

LBJ Tapes Show President's Admiration for Manny Cohen and Litmus Test for Regulators

by Eugene Goldman*
August 2003

The release of the recorded telephone conversations of President Lyndon Johnson has attracted significant interest and furnished a wealth of fascinating information to historians and political junkies. Two conversations - - both on January 7, 1966 - - reflect the President's admiration for SEC Chairman Manuel Cohen, an admiration that prompted the President to consider moving Cohen over to succeed Joseph Swidler as Chairman of the Federal Power Commission.

In the first conversation, LBJ praises Cohen for the "exceptional job" running the SEC and puts him on notice that LBJ may need Cohen to take on the FPC, "another difficult job." Cohen tries to beg off but LBJ tells Cohen "if you can't get me somebody better I'm gonna draft you just like I would Vietnam." The second conversation is with Donald Cook, an energy executive and final SEC Chairman in the Truman administration. Numerous other tapes show that LBJ considered Cook a close friend and consulted frequently with Cook on business and economic issues. Here, LBJ asks Cook for advice on whom among the current commissioners would be a good Chairman if Cohen "dropped dead today." Cook suggested Byron Woodside.

LBJ chose his Special Counsel, Lee White, to head the FPC. Among other issues, White handled energy and civil rights matters at the White House and had considerable experience on Capitol Hill. Fortunately for the SEC, our capital markets and the investing public, Cohen remained SEC chairman until February 1969.

January 7, 1966, 11:25 a.m.

COHEN: Good morning, Mr. President. How are you?

LBJ: I'm well, and I hope you are too.

COHEN: I'm doin' pretty good.

LBJ: Thank you, that's good. You got the SEC running alright?

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COHEN: I think so, sir.

LBJ: Is it quiet and easy?

COHEN: Yes sir. We've got a lot of things under the table, a few things might come out in the next few months, but, uh, I think we're doing it in a way that keeps things as you suggest, quiet and peaceable but moving.

LBJ: That's good. Would you give any thought to taking on another difficult job?

COHEN: Oh - oh - this is the last thing - sir, I always listen to the President.

LBJ: I want to give you - I want to give you - we've got an administration that needs to operate pretty good, and I want to give serious thought to asking you - I haven't made up my mind - and I don't want to do anything impulsively - I haven't mentioned it to a man in America, not a human being, but I think you pretty well organized that thing, got it going in good shape, and I would like to seriously consider asking you to take over the regulation of utilities and gas and power and everything over at the Power Commission as Chairman of that thing, and see if you couldn't do it the same way you've done the SEC. It seems to me that you have enough background and experience and you've got good judgment and you have the confidence of the President and you could become the ideal regulator of this century, and I want to give serious thought to it.

COHEN: Mr. President, I will, but I must say to you that while I'm terribly flattered and pleased that you think of me, I really am not quite that skilled in this area.

LBJ: Well, you're skilled in being honest and having good judgment and being a good American and the President believes in you and he never has to bother with what you're doing, and uh, this is a difficult job and one that has to be done right without fear or favor as your judgment dictates, and with some experience. I want you to look over all the association of utility people and all the regulatory organizations there are in this country and I want you to get me a name, list of 4 or 5, that are probably in their 50's that have had some experience in regulatory work that are part of the people, that are part of the consumers, that are pro-America, that are not Soviet, don't believe in confiscating, but believe in regulating and believe in making people live by the laws of the land and can do it without spitting in their face or raping their wife, can be firm and can be judicious. Give me a list of about five from various states, they

cannot come from Texas or Oklahoma or Louisiana. They oughtn't to come from with anybody that's been tied in with an oil company or a gas company or a utility company or even an REA. And you get me 5 names in the next 3 or 4 days from these regulatory commissions, the states that have good reputations, men of judiciousness. Don't do anything else. If you have to travel, do it. If you have to call in the executive secretaries of the regulators without letting them know what you're doing. Act like you're selecting an SEC Commissioner or something.

COHEN: Um hum.

LBJ: I want you to be my personal talent scout in that area. Now if I can't get one better than you, I'm not going through with Vietnam on my hands. And with all the problems that I have, the Dominican Republic, the rest of the thing, I'm not going through a campaign of saying I haven't got the best experienced man. I'll have to find out somebody to take hold of that job over there for you and you go over here and get this one going right, organize it right, these boys will do what you want 'em to, you can pull them together, but I'm not gonna have the public confidence shaken and if you can't get me somebody better I'm gonna draft you just like I would Vietnam.

COHEN: I'm honored and I'm flattered and I'll do just as you say.

LBJ: Well, the President of the United States has got to have people who will serve their country and you've done an exceptional job, and if you can get a better one I'll let you stay there but it seems to me that history's written it would be a nice thing to say you'd organized the SEC, you'd put it up, you'd had not a hint of scandal, you'd had perfect organization, you had the confidence of everybody, and when I had the same problem with the Power Commission with all the millions and millions you did that and I think that you'd have the respect of the whole nation and of all the industries and you could write your own ticket when you got out, but I think as long as I'm here I want you and that's what I want you to do. Now I'll take your man if you can get me one as good as you are. If you can't you figure out who can carry on your job and you go over there until you get it going until you find somebody over there that can do it, and I'll move you to something else that's more important.

COHEN: Sir, I really must say I'm terribly honored and flattered and I'll get busy on this immediately.

LBJ: You deserve it. Call me in the next 3 or 4 days.

COHEN: Thank you, sir.

January 7, 1966, 11:30 a.m.

LBJ: Don?

COOK: Yes, Mr. President.

LBJ: Happy New Year.

COOK: Same to you, sir.

LBJ: Um, I wanted you to quietly without talking to anyone, look over some of the utility commissioners and try to find a good regulator for me that had good administrative ability, that would be not be considered pro-power or pro-gas or anti-power or anti-gas, that would be judicious and qualified person that I might consider for either the SEC or the Power Commission or some of these agencies, but particularly those two.

COOK: Yes. Alright, sir, I'd be very glad to do that.

LBJ: I wouldn't talk to anybody about it - I'm going to

COOK: No, nobody.

LBJ: But I want to just look at them. They don't necessarily need to be in the states where you do business but if you, the association or the executive secretary knows, you might even indicate that you wanted to consider them for some employment or whatever associations they have, kind of like the Bar I guess these regulatory people have some association.

COOK: Oh yes.

LBJ: There must be some outstanding ones. I would prefer someone that's got a little academic background that would be considered pro-consumer without being anti-business.

COOK: Yes. Alright sir. Is this primarily FPC, there's no vacancy at the SEC.

LBJ: Well there could be - either way.

COOK: Could be either way.

LBJ: Yes, and I'd like to have 'em in mind of both of 'em. And I've got to have someone that's not considered a industry man, that would be power, that would be gas, that would be oil, that would be investments and so on and so forth. At the same time somebody that The Times and The Post and the rest of them just wouldn't murder me with. At the same time that I don't think would be confiscating people.

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LBJ: Who - uh - if Manny Cohen dropped dead today, who would be the best man to head the SEC?

COOK: As the Chairman?

LBJ: Yuh.

COOK: Among the present Commissioners?

LBJ: Well, if there's one over there that could.

COOK: I think at the present time you'd probably have to look for someone outside the Commission but I can reflect on that further.

LBJ: Well, give some reflection to that. What kind of a job are they doing over there now? Pretty satisfactory with the industry and with the country?

COOK: Oh, I don't think there's any doubt about that. I think they're doing a good job and I think it's one of the few agencies where they can protect the public interest and still not annoy the life out of the various business groups. I think this is probably particularly true with the Stock Exchange, with the investment banking community, and I know it's true with the utility industry. I don't have to guess at that.

LBJ: Who is the most outstanding, the most experienced, the one they know the best besides Cohen on the Commission? You named the boy from Oklahoma - he's not outstanding is he?

COOK: Well, he's good but I don't think he would be regarded as outstanding. Actually I don't think any of them outside of Manny has got any kind of suave or would be regarded as especially impressive, but there.

LBJ: Who are the others?

COOK: Well, Barney Woodside is a Republican appointee, although he really has just been a career fella. He's been there for oh my gosh, he goes back to the formation of the Commission in 1934 and before that he was.

LBJ: He'd be too old then, huh.

COOK: Barney is getting along, he must be pretty close to retirement.

LBJ: Well who would you appoint if you had to appoint someone now from the Commission - which one would be the better one in your judgment.

COOK: Well I think the most competent man on the Commission outside of Manny Cohen is Barney Woodside. There's no question about the fact that he knows all the statutes, he knows the problems, he knows the people, he's the most knowledgeable and the ablest. But I had not considered him because he is a Republican.

LBJ: Well, we won't care about that.

COOK: Well the fact is, he's best.

LBJ: He's not a partisan, is he?

COOK: Oh no - he really is a kind of independent fella. He's a career man who.

LBJ: Well we wouldn't care about that. Who would be against him?

COOK: Who would be against him? No one would be against him.

LBJ: What would the crusading liberals say about it?

COOK: They'd be entirely neutral. Barney is regarded as a fair, impartial, intelligent, solid, diligent fella.

LBJ: You think about those two things and let's talk in the next 2 or 3 days and you write me a little note and just think about it. You haven't had to do a damn bit of work for 2 years - you've just been getting rich and serving the private interests, so you just go to work for the country for a little bit.

COOK: Well, everything you say is true.

LBJ: Well, you just go to work for your country now. I've been leaving you alone and now you get me - you look over all these Commissions - there's bound to be some comer - there's bound to be a young Don Cook that's on some staff around that, like you were when you got on the Commission.

COOK: I think the most important quality you need is the quality of loyalty.

LBJ: Well, you need loyalty and you need judiciousness. Too many of them become hell of advocates. I don't want just the rip-snorting, crusading, hell raising type. I want people that can represent the public interest and be true to the consumer, loyal to the President, without confiscating the private enterprise.

COOK: Well, have you thought about anybody inside an agency?

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COOK: Well, if there's a good staff man who would do all of these things, who has the reputation for being fair and reasonable and protecting the public interest who's never been identified with either a right group or a left group, not regarded as friendly to the industry, not regarded as hostile to consumers and investors, but is on a staff of one of the agencies, he would be regarded as an eligible kind of.

LBJ: Yes. Yes. You give me a note in 2 or 3 days, Don.

COOK: I'll do that.