

INTERVIEW I

DATE: July 1, 1969

INTERVIEWEE: MANUEL COHEN

INTERVIEWER: PAIGE E. MULHOLLAN

PLACE: Mr. Cohen's office, 900 17th Street, N.W., Washington, D. C.

Tape 1 of 1

M: Let's begin by just identifying you for the purpose of the transcriber here. You are Manuel Cohen, and you served with the SEC [Securities and Exchange Commission] in various capacities from the early 1940s on until very recently, and ended as its chairman after serving as a commissioner since 1961. Is that correct?

C: Yes.

M: During the period before you became a commissioner, in the 1950s particularly, did you have any occasion to have any contact or close relationship with Mr. Johnson when he was a senator?

C: No close relationship, but there probably were occasions. I seem to recall vaguely when somebody in his office would want some information, and I might have been involved in providing that information. I don't have any recollection of anything in particular, but normally it would be information that's available to the public generally, or it might be some inquiry with respect to the status of some matter before the commission. Now I want to make it perfectly clear that I don't remember any specific thing. I may be saying something that actually never happened. But this was a normal thing for many people in the Congress to do, and I'm just assuming that conceivably somebody in his office had a

similar inquiry.

- M: You don't recall that the staff of the SEC considered Mr. Johnson, as a senator, as having some particular point of view in connection with regulatory agencies generally?
- C: No, I don't think that the staff of the commission, to be quite candid with you, was ever affected by the fact that a senator called or someone in his office, or a congressman called or someone from his office. Many congressmen, many senators would make telephone calls on behalf of constituents. It is a normal procedure. It has always gone on, and I suspect always will. I don't think there is anything wrong about it. If the inquiry related to a proceeding or an investigation, usually the person who called was so advised and was then told that no information could be provided.
- M: Some of the outstanding investigations of the 1950s period include ones that had considerable political repercussions. Adams-Goldfine, for example, and there were Dixon-Yates inquiries. Did Mr. Johnson ever become involved in any way in those to your knowledge?
- C: Not that I have any recollection of.
- M: What about Vice President Johnson after 1961? Did he ever become involved in any way with the activities of the commission?
- C: I don't recall any.
- M: Did he play any part in the task force--was it under Milton Cohen?--which recommended some of the changes that were, I think, legislated after Mr. Johnson was president?
- C: I don't understand "whether he played any part." I don't understand that question.
- M: Did he take any role in pushing the task force to a successful conclusion?

C: I don't believe so.

M: What about in the legislative fight that ultimately eventuated in the bill of 1964?

C: There was no fight.

M: It was a matter of simple passage?

C: It was something that was worked out with the industry, and there was no fight. So that it was just a question of finding sufficient legislative time to consider the bill in the respective committees and on the floor of each house.

M: After Mr. Johnson became president, you had served the SEC for a good number of years, and then on through his presidency. Can you compare earlier administrations and his? Was there a change in the activities or the direction of the SEC in the Johnson presidency as compared to earlier presidencies?

C: No, I don't think so. First of all, I can't speak about relationships of earlier administrations--with the possible exception of the Kennedy Administration--and members of the commission, because I was not a member of the Commission before 1961.

The SEC, of course, has always been an agency of a certain sensitivity, and there has always been some interest in it and the people and the institutions it regulates. I assume, as a matter of course, that every president, at some time or another, has had some interest in what is taking place at the commission. Mr. Johnson was a man who had considerable business experience. He also had friends who were interested in business matters and the securities markets. He certainly indicated interest in it.

I want to be perfectly clear. The interest he expressed in it was interest to be sure

that everything that needed to be done was being done and that everything was moving along in the proper way.

As a matter of fact, when I became chairman, my recollection of instructions, if that's the right word, from him was something along these lines: "Now, Manny, you know what needs to be done down there better than I. Just go ahead and do it. I only ask two principal things of you. One of them: reflect well on my administration. Two: if you ever need any help, holler." And he did mean both of those. Because I did need help from time to time. I visited with him on occasion, but usually I didn't think the matter was of such moment that I had to bother him directly. So I would deal with some of his assistants.

M: Was there a special one?

C: Whenever I needed help, why, they provided it. I'm speaking now in terms of legislative matters and, on occasion, budgetary matters. My relationships with him were really very excellent. I don't recall any interest expressed by him personally to me on any matter before the SEC while he was either vice president or president. I did on occasion bring some people to meet him. For example, when Mr. [Robert] Haack became president of the New York Stock Exchange, I brought him in to introduce him. But I know that on occasion people associated with the Exchange would come to visit him just because they, one, liked to meet the president of the United States and two, they wanted to, I suppose to express some appreciation to him for having an interest in the business community generally, the financial community in particular.

M: Did he have a special White House assistant who dealt with regulatory agencies or with

the SEC?

C: Yes, he did.

M: Who was that?

C: Well, there was one person who had essential responsibility, in the last period of his presidency, for independent agencies, and that was Mr. Ernest Goldstein.

M: Oh, yes.

C: But Joe Califano and Larry Levinson were also very much involved in all kinds of matters, including matters that the commission might have an interest in or which might affect the commission. They asked me on occasion to be a member of or to chair a special task force to develop recommendations in a number of areas. It might be subject to SEC jurisdiction in other areas. In addition, I was, as was my predecessor, a member of one or more interdepartmental committees on various subject matters, such as pensions and things of that kind.

So far as I was concerned, it was a very happy and a good relationship with the White House, just as I had, a similar, I think, happy and good relationship with the people on the Hill.

All these things usually are people-to-people things, and Mr. Johnson, of course, had a way with people. Now, his predecessor, of course, had an interest in these matters. But perhaps if I were to draw any distinction, I might say that his interest, maybe, was not as continuous as far as the SEC was concerned. Although that perhaps is an incorrect statement, because I had a great deal of dealings with Mr. Kennedy's assistants, some of whom remained and stayed with Mr. Johnson.

M: Yes.

C: I left one name out, and that was Mike [Myer] Feldman, for example, liaison in economic matters, and he stayed on for a while with Mr. Johnson. And I know that Feldman and a few others in the White House at that time would speak to me about various matters, either because they concerned the SEC, or because they thought perhaps I might be able to make a small contribution. But I really can't compare those with prior administrations. I have no way of doing it.

M: But the access, you always felt, was fairly open? If you needed to see the President, or if you needed to get your story told, you could do so?

C: Yes, in either administration. Though I must confess, I saw Mr. Johnson more often than I saw Mr. Kennedy. But when Mr. Kennedy was in office, I was just a member of the commission; I wasn't the chairman, and therefore I had really no occasion, except upon invitation, to see Mr. Kennedy. And that was very rare. But I did have occasion, very frequently, to talk to people on the staff. I knew them, and they knew me; some of them were old friends of mine, some people that interested me professionally.

M: What kind of things did you go directly to Mr. Johnson with and not talk to the staff people?

(Machine disconnected)

C: Let me just say this. You can see what's happening to me. We won't finish today.

M: All right.

C: At your convenience, why, we'll come back again, maybe one day next week, because then I'll be going to Europe for a month, and you want to get on with this, I suppose.

M: When do you leave for Europe?

C: About the 15th. Next week I can spend some time with you, if you're available.

M: I was going to say: I have to go to New York the first half of the week. I think I'll be back Wednesday.

C: Of next week?

M: Next week. Wednesday afternoon.

C: I think we can make a date Wednesday, Thursday, or Friday.

M: Okay, that'll be fine.

What kinds of issues, specifically, would get to the President personally, not stopped--?

C: You mean, from me?

M: From you, yes sir.

C: Well, I remember when I became chairman of the commission, almost the very week I became chairman, I looked over the budgets, and I thought I needed some more money. This is a little bit of intimate detail that I'm sure only two other people know. The President and the then-budget director, the fellow who is now head of the Brookings [Institution].

M: Kermit Gordon.

C: Kermit Gordon, right.

"Kermit," [I said], "I need at least another quarter of a million dollars, at a minimum." And he said to me, "Manny, I'm sorry, but I promised the boss that the books were closed as of last night." I said, "Well, Kermit, we're in bad shape. I really need the

money. I'm not trying to build anything. I just want to be able to take care of bare necessities." He said, "Well, I'll think about it. If I see the boss or talk to him, I'll ask him. But I promised to close the books."

Well, this must have been on a Thursday. Saturday evening--I was made chairman August 22 or something around there, so it was summertime--I'm out front talking to some of my neighbors. I guess I had just cut the lawn. But it must have been close to nine o'clock; it was still light. My wife came to the door and said, "Come on in. Somebody at the White House wants to talk to you." Well, you know, as I told you, lots of fellows call me from the White House.

M: Ernie or somebody like that.

C: So, "Just tell them to wait and I'll call them back," or something. She says, "No, you better come this time." I went in there and got on the phone and, by God, there was the President on the phone. And he said, "You know, I've got a little note here." And he read me the note. The note was a handwritten note from Kermit Gordon saying, "Dear Mr. President: I promised to close the books Thursday night, and tonight I did close them. But your boy, Manny Cohen, called me and said he needs another quarter of a million dollars, and I think he's right. But I'm not asking for it. I just want to bring it to your attention." And the President called me on the phone--imagine that!--about nine o'clock Saturday night. I found out later from one of the boys that he was in the bedroom then. "Do you really need a quarter of a million dollars?" he said. "Yes." "Okay, I'll give it to you."

M: You didn't need to specify what for?



C: Didn't have to specify what for. He just wanted to be sure that I really wanted it and I was prepared to tell him so. And, by God, the budget was increased by a quarter of a million dollars. I don't remember what the Congress did with it, but so far as he was concerned . . . It was marvelous--I mean, here he was; he says, "Call me when you need me." I didn't call him, I called Kermit and he came through.

Of course, in those days he had a little more time. He wasn't so much taken by Vietnam and the heavy burden of office which he suffered in the later years. He hadn't gotten to the point where he couldn't necessarily take time for little bitty quarter of a million dollars. I thought that was really something: one, it was great for me; two, you know, on reflection, I said maybe the president of the United States shouldn't be bothered with a quarter of a million bucks for the SEC. There are more important things around. But, of course, I was as pleased as punch.

M: Sure.

C: And here he was carrying out his promise.

M: A good indication of mastery of detail, too.

C: That's right. That and the fact that he had gotten to know me pretty well. You know, you go to the White House every once in a while with a big crowd. You get in line, and somebody introduces you. There is always somebody there to ask your name and introduce you, but he always beat the fellow who was about to introduce me. He'd reach out and say, "Hello, Manny," which obviously indicated that he remembered you. You know, for individuals who got that kind of treatment, that was the best thing in the world. People would break their fannies to do anything that would really reflect well on the

administration. That was the kind of man he was. I use that merely as an illustration.

He was a man who understood people and understood the power of government, the need of government and the effectiveness of government in dealing with people. Of course, you know better than I, he had long experience dealing with people. Also, from time to time, people have twisted that in a way, in a way that is terribly unfair. I never had any experience with him about which I could ever criticize. In fact, the only concern I ever had was that maybe he was spending too much time on my affairs, which to me were important, but in the overall government thing, if he was busy with other things, I could understand and maybe agree. But nevertheless when he had time, he took it. This was the measure of the man. Of course, later on, as I said a little while ago, he got busy with Vietnam and such matters, and I don't think he was able to do personally all the things he would like to do personally and could do best personally. As good a crowd as he had--like Joe Califano and Larry Levinson and Harry McPherson and all these other fellows, and they were really great guys, all of them--yet not one of them could do the things he could do.

M: Did he use that technique, that telephoning frequently with you, calling you up? He's got the reputation for--

C: No. He called me one time. No. He didn't do that very frequently. In fact, he did call that time; that was the very beginning. And he may have called me once or twice. I don't remember. But one situation when he called me, he asked me and I think he was sort of feeling his way, whether or not I would leave my job to take a different job he wanted me to take. Well, you know, on the telephone you get caught with that kind of thing.

M: He wants an answer right now.

C: That's right. Normally when he did call you, he would tell you what he wanted to tell you for whatever few minutes it took, and sometimes you had a chance to answer, and sometimes you didn't. But this time he told me what he wanted, and he listened to me for a few minutes, and I said, "Well, whatever you want me to do, I'll do. But I'm not sure that this is in your best interests. May I come and talk to you about it." He laughed; I could hear him chuckle at the other end and said, "Well, okay, you come and see me Wednesday. You'd better come with the names of five people that you can tell me that each one of those five people can do a better job at this than you can." And I said, "Oh, my God! How can I do that?" Because he knew I was a bit of a ham and an egotist. So he really put it to me! Well, someone else got the job. He was a good man.

M: You did go talk to him about that?

C: Oh, yes. I certainly did. I did go to see him, and we talked about it for fifteen or twenty minutes, and a few other things, and he let me off the hook.

M: He didn't administer the famous "treatment," as it is called?

C: Never tried that; never did that to me. I don't know about this famous "treatment;" I've read about it and so on, but I never got anything you'd call "treatment."

M: See, that's the kind of thing we like to be able to establish. A negative answer there is perhaps as important as--

C: I never got anything that was referred to as the "treatment." I was treated as a government executive. Generally at the SEC, if I had a problem he listened carefully and expressed a view when it was appropriate. I never came to him, asking him how you

decide this or that case; that was not anything that I would ever go to see him about, and that was not anything he'd be interested in. I might go to him to talk to him generally about budgetary problems and things of that sort. But usually, if I did get to see him, frequently it was on a matter that had nothing to do with the SEC. I might be the chairman of a legislative task force at the time, and we'd hand a report in. But he might call me in and say, "Now, look, Joe has talked to me about this, and how about this? Do you really think this is worthwhile?" and so on. You know, this was just very flattering to me, but it wasn't necessarily SEC business. [There were] very few matters of SEC business that he would direct to me; it was usually the other way around. And as I say, I would go through channels. As things built up, I even hesitated to suggest that I meet with him. I thought the other things were so damned important. I had problems, but that's what I was being paid for--to settle them, not to run for help all the time.

M: What about when they pursued a policy from the White House that affected the securities markets, but didn't have anything to do with SEC jurisdiction. I'm thinking now, for example, about all the mandatory investment controls which certainly could have influenced the stock market. Did the SEC get called in to say its piece on those policies before they were adopted, or were you just notified of what was going to be done?

C: Well, that particular piece of business I knew something about. I'm trying to think back now. Normally, I don't think an agency like SEC would be called in. It's outside the agency's jurisdiction, and the SEC is not really a policy-making body in that sense. So there would be no reason for the SEC to be called in.

But that came about as a result of a recommendation made by what was then

called the Fowler Commission Report. Joe Fowler had left the Treasury, went back to private practice across the park here. And while he was there, he was appointed a member of this commission which wrote a report on the balance of payments problem. A member or two of that committee came to me and asked me a few questions in connection with their report, which didn't go to this equalization thing that you were talking about. So I knew a little bit about what was going on, and I was one of the first to implement some of the recommendations made in the report, because, one, I was prepared for it and two, it was something that ought to be done, wholly apart from their recommendations. And it was done promptly. I had a personal interest in international finance, but whether anybody consulted me would be doubtful. Probably what happened is I stuck my nose in and found out what the hell was going on. I think that's what happened.

M: But it's important that you were able to stick your nose in and find out what was going on.

C: As I say, there have been a lot of things written about complete isolation of agencies and so on, and I think that it must be understood in context, so far as decisions are concerned, and cases so far as the development of rules are concerned, no president that I know of has ever interfered with that. I don't know of any. Oh, there have been times--the famous Sherman Adams thing, when they asked for the [inaudible] and it got to be a big smeller. But I don't know of any president that's ever tried to assert his personal view in this area.

But as to other things, nobody lives in isolation. An independent agency really is

an arm of the legislature rather than the executive department. Nevertheless, the president makes the appointments; he passes on your budgets; and these are important things. Besides which, there are certain areas where the commission can, merely as a branch of the government, make some small contribution. For example, as I mentioned I was a member of the Interdepartmental Committee on Pensions, and they were trying to develop a program. Now the SEC had some official interest in the matter, but in a minor area. The big policy things really were outside the SEC's interest or scope. And, for me, I'm a pretty nosy guy interested in a lot of other things besides the SEC. If I had a question, I didn't hesitate to call Joe Califano, if I could catch him.

M: That's pretty difficult part of the time, too. (Laughter)

C: Damn right. Or Larry or Harry or Cliff Alexander or whoever the hell it was. It didn't really matter. I had a conversation with them. And if it wasn't a sensitive thing that they couldn't tell me about, I learned about it. Probably, in most cases, it had nothing to do with the SEC. Sometimes, it did. Sometimes I read about something, and I would maybe call in, and say, "Now, look, there's something there that--and I'm not trying to get involved in it, but maybe you ought to consider A, B, C." I had very good relationships with the boys, and they didn't hesitate to call me.

But there's one thing about the Johnson Administration that I do remember, so far as I'm concerned, a little different than other administrations. Nobody ever called me from the White House, particularly when they were new to the job, without starting off by saying, "Look, we are not asking anything that you consider we shouldn't, and we don't even want to talk about anything we shouldn't. If you think it's all right to discuss

it, then let's discuss it, and only to the extent that you think it's all right." They were very careful, perhaps more careful, at least in my own experience would indicate, than any other administration had been in this particular thing.

M: Did they coordinate policy? For example, the mandatory control on investment could, it seems to me, have sent the stock market, you know, rapidly down.

C: Oh, let me say that, of course, the securities people were interested in that, and it could have affected the stock market. But there are two things involved in that: one, we are dealing with a matter of policy about balance of payments which is not only SEC business, but obviously could affect the stock market, as you say. So we would be interested in the timing of the notice and that sort of thing.

M: That's what I mean. That was announced on New Year's, I recall, the holiday.

C: Things like that. The timing, either when it was done, what hour in the day, and so forth and so on. If something happened that the President probably didn't know about, or if somebody, anyplace, made an announcement at a peculiar time, and it could have market repercussions, why then I would tell the board--

(Interruption)

C: Really, I've probably dealt with your basic questions.

M: Well, you're talking about timing. For example, did the administration ever ask you to close the exchanges to prevent influence by government decisions on the stock market, either up or down?

C: Not in the Johnson Administration. But that question never arrived, as far as I can recall, except there were times when the authority and the responsibility of the President might

have been the subject of some discussion between me and somebody in the White House. But I don't remember ever discussing this with the President. There have been times when the market has taken a few sharp cracks, and the question has arisen. That question arose during the Kennedy period, particularly in 1962 at the end of May.

M: The steel?

C: Not the steel. At the end of May, the market really took a real jolting, and the question arose then whether something should be done. I know because that was one thing that I did participate in this discussion. But apart from that, I don't remember any discussion with anybody in the White House except generally in the area of responsibility and authority of the President. My conversations were limited solely to matters under the securities acts. The President has a lot of additional powers, but they certainly didn't inquire from me about that because they knew more about it than I do.

M: Since you've been out of office, there's been some discussion with regard to military contracts about the effect of disclosures of overruns, particularly on the securities of certain companies. Lockheed, notably. Did they ever evidence any specific interest in a particular contract or securities, protecting them from raids or runs which would drive the price down, for national security reasons?

C: Who's they?

M: Well, the White House or people in the White House.

C: I don't remember any discussion with anybody in the White House on any of those subjects. I do remember that, in connection with the award of some contract, a certain senator, apparently it was charged that he had leaked the information before it was



officially released. I do remember that. In addition, from time to time, there were charges made by people that certain information was made available to some people ahead of others so they could perhaps use it.

M: Premature exposure.

C: And we looked at some of these things. I don't recall any situation which had not been made public where we found any real problem. When I say not been made public, I have in mind, for example, the situation involving government bonds that was exposed fairly recently.

M: Yes, a matter of record.

C: But apart from that, I don't remember any problems of that kind.

M: Were there other issues in which you did get involved with the President that I don't know enough to ask you about specifically?

C: No. No. Our relationships were rather limited. Despite what I've said, they really were rather limited. I called on him for help principally in the legislative area and in the last period of my tenure as chairman of the commission. This was something that I needed help on, and the President came through all the time; his assistants came through all the time. We were lucky. We got several things passed. We missed on one, and that's about to be passed. And although it's made to appear a little different than what was proposed by the commission and supported by the President, it's essentially that. I think it will probably pass this year. And I think that really, because it is a consumer-oriented thing, improving a situation with respect to investors in mutual funds, the credit for that should go to the prior administration, Mr. Johnson's administration.

M: There was that famous letter that Mr. Nixon allegedly circulated last fall.

C: That was circulated, I don't know how widely. But it was circulated.

M: Was it true, as it would seem in the case from the facts of that, that the investing community disliked what Mr. Johnson was doing in regard to regulating it?

C: Oh no, no. To the extent that some people had anything to do with that, they just didn't like what Mr. Cohen was doing.

M: Oh, I see. It reflected on the commission and not on the President then?

C: Not on the President, no. I don't think so at all. I think that it was attempted to use that to reflect on the President. I'm now speaking to your question, which was what lay behind it. I don't think that there was any feeling in the investment community that Mr. Johnson was either unfriendly or anything of that kind. If they had any problem, they had it with me.

(Interruption: caller waiting)

M: If you want to finish this before you go ahead and do that--

C: Just hold a minute.

M: Unless you have some other areas that you know of that you'd like to [include].

C: No, I don't. But if, after you've listened to this, you want to come back and talk to me again, don't hesitate to do so. I'll try to be a little bit more available to you.

M: That's quite all right. You've been very patient. Thank you very much.

[End of Tape 1 of 1 and Interview I]