



H. R. Haldeman Diaries Collection, January 18, 1969 – April 30, 1973

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Wednesday, May 10.

Shultz raised an interesting Arthur Burns problem at the staff meeting this morning. He thinks that Arthur may be losing control of the Fed. Apparently he's losing his natural free enterprise constituency of the Milton Friedman-types, because of coming out for controls and so on. Then he made the point that he was shifting from interest rate control process to monetary aggregates as a matter of policy, and yet the performance of monetary aggregates has been the most erratic under his direction that it's ever been. Also he's had negative votes on the board, there's some talk of his senility, there's a battle internally as to who should run the Fed, whether it should be the economists or the businessmen or the bankers. There's some thought that the new appointees may knuckle under to Burns. This all makes him less able to deliver what we want from the Fed but it also makes him less able to oppose us, because he needs a port in his storm and he may be ready to "come home." Shultz thinks we ought to keep a close eye on this, with the possibility that Arthur's problems can be useful to us.

The President had Kissinger and Colson and me in this morning on the speech follow-up. He wants to be sure we keep Henry informed of all our support stuff. That we collect all the good material and really emphasize getting it out. He agreed to see the POW wives if they support him; he will not do it to discuss other alternatives. Wants to be sure we keep some close watches on the key Congressional people, especially Aiken, not to let Mansfield swing him back.

Got back into the Connally question. The problem now is, he wants me to talk to Connally and say there's a problem because of this announcement in the midst of the uproar. Can we keep it open so that if the Soviets cancel he can hang on a couple of weeks until June 1. It'll be a tough time in here if the Soviets cancel and we need you here to buck up the troops and so on.

He had Colson and Kissinger in again later today. Raised some points on follow-up, told me to get to General Walters and tell him to work independently on Vietnam propaganda, get stories around in the South regarding the problems in the North, and stories in the North regarding the decimation of the regiments and lack of food and everything in the South.



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Colson left and then Henry reported to us on his meeting with Dobrynin. He had told me earlier that he had to see him at 3:00. He was quite excited but it turned out that all Dobrynin had was a protest on the ship we sunk rather than any answer from the Russians on their reaction, particularly regarding the Summit.

He pushed hard again of course on the need for counterattack. Our group is doing well. Connally blasted the Democrats today. In fact, this was too good a day; Elliot Richardson hit the Capital Hill Club; Scott and Griffin did a superb job in a press conference on the Hill; we got our polls out showing tremendous support for the President. So we had all the initiative with us today.

End of May 10.