have been a different kind of town from what you'd been exposed to previously?

ENSLEY: Yes. And of course, if you talked to old timers on the Hill, they would go to great lengths to tell you how different it was then from what it was when they first came here in the early 1930s. And when you go back further there was a great difference between what was here in the thirties from what it was in the twenties. It

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must be interesting, from your standpoint, looking back over this century here on the Hill.

BAKER: Well, it raises the question—you mentioned talking to old-timers on the Hill. How did you get to learn about the Congress? It is not quite the same as the state legislature in Wyoming or in Washington State.

ENSLEY: It was almost by accident that I got involved with the Congress upon returning from the service in the spring of 1946. When I went into the service in 1944—this isn't bragging—but the bureau hired three people to take on the rapidly expanding jobs that I had been doing before going into the Navy. When I came back to the bureau in the spring of 1946, there was no field immediately for me to fall into. It was a different environment there in the Budget Bureau. Fortunately, at that time the Legislative Reorganization Act was proceeding through Congress. Most of the Reorganization Act's provisions did not affect the executive branch of government. It involved reducing the number of committees from fifty or so in the Senate down to thirteen, providing professional staff, and other matters that were purely congressional. But one part of the bill did affect the executive branch. A legislative budget was provided for in the bill. So the Budget Bureau asked me to be liaison with the Hill on the reorganization bill, particularly the budget provision.

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BAKER: Now, this was early in 1946?

ENSLEY: Yes. In the spring and summer of '46. It is an interesting story, I think, because the bill's sponsors, Senator La Follette of Wisconsin and Representative Voorhis of California, popular legislators, had been in the Congress quite a few years. Congressional consideration of the legislation dragged out through the summer and fall of 1946. These two sponsors were up for reelection—La Follette and Voorhis. Now, I'm not saying they wouldn't have been defeated anyway. It was a Republican landslide, but I've often thought of how history might have been changed. These two dedicated legislators were here struggling to improve the structure of the Congress when they should have been back home campaigning for reelection. La Follette lost, as you know, to one Joseph McCarthy in Wisconsin and Jerry Voorhis lost to one Richard Nixon in California.

BAKER: It must have been a tough act for you in the early part of 1946 to get thrown

into a discussion about legislative reorganization that had been going on for quite some time.

ENSLEY: Well, I was really concentrating on the budget aspects of it and I was anxious to see Congress do something in this area. The tax committees didn't have any relationship to the appropriations committees. And there was not too much liaison between the authorizing committees and the appropriations committees. This

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legislative budget attempted to tie these three elements together. The Act created a joint budget committee. The purpose was to come forth with one budget bill. We are getting ahead of the story a bit, but they did that one year—the first year—in 1947. And we had a really combined legislative budget bill that went through Congress.

BAKER: Where did the idea come from?

ENSLEY: I think it grew out of frustration in the Congress. I give considerable credit to George Galloway. He had been in universities, but at the time I was working with him on this, he was assigned to work with La Follette and Voorhis from what was then called the Legislative Reference Service. A wonderful man—George Galloway.

BAKER: Tell me a little bit about him, his personality and character.

ENSLEY: Well, he sponsored me for membership in the Cosmos Club which (laughing) speaks well for him. He was an academician, I guess you'd say, and a scholar. He wasn't the type of staff man that you would normally expect here. I had high regard for his nonpartisan and objective ability to reason and sell his ideas to members of the Congress. Now, I can't say that the idea of a legislative budget originated with him. I think he was more of a political scientist intent on strengthening the Congress.

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BAKER: This feeling for a legislative budget was coming from Congress rather than the Budget Bureau?

ENSLEY: Yes. Not from the Budget Bureau, although we had a real interest in a more constructive vehicle for receiving the budget up here.

In the fall of 1946, you will recall that President Truman appointed Warren Austin, a Republican from Vermont, to be our first ambassador to the United Nations. This left a vacancy in the Senate from Vermont. The Republican governor appointed Ralph Flanders to fill that vacancy in the fall of 1946. Congress was not in session, so he did not appear until January 1947 for the new Congress. Now, he was active in the private Committee for Economic Development

and was interested, as all of us were during the war, about the postwar employment situation. He was told by Howard Myers, executive director of CED, that I might be a good man to get in his office. So he contacted me and we had a good visit. I told him that I had never been in the state of Vermont. He said, "Oh, that's all right. We won't bother you with Vermont matters. I'll handle the mail from Vermont." And he did. All the time I was with him, I think he probably received six or eight letters a week from constituents. He knew the people personally and he handled the problems. If it was related to a pension problem, he'd call down to the Veterans Administration and get it straightened out. There was no load

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there, so he and I could concentrate on economic and other issues of national importance. That's what attracted me to him. I knew that he was interested in getting on the Joint Economic Committee, on the Banking Committee and on the Civil Service Committee. But, I couldn't make up my mind immediately, when he offered me the job. There was a question—I'm a nonpartisan person. I have always been in all the years I've been with the government. No one could ever tab me as a Republican or a Democrat. So, I was a little hesitant to come here to work for a minority party senator. The Democrats had been in control of Congress since the late 1920s and this was the fall of 1946. I wanted to work for someone with power!

You have probably never heard of him, but on the Budget Bureau staff was a senior economist who had been an original New Dealer over in the Department of Agriculture by the name of Louis Bean. He had as a hobby predicting the outcome of elections. He had a lot of charts. I don't know what all the input was, but he was one who predicted that Truman would win in 1948. He got a lot of publicity from that. Of course, this was two years later. I went to see Louie in the fall of 1946. I said, "Look, I've been invited to go up and work on the Hill. This very challenging man wants to hire me. He's a Republican and I'm not sure what impact I could have working for a minority freshman senator." Louie got out his charts and he said,

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"Well, Grover, let me just tell you one thing. I am predicting right now that the Congress, both the Senate and the House, are going to go Republican in November." Now, this was early in October. So, on the basis of that prediction (laughing), I signed up with Flanders. I see Louie every once in a while. He also is a member of the Cosmos Club. He must be way up in years. But he's a wonderful person. I've told him this story and he seems to be proud of that prediction.

BAKER: That's wonderful. Now, here's Ralph Flanders whose career before he came to the Senate was pretty much in the machine tool business.

ENSLEY: He was a self-made man. Never went to college. He had been, as you say, in the machine tool business. He married the daughter of the owner of the Jones and Laughlin Machine Tool Company in Springfield, Vermont. That helped him. He was always interested,

though, in broader subjects than machine tools. He headed the policy committee of the Committee for Economic Development. He ran for the Senate in the early 1940s and was defeated by George Aiken. It's understandable. No one could beat Aiken. And then, nearing retirement—he was in his early sixties—he became president of the Federal Reserve Bank of Boston for a couple of years, 1944-46, until he was appointed to the Senate. And then he was elected for a full six-year term in November 1946.

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When we arrived on the Hill in January of 1947, a very interesting series of events took place. You will recall that we had no vice president to preside over organization of the Senate. Les Biffle, the secretary of the Senate—a holdover from the Democratic controlled Senate—presided. Well, everyone assumed that it would be a very quick swearing in, and then the Senate would elect a president pro tem, who everyone knew would be Arthur Vandenberg. Vandenberg would then take over and Les would become secretary to the minority. Well, lo and behold, there was a question over seating Senator Theodore Bilbo of Mississippi. An attempt was made to hold up the swearing in of Bilbo on civil rights issues. It turned into a filibuster. I went over and sat, as Flanders' assistant, on the Republican side on those couches at the back. It was very interesting to see the debate.

And too, the Senate had a junior senator to be sworn in from Wisconsin, Joseph McCarthy. Swearing in is done alphabetically by state. McCarthy wanted to be sworn in immediately because he knew there was going to be a delay with Bilbo, so he got his senior senator—Alexander Wiley—on some gimmick to try to persuade the Senate to let McCarthy be sworn in early. And right there was an exposure of the character of McCarthy. After some debate, Senator Robert Taft, working in the background, persuaded Wiley to withdraw

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this attempt. I think Biffle presided over the Senate a couple of days, which was probably unprecedented.

BAKER: It hasn't happened since.

ENSLEY: On the House side, before the Republicans could get their doorkeepers lined up and indoctrinated, Winston Churchill came and made a speech to a joint meeting of the Congress. All the senators marched over to the House and I walked over with Senator Flanders. I walked in with Flanders and sat down in the third row. There were no doorkeepers there to stop me. There I sat, just twenty feet or so from where Churchill made one of his historic speeches. It is where he said, referring to his mother's American parentage, "If my mother and father had been reversed I might have gotten here on my own." It was a tremendous speech and a grand experience for me.

BAKER: What a wonderful introduction to your career on Capitol Hill! (laughter) So you really worked very closely with Ralph Flanders right from the very beginning?

ENSLEY: Yes. Very early, the members of the Joint Economic Committee had an organizational meeting. Flanders asked me to go with him to the meeting. Senator Taft was immediately elected chairman. We met in what was known as G-14, this beautiful office right off the Senate gallery in the southwest corner of the Senate wing, now numbered S-323/324. I think it was one of the few at that

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time that had a private john and fireplace. You could look out the windows down across the mall to the Washington Monument, Lincoln Memorial and Arlington Cemetery. It was an absolutely fabulous thing and Flanders commented to Taft how beautiful it was and wondered whose it was. Well, Taft said, "It used to be the office of a committee eliminated by the recent reorganization act. I don't think it has been reassigned. I called Senator Wayland Brooks, the chairman of the Rules Committee, and he said we could have our organization meeting here today." And Taft said, "Ralph will you come with me to Brooks' office and see if he won't assign us this suite permanently?" They went to see Brooks and were successful.

BAKER: Right on the spot?

ENSLEY: Of course! The Rules Committee assigned the suite to the Joint Economic Committee. Taft and Brooks were very close.

Well, every couple years, the committee would get a letter from the Rules Committee indicating that it was too valuable a space for the Joint Economic Committee and should be used by somebody more active on the Senate floor. Generally it was the majority leader that wanted it. Each time the chairman of the Joint Committee—Taft and then Joseph O'Mahoney, and Jesse Wolcott—the succeeding chairmen, would intervene. And we'd never hear any more from the Rules Committee for another two years.

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BAKER: You said that they wanted to get rid of the joint committee because they wanted a group in there that was more active on the Senate scene.

ENSLEY: Yes.

BAKER: Is this really saying that they didn't like the idea of using prime Senate space for a committee that was half House members?

ENSLEY: Partly that, but I think more importantly, we were a study committee. We did

not have legislative responsibility. All the joint committee could do was to advise the other committees and the Congress on economic policy. We did not have bills on the Senate floor directly. We might be interested in a tax bill or an appropriations bill, but the managers of those bills were legislative committees. It made some sense to conclude that this prime space should not be used by the Joint Economic Committee.

We kept that space until January of 1955—until Lyndon Johnson was elected majority leader. I will never forget. It was an evening along in late January. I had the fire going in the fireplace. I was getting ready to go home about quarter 'til six, I guess, and the door opened. Lyndon Johnson came in. I had never worked directly with him, because he was on committees that weren't related to the work of the Joint Economic Committee. But, we knew each other. He looked

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around the office—he noted the beautiful chandelier, the john and the view from the windows. He sat down and we visited for a while. He was always looking around the office.

On the wall was one of the most valuable pieces of art in the Capitol. It was an original painting of Pocahontas, done in England. I don't know where it is now. I'll never forget when Queen Elizabeth and Prince Philip visited the Capitol in the early fifties. They were going to come to our office to look at this painting, but they had to cut thirty seconds off of the tour; so they had to cancel coming into our office.

BAKER: Prince Philip was a direct descendant of Pocahontas, apparently. I have heard that on that particular tour, they stopped as they were walking through the Capitol Rotunda and looked at the mural entitled "The Baptism of Pocahontas" as sort of an alternate plan.

ENSLEY: Is that right. I didn't know that. That's probably the reason they had our office on the original schedule.

BAKER: The painting you had was considered so valuable that it ended up on display in the Disbursing Office, where it would be assured safekeeping.

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ENSLEY: Well, as Johnson was leaving my office, he said, "Well Grover, Paul Douglas is going to make a great chairman of your committee." I wanted to straighten him out, but he got out before I could stop him. John Sparkman was the ranking Democrat on that committee and I knew wanted to be chairman of our committee. The next day, we got a letter from the Rules Committee saying, "The majority leader needs your space, and so next Friday you are going to have to move to" I didn't think too much about it. I went to Sparkman and showed him the letter and indicated that I'd appreciate it if held speak to the chairman of the Rules Committee.

Sparkman shook his head and said he couldn't do anything about it, because just a couple of days earlier, Johnson had given him one of the few little cubicles—there were about five or six of them—for the most *senior* majority members of the Senate.

BAKER: Hideaway office?

ENSLEY: Hideaway office. It was a prize. Maybe not any larger than your office here, fifteen by ten feet. Sparkman said, "The new majority leader made it clear that I didn't have the seniority for it, but he thought I should have it and he was going to give it to me, but he didn't want any trouble when he took the Joint Economic Committee space." I thought that was interesting.

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I went to my next ranking Democrat, who was Paul Douglas, and I said, "Look, you can understand why Sparkman didn't want to do anything about it, but won't you prevail upon the Rules Committee chairman not to go ahead with this?" Douglas shook his head and said, "No. You know, I'm going to be the next chairman of the joint committee, under the new 'Johnson Rule.'" I said, "What in the hell is the Johnson Rule?" Douglas said, "It's a rule that no senator can be chairman of more than one committee." And he said, "You know, Sparkman is in line to be chairman of the Small Business Committee of the Senate. And while he would probably prefer the Joint Economic Committee, with a chairmanship rotating between the House and the Senate—in two years he could end up with no committee at all. So he has had to choose the Small Business Committee, which means that I am in line to be chairman of the Joint Economic Committee. Johnson made it clear that he wanted to move the committee and didn't want any difficulties." Douglas said he didn't see how he could intervene.

Then I went to the next ranking Democrat, J. William Fulbright of Arkansas. At that time he was a good southern friend of Lyndon Johnson. This was long before the Vietnam War. Fulbright was courteous and understanding. But he talked in terms of down the road he would be chairman of the Foreign Relations Committee by reason of the fact that the ranking Democrat, [Theodore Francis] Green of Rhode

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Island, was very senior and probably would be made chairman-emeritus thanks to Johnson. So that meant that I couldn't press Fulbright on it any further. We had four Democrats and three Republicans on the Senate side of the committee. Senator [Joseph] O'Mahoney had been chairman of the committee for four years before he was defeated in 1952. He had just been reelected senator in 1954 and reappointed to the Joint Economic Committee to fill a vacancy. So, I went over to see O'Mahoney. I congratulated him on being reappointed to my committee. He said, "Yes, you know the new majority leader, Lyndon Johnson, made clear that there were five other Democrats more senior to me, that had applied for this Democratic vacancy. But Johnson

said that he was going to reappoint *me* to the committee," but that he didn't want any trouble from him or Ensley on the committee space.

Lyndon Johnson had covered *every* possible angle on securing the space! So we moved! Actually, we moved to better quarters, because we could have all of our staff together. As it had been, we had some staff there and others in other buildings.

BAKER: Were you all on the Senate side, or were there some over on the House side?

ENSLEY: At that time, I don't think there were any on the House side. We did use the House side of the Capitol, temporarily, one time for a special study, but historically, the joint committee has pretty much always been on the Senate side.

BAKER: With regard to the appointment of staff members, was that strictly the province of the chairman and the majority party members, or was it split up a little bit?

ENSLEY: In the Eightieth Congress, Chairman Taft appointed Dr. Charles O. Hardy of the Brookings Institution to be the staff director. Dr. Hardy appointed a very small staff. That was in the spring of 1947. Dr. Hardy carried on. The joint committee made some studies of the economy, particularly the price level—the steel price increases—but they weren't too active in the Eightieth Congress, because they were just getting started. Along in the late fall of 1948, about election time when the Democrats regained control of the Senate and the House, Dr. Hardy died. When O'Mahoney was elected chairman in January 1949, there was no change in any of the staff. It was kind of nonpartisan staff at that point. O'Mahoney then—I don't know whether it was put to a vote or not—I was still with Flanders, but O'Mahoney named Dr. Theodore Kreps, on leave from Stanford University, as the director of staff. Dr. Kreps appointed me assistant director and I moved from Senator Flanders' office in the early summer of 1949. I don't recall that there was ever any vote by

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the full committee on either Kreps or my appointment. Because of the way in which Kreps was moving back and forth from Stanford, I was acting director most of the time before I was officially named executive director a year and a half later.

BAKER: In what year did that occur?

ENSLEY: In 1951. We'd have an organizational meeting every two years. I would never be in when the committee elected the chairman. All I would know is that after the meeting broke up, the new chairman would say to the staff that he was the chairman and he hoped we would continue as we had, which was as a nonpartisan staff. We organized the professional staff along functional lines. We had a general economic analyst, James Knowles. He would provide needed economic projections. He had contacts all around town on the economic outlook. We had a chap,

Norman Ture, that worked on fiscal policy, and William Moore working on monetary policy, and somebody on statistics. The person on statistics was John Lehman. He also served as committee clerk. At times we'd bring in temporary experts, generally from a university, such as Lester Chandler from Princeton, or in one case Henry Murphy from the International Monetary Fund, to staff special studies. Often the Library of Congress would loan us staff. One thing I tried to do was to build up contacts and liaisons with the universities throughout the country. Whenever Congress was in recess, I would be out visiting, and lecturing at universities in

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order to encourage a flow of information coming to the committee. For example, annually I lectured at the Hansen/William Graduate Seminar at Harvard. We developed, I think, a unique approach to committee work. When we took up a subject we would give quite a bit of time to finding people that could best bring information to us. We would ask them to write papers and we'd publish a compendium. After time to study and analyze the materials, we'd bring in four or five knowledgeable people to sit at a large table with the committee and discuss the subject. We would concentrate on the subject matter in the compendium.

BAKER: Did you have good participation by committee members?

ENSLEY: Yes we did. It depended on the subject of course. But we generally would have very good participation. Sometimes we would invite chairmen of legislative committees. The Employment Act of 1946 was created out of the frustration of the Depression thirties. It wasn't until the war came along that we had full employment and full utilization of our resources. There was a lot of concern during the war about postwar employment.

There was a national interest in the postwar economy. For example, the Pabst Brewing Company, in celebrating its hundredth anniversary in 1944, had a contest where it gave seventeen prizes for the best essays on dealing with postwar employment and unemployment

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problems. The company received thirty-six thousand essays! I was one of the fortunate winners. I mention that to illustrate the concern. The Committee for Economic Development that Flanders was so interested in was created about that time, focusing on the postwar employment problem. Members of the Congress, including chairmen of legislative committees, sought appointment to the committee and exhibited great interest in its activities when appointed.

BAKER: Let me ask you about the Pabst Prize? What was the subject of your essay?

ENSLEY: I called it the "Ten-Billion-Dollar-Question." (See appendix) I was writing my doctoral dissertation on the subject. I projected the spending and saving trends of consumers, businesses, and governments of the 1930s into the postwar period. And it added up to a ten

billion dollar gap between our ability to produce goods and services and the likely demand for that production. It was a quantitative analysis. I attempted to analyze this gap and what could be done to close it.

BAKER: Who took the top prize?

ENSLEY: Herb Stein, later chairman of President Nixon's Council of Economic Advisers. And the second prize went to Leon Keyserling, who was the second chairman of the Council of Economic Advisers under Truman. The other fifteen were one thousand dollar prizes.

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BAKER: It would be interesting to look at how all seventeen winners spent their subsequent professional careers.

ENSLEY: Yes it would. About thirteen of them were from government agencies right here in Washington. We started to get telephone calls a few weeks after we submitted our essays requesting biographical information. We assumed maybe we might be winners. I knew most of the winners because of my position in the Budget Bureau. But the question became, who's going to get the big money. Herb Stein was over in the War Production Board, Leon Henderson was at the Housing agency.

Concern over the postwar economy motivated sponsors of the "Full Employment Bill" as it was originally called in 1945. It was first introduced by [James] Murray of Montana. A lot of people were publishing—I had published an article that called for something like the Employment Act. So, I was very pleased when I came back from Guam in the spring of 1946 to find that the president had signed the Employment Act of 1946. In the final stages, Republicans had an important role in developing the compromise that enabled it to pass the Congress. It called for utilizing our government programs to maximize employment, production and purchasing power. Senator Taft helped write the declaration of policy. So, when it became law and the joint committee was created, there were fourteen vacancies, seven in the House and seven in the Senate, the real leaders vied for those

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vacancies on the congressional Joint Economic Committee. Taft and O'Mahoney, on the Senate side and [Wright] Patman and [Jesse] Wolcott from the House—these were senior people and chairmen of other committees in a number of cases. It is understandable, I think, why the committee in those early years made a mark for itself.

We made the first study comparing Russian growth with growth in the United States. We published that in 1955. It got a lot of publicity. It was the first such study. Among other things, it publicized the *failure* of Russian agriculture for the first time in America.

BAKER: Where did you get your information?

ENSLEY: We got it from various sources. Much of it came from the Central Intelligence Agency. They didn't want to divulge it themselves you see, but we had assistants in the Legislative Reference Service of the Library of Congress who were experts too. It was just a question of getting them together and getting the information that hadn't been publicized yet.

BAKER: Did the Legislative Reference Service operate as a link between your committee and the CIA?

ENSLEY: Yes. I brought back a professor from the University of Washington with whom I had gone to school and who was on the faculty

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there. He actually spearheaded it here on the Joint Economic Committee with the promise that he would be hired by Legislative Reference, which he later was. He just died three years ago. This was Dr. Charles Sheldon. He became an expert on Russian space programs, among other things.

Well, we published the Soviet growth study and got considerable publicity. About the next day, I was in our documents room and a young man came in and wanted a couple of copies of the report. As usual, we asked where he was from. Well, come to find out, he was from the Russian Embassy! It was kind of a coincidence, because in about two weeks, just in time for a copy to have been sent to Moscow, Malenkov, who succeeded Stalin, resigned. In his letter of resignation read to the Politburo by Khrushchev, he virtually plagiarized our findings and my transmittal letter outlining the failure of Soviet agriculture. *The Washington Post* had headlines which said that Malenkov "cribbed" his statement of resignation from the Joint Economic Committee. (laughter)

One of the opportunities I had with the Joint Economic Committee was that I could attend international meetings. For example, I was a U.S. delegate to the International Statistical Organization meeting in Rome in 1953. In 1955, I represented the United States at the meeting of the Organization in Brazil.

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In 1956 the United Nations had a meeting on economic development in Bangkok, Thailand. I headed the United States delegation. This was a meeting of some twenty-two Asian and related countries, including the Soviet Union. On my way to Bangkok, I went through Moscow. Whenever I visited a country—I'd travel with a special passport and the State Department would arrange for me to visit not only our embassy staff but government officials, business, labor, agricultural leaders and academic people in the country visited.

When I went to Russia, I requested an interview with officials and economists at the Academy of Sciences. When I arrived in Moscow, on a Friday evening, I was met by our economist with the American embassy. He was all excited, as the Academy had agreed to see me. Our embassy economist had been in Moscow two years and had never gotten in government offices. You know how difficult that is. Maybe at a reception he'd meet a Soviet economist or a government official, but that was about it. Here, we had an invitation to go out to the Academy of Science the next morning for a full-fledged exchange. So with my Intourist guide, who was studying economics at Moscow University, as a translator and our economist at our embassy in Moscow, we were ushered into the meeting room by two vice chairmen of the Academy, and three, what they call, "academicians" and several lowly PhDs—eight or nine across the table. The two senior people

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were clearly contemporaries of Lenin. I have all their names. I published an article on the meeting which appeared in *Nation's Business*, January 1957.

Before I could even open my mouth, the vice chairmen made it clear that I couldn't tell them anything about capitalism; that they had *lived* under capitalism, you see. It was inevitable that our capitalism would go the way of all capitalism and be overthrown by the proletariat. They really believed that. But, as you went down the line, you could see on the faces of the more junior people an element of skepticism about the *inevitability* of capitalism being overthrown. They outlined the infallibility of their central planning. Their people who went to Bangkok for the two-week session on economic development adhered to the same line. They tried to explain in Bangkok that they knew just how to plan everything centrally. In 1965, they were going to surpass the United States, so they claimed, in total output. They urged developing countries to send their economists to Moscow to learn the latest techniques of central planning. At that time, though, they were beginning to realize that they had to do some decentralization. They even talked a bit about it. I came back firmly convinced that if this were just a struggle of competing economies, we had *absolutely* nothing to worry about. It is only the imperialistic elements of their system that give us concern. I felt, too, that with new generations coming along,

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there was some hope. It may take time, but eventually, maybe there will be an opportunity for a fresh start. I like to think that with the new leadership they have in Moscow now it might be a good time to just sit back and see. I am not very optimistic, but I think it is worth a try.

But, I did have this opportunity for travel and study abroad using this office here at the Senate. Of course, it was about the time that [Roy] Cohn and [G. David] Schine had been in Europe. They were Senator McCarthy's staff investigators. Their record wasn't all that commendable for the Congress, you know. I'd like to think that the reports I brought back from

my trips to South America, Europe, and the Far East, which were made a part of the joint committee records, contributed to an understanding by my committee and the Congress generally of just what was going on in the rest of the world—economically at least.

The chief thing that I was proud of was that we would seek areas of agreement within the committee. With the outbreak of the Korean War in the summer of 1950, when a tax reduction bill was being considered in the House Ways and Means Committee, Truman said, "We'll consider increasing taxes next January." He put it off, you see, but I got O'Mahoney and Taft together and they agreed to a resolution that we'd written calling for an immediate increase in taxes and paying for the Korean War as we went along. We got unanimity in the

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full committee on this resolution. Quickly, Truman jumped on the bandwagon and supported us. We got tax bills through in a matter of a few months and did, in fact, pay for the Korean War as we went along. We'd have had relatively stable prices in the Korean War had it not been for the fact that it was so soon after World War II with severe shortages and rationing that people got a little panicky.

Senator O'Mahoney, in addition to being chairman of the Joint Economic Committee, was also chairman of the Military Appropriations subcommittee. This proved an invaluable relationship in projecting the cost and economic impact of the military effort during the Korean War. Nearly every week I met with the assistant secretary of defense to review defense department developments. O'Mahoney would have me meet with the full Appropriations Committee periodically to brief the committee on economic developments and the nature and impact of the federal budget on the economy.

We would have had relative price stability had we had a flexible monetary policy—which we did not have in 1950 and early 1951. As you know, during World War II and all through the 1940s we had short-term interest rates pegged by the Federal Reserve at three-quarters of a point and long-term rates at 2 ½ percent. We didn't use monetary policy to supplement and assist fiscal policy to provide the restraints needed to curb inflation. Our committee created a monetary policy subcommittee headed by Paul Douglas in 1949. We

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issued our report in 1950 calling for a flexible monetary policy to supplement a fiscal policy. This committee actively, I believe, more than anything else, brought about the Treasury-Federal Reserve Accord in early 1951. Douglas, on the basis of this committee report, introduced legislation which would unpeg these markets and place the responsibility on the Federal Reserve to exercise a flexible policy. I got a call one evening from Dave Bell, assistant to President Truman. He asked me: "Grover, do you think that the Douglas bill will move?" I said, "I think it will." Three days later the administration announced the Treasury-Federal Reserve Accord.

Which did substantially what Douglas' bill called for, making legislation unnecessary.

BAKER: A real change from administration policy.

ENSLEY: Truman was a low rate interest man, an old populist. And Treasury Secretary John Snyder was very loyal to him on that. They didn't like the idea of flexible interest rates. Snyder and the Federal Deposit Insurance chairman, before our committee, forecast all sorts of dire consequences of unpegging the government bond market in testimony in 1949. Then a couple of years later, when they came back to testify after flexibility had been introduced, I questioned them about how come it didn't work out as they had predicted. They had no explanation.

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BAKER: I'd like to know a little about your relations with Paul Douglas. Here he was a professional economist, elected to the Senate in 1948. The Senate had not had as members a lot of economists.

ENSLEY: That's true.

BAKER: He was a fairly strong-willed individual.

ENSLEY: Yes he was. He was appointed to the Joint Economic Committee in January 1949 when he entered the Senate. I always personally liked him very much. He could be temperamental. He and O'Mahoney would get into disputes once in a while. Douglas was more liberal than most Democrats, although more conservative than he had been earlier in the 1930s at the University of Chicago. He was a dedicated person. Here was a man in his late forties that volunteered with the Marines. He was wounded in the Pacific.

BAKER: Let's take a look at 1947 when the joint committee got underway, with Robert Taft as its chairman. They had all those empty slots to fill. This must have suggested a whole new world. I am wondering about the relationships between Taft and other members of the committee. It included some pretty important and powerful senators. Maybe starting with Ralph Flanders. Taft's and Flanders' backgrounds were quite dissimilar.

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ENSLEY: They agreed together on some issues. On housing, for example, you had Taft for public housing and urban renewal, as liberal as any Democrat on that subject. And Flanders also. So the two of them would line up with the Democrats. In June of 1948, just before Congress adjourned to go to the Republican convention, a bill was in conference with the House. It was bogged down over a Senate-passed provision with some public housing. The House-passed bill did not provide for public housing. [Representative Charles] Halleck, who was the

majority leader of the House, and Taft had a session in the Senate Republican cloakroom. I was with them and I thought Halleck was going to explode. He was disturbed about the public housing provision in the Senate bill. Finally Taft, who was a hopeful Republican candidate at the upcoming convention the next week, just threw up his hands and walked out, and the bill didn't go through until a year later when the Congress was Democratically controlled.

The last meeting I had with Senator Taft was in the spring of 1953. Jesse Wolcott, a Republican from the House, was chairman of the committee, and I was trying to get things moving and Wolcott was not too active in committee work. So, I went over to see Senator Taft to see if I could stimulate him. All the newspapers had articles about how he had incurable cancer. So, I was a little hesitant. I called over and his secretary said, "Come on over." So,

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I went in. With his days numbered, do you know what he was doing? He had a Sears and Roebuck catalog open and was writing out an order for a new refrigerator for his Georgetown apartment. This couldn't have been but a few weeks before his death. I have always thought about that as rather unusual and commendable that he would be thinking about such things.

Another touching thing I remember that happened about this time—spring of 1953. Former President Truman came back to Washington from Missouri for a visit. It was announced that he was going to visit the Senate. The chamber was full and Senator Taft was present, with his crutches, which he needed to use during his terminal illness. President Truman entered the chamber on the Republican side from the vice president's office and walked directly to where Taft was standing. They embraced each other. There was tremendous response from the floor and gallery. Then Truman went to his old Senate seat and was asked to say a few words to a briefly adjourned Senate.

I would like to jump back to Flanders for a minute. Here was Flanders, a freshman Republican senator, and Truman, a Democratic president. Nevertheless, whenever Flanders wanted to see Truman, every few months he'd call over and within a week, he'd get an appointment to spend fifteen or twenty minutes with Truman. I'd generally drive him over. It is a little different today, isn't it?

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BAKER: Indeed it is.

ENSLEY: Quite a bit different. I was reasonably close to [Senator John] Sparkman, who thought that I should be made an ambassador in the Carter administration. Sparkman could not get a response to his communications on my behalf from the White House. Carter would not even answer his letters. Not just about me, but other matters as well. Even [Hamilton] Jordan, Carter's assistant, wouldn't respond. So, I was never made ambassador, not that I was pushing it.

I realize that the burdens, the volume of work, over at the White House is quite different, but here was the chairman of the Senate Foreign Relations Committee, charged with giving "advice and consent," with a president of his own party, unable to get through. I think this was criticism that was fairly leveled at the Carter administration. He didn't know how to work with the Congress. I think it was costly to the Democrats. I hate to say it, because there were many things about Carter that I liked and admired.

BAKER: It proved to be a fatal weakness.

ENSLEY: It did. President Carter wrote me a wonderful letter when I retired as president of the National Association of Mutual Savings Banks in 1977.

I had an interesting experience with [Senator Arthur] Vandenberg if you'd like me to mention it.

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BAKER: By all means.

ENSLEY: This was early on when Flanders was appointed to the Banking Committee in the spring of 1947. I had come from the Budget Bureau. The Federal Deposit Insurance Corporation, an independent agency, does not come to the Budget Bureau to clear its budget. That independence irritated the people at the Budget Bureau. The FDIC doesn't even have to get an appropriation from the Congress. They operate independently of the Congress, the appropriations committees and the Budget Bureau. Furthermore, they need not clear their legislative recommendations with the Budget Bureau, which all other agencies have to do. When I came to the Hill in 1947 there was a bill involving FDIC being considered by the Banking Committee. I convinced Flanders that FDIC should be put under Budget control just like any other agency. We sold the idea to the committee and it was added to this pending bill. We were operating in executive session at that time, but it leaked out that in the next few days a bill would be coming up on the floor that would put the FDIC under Budget control.

Well, you can imagine how quickly FDIC got the word to their friends on the Hill. I didn't know about Vandenberg's relationship to FDIC, but I got a call one morning a few days later from Senator [Charles] Tobey, chairman of the Senate Banking Committee, saying "Get Flanders down to the Banking Committee because we have got to

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reconsider this FDIC budget amendment. Senator Vandenberg doesn't like it." I said, "Flanders is in Vermont. Can't this be postponed?" "Oh, no. Vandenberg is coming. He's going to be down here in fifteen minutes. You come down!" So, I went down and sat on one side of the committee table and Vandenberg sat on the other. Here was the president pro tem of the United States

Senate. He was a tower, you know. Well, Tobey recognized him and said, "I understand you have some question about this bill." Vandenberg set forth the most eloquent history of the FDIC, one any historian would have been proud of. He said he had conceived the idea of deposit insurance back in the late twenties and early thirties. No question but what Vandenberg—a Republican—was the father of the FDIC. This was a development that the New Deal took great pride in. Well, when Vandenberg got done talking, Tobey asked me if I had any comments! (laughter) I attempted to state the case as best I could, very briefly. Well they voted. And they were unanimous in deleting that language which would have put FDIC under budget control!

BAKER: You can't win them all (laughing). Well, this might be a good place to take a break for a few days.

ENSLEY: Okay.

[End of Interview #1]

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