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An Analysis and Evaluation of John Connally's May 28, 1971 Speech at Munich, Germany During the International Monetary Crisis

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AN ANALYSIS AND EVALUATION OF JOHN CONNALLY'S
MAY 28, 1971 SPEECH AT MUNICH, GERMANY DURING THE

INTERNATIONAL MONETARY CRISIS

(TITLE)

BY

RITA LYNNE COLBERT

THESIS

SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF

MASTER OF ARTS IN SPEECH

IN THE GRADUATE SCHOOL, EASTERN ILLINOIS UNIVERSITY
CHARLESTON, ILLINOIS

1973

YEAR

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CHAPTER I

INTRODUCTION

John Bowden Connally, Jr. came perilously close to becoming an afterthought in history because he was riding in the same car with President John F. Kennedy when he was assassinated in Dallas in 1963. However, in a few short years he has grown in political ranks to become the personal advisor to President Richard Nixon for foreign and domestic affairs. For many of his fifty-six years, Mr. Connally has remained in the political limelight. While advancing to a law degree at the University of Texas, in 1948, he was campaign manager for Lyndon B. Johnson, and continued to serve in that capacity through 1964. He was appointed Secretary of the Navy and subsequently served three terms as Governor of Texas. He was vice-chairman to Lyndon B. Johnson and the Texas delegation to the Democratic National Convention in 1956 and 1960. Also, he was chosen to deliver nominating speeches for Mr. Johnson's bid for the Presidency in 1960 and 1964, and was liaison for Mr. Johnson in pushing through the adoption of the pro-Vietnam War platform plank in 1968.

Mr. Connally served on President Nixon's Advisory Council on Executive Organization and was appointed by

the President as a member of the Foreign Intelligence Advisory Board before finally accepting the appointment as Secretary of Treasury in 1971. C. W. Cook, chairman of General Foods Corporation, spoke for a host of Connally's Eastern fans when he said, "He's intelligent, keen, tough, and very forthright--a very strong man."¹

In the eighteen months John Connally served as head of the Treasury, he was involved in many changes in the United States economic policy--both foreign and domestic. Mr. Nixon dubbed Connally "architect" of his new economic policy, appraised Connally's contribution as "No member of the Cabinet in an eighteen month period has contributed more to this country than has Secretary Connally."²

This dynamic personality and able ability has lent itself to speculation as to how far Mr. Connally will excel in the political world. Apparently, his acceptability by leaders in both political parties and his success at economic policy-making has made him a man to watch. He clearly has a sense of his own importance. Aides once allowed him to be scheduled as the second speaker at some campaign dinner long ago. "I don't speak second to anybody but the President," Connally railed, "and you all better get

¹"John Connally: Mr. Nixon's No. 2 Man?," Newsweek, August 7, 1971, p. 20.

²"Connally Au Revoir," Newsweek, May 29, 1972, p. 30.

that goddam clear right now."³ This gives added meaning to the new label applied to Connally--the number two man in Washington.

Purpose and Significance of the Study

The specific purpose of this study is to evaluate a speech given by Mr. Connally on May 28, 1971. This speech was one of many speeches Connally gave to international monetary financiers dealing specifically with the new United States foreign monetary policy. The speech of May 28, 1971 was singled out among the many for two specific reasons. First of all, it was the first time the foreign bankers had been told the United States Government was determined to defend the dollar and that other industrialized nations must respond by assuming greater world responsibility in trade arrangements. Second, this speech brought much international attention to Mr. Connally, and, therefore, Nixon allowed him more power in future economic policy making.

This particular area of emphasis was selected for the following reasons: 1) the International Monetary Policy has had a significant impact on current history, 2) John B. Connally, Jr. is a unique individual whose rapid rise in politics makes his public speaking worth study,

³"John Connally's Other Careers," Newsweek, December 28, 1969, p. 14.

and 3) the author desired to do a contemporary study and had a personal interest in Mr. Connally.

The significance of the paper can be seen in three areas: rhetorical, historical, and personal. The significance of the thesis to the rhetorician will be as follows: 1) it will provide a study of a contemporary speaker in action, 2) it will make primary material available for further research about Mr. Connally, and 3) it will reveal some of the persuasive techniques of Mr. Connally's rhetoric that have had a definite influence in shaping the financial policies of the United States of America.

Historians may be benefited by 1) seeing a rhetorical-historical analysis of the man and the policies he advocated, 2) viewing how Connally has influenced the events of history, and 3) gaining perspective of contemporary events and conditions.

This master's thesis is significant to the writer because 1) it provided an academic challenge in research and 2) it makes a rhetorical and historical contribution that may benefit others.

Review of the Literature and Helpful Materials

A review of the literature was necessary to be fully aware of what is presently known about the thesis topic. This is imperative to avoid duplication of research effort and to study similar types of scholarly research.

To be cognizant of previous studies, Dissertation Abstracts from 1960-1973 was surveyed without finding a single Ph.D. study relating to Mr. Connally's speaking. Also, Speech Monographs were examined for the same period of time. Other speech journals for the last eleven years were scanned to see if any articles had been published about John Connally. These periodicals indicated that there was only one master's thesis written with emphasis on the rhetoric of John Connally, namely A Rhetorical Analysis of Selected Speeches of John Bowden Connally by Robert D. Gratz, Bowling Green State University, January, 1964. A reading of this thesis revealed that Mr. Gratz was concerned with Connally's earlier political career as governor of Texas. Therefore, his thesis provides interesting early background but has no direct bearing on the times and topic to be studied.

Because of the contemporary nature of the topic, magazine articles, personal contact with Connally's office, and newspapers were the major sources for research of Mr. Connally. Several magazine articles from major periodicals were beneficial. Also, an examination of all the New York Times articles concerning Mr. Connally was quite rewarding.

As Connally is in the news almost daily, one of the challenges for this writer was to keep abreast of the up-to-date happenings in his life. Mr. Connally's office

in the Treasury Department was helpful in furnishing needed material, both biographical and rhetorical, since they provided all the actual speech texts and news releases available.

There have been written theses which were helpful because they used a similar approach as the one suggested in this thesis. Two from Eastern Illinois University are Robert D. Rosebrough's "Dr. Paul Arthur Washburn's Speaking on the Union of the Evangelical United Brethren and Methodist Churches" and Jeanne Jones' "A Rhetorical Analysis of Ambassador Adlai E. Stevenson's United Nations Address of October 23, 1962, During the Cuban Missile Crisis."

Organization of the Study

This paper is divided into five separate chapters. Chapter I provides an introduction and also points out the purpose and significance of the study. Further it reviews the literature, notes the material which proved to be most beneficial to this study, gives the criteria and method for rhetorical analysis, and provides a brief summary of the criteria in question form.

Chapter II presents a rhetorical biography of John B. Connally, Jr. Attention is focused on his education, his speech training, his political career, and his accomplishments as Secretary of Treasury for President Richard M. Nixon.

Chapter III discusses the progression of the United States' monetary policy from the 1946 Bretton Wood agreement to the speech given in Munich, Germany in May of 1971.

Chapter IV presents the analysis and the evaluation of the speech of May 28, 1971. The analysis and evaluation focus on the discovery of the type and quality of persuasion the speaker used in a specific situation to affect a given audience.

Chapter V presents a summary and general conclusion which relates to the findings of this study.

Two appendices and a biography follow Chapter V. Appendix A contains a copy of the speech given by Mr. Connally to the International Bankers Conference of the American Bankers Association in Munich, Germany on May 28, 1971. Appendix B presents letters of inquiry and correspondence. The bibliography which concludes this paper provides a listing of articles, books, and thesis which were used as references.

The Criteria for the Rhetorical Analysis

In "The Study of Speeches" Wayland Maxfield Parrish contends that a rhetorical critic is concerned "not with the literal result of the speech, but with the speaker's use of correct method; not with the speech's effect, but

with its effectiveness."⁴ To accomplish this analysis of "correct method" Parrish suggests the critic keep in mind Aristotle's definition of rhetoric, "The faculty of observing in any given case the available means of persuasion."⁵ Parrish then proceeds to define what to him are the most important available means by which a speaker can persuade the listeners in a specific case.

This study will establish as its hypothesis that John B. Connally was an effective speaker at Munich, Germany, May 28, 1971. This criteria will help in testing the validity of the hypothesis.

To Parrish, one of the most important elements of persuasion is the speaker's character and personality. Questions, such as the following abstracted from Parrish, should be asked by the critic.⁶

- I. Is there evidence in the speech that the speaker possessed persuasive personal qualities--virtue, intelligence, and good will?
 - A. Did he establish his own authority with the audience?
 - B. Did he have a sympathetic understanding of their way of life, their thoughts, and their problems?
 - C. Did he impress his audience as being well-informed on his subject?

⁴Wayland M. Parrish, "The Study of Speeches," in Speech Criticism: Methods and Materials, ed. by William A. Linsley (Dubuque, Iowa: Wm. C. Brown Company Publishers, 1968), p. 85.

⁵Ibid.

⁶Jon Hopkins, "Speech Criticism Bibliography," Eastern Illinois University, Charleston, Illinois, N.D., p. 10. (Mimeographed.)

- D. Was he given to dogmatism, exaggeration, and overstatement?
- E. Did he have a sense of humor?
- F. Was he sincere, friendly, fair-minded, modest, self-respecting, respectful, courteous, and tactful?

By the way these qualities are accepted or rejected, the listeners might determine whether they will accept the rest of the speech.

Other important factors in analyzing a speech are in its content. Parrish includes in content--structure of the speech, logic in the speech and order of arguments. The following questions, abstracted from Parrish, should be asked.

- II. Did the speaker choose the right things to say?
 - A. Did he seem to be acquainted with all the pertinent facts bearing on his subject?
 - B. Did he use those that were most significant and persuasive?
 - 1. Were these really facts or only guesses, opinion, hearsay?
 - 2. Did he draw valid inferences from the evidence?
 - 3. Did he arrange the evidence and inferences into a coherent logical structure that could satisfy the understanding and win conviction?
- III. What was the speaker's proposition or central thesis?
- IV. What were the issues with which he dealt?
- V. What were the main supporting ideas?
- VI. Was the speech organized in general?
 - A. Was the Introduction designed to win an intelligent, sympathetic, and attentive hearing?
 - B. Did the Discussion proceed step by step in conformity with the need, the mood, and the expectation of the audience?
 - C. Did the Conclusion sum up what had been said and make a final appeal?

The third area of available persuasion mentioned by Parrish is defined as "perhaps the most important of all,"⁷ the appeal to certain motives which should return an expected response. The following questions, abstracted from Parrish, should be asked.

- VII. To which "motives" did the speaker appeal?
- VIII. What manners did he use to present the appeals?

To Parrish, style, the choice and arrangement of words, determines whether or not the speech will be of enduring literary value. Style is that one factor more than any other that makes a speaker unique. To determine style, the following questions, abstracted from Parrish, should be asked.

- IX. What was the nature and quality of the speaker's style?
 - A. Was his style "immediately clear" to the audience?
 - B. Were the vocabulary, allusions, illustrations, and sentence structures suited to the speaker, the audience, the occasion?
 - 1. Did he use concrete wording, effective descriptions, and flights of imagination?
 - 2. Was there conciseness of statement, economy of style, and brevity of utterance?
 - 3. Was the style "spoken" rather than "written"?
 - C. Were there occasional passages of sustained nobility and beauty?

The only other available means of persuasion Parrish mentions is delivery. Of course, he is the first to mention that seldom will the text of a speech offer any hint as to

⁷Parrish, p. 88.

how the speech was spoken. One can only learn from reports made available to the critic. If any information is available the critic should ask the following question, abstracted from Parrish.

- X. What was the nature and quality of the speaker's posture, movement, gesture, pronunciation, articulation, voice quality, and use (pitch, rate, force)?

One can see that these available means of persuasion are similar to classical canons of rhetoric with the exception of memory. But Parrish's criteria for rhetorical analysis should, if used correctly, answer the basic question: Has the speaker discovered and employed in this case the available means of persuasion? All questions contained in the lists may not be applied, they will, however, be used if they pertain to the speech.

Chapter I has provided an introduction to the study. It includes these following divisions: (1) purpose and significance of the study, (2) review of the literature and helpful materials, (3) organization of the study, (4) criteria for rhetorical analysis, and (5) conclusion.

The second chapter gives an in-depth rhetorical biography of the speaker and will aid the reader in giving a greater understanding for the complete study of this paper.

CHAPTER II

THE SPEAKER

On February 27, 1917, one of John Bowden and Lela Wright Connally's seven children was born on a tenant farm near Floresville, Texas.¹ He was named John Bowden Connally, Jr. after his father. When John's parents married in 1908 they had no money, no home, and no furniture.² During John's early life his father had to work hard at what jobs he could get: tenant farmer, butcher, shop keeper, bus driver. He came from a poor family made poorer by the depression.³ Connally liked to tell his campaign audiences that during his young life he had to study by kerosene light.⁴

Connally's formal education was received from both Floresville and Harlandale [San Antonio]. At different stages in his life he wanted to be a cowboy, a preacher, a Texas Ranger, a Canadian Mountie, a Lawyer. In 1932,

¹"Folksy Texas Politician," New York Times, June 4, 1966, p. 19.

²Ronnie Dugger, "John Connally: Nixon's New Quarterback," Atlantic, July, 1971, p. 84.

³A. Kopkinds, "Connally's Texas," New Republic, November 20, 1965, p. 9.

⁴"Close to the Land," Time, January 17, 1964, p. 20.

because of a successful bus route his father ran, the family was able to purchase a 1,000-acre farm. The income from this made it possible to cover John's tuition when he was ready to enter college.⁵

John chose to attend the University of Texas. His political career, his leadership traits, and his speaking skills blossomed for the first time while he attended the university. He became student body president, which paid him \$30 a month.⁶ Dr. Wayne N. Thompson, professor of Speech at the University of Texas discovered, in researching Connally's background, that "Mr. Connally was very active in student politics and often addressed rallies."⁷

Dr. Thompson also found that Connally held many offices of various speech organizations as well as winning recognition in an extracurricular speech contest.

. . . He was winner of the Inter-Society Oratorical Contest, President of the Atheneum Literary Society, president of the dramatic society Alpha Psi Omega, member of the legal fraternity Delta Theta Phi, vice president and speaker of the freshman law class, chairman of the Student Assembly, and president of the Students Association. . . . [The Atheneum Society] was much like the other literary societies of the thirties and the still earlier times. It sponsored speech contests, including formal debates, and was in a sense a program in

⁵Dugger, p. 84.

⁶"Close to the Land," p. 20.

⁷Robert D. Gratz, "A Rhetorical Analysis of Selected Speeches of John Bowden Connally," (unpublished M.A. Thesis, Bowling Green State University), p. 173.

intramural forensics. In Atheaneum the speakers were ragged or harrassed.

Mr. Connally was on the debate squad, but there is no record that he engaged in any intercollegiate event.⁸

At the university Connally took two speech classes: Beginning Interpretation, a freshman course, and a sophomore course in interpretive reading.⁹

While still at the university, Connally attended a play rehearsal and met an attractive young beauty queen (University of Texas Sweetheart, Cactus Beauty and Relay Queen) playing a belly dancer, Idanell (Nellie) Brill.¹⁰ They were married in 1940. They have two sons and a daughter; a second daughter, Kathleen died in 1959 at the age of sixteen--an apparent suicide.¹¹

In 1936 John Connally first became acquainted with Lyndon B. Johnson, the man who would become his constant political companion and friend for over a decade. Apparently, Johnson got Connally his job stacking books in the library on campus for 17¢ an hour. It was part of the National Youth Administration Project.¹² The next year Connally

⁸Ibid.

⁹Ibid., p. 172.

¹⁰"John Connally: Mr. Nixon's No. 2 Man?," Newsweek, August 9, 1971, p. 19.

¹¹"Close to the Land," p. 16.

¹²Majorie Hunter, "Memories of the Depression Spur Johnson's Fight to Eradicate Poverty," New York Times, December 1, 1964, p. 18.

played a minor role in Johnson's successful bid for Congress.¹³ After receiving his LL.B., he was rewarded for his help by being taken to Washington by Johnson in 1939. He stayed till 1941, when he enlisted in the Naval Reserve as an ensign.¹⁴

Although Connally does not discuss his military career publicly, he served his country well during World War II, in non-combatant assignments as well as both the Atlantic and Pacific Theatres aboard the aircraft carriers Essex and Bennington. He won both the Bronze Star and the Legion of Merit. One of the awards cited "his professional skill, brilliant tactics, and cool courage in the face of grave peril."¹⁵ He left the service as a Lieutenant Commander in January of 1946.

When Connally came home after the war he worked in the Johnson's radio station, KTBC, in Austin for awhile. He eventually borrowed \$25,000 to start radio station KVET. He was president, general manager, and attorney for the station for three years from 1946-49.¹⁶ Connally took time

¹³"On to the Alamo," Time, December 22, 1961, p. 11.

¹⁴"New Texan on the Potomac," Time, December 28, 1970, p. 9.

¹⁵Stan Hall, "Connally, a man who likes the Action," Chicago Sun Times, August 29, 1971, p. 8.

¹⁶Dugger, p. 85.

to become chief strategist for Lyndon B. Johnson's 1948 Senate race. Connally says, "I really ran the campaign that year."¹⁷

Apparently Connally was almost run for office instead of LBJ because Johnson could not decide if he wanted to run. Newsman Stuart Long reports,

We sat and talked, eight of us. . . . Finally we agreed that John Connally should run. He would have been a good campaigner. He was big and handsome with three brothers who were even bigger and more handsome, and their father looked like Old Man Texas himself. They would all have campaigned for Connally . . . Next morning, some of us advised Johnson of our decision, and asked his support. He was popping mad of course and that afternoon he announced as a candidate.¹⁸

That was the race that seemed to stir up a great many inquiries. It is reported that after the polls closed, 203 votes were added to the returns from Alice, Texas and Johnson won by 87 votes out of a million cast.¹⁹ Connally again was rewarded and became Johnson's administrative assistant for awhile in Washington in 1949, but decided to resign to join the Austin firm of Powell, Wirtz, and Rahaut.²⁰

¹⁷Ibid.

¹⁸Robert Sherrill, "The Rise of John Connally," The Nation, August 7, 1972, p. 68.

¹⁹"The Rising Star From Texas," Time, October 18, 1971, p. 24.

²⁰Biographical enclosure in letter from Secretary Connally's office, October 12, 1971, p. 2.

In 1952, perhaps because of his close relationship with Lyndon B. Johnson, he became attorney for the vast operations of oil billionaires Sid Richardson and Perry R. Bass of Fort Worth. The association with Mr. Richardson was to lead to not only great power in high places but also to great wealth. As Connally explained about their wage agreement, "At the end of our talk he told me: 'I'll pay you enough so Nellie and the kids won't go hungry.'"²¹

Mr. Richardson was active in management of broadcasting, real estate, retail sales, oil, gas, ranching, manufacturing, and investment interests. Connally helped operate this empire and later became trustee of the Richardson Foundation and administrator of his estate. All these associations have brought Connally great wealth and extensive knowledge of the oil industry.²²

One of Connally's jobs was to lobby (although he never registered as a lobbyist) against any Government effort to deplete tax deduction on income on oil and gas producers. In 1956, Connally was one of the powerful lobbyists who tried to free natural gas from federal price controls. The bill was passed with the strong help of House Speaker Sam Rayburn and Lyndon B. Johnson. Eisenhower vetoed the bill shortly after because South Dakota Republican

²¹Dugger, p. 85.

²²"John Connally's Other Careers," Newsweek, December 28, 1970, p. 14.

Senator Francis Case said he was offered a \$2,500 bribe to support the bill. Columnist Drew Pearson said "Connally was one of the most brazen lobbyists in Washington for the natural gas bill."²³

Connally was campaign manager for Lyndon B. Johnson three times. He placed Johnson's name in nomination for his unsuccessful attempts in 1956 and 1960, and 1964 which was successful.

During the push for the Presidency in 1960, it seemed Johnson was losing the nomination to John F. Kennedy. Connally held a press conference explaining Kennedy was suffering from Addison's disease, and was being kept alive only by massive doses of cortisone and should not get the bid for the presidency. He also theorized on Joseph Kennedy's alleged pro-Nazi views during the 1930's.²⁴

In spite of Connally's blatant attempt to sabotage Kennedy as a favor to Johnson, the new President Kennedy named Connally Secretary of the Navy in 1961. The Kennedy Administration at the time was trying to shift more power to the Secretary of Defense position, held by Robert S. McNamara and underwrite the power of the service positions. Although Connally was the most successful of the three

²³Dugger, p. 85.

²⁴"On to the Alamo," p. 11.

service secretaries at acquiring what was needed for the Navy, he decided to return to Texas.²⁵

However, while in office, Connally approached his duties trying to communicate with as many people under his command as possible.

He rented the biggest auditorium in Washington-- Constitution Hall--and called in every Navy and Marine officer in the Capital area. Some 4,000 came in to hear Connally outline his plans--as well as his hopes for the department during more than an hour. . . . The speech was recorded and played back to whole units of the fleet and to all admirals who served outside Washington, sent with personal covering letters from the Secretary. Mimeographed copies went to every other commanding office. . . .²⁶

During his travels as Secretary, he had time to reflect about the needs of his home state.

I saw Adenauer in Germany. I saw emergence of the Common Market. I saw the vitality in Italy. At the Pentagon I saw what education meant, how basic it was, and how lacking Texas was. I looked at Texas, and I saw we were going to miss the boat completely.²⁷

So in a letter of resignation, effective December 20, 1961, Connally said he was going home, "offering whatever energies, experience and abilities I have to the people of Texas."²⁸ He returned with Kennedy's blessing and Johnson's political

²⁵Frank V. Fowlkes, "Connally revitalizes Treasury, assumes Stewardship of Nixon's new Economic Policy," National Journal, October 2, 1971, p. 1997.

²⁶Gratz, p. 25.

²⁷"Close to the Land," p. 20.

²⁸"Connally Resigns Navy Secretary," New York Times, December 12, 1961, p. 1.

push, although at the time Connally tells that LBJ was not in favor of the move. "I remember him saying bluntly, 'why I think you're crazy to give up a Cabinet post.'"²⁹

When he returned, the Texas people did not greet him with their support. A 1961 poll showed that only one per cent of Texas voters would back Connally in the next year's election.³⁰ He had quite a battle ahead of him. Not only did he have to defeat the Republican party in Texas, but he also had to fight a strong liberal Democrat, Don Yarborough, who was supported by President Kennedy. From time to time he did, however, play up his former position in the Kennedy Administration, especially when appealing to Negro and Latin American groups.³¹ Otherwise he appeared conservative.

The battle was a hard fought one. Connally refused to debate Yarborough on television, but instead chose to attack him in subtle ways in speeches he gave to groups. At almost every meeting, Connally would tell the voters that Yarborough was the candidate of the Americans for Democratic Action. In Texas that was like equating him with the Communist

²⁹John Connally, "Why Kennedy Went to Texas," Life, November 24, 1967, p. 86B.

³⁰R. Sherrill, "Politics on the King's Ranch," New York Times Magazine, June 5, 1966, p. 106.

³¹"Connally Victor in Texas Run-off," New York Times, June 3, 1962, p. 66.

party.³² This was his way of attacking the liberals. "Connally as Governor would know how to destroy us," one of them said in the campaign. "He would set liberalism back ten years in Texas."³³ Connally was nominated by his party by a margin of 27,000 votes out of more than a million cast.³⁴

As luck would have it, the Cuban missile crisis arose after the primary. Connally seemed to use this as a definite advantage against the Republican candidates. He accused the Texas Republican leadership of trying to destroy national unity by "a bitter, unprincipled attack on the President and Vice President of the United States."³⁵ The issues of the whole campaign seemed to be largely personalities, not the state problems. One critic said Connally was playing "the same damned no-party, no-issue politics Lyndon has always played."³⁶ Elections based on personalities are hard fought, but Connally came through victorious.

John B. Connally Jr. was sworn into the office as the 38th governor of Texas on January 15, 1963.³⁷ Whether

³²"Not so Simple," Time, June 8, 1962, p. 25.

³³"Folksy Texas Politician," p. 19.

³⁴Sherrill, "Politics on Ranch," p. 106.

³⁵"Cuba Crisis May Blunt Hard GOP Drive in Texas," New York Times, October 28, 1962, p. 56.

³⁶"Texas Rebels," New Republic, May 21, 1962, p. 5.

³⁷Gratz, p. 27.

or not Connally would have gone down in Texas history as a great governor was taken out of his hands when John F. Kennedy was assassinated and John Connally was seriously wounded during a motorcade tour of Dallas on November 22, 1963. President Kennedy had wanted to come to Texas for two reasons: to raise money and to improve his position in the state for the 1964 election.³⁸ Connally had asked Kennedy to speak only to Texas businessmen, but Kennedy's advance men demanded more exposure to the crowd. "After a 'heated argument' the Kennedy people won out."³⁹

The assassination brought about two changes in Connally. First he became almost a demigod symbol to the voters in Texas which would assure him an overwhelming victory in 1964.⁴⁰ And also John Connally's philosophy toward life was altered. He felt he had been saved for a specific reason. "Now I feel that, rather than being elected, maybe I'm one of God's elect. The good Lord chose to leave me here, so I figure I'm one of God's elect."⁴¹ At this time Texas Attorney General Crawford Martin said "He's more religious than he puts on."⁴²

³⁸Connally, p. 86A.

³⁹"Back to Dallas," Time, November 24, 1967, p. 55.

⁴⁰Kopkinds, p. 10.

⁴¹Dugger, p. 88.

⁴²Ibid.

The most significant event of his first term in office would be the assassination. The highlight of his second term would be his campaign against the Great Society. In 1964, he was re-elected by more than one million votes in the primary elections.⁴³ While he was running for office, he took time out from his campaign to nominate Lyndon Johnson for President in 1964 at the Democratic National Convention. This support was shortlived.

Connally administered the Texas programs of the Great Society with little enthusiasm. In fact, he was asked to leave the Democratic party by the Texas AFL-CIO if he was not going to support the national platform. "It is further recommended that he seek a political party more in line with his own views and political positions."⁴⁴ Governor Connally supported 14(b) of the Taft-Hartley Act which permits states to have so-called right-to-work laws. Both President Johnson and the AFL-CIO wanted the law repealed. Albert Fay, a Republican from Houston, said he wanted "to publicly commend him [Connally] and invite him into the Republican party."⁴⁵

Also he spoke out for state vetoes on anti-poverty programs, publicly went on television to oppose the civil

⁴³Letter, p. 2.

⁴⁴"Texas Labor Scores Connally Position," New York Times, August 7, 1965, p. 49.

⁴⁵Ibid.

rights laws guaranteeing all citizens access to public accommodations, and other Great Society legislation.⁴⁶

The Texas liberals felt sure these political differences would cause a split between Johnson and Connally. But, as The New Republic said, "They agree to disagree."⁴⁷ After all, Connally was concerned with his state's rights--Johnson was legislating for all of the United States.

This conflict appeared again in the spring of 1966. The Justice Department sent F.B.I. agents to Texas to watch over a special voter registration period that followed the abolition of Texas poll tax. Connally accused the Administration of "either frivolous harrassment or an attempt to take over the authority of the state government."⁴⁸ Even through all this criticism, Connally did not attack the President as much as he blamed "bad advice from the Eastern Establishment."⁴⁹

Since they were still close friends, Connally's reactions during this period were at times very critical and at times very kind. At an unscheduled press conference, he condemned the President for "coming down here and agreeing with me, and then going up there and doing the opposite."⁵⁰

⁴⁶Kopkinds, p. 11.

⁴⁷Ibid., p. 12.

⁴⁸"Comradely combat, President Johnson's finest Friend," Time, April 15, 1966, p. 25.

⁴⁹Ibid.

⁵⁰Sherrill, "Politics on Ranch," p. 105.

But a few days before the Texas primary in 1966, the Governor introduced the President as "the most dedicated, able, compassionate President of this century." And Johnson, with tears in his eyes responded with "my John . . . my John."⁵¹

Even though Connally did not agree with a lot of LBJ's domestic policies he did endorse Johnson's tough foreign policy, especially in Vietnam. In the summer of 1966 at the Democratic Governor's Convention, Governor Connally gave the major speech in opposition to Governor Hatfield, in support of the President's foreign policy. "We are trying to say to Hanoi and Peking that they [South Vietnam] are not going to have peace on dishonorable terms. We are going to honor our commitments, right or wrong, wherever they may be."⁵² He never swerved from this stand.

Connally was not considered the friend of the Blacks nor the Latin Americans during his governorship (1963-68). Although he was the first Governor to hire members of minorities for Highway Patrol jobs and naming several to state boards,⁵³ he snubbed a group of Latin Americans in 1966 who walked 350 miles to ask him to support a state minimum wage.⁵⁴ The one chicano of the State Senate,

⁵¹Ibid., p. 103.

⁵²David Broder, "Governors Back Viet Nam Policy," New York Times, July 8, 1966, p. 13.

⁵³Sherrill, "Politics on Ranch," p. 105.

⁵⁴Dugger, p. 89.

Joe Bernel, said, "I'll always remember him as an immaculately dressed, handsome, Texas-type son of a bitch."⁵⁵ This kind of description is not unique from Connally's enemies.

In the 1966 election campaign Connally got a chance to explain his reaction to rough-and-tumble politics.

In a sense it is a dirty business, but not corrupt. It's mean . . . It's tough . . . [People] will say some mean things about you, but this is one of the burdens you have to bear. People say mean things about me--and they will this year.⁵⁶

Connally never held back any opinions he had. He is aware that some people do not agree with him.

I have always felt it is my duty to speak out on an issue, even if a majority of the people may disagree with me on a particular point. The people expect this even when they disagree, and I have found that a public official is usually judged by his total program and contributions rather than a few controversial issues.⁵⁷

And speak out he did. Connally averaged over 100 reports to the Texas voters every year he was in office, meeting the challenges head on.⁵⁸

Several of his close friends admit Connally was bored by the daily routine of the executive life, but he seemed to enjoy challenges.⁵⁹ He prided himself on controlling

⁵⁵Ibid.

⁵⁶Sherrill, "Politics on Ranch," p. 105.

⁵⁷Gratz, p. 176.

⁵⁸Ibid... p. 177.

⁵⁹"Rising Star from Texas," p. 24.

his one party state and keeping it intact. He has said, "Texas is a one-party state, and I'll see to it that it stays that way."⁶⁰ He knew constantly what was going on in the state. He controlled the men who controlled the politics in Texas--all conservative, although he sees the situation differently. "I'm not an arm twister at all. I would like to think that I'm an advocate, or a spokesman. I'd like to think I'm not forcing people to do what they don't want to do because I don't think you can do that anyway."⁶¹

Whether or not he felt he could force issues, he was politically powerful. In the last Congressional session in 1966 the Governor rammed through a new Congressional redistricting bill, a legislative bill and a bill to create a highly controversial "super-board"--a coordinating Board of Regents for both the Texas A & M and University of Texas systems, which critics contend gave him virtually dictatorial powers over curricula and faculties.⁶²

By the spring of 1967, Connally developed a mild case of stomach ulcers. In the fall of that year, a year before the next gubernatorial election, Connally announced he would not run for the fourth term. In announcing, he explained his reasons.

⁶⁰Dugger, p. 88.

⁶¹"John Connally: No. 2," p. 20.

⁶²Sherrill, "Politics on Ranch," p. 106.

I have reluctantly concluded that after the strain of what will have been eight years of vigorous public service, I no longer can be assured in my own heart that I could bring to the office for another two years the enthusiasm, the resilience, the patience that my conscience would demand, and the state would deserve.⁶³

He did this knowing he would have won easily if he would have wanted to run for a fourth term.

His accomplishments as Governor of Texas for six years appear quite modest. Some new industry was attracted to the state, a tourist development agency was set up, a commission appointed to study higher education problems. Texas minorities have spoken out violently against his stand opposing the public accommodations section of President Johnson's civil rights bill. And in his own party, the liberal Democrats were very angry because Connally had frequently snubbed them.⁶⁴

The one area he seemed to excel in was the growth of better education in Texas. Connally said he wanted to be known as "the education Governor,"⁶⁵ and he will be, because spending for higher education rose 150 percent and for secondary education 100 percent. The expenditures for mental-health rose 300 percent.⁶⁶

⁶³"Connally Bars Race in Texas for Forth Term as Governor," New York Times, November 11, 1967, p. 18.

⁶⁴"Scars and a Mamory," Time, December 6, 1963, p. 27A.

⁶⁵Sherrill, "Politics on Ranch," p. 103.

⁶⁶"Connally Kennedy Shift: It's Meaning," U.S. News and World Report, December 28, 1970, p. 11.

Along with the increase in education was the increase of taxes during Connally's term as Governor. The Texas budget rose from \$1.3 billion to \$2.5 billion a year, almost doubling.⁶⁷ Connally argued that this was not as bad as it seems. That increases in service to Texas outweighed the tax rise, and that, per capita, taxes rose only 16.4 percent while the national average rose by 21.8 percent.⁶⁸

Even though the taxes rose, the business taxes did not rise nearly as much as per capita income of the people and Connally was not shy about mentioning this to big business. The New York Times tells that Connally admitted (at a meeting in San Antonio in 1966 that was supposed to have been secret), that his administration had gone out of its way to keep taxes off business, although "every poll shows business taxes are the most popular with the public."⁶⁹

All of these issues have caused him to gain great admiration from some and extreme hatred from others. Yarborough, Connally's long time enemy, calls Connally "the worst, the most reactionary Governor in Texas history."⁷⁰ While State Senator Babe Schwartz sees Connally, with whom he usually disagrees, as "a very able, intelligent, capable Governor."⁷¹

⁶⁷Ibid.

⁶⁸Ibid.

⁶⁹Sherrill, "Politics on Ranch," p. 104.

⁷⁰Ibid.

⁷¹Ibid.

Before leaving the governor's office, Connally did one last favor for LBJ. That was to go to the 1968 Democratic National Convention in Chicago and help push through the adoption of the pro-Vietnam War platform plank. This was done, but not without causing a split in the Democratic Party.

John Connally had always supported the war in Vietnam. In 1965, he and nine other governors went to Vietnam to visit the American troops and give them moral support.⁷² He urged the participants of the National Governors Conference in 1966 to back the Vietnam War. When asked why the Governors should take a stand on international policies, Governor Connally explained it was because "the dissension in the halls of Congress does not reflect the feelings of the American people." He argued, "Governors are more attuned to the day-to-day thinking of the people in their state than any member of Congress."⁷³ This conflict between Senators and Governor Connally arose again in 1968.

The liberals at the Democratic National Convention, especially Senator Eugene McCarthy and Senator George McGovern, were attacked verbally by Connally. He accused McCarthy and McGovern of advocating policies of "appeasement

⁷²"10 Governors Plan Visit to Vietnam in October," New York Times, August 3, 1965, p. 2.

⁷³David Broder, "Governor Backs Vietnam Policy," New York Times, July 8, 1966, p. 13.

and surrender"⁷⁴ in Vietnam. Pierre Salinger took the defensive on this and accused Connally of resorting to "old-type Joe McCarthyism."⁷⁵

In Connally's platform he called for the Democratic party to make it crystal clear to Communist aggressors "that we will not sit idly by while they shackle nations after nations and deny the weaker nations and weaker peoples the right to self determination."⁷⁶ Of course this too was opposed by liberal party members. Eugene H. Nickerson, a Nassau county executive, called it "blood thirsty." And he felt that Connally was calling "for bigger and better wars."⁷⁷ The dissenting voice did not win out, however, and President Johnson's platform, through John Connally, remained intact.

When Connally left the governor's mansion, the Houston law firm of Vinson, Elkins, and Searls added Connally to its name. Estimates of his salary ran around \$800,000 a year. This is just added to his worth as a millionaire. He owns Tortuga Ranch in the Southwest part of Texas of an estimated value of \$300,000, and his home is located

⁷⁴"Statement by Governor John B. Connally Jr. of Texas before the Democratic platform committee," New York Times, August 23, 1968, p. 23.

⁷⁵"Salinger Denounces Speech by Connally," New York Times, August 24, 1968, p. 18.

⁷⁶"Statement before Democratic Committee," p. 23.

⁷⁷"Salinger Denounces Speech," p. 18.

on a 10,000 acre ranch near Floresville.⁷⁸ When he was governor he moved into the five bedroom, six bath home, complete with swimming pool and landing strip. When asked how much it cost he only remarked "too much."⁷⁹ This is where he does his most important entertaining of dignitaries, President Nixon being one.

Connally visited Washington in 1969 and expressed to the White House how he had not really supported Hubert Humphrey in Texas for President and now he helped Nixon "all he could."⁸⁰ In the book The Resurrection of Richard Nixon, the author maintains that Connally ". . . actually worked secretly through most of the campaign to raise money for Nixon while publicly ignoring HHH."⁸¹ Then right before the election, he decided not to support Nixon because it looked as though Humphrey might carry Texas. Nixon, in grateful response, appointed Connally to the Advisory Council on Executive Organization headed by industrialist Roy Ash.⁸² He was later, in December of 1970, appointed to the Foreign Intelligence Advisory Board. This group is responsible for

⁷⁸"Rising Star," p. 24.

⁷⁹"People of the Week," U.S. News and World Report, April 12, 1964, p. 20.

⁸⁰R. J. Whalen, "Nixon-Connally Arrangement," Harper, August, 1971, p. 38.

⁸¹"Matter of Sides," Time, July 27, 1970, p. 14.

⁸²Whalen, p. 38.

advising the President on the "overall national intelligence effort and for recommending to him appropriate measures to increase the effectiveness of the United States intelligence community."⁸³

It was at the final meeting of the Ash committee that Connally caught the eyes and ears of the President. "Connally dominated the meeting. He explained in a very articulate, confident, and forceful way the reasoning behind the recommendations. That meeting lasted more than three hours, and Nixon came away very impressed."⁸⁴ Connally's report led to the new Council on International Economic Policy to devise ways of promoting United States interests in an era of increasing world-trade competition from lower-cost producers in Japan and the European community.⁸⁵

To help balance the cabinet with a Democrat, Nixon had offered Connally a cabinet post in 1968, when he was choosing his men around him, but Connally turned him down.⁸⁶ The reason for the acceptance a year later is not completely clear except through Connally's explanation. He said the

⁸³"Governor Connally Named Member, Foreign Intelligence Advisor," Department of State Bulletin, January 18, 1971, p. 84.

⁸⁴Whalen, p. 38.

⁸⁵"John Connally: No. 2," p. 16.

⁸⁶"President Nixon takes a Democrat," Time, December 28, 1970, p. 8.

President "convinced me after many hours of conversation that I could contribute something to his Administration and thus to the welfare of this country and the stability of the country. And I suppose I was vain enough to try it."⁸⁷

Connally's qualities that seemed beneficial to President Nixon are numerous. The bipartisan approach to major programs in Congress was needed by Nixon, and Connally, as a Democrat, could help. The fact that Nixon needed to carry Texas in the 1972 Presidential campaign was influential. But most importantly, Nixon needed a dynamic worker for his economic policies.

At a news briefing Nixon listed his reasons:

One, because of the confidence that I have developed in his judgment and his ability and devotion to this country in these past 18 months working with him on the Ash Council; two, because his experience as Governor of Texas for three terms--one of the major states--gives him special qualifications in the field of revenue-sharing, an area in which we are to have some new programs in our new budget . . . and, three, because Governor Connally in the field of finance, while he is not a banker, has a great deal of experience.⁸⁸

Some officials say all these reasons are true but Nixon was completely won over by Connally. "The President doesn't just admire Connally. He stands in awe of him."⁸⁹

⁸⁷"As Connally Sees His Cabinet Job," U.S. News and World Report, February 15, 1971, p. 36.

⁸⁸"This Appointment Signifies Something Fundamental," U.S. News and World Report, December 14, 1970, p. 10.

⁸⁹"John Connally; No. 2," p. 17.

The reaction to the appointment ran from Wilbur Mills, chairman of the House Ways and Means Committee and the single most important power in Washington in economic matters, saying, "I think it is a good appointment,"⁹⁰ to Massachusetts Governor Francis Sargent, "Can he add?"⁹¹

Former President Johnson's reaction was two pronged. Connally did not tell Johnson of his decision till after it was made. Richard J. Whalen, a former advisor and speech writer of Nixon revealed, in a Harper article, that Nixon put through a seemingly innocent call to the LBJ ranch and after a casual talk expressed a desire "to introduce his new Secretary of the Treasury--'an old friend of yours.'"⁹² Of course Johnson was taken back. Quite a few months later Connally disclosed: "Johnson was miffed, and I don't really blame him."⁹³

There was a slight delay in getting his appointment confirmed because of moneys he received while governor of Texas. The New York Times revealed that while serving as Governor of Texas for six years he received, all in all, about \$575,000 from the Richardson Foundation for fifteen months work in helping as one of the three co-executors for

⁹⁰"New Texan on the Potomac," p. 10.

⁹¹"John Connally: No. 2," p. 17.

⁹²Ibid., p. 18.

⁹³Ibid.

the estate. He said the only reason he continued to receive the money after he became governor was for tax purposes, but that he did not render any service, while governor, to the Foundation. The committee approved the nomination by a 13-to-0 vote.⁹⁴

The Secretary of Treasury position was to start on February 1, 1971. On January 28, 1971, John B. Connally, Jr. made his first official statement concerning his new position.

I have no illusions about the job the President has asked me to take--it is tough, complex, and important. I approach it with the deepest humility, and I pledge whatever talent, ability and energies I have to doing it well, for the benefit of all the people.⁹⁵

Connally seemed from the beginning to fulfill this statement.

Connally brought in to the Treasury Department, not only his energies, but also his dynamic personality. President Nixon has been known to be hard to get in touch with even by his own cabinet members, so Connally had a task to do in breaking down the barricades around the President. Since the former Secretary of Treasury, David Kennedy, was not a colorful person, the Treasury Department did not have much recognition. When Connally took control he told his staff, "Let's think, let's plan, let's propose and let's

⁹⁴"Rough Road to the Treasury," Business Week, February 6, 1971, p. 17.

⁹⁵"Statement of the Honorable John B. Connally Nominee-Designate for Secretary of the Treasury before the Senate Finance Committee," Department of the Treasury News, January 28, 1971, p. 2.

make 'em react to us."⁹⁶ Obviously, Connally hoped President Nixon would not be able to ignore these actions.

Not only did he bring his intelligence to the new office, but also his charisma. John Connally has always had the kind of personality that draws people to him. Since most of Nixon's administration had a lackluster quality about them, Connally moved right out in front with both the media and Congress. In the first four and one-half months in office, Secretary Connally appeared before eighteen congressional committees, and his words were said to carry "political wallop."⁹⁷ He made quite an impression on the committees he was testifying before by treating them special.

Connally didn't relax in the witness chair, but sat straight on the edge of his seat for hours at a stretch, all business alert, respectful, performing a ritual with due regard for the rank of men facing him. He made them feel important.⁹⁸

He got along with everyone on the hill, but he was strict with whomever he dealt.

Richard J. Whalen, Nixon's former speech writer and adviser, reports that Connally established two rules for his staff: he expected loyalty at all times, and he wanted to know what was going on in the office at all times.⁹⁹ He did not want any surprises.

He has been recognized as a "quick study" and therefore needed little time to learn the ins and outs of his new

⁹⁶"Rising Star," p. 23.

⁹⁷Whalen, p. 36.

⁹⁸Fowlkes, p. 1980.

⁹⁹Whalen, p. 36.

job. Representative Barber B. Conable, Jr. (R-N.Y.), a member of the Joint Economics Committee and the House Ways and Means Committee, said, "He's damn good. He can absorb a tremendous amount of information, and he's not one of these people who, like a blotter, will soak up everything but get it all backwards."¹⁰⁰

Because of his talents, Nixon soon realized his potential in the cabinet and named him chief economic spokesman for the President's new economic programs on June 29, 1971. Through his entire speaking career Connally has been able to adapt to various groups on a great number of subjects. One of Connally's favorite parables tells of a new preacher being questioned by the elders of the church in a small Texas community. One of them asked, "Do you believe in the divine creation or do you hold that man descended from monkeys?" Not knowing which was the proper answer, he finally swallowed hard and said solemnly: "Deacon, I can preach it either way."¹⁰¹ Connally does not see a problem in representing a Republican administration even with his Democratic background. Apparently, President Nixon felt the same way and called on Connally to use his Texas rhetoric and his political background to sell the administration's policies to the American people.

¹⁰⁰"Connally's Hard Sell against Inflation," Business World, July 10, 1971, p. 62.

¹⁰¹Hall, p. 8.

Nixon has actually called Connally his "quarterback" while the President assumed the "role of the coach."¹⁰²

In less than eight months Connally rose to become, as the National Journal defined, "Presidential confidant with influence reaching far beyond his official jurisdiction."¹⁰³

Not only was he now the spokesman for the President's economic policy, but he also helped formulate both the new domestic and the new foreign policies Nixon advanced.

The entire domestic policy that Nixon announced on August 15, 1971, dealing with price fixing and the new Cost of Living Council was decided at Camp David by Nixon with Connally's help. John D. Ehrlichman, then assistant to the President for domestic affairs, when asked how much credit could be given to Connally for the new domestic policy, said in an interview, "Oh, I think a substantial amount. . . . the Secretary urged a readiness to activism then."¹⁰⁴

Most accounts say Connally was at his best at the hour-long press conference on August 16, 1971, to explain Nixon's new domestic economic policy [Nixonomics]. He appeared and explained changing a policy he had publicly opposed a month earlier. He used his Texas rhetoric he had learned: humor, sarcasm, and a lot of plain talk. He appeared comfortable in the spotlight.¹⁰⁵

¹⁰²Fowlkes, p. 1988.

¹⁰³Ibid., p. 1998.

¹⁰⁴Hall, p. 8.

¹⁰⁵Dugger, p. 83.

Ronnie Dugger, in The Atlantic, writes that Connally is not at his best in formal speeches, ones using trite ideas and nebulous words like "extremely," "paramount," and "dramatic." And "talking very quickly, like a boxer feeding a battery of short jabs, he can wind up and deliver, as though it were the sockeroo of the evening, the most reverberating nullity."¹⁰⁶ But off the podium he is relaxed and charming, using Texas colloquialisms.

Connally was also trying to redirect a threat to United States's economics--economic competition from Japan, Europe, and Canada. This is where most critics of Connally felt he would have problems, because he had never had to deal with international financiers. Connally disagreed. "International relations are a discourse between people, and people are basically the same the world over."¹⁰⁷

During his months as Secretary of Treasury, he advanced a new trade offensive for the United States. He wanted the United States to get a fairer treatment by prosperous foreign countries. He wanted these countries to open their markets to United States's trade the way the United States did after World War II. Connally said firmly, "The simple fact is that in many areas others are outproducing, outthinking us, outworking us and outtrading us."¹⁰⁸

¹⁰⁶Fowlkes, p. 1990.

¹⁰⁷"New U.S. Campaign," Newsweek, May 31, 1971, p. 63.

¹⁰⁸"Shultz, Phasing in on Phase Two," Newsweek, May 29, 1972, p. 63.

This hard-nosed attitude toward the world's central bankers made him, as Connally himself expressed, a "bully boy on the manicured playing fields of international finance."¹⁰⁹ It is no surprise his resignation from the cabinet position was greeted with relief by international financiers and the open market gold prices rose to a record \$57.75 an ounce.¹¹⁰

It was a surprise to most that after eighteen months in office Connally abruptly resigned. However, John Osborne, writing for the New Republic said Connally "had arranged to quit before or around this time when he joined the Cabinet in December, 1970."¹¹¹ President Nixon had nothing but praise for Connally at Connally's final cabinet meeting. "No member of the Cabinet in an eighteen-month period has contributed more to this country than has Secretary Connally."¹¹²

After leaving the Cabinet post, Connally helped raise funds and votes for President Nixon's second successful bid for the Presidency with the help of "Democrats for Nixon." He also made foreign trips for the President as

¹⁰⁹Ibid.

¹¹⁰Ibid.

¹¹¹J. Osborne, "Ready for Moscow," New Republic, May 27, 1972, p. 9.

¹¹²"Connally Au Revoir," Newsweek, May 29, 1972, p. 30.

an ambassador-at-large. At the age of fifty-six, he had gone back to Texas to establish his life once again on his ranch outside Floresville, Texas.

Until May of 1973 he remained somewhat in the background. In May John B. Connally decided to switch his political support officially and align himself with the Republican party. When asked if he had any ambitions toward the Presidency he explained, "We all serve in different ways. John Milton said 'They also serve who only stand and wait.' Hopefully that's the role I can play."¹¹³

If this is his philosophy it is a new role for Mr. Connally. He has already, since the switch, been named the new Foreign and Domestic Advisor to President Nixon. This coming at a time when the Watergate scandal has eliminated a great many in Washington leaves him very close to the number one position in the country for 1976.

¹¹³James Reston. "John Connally tries to enter very softly," Chicago Tribune, May 6, 1973, sec. 2, p. 5.

CHAPTER III

THE MONETARY CRISIS

On August 15, 1971, President Richard M. Nixon devalued the American dollar. The only other time in United States' history that this had been done was in 1934 when the late Franklin D. Roosevelt cut the value of the dollar 41 percent which raised the price of gold to \$35 per ounce.¹ Domestically, the first devaluation had little effect on the economy, but this did lead the way to making the United States' price of gold the cornerstone of the international monetary system.

This establishment of the dollar as the international monetary cornerstone came about after World War II, when forty-four of the leading nations came to Bretton Woods, New Hampshire to attempt to solve the international economic problems that arose after the war. Emerging from this meeting came two institutions, the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF).²

¹"The Quiet Triumph of Devaluation," Time, December 27, 1971, p. 22.

²Mordechai E. Kreinin, International Economics A Policy Approach (Chicago: Harcourt Brace Jovanovich, Inc., 1971), p. 135.

One was to help reconstruct Europe and eventually finance economic development in war torn countries, the International Bank for Reconstruction and Development (IBRD). This Bank works very simply. Lending nations give capital stock in proportion to their economic importance and then the Bank uses this capital to make loans to people or countries whose projects seem economically sound, at reasonable low interest rates. The IBRD has been financially successful through the years.³

The sister institution has not been so fortunate. It is called the International Monetary Fund (IMF). It was to establish the basic rules and organization of post-war financing, with an emphasis of cooperation among nations. Eventually 114 nations subscribed to an agreement that established an "adjustable peg" or "gold exchange" system. Under this system each nation agreed to peg the relative value of its currency by fixing its "parity" value in terms of gold.⁴ Various ratios were set up within the IMF countries with the United States' dollar being the stable unit.

Private citizens and organizations were permitted to export, import, transfer funds, and invest abroad. This forced the national governments to maintain a stable exchange rate by their operation in the foreign exchange market

³Ibid.

⁴Fred D. Levy Jr. and Sidney C. Sufrin, Basic Economics (Evanston: Harper & Row, 1973), p. 397.

(sometimes buying up their own currency, sometimes selling a lot of their currency).⁵

The exchange rate was allowed to fluctuate within a "band" of plus-or-minus one percent around the peg; a nation, however, was allowed to devalue its currency up to ten percent at its own discretion. All of these fixed rules that were established in 1944 would eventually snap because of its rigidity.⁶

In the late 1940's and 1950's the United States was helping foreign countries with the Marshall Plan and other aid programs that unpredictably thrust these countries into an unequaled productivity growth. This rapid production continues today.⁷

The beginning of 1971 saw the disappearance of the United States' trade surplus. The United States has seen her abundance of wealth in the 1950's become a "dollar glut" or draining of gold in the 1960's and 1970's. The "dollar glut" has several causes.⁸ The growth of competitiveness of foreign economies, plus the expense of America's cold-war programs (Korea, Vietnam, NATO), and our civilian foreign-aid programs, are added to the large outflow of direct foreign investments by American corporations abroad. This has gotten so bad that between 1949 and 1970 the international reserve

⁵Ibid.

⁷Kreinin, p. 135.

⁶Ibid., p. 398.

⁸Ibid., p. 136.

position of the United States fell from \$26 billion to less than \$14.5 billion, with the deficit mounting through 1971.⁹

An IMF meeting on January 1, 1970 tried to enlarge international reserves and stabilize international trade by using Special Drawing Rights (SDR). Each country, according to its contribution to the IMF, was given reserve assets to draw on if needed. This was to supplement gold, dollars, and other key currencies. It was backed, not by gold bullion, but with a rational group of people saying they would accept the "paper money." However, the United States' balance of payments deficit rose to \$10 billion in 1970, the highest annual deficit up to that time.¹⁰

International financiers knew it would be only a matter of time before the United States would be forced to devalue the dollar, so they began shifting their assets into other currencies. There was over \$1 billion of Special Drawing Rights lost each month by the United States.¹¹

When Secretary Connally took office in February of 1971 he was faced with all these international monetary problems. Connally is an undogmatic pragmatist. When he came into the Secretary of Treasury office, he did not have

⁹Levy and Sufrin, p. 400.

¹⁰Daniel R. Fusfeld, Economics (Lexington, Massachusetts: D. C. Heath and Company, 1972), p. 875.

¹¹Ibid.

preconceived ideas about how the policies should be formulated. Treasury economic advisor Henry C. Wallich thought this was not harmful. "Connally picks up economic arguments quickly . . . His lack of background seems to have been no liability for him. I am quite impressed."¹² He went about getting opinions from several experts on his staff, specifically Paul A. Volcker, an expert in international monetary policy, and also from many in Congress.

Connally also brought into the picture a political policy incorporated into the United States' economic policy. He believes most economic problems have political overtones. In referring to international problems, he said, "Whether you are talking about defense sharing, trade problems or monetary problems, ultimately they elevate to the point where they become of the highest political interest to the nations involved."¹³

When he took office as Secretary of Treasury he expressed his goal for the International Monetary situation to the Senate Finance Committee.

We can achieve a stable international financial position, with a strong dollar, without compromising our important domestic objectives. We can have a

¹²Frank V. Fowlkes, "Economic Report/Connally Revitalizes Treasury, assumes Stewardship of Nixon's new economic policy," National Journal, October 2, 1971, p. 1990.

¹³Ibid., p. 1993.

maximum of free trade in the world without damaging the appropriate interest of United States' workers and business.¹⁴

In late spring, after the dollar-exchange-rate crisis in Europe which brought about the United States' new economic policy, Connally was asked to address the meeting of international bankers in Munich, Germany. The heads of most of the world major banks would be there as well as lending monetary officials. This was to be Connally's first chance to tell both American bankers and international bankers two things: how he saw the problems of the international monetary policies, and what the United States proposed as the solution to the problem.

Connally planned to join other American officials at the Munich meeting. However, according to Richard J. Whalen, former speech writer for President Nixon, several important people in Washington tried to persuade him to stay home. Wilbur Mills wanted Connally to be a lead-off witness on revenue sharing for him. He declined. Then Senator Fulbright wanted him as a witness for the hearings he was holding. Again a polite decline. Then Ehrlichman called and said the President was expecting Connally to testify for the Administration's revenue-sharing bill. He said he was

¹⁴"Statement of the Honorable John B. Connally Nominee-Designate for Secretary of the Treasury before the Senate Finance Committee," The Department of the Treasury News, January 28, 1971, p. 2.

sorry, he was going to Munich. And when Ehrlichman called back again, Connally, correctly assessing the priorities, refused the call.¹⁵

When talking with Allen Wade, a public relations man for the Treasury Department, the writer found that usually when Secretary Connally prepared to give a speech, there were seven or eight technical speech writers who would write a draft. Then Connally would read them and make suggestions, each time returning them for refinement until they came up with a speech that he could add his finishing touches to.¹⁶

In the case of the Munich speech, Mr. Wade said that Connally was not at all pleased with the final draft of the speech when it was given to him before he boarded the plane to Munich. When the plane arrived in Germany, Secretary Connally, Paul A. Volcker, the Treasury Department's number three man, and Cal Brumley, another aide, went to the hotel and sat up all night composing a completely new speech. Connally wanted to be sure that what he was going to tell his audience would be exactly the way he would say it himself.¹⁷

¹⁵R. J. Whalen, "Nixon-Connally arrangement," Harper's, August, 1971, p. 36.

¹⁶Allan Wade, telephone conversation with this writer on May 20, 1973.

¹⁷Ibid.

On May 28, 1971, Mr. Connally gave one of the most precisely worded speeches of his Treasury career. He spoke to the International Monetary Conference of the American Bankers Association. The heads of most of the world's major banks were present as well as leading monetary officials. There was an obvious absence of West Germany's Economics Finance Minister, Karl Schiller. Apparently Mr. Schiller was anticipating an attack upon West Germany for recently detaching its mark from its fixed dollar peg and permitting the price to float upward.¹⁸

While waiting to hear Connally the group also heard Arthur F. Burns, chairman of the Federal Reserve Board, who stressed the need for an effective income policy in the United States to check wage and price increases.¹⁹

When Secretary Connally spoke he did tell the bankers that the United States had "the right to expect" fairer trade arrangements and more equitable sharing of defense costs. He was very tough in his speech, but he had a reason for it to be worded as it was. "I think all too often we speak in ambiguous language that can be interpreted in too many different ways. I don't think you fall out with anybody because they understand what you mean."²⁰

¹⁸"Connally Tells Bankers U.S. Will Defend Dollar," The New York Times, May 29, 1971, p. 28.

¹⁹Ibid.

²⁰"Money: A Move Toward Disarmament," Time, October 11, 1971.

Foreign ministers and bankers, not accustomed to blunt demands, were "outraged by Connally's unyielding tones and unvarnished demands."²¹ Some were heard to mutter "arrogance" and "boorishness." Even some in the United States feared that Connally's lack of any use of nuances could lead to retaliatory moves, or at least politically dangerous disruptions of traditional global alliances.²²

This marked the beginning of a complete altering of the old Bretton Woods agreement. A short time later, at the recommendation and strong urging of Secretary Connally, the United States devalued the dollar, twice, and slapped a ten percent surtax on all imports. The world economy is in such flux now that it is difficult to surmise how far-reaching the complete effects of this speech. But it all started on May 28, 1971.

Chapter IV presents a rhetorical analysis of this important speech delivered by Secretary of Treasury John Connally.

²¹"The Rising Star From Texas," Time, October 18, 1971, p. 23.

²²"Solving a Crisis: John Connally Superstar," Newsweek, December 13, 1971, p. 85.

CHAPTER IV

ANALYSIS AND EVALUATION OF THE SPEECH

After an investigation of Mr. Connally's life in Chapter Two and a look at the milieu of the times in Chapter Three, the next step is a critical analysis and evaluation of the speech given in Munich, Germany to the International Banking Conference of the American Bankers Association on May 28, 1971. To do this, first, a careful outline of the speech was made.¹ Next the questions Wayland Parrish suggested to help analyze a specific speech were applied. The questions used are the ones that seemed to fit the selected speech. If one of the criteria did not apply, it was not used.

Discovering whether the speaker used the available means of persuasion was done by a categorical questioning of the speech. Specific emphasis will be applied to the following three:

1. The content of the speech.
2. The speaker's stylistic devices.
3. The speaker's delivery.

Following this basic format, let us first examine the content of the speech from an overall perspective. The

¹For the convenience of the reader, a complete text of Secretary Connally's speech appears in Appendix A.

content of the speech is looked at to find out what the speaker said. Thonsson, Baird, and Braden define content as including:

. . . the entire investigative undertaking, the idea of the 'status,' and the modes of persuasion --logical, emotional, and ethical--in all of their complex interrelationship.²

The area concerning logic was broken down more completely for the purpose of a more thorough investigation. The sub-points to be examined are: 1) The central thesis and major issues; 2) The reasoning; 3) The main supporting material; 4) The speech organization; and, 5) The emotional appeal. These will be looked at in the critical investigation.

The general purpose of Mr. Connally's speech was to persuade. His specific purpose was to actuate the whole group of nations to work out a more equitable solution to the existing problems by adopting his suggested criteria for improvement.

Mr. Connally was very anxious to relate to the Munich audience the sense of urgency he felt regarding alteration of the International Monetary Policies as they existed at the time of his speech. His major inspiration for the ideas presented in the speech were a strong desire for a stable international market, a desire for lessening

²Lester Thonsson, A. Craig Baird, and Waldo W. Braden, Speech Criticism (2nd ed; New York: The Ronald Press Company, 1970), p. 79.

of the financial burden the United States carried for all the countries, and a desire to remain in cooperative accord with all nations.

A more complete look at the content of the speech will be given at this time. The question and answer format will be used.

Content

A. What was the speaker's central thesis? What were the issues with which he dealt?

— Connally's central thesis was that all IMF ^{Fund} countries should join in a cooperative venture to relieve strains on the world financial market. To develop this belief he talked about several basic issues. 1) The United States has had the full responsibility for the economic growth of all the countries, 2) The United States is now financially unable and unwilling to carry the disproportionate financial burdens of the IMF countries alone, and 3) All IMF countries should cooperate in meeting the financial burdens of the present system.

The first line of argument was that the United States has had the full responsibility for the economic growth of all countries in the past. Development included the following specifics:

- 1) Although the United States wanted another monetary approach, "key currency," they went along with other nations in adopting the IMF.

- 2) Later the United States joined in the new Special Drawing Rights policy.
- 3) The United States also helped with the Marshall Plan.
- 4) The United States also encouraged their industry overseas.
- 5) The United States continues as a major capital exporter as well as having the most open markets in the world.
- 6) The United States makes heavy outlays for defense costs in Europe.

The second section of his argument contains examples of how the United States cannot support the IMF countries as before because of financial problems and because of a disproportionate economic cost imposed on her. Development included the following specifics:

- 1) The United States has an underlying [trade] deficit--running at \$2 to \$3 billion a year.
- 2) The fixed exchange rates and freely convertible currencies are threatening the United States economy.
- 3) The United States has tried to bring their inflation under control by raising taxes and raising interest rates higher than any time in the last hundred years.
- 4) Domestic costs have been heavy--economic slack, low profits, and high unemployment.
- 5) Nearly \$5 billion goes to financing a military shield for Western Europe and Japan.
- 6) The Common Market, Japan, and Canada do not have open markets for the products of other countries.

The third section proposed the solution to the arguments by suggesting that all countries cooperate in

meeting the financial burdens of the present system, to maintain a stable monetary system. Development included the following specifics:

- 1) We must respond with a recognition of mutual needs and confidence--no monetary or economic isolation.
- 2) We have the right to expect more equitable trading arrangements.
- 3) We expect other IMF countries to accept the responsibility to share more fully in the cost of defending the free world.

B. What was the reasoning used?

The reasoning Secretary Connally used was quite sound. Secretary Connally's three contentions in his basic line of argument were developed through argument by deduction. Each of the three parts of his basic argument were developed by example. This form of reasoning consists of drawing conclusions about a general class of objects by studying individual members of that class.³

Connally chose specific examples of the inconsistencies throughout the IMF countries to show that the contention is true, i.e.:

We lead repeated efforts to cut tariffs multilaterally, while continuing to accept the pleas of Japan and the Common Market that major areas of their economics should be shielded from international competition.

³Alan H. Monroe, Principles and Types of Speech (5th ed; Chicago: Scott, Foresman and Company, 1962), p. 425.

There seem to be sufficient amounts of examples throughout the speech to warrant the general proposition to be valid. The speech has sound reasoning.

C. What verbal supports in the speech were used?

Monroe, in Principles and Types of Speech, defines the forms of support as the types of speech material which are used to amplify, clarify, or prove a statement in order to make it more illuminating or convincing to an audience.⁴

In general, there are seven forms of verbal support which may be used to develop the ideas in a speech:

1. Explanation--". . . a simple, concise exposition, setting forth the relation between a whole and its parts or making clear an obscure term."
2. Analogy of Comparison--This is where ". . . similarities are pointed out between that which is already known, or believed, and that which is not."
3. Statistics--". . . figures used to show the proportion of instances of a certain kind, to show how many or few or great or small they are."
4. Illustration--". . . a detailed example of the idea or statement to be supported. It is the narration of an incident to bring out the point you are trying to make. There are two principle types of illustration: The hypothetical and the factual. The former tells a story which could have happened or probably will happen; the latter tells what actually has happened."
5. Specific instances--". . . are condensed forms of factual illustrations. They are undetailed examples."

⁴Ibid., p. 195.

6. Testimony--"Another person's statement used to support the ideas of the speaker . . ."
7. Restatement--". . . saying the same thing, but saying it in a different way."⁵

As noted above Secretary Connally used specific instances to develop his lines of arguments. He used statistics as well to show the amount of money the United States was expending to her detriment.

- . . . our underlying deficit--running at \$2 to \$3 billion a year.
- . . . unemployment of five million people . . .
- The recent short-term borrowing of \$3 billion by the Treasury and the Export-Import Bank are a case in point.

Explanation was used to underscore the problems the countries face. When Secretary Connally was talking about the "serious business at a serious time" he explained,

We are aware of the strains upon the monetary framework upon which we all depend to carry on our international commerce.

These monetary tensions are a warning. Elements of international monetary cooperation, built with so much effort in the postwar period, are being questioned.

Later he defined an allied international economy by explaining it "implies some squeeze on independent national action." Connally again explained by definition when talking of the United States support of "key currency."

Arguing essentially that the economic ascendancy of the United States justified enshrining a kind of informal dollar-sterling standard with other currencies assuming a more or less permanent subsidiary role. [sic]

⁵Ibid., pp. 195-207.

These are just some of the explanations Secretary Connally used in his speech.

Secretary Connally used three problem solving ideas in his speech. They are presented in a parallel construction. Had America paralleled other IMF actions, she would have

- By heavily protecting our market
- By sharply cutting our aid, and
- By retreating into a "Fortress America"

There is only one use of testimony in the speech and that really was only a quotation by Patrick Henry of how Connally felt he should approach the speech. "I know of no way of judging the future but by the past."

The comparison was used by Connally to make very revealing juxtapositions.

Excess demand has given way to economic slack, low profits, and unemployment of five million people, more than the entire labor force of the Netherlands, Belgium, and Switzerland.

Certainly, it would make little sense to ask for high interest rates in the United States at the expense of more unemployment, and at the same time bless higher rates of interest to use that weapon to combat inflation.

The comparison, showing what the United States was like after World War II, was well done. Then Connally used an extension of that comparison to what the other IMF nations did in the same period. And, finally, the third comparison in this series was the view of what the United States would have been like as an isolationist instead of being the help it was to the other nations. These were

complex comparisons but very worthwhile in the scheme of supporting Connally's arguments.

In evaluating Connally's use of evidence, there are a number of conclusions which can be reached. First, the facts seemed good support for the arguments he set forth, although he used quite a bit of his unsupported opinion in the proof as well; second, the inferences he drew from the examples seemed justifiable; and third, the logical structure was arranged in such a way that if the listeners accepted his inferences, they would have been easily influenced.

D. Was the speech well organized in general?

Connally used the typical Introduction, Discussion, Conclusion organization in his speech very effectively. The analysis is relatively simple because he was aware of the need for good organization.

There were two Introductions Secretary Connally used in the Munich speech. He established common ground with his audience in two ways. First, he made general references to the pleasantness of the conference and the hospitality of the country.

Then he referred to the problems the United States and other IMF nations have had in common.

--But we are here on serious business at a serious time.

--It is easy to understand how one country or another can be tempted to shirk its responsibilities to the international community.

--A stable monetary order requires nations to know and accept the 'rules of the game.'

The speech and directness by which Connally surges into the subject suggests he wants to be brief and forthright. Also it lets the audience know that a solution to the problem is expected quickly.

After Connally recognized the problem at hand he moved to the "Discussion" phase. Connally chose the problem-solution approach in his speech development. Beginning with a chronological approach he explained the problems the United States faced by first going back to post-World War II actions by the United States in their aid to other IMF countries. Then he gradually progressed to present day when the problems stemming from that aid had, in his opinion, gotten out of hand.

The "Solution" segment of the sequence used a special topical sequence which points out a series of qualities or functions of the solution that should be adopted. The areas where new European financial emphasis should be given were in military support and trading arrangements. These are the two areas where there was the biggest dollar drain for the United States, and Connally felt this level was no longer acceptable.

The possible solutions the United States saw were somewhat limited by what they held as an unalterable position. Connally first said that any solution must have a flexibility and second it should have brought about a

financial order in the IMF. But the United States showed its inflexibility in the solution by demanding a sterling aspect for the dollar.

Helpful to any solution of any problem is the understanding that these are necessarily some unalterable positions of any participant. Believing this, I want without arrogance or defiance to make it abundantly clear that the Nixon Administration is dedicated to assuring the integrity, and maintaining the strength of the dollar.

Then Connally demands these accommodations:

But, as you share in the system, we have the right to expect more equitable trading arrangements.

We also expect you to accept the responsibility to share more fully in the cost of defending the free world.

Finally . . . that increased cooperation among us all must play a key role in maintaining a stable monetary system.

The "Conclusion" made the final pitch for the new proposals the United States had made. The consequences were implied if these conclusions were not accepted. When everyone left the meeting they were very much aware the United States was going to be looking for drastic changes to be made in the International Monetary Policies as soon as possible.

E. What motive appeals did the speaker use?

Monroe defines motive appeals as "that which appeals to all specific sentiments, emotions and desires by which the speaker may set the primary motives into action."⁶

⁶Ibid., p. 170.

Parrish calls the most persuasive speaker one who "most effectively directs his appeal to the basic interests, desires, wants, instincts, and emotions of his hearers."⁷

In the speech at Munich, Connally framed his motive appeals in a manner which would produce immediate action in the area he suggested. He did this by appealing mainly to the emotions of fair play, fear, and unity.

Connally spoke of fair play to his audience when he suggested to them that all nations might want to shirk responsibilities but, he implied, cannot for the good of all countries.

It is easy to understand how one country or another can be tempted to shirk its responsibilities to the international community . . . A stable monetary order requires nations to know and accept the 'rules of the game.'

He later mentioned the idea of what will not bring about fair play. "Money . . . cannot assure fair and equitable trading conditions. . . . What matters most is the spirit and attitude we each bring to this task."

Connally asked his audience a series of rhetorical questions geared to showing that the nations that had not done their share in the past, should act in a fair way now.

⁷Wayland M. Parrish, "The Study of Speeches," Speech Criticism: Methods and Materials, ed. by William A. Linsley (Dubuque, Iowa: Wm. C. Brown Company Publishers, 1968), p. 88.

- Is it natural or inevitable that fully 30 percent of the Japanese exports go to the U.S. market . . ."
- . . . should not the Japanese consumer have free access to the products of the outside world?
- Must Canada maintain tariffs on private purchases of U.S. autos to a time when a balance of payments surplus resulted in a 'floating' exchange rate?
- Is it right that United States agricultural products find access to the densely populated continent of Europe increasingly limited?

Connally implied it would only be fair to make all of these situations more equitable for the United States. In his conclusion he tells the audience the American citizens will not allow the government to work in a system that does not recognize the United States as an equal with other countries of the world. Of course, every time Connally mentions fair play he implied that the IMF countries were not doing their part. This tended to alienate people.

Connally did try to make up for this "blame tactic" by saying that this was all in the past. "The relevant issue is not to fix blame for how we got where we are-- and then engage in destructive recriminations. We need a more constructive approach." Therefore, he gave the nations an excuse to justify their past actions.

Throughout the speech, Connally tried to plant the feeling of fear of danger in the minds of his audience. The fear of danger has both its positive and negative effects: it may prevent us from doing things that bring peril, and it may make us act to protect ourselves against peril. Connally said over and over in his speech that if we

do not act now, serious consequences will arise, leaving it to the minds of the listeners to anticipate the problems.

In the introduction to the speech he said a great many emotion packed words designed to elicit fear: "serious business," "strains," "tensions," "disturbances," "revolution," "difficult adjustment." Of course, all these disturbances are building up to Connally's plan to alleviate the problems.

He used personification in explaining the fear he had for the enormous short-term money flow in the system of fixed exchange rates and freely convertible currencies. "But now we see signs that the child of success is threatening the mother that nurtured it."

Furthur in the speech Connally calls attention to the danger they were all facing.

The danger is plain. To revert to the use of fixed exchange rates as a supplementary tool of domestic policy is fraught with danger to the essential stability and sustainability of the system as a whole.

The fear tactics were used a great many times throughout the speech. Apparently Connally felt the audience was not aware of the situation they were all experiencing or he would not have repeated this fear technique so many times. Such an appeal may have a curvilinear effect: that is, if over-used, the audience may maintain the speaker is using scare tactics and discount almost all of what the speaker says. From the reaction of the audience, afterward (noted in Chapter Three) it seems they were not convinced the danger was really as pressing as Connally would have them believe.

One of the conclusions Connally came to was that unity will help get the countries through these times. The four statements noted in the following illustrate his use of the "unity appeal."

- We must all be concerned with the stability of the system and the stability of the dollar that is the cornerstone of the system--whether we planned it or not and whether we like it or not.
- Let us, too, identify and undertake those joint actions necessary to deal with short-term flow.
- As time and events change, we must respond with a recognition of mutual needs and confidence. We all must recognize there is no more room for monetary or economic isolation.
- It is to our mutual interest to work out the world's monetary problems so that trade and commerce may expand and thus support national needs.

All of these statements promote the feeling of unity and mutual cooperation. At the same time he was telling them that the United States was not going to carry a disproportionate part of the burden any longer.

This speech is saturated with emotional appeals geared to arousing the listener's attention. These appeals, and the way Connally presented them, led the audience to react in an negative way. [Noted in Chapter Three.] Perhaps the idea that this was such an abrupt change from saying the United States would always be the guiding light was disturbing to them. The bluntness of the demands for cooperation caused problems, although they were nullified to some degree by the leverage of Connally's power position.

F. Is there evidence in the speech that the speaker possessed persuasive qualities--virtue, intelligence, and good will?

Aristotle, as does Parrish, holds that there are three sources of personal credibility in orators: ". . . sagacity, high character, and good will." And believes that if a person is supposed to command them all, he will be deserving of credit in the eyes of his audience.⁸

Although this was one of the first speeches Secretary Connally had ever given before the international bankers, he did not take very much time in establishing his authority. Throughout the speech there is a feeling he spoke in an authoratative way, but it seems he let his external ethical qualities establish his authority.

After all, most of the bankers would know the illustrious background of Mr. Connally.. His close friendship with President Johnson and his three terms as Governor of Texas, establishes him as a very capable political representative for the United States. Since this was his first major speech before an international audience, he did have some ethical proof to relay to them.

He sprinkled the speech with some parenthetical expressions that should have established some authority with the audience.

--I intend to deal with these questions openly and frankly.

--Here, I believe we in the United States have the special responsibility to make our approach and

⁸Thonssen, Baird, and Braden, pp. 446-447.

- intentions crystal clear. I hope I do so.
 --I recite this brief record not to elicit
 either praise or thanks . . .
 --I want without arrogance or defiance to make
 it abundantly clear . . .

All of these helped establish his authority and/or good will with the listeners.

Secretary Connally established from the beginning that he knew that all the countries of the free world were having economic problems. Connally offered them sympathy and said he could see where it might be easy for them to rationalize out of doing their part in world finance. "It is easy to understand how one country or another can be tempted to shirk its responsibilities to the international community including the maintenance of monetary order." However, he goes on to show how the United States had tried to uphold all that was expected of her--even at a loss to her people.

He mentioned several times that all countries should be concerned if there is an international problem, not just the countries in trouble. Then he kindly explained that he was not pointing the finger at any one country, "The relevant issue is not to fix blame for how we got where we are--and then engage in destructive recriminations. We need a more constructive approach." Such statements helped conciliate his hearers and keep them solution oriented.

Then his approach changed. He specifically told the countries that having become economically successful

that they should change their approach to international finance. What he asked for is more equality in trade. Also equality in financing the defense of the free world was asked for. Connally stated that after twenty-five years other countries should do their part in financing troops in allied countries.

The nations of Western Europe and Japan are again strong and vigorous, and their capacities to contribute have vastly increased.

Although Connally appeared in the early part of the speech to be sympathetic, these points he brought up lead one to believe he was also sure that there would be some problems in getting the countries he mentioned committed to a change. But he was willing to take that risk.

Again he tried to buffer the above accusations by saying cooperation is essential. "It is to our mutual interest to work out the world's monetary problems so that trade and commerce may expand and thus support national needs."

Connally understood fully the reaction he would get from his recommendations to alter the present system and that is why he added warmth and sincerity to this.

A good deal of supportive evidence Connally used was either historical examples or statistics. It would seem that most bankers would already know the history of American economy, but it added to Connally's credibility for him to reiterate the history to show them he was well aware of it, especially since he was not known in

international circles as much as he was Texas politics. After he gave the history of United States monetary policies, he stated his intention, "I recite this brief record not to elicit either praise or thanks," but the unstated message was clear: he was telling them it was now time for them to shoulder more of the financial load.

He used statistics to highlight the fact that the United States had lost a great deal of money in the past. They also showed where the United States was not getting adequate help under the existing program. It would seem these statistics were well placed to impress upon the audience the research that had been done to clarify his assertions.

Throughout Connally's speech, he expressed a great many statements that were all-inclusive and presumptive. Specifically, he said:

- I think we have all become aware . . .
- We are aware
- We all recognize . . .
- We must respond . . .
- We must all be concerned . . .

These types of statements committed the audience to a position they, themselves, might not have accepted at the onset.

Connally also stated several dogmatic positions which he said, cannot and will not be altered. First, when he talked about Eurodollars he stated emphatically, " . . . we have a right to anticipate that other central banks will

not themselves add to the market supply of dollars by contributing to the multiplication of Eurodollars." Finally, in the solution he was advocating he unwaveringly said that "all [member nations] must play a key role." This was a completely new concept to most of the audience and it would seem to appear very dogmatic to them.

He did try to smooth these over by expressing a desire not to be insistent on only one approach to the problem when he said: "I am convinced the solution cannot be one-dimensional." Although he expressly stated this, the next major thought seemed to be contradictory, actually supporting a specific criterion. "But two lines of attack seem to be both promising and potentially practical. In combination, they could go a long way." This dogmatism is sprinkled throughout the speech.

Not so striking was his use of overstatement. The overstatements were concerning the United States' role in foreign monetary matters.

You will find, I believe, our record to be a proud and constructive one, aimed not at dominance but a mutual growth and strength.

There would be some countries which would disagree with this statement. Even more might find fault with a later remark:

We have consistently felt through the years that our basic national interest lies in an outward orientation of economic policy--alert and responsive to the needs of others.

The fault is not that the United States has been helpful to countries, but that Connally leaves the questionable impression that the United States always helped those in need.

The second concept using exaggeration was seen when Secretary Connally talked about the United States controlling its inflation. He told of bringing the inflation "under control" and also that it was difficult to get it to subside but that "it is yielding." Perhaps at this time Secretary Connally thought the inflation was being curbed, but hindsight has proved him gravely wrong. Therefore, these statements were unsupported exaggerations.

These dogmatic statements, exaggerations, and over-statements would seem to appear very strong and would alienate those who listened to him even if what he initially wanted to say might be worthwhile.

The basic question asked by Parrish is whether Secretary Connally's expressed qualities of virtue, intelligence, and good will. To this writer, there is no doubt that Connally knew that of which he spoke, and also that he was approaching the situation as honestly as he could, given the information he had available at the time.

The problem, it would appear, arose when Secretary Connally used strong language with specific demands given to the audience. This would not leave the hearers with a belief that Connally wished them good will, even if he did say that he wanted them all to work together for a better solution. After all, these countries should not be anxious to change to a policy for which they will have

to take on additional responsibilities. Also they were asked to take on a debt they never had to deal with before.

Perhaps Secretary Connally lost some ethical persuasion with this strong approach. After all, Parrish admits "the presence or absence of one or more of these qualities may dispose the hearers so favorably or so unfavorably toward the speaker that they pay little attention to what he says."⁹ Or, one might add, they may be so upset that the worthwhile remarks might be over-shadowed by negative feelings. This seemed to be the case at Munich.

Now that we have examined the speaker's persuasive qualities let us move to the speaker's stylistic devices.

Style

Stylistic devices are words used to illustrate, through ornamentation, what will win and hold an audience's attention. This is the quality that Aristotle described as "setting a thing before the eyes."¹⁰ Parrish's question will determine how well Connally used this quality.

A. Were there many stylistic devices used in the speech?

Secretary Connally used imagery in his speech to appeal to the senses and thus create a sensation. He painted the picture of the altering of the International

⁹Parrish, p. 86.

¹⁰Ibid., p. 89.

Monetary system by comparing it to material: " . . . without in the process tearing apart the essential fabric of the system and institutions that serve us."

Connally also uses personification in the speech by giving human qualities to events happening in the economy. "But now we see signs that the child of success is threatening the mother that nurtured it."

Surprisingly there are few colorful statements in Connally's speech. Perhaps it is because of the urgency of the matters at hand or the brevity of the time, but Connally chooses to be very explicit and exact throughout.

He skillfully used repetition in many instances during the speech. The repetition of the pronoun "we," "our," and "us," is very noticeable as well as the parallel structure explaining what the United States had done.

Our economy is large and rich. We have a high level of trade. Our markets are relatively open. Our currency is a world currency.

Again when Connally told of the unalterable positions of the United States, he said he wanted to clarify the points. He did this by repetition.

We are not going to devalue.
 We are not going to change the price of gold.
 We are controlling our inflation, We are also stimulating economic growth at a pace which will not begin new inflation.
 . . . we fully recognize you are not willing to live with a system dictated by the United States.
 . . . we have the right to expect more equitable trading arrangements.
 We also expect you to accept the responsibility to share more fully in the cost of defending the free world.

After this series of repetitive statements, Connally shifted to a series of rhetorical questions about the policies of other nations. These were mentioned earlier in the critical evaluation.

His speech reached a climax with yet another parallel structure when he told his audience:

No longer does the U.S. economy dominate the free world.

No longer can considerations of friendships, or need, or capacity justify the United States carrying so heavy a share of the common burdens.

. . . no longer will the American people permit their government to engage in international actions in which the true long-run interests of the U.S. are not just as clearly recognized as those of the nations with which we deal.

These all seem to explain explicitly the United States' position without leaving doubts in the listener's mind as to what points Connally was trying to make. Secretary Connally, with his legal background, simply listed the major arguments he wanted to carry to the audience by use of repetition. He did this well and succinctly. The lack of flowery descriptive phrases only tended to underline the seriousness of the times.

His style was "spoken" as opposed to "written." He used simple and compound sentences with personal references to his audience. They knew he was talking to them, and wanting them to understand exactly what was being said. There could be no mistakes in understanding.

Delivery

A. What was the nature and quality of the speaker's posture, movement, gesture, pronunciation, articulation, voice quality, and use (pitch, rate, force)?

Because the speech itself can give very few hints of any type of delivery the speaker used, it is necessary to depend on observer's reaction to the speaker on the specific occasion and other occasions as well. As Parrish states it is often very difficult to uncover such information.

There are, however, specific descriptions of Secretary Connally's delivery. Some compare him to President Johnson.

He strongly resembles his long time mentor, Johnson. There are the same drawling intonations of speech, the same earthy turns of phrase. Yet his features are finer and his manner smoother than Johnson's; . . . He can charm foes with a wry, knowing smile that flickers as brightly, and briefly as summer lightning."¹¹

Behind the Texas charm and folksy manner, he is considered by some to be also harsh and calculating when he chooses to be. Once while Governor, Connally was in a panel discussion on television. He was described as having "cold eyes and a sulky, self-pitying mouth . . . [the

¹¹"The Rising Star From Texas," Time, October 18, 1971, p. 18.

audience had] the shattering impact of the recognition that, when the Eyes of Texas Are Upon You, you are in serious trouble."¹²

His presence in the room seems to evoke a strong reaction. Perhaps it is his appearance--he is six-foot two, blue-eyed, silver-haired. According to reports even his close friends agree Connally is a vain man concerning his looks. "He believes strongly in appearance--in looking the role of a leader, in looking right for the job and having the right setting."¹³

One New York City banker who was watching Connally at Munich, Germany declared "My God, we have a Treasury Secretary with charisma."¹⁴ This charisma does not, in the case of Munich, seem to stem from charm, but rather from talking in a very strong way to the audience, his appearance at the conference, and his forceful speaking techniques.

Ronnie Dugger in the Atlantic described Connally's delivery in formal speeches. "Talking very quickly, like a boxer feeding a battery of short jabs, he can wind up

¹²Robert Sherrill, "The Rise of John Connally," The Nation, August 7, 1972, p. 72.

¹³"John Connally: Mr. Nixon's No. 2 Man?", Newsweek, August 9, 1971, p. 18.

¹⁴"Connally's Hard Sell Against Inflation," Business World, July 10, 1971, p. 62.

and deliver, as though it were the sockeroo of the evening, the most reverberating nullity."¹⁵

Coming to Munich with these characteristics, he was able to evoke the reaction he was hoping for. He knew how to use the tools of delivery for the best impact.

The adaptability of Connally may go along with the favorite parable of his, discussed in Chapter Two, that ends with the punch line "I can preach it either way."

Apparently Connally choose to speak without the customary nods and winks and told his audience what he felt had to be said.

Although the writer did not hear him at Munich, Germany, from similar speeches, and also others reactions mentioned, these observations can be made: he stands up very erect, using very few gestures, perhaps the only gesture that comes to mind would be to move his hand in a hammering manner that emphasizes each important issue. His pronunciation and articulation are sharp. The slight Texas drawl does not detract from his being understood. His pitch is a little above normal because of the urgency he wanted to convey, the rate fast, slowing only to underline important points, and the force of his speaking would have been next to volatile.

¹⁵Ronnie Dugger, "John Connally: Nixon's New Quarterback," Atlantic, July, 1971, p. 83.

Connally's delivery at Munich left the bankers knowing he was a very capable speaker not only in formulating the content of the speech, but also in selling it to the men who would be most affected by it.

Conclusion

This chapter was designed to present an analysis and evaluation of Mr. John B. Connally's Munich, Germany address which he delivered to the International Banking Conference of the American Bankers Association on May 28, 1971. Mr. Connally's use of the available means of persuasion was examined as far as the content of the speech, the speaker's stylistic devices, and the speaker's delivery. Wayland Parrish's approach to speech criticism was applied to the address in the hope that the writer might discover not only how the speech persuaded the listeners but also the personal persuasion Mr. Connally brought to the speech. Conclusions are pinpointed in the chapter which follows.

CHAPTER V

SUMMARY AND CONCLUSION

Summary

The purpose of the study was to analyze and evaluate Mr. John B. Connally's speech of May 28, 1971, which was delivered to the International Banking Conference of the American Bankers Association in Munich, Germany. In order to analyze the speech properly it was imperative to examine the speaker's early upbringing and view his accomplishments as a political personality and government spokesman. Special consideration was also given to events leading up to the desire by the United States to alter the International Monetary Policies established at Bretton Woods after World War II, in the hope that the historical information would give the writer a better perspective for the speech analysis.

The criteria by which the speech was analyzed was abstracted from Wayland M. Parrish's The Study of Speeches. Parrish notes in this article that "the critic's concern is not with the literal result of the speech, but with the speaker's use of a correct method; not with the speech's effect, but with its effectiveness." Parrish says the critic will discover whether or not the speaker used the available

means of persuasion in the content of the speech, in the speaker's style, and in the speaker's delivery.

This study, therefore, focused on three basic questions raised by Parrish. They are as follows:

1. What was the nature and quality of the content of the speech?
2. What was the nature and quality of the speaker's style?
3. What was the nature and quality of the speaker's delivery?

To aid in the analysis of the content of the speech the writer asked specific questions.

- A. What was the speaker's central thesis? What were the issues with which he dealt?
- B. What was the reasoning used?
- C. What verbal supports in the speech were used?
- D. What motive appeals did the speaker use?
- E. Was the speech organized in general?
- F. Is there evidence in the speech that the speaker possessed persuasive qualities--virtue, intelligence, and good will?

When the writer examined Mr. Connally's speech in light of Mr. Parrish's first criterion, the following discoveries were made about the content of the speech.

An examination of the logical proof indicated that Mr. Connally had three contentions in his basic lines of argument. He developed his argument by deduction, supported by specific instance, statistics, explanation, testimony, and comparison. The facts and inference seemed appropriate to support his contentions, except that he sometimes used unsupported opinions. The logical structure was arranged in such a way as to be understood by the listeners.

The emotional proof was constructed to arouse the emotions of the listener. Fair play, fear, and unity were the major motive appeals used. These appeals and bluntness of the demands caused negative reactions. The curvilinear effect caused the emotional proof to be only partially effective.

John Connally possessed a great deal of ethical appeal before he gave the speech. He is a physically attractive man, an accomplished former governor of a state in America, and he came as a representative of the financial branch of the United States government. Within the speech Connally showed a broad knowledge of the subject matter, a virtue in presenting information, but a problem arose in the evaluation of Connally's expressed good will. His strong language and specific demands tended to overshadow any worthwhile feelings of good will.

Connally used the three-division outline of introduction, discussion, and conclusion. He chose the problem-solution sequence to pattern his discussion, with the explanation of each part using time sequence and a special topical sequence, respectively. The three main divisions are: 1) The United States has had the full responsibility for the economic growth of all the countries in the past; 2) The United States can no longer support the IMF countries because of inner financial problems; and 3) The specific areas to be changed are military support and trading

arrangements. The organization did proceed in a step-by-step manner that appeared clear and concise, which helped in the persuasion of the audience.

The style chosen by John Connally reflected carefully thought out use of the language. He used several rhetorical devices such as imagery, personification, repetition, rhetorical questions, and parallel structure. He spoke in both simple and compound sentences with personal reference to his audience.

Connally seems to be able to adapt his delivery to the type of audience he is addressing. In the case of Munich he talked in a very strong way to the audience, using forceful speaking techniques. His physical appearance also helped evoke a strong persuasive reaction--a charismatic effect. He left the bankers knowing he was a very capable speaker.

Mr. Connally's persuasive qualities were very apparent throughout the speech. The writer believes Connally did use the best form of persuasion except in the use of his forceful language. Connally must have felt the audience and the urgency of the situation warranted firm talk.

All in all, Mr. Connally was an exciting individual to observe. George Christian, Mr. Connally's former speech writer, summarizes his life style:

He [Connally] is a universal man, and he feels restricted when he is forced to spend all his time on one job.¹

Connally is a man who will be in the public view for a long time to come if he chooses to be.

Conclusions

The Parrish criteria for speech evaluation was applied to this speech by John Connally because his criteria offered a comprehensive approach to speech criticism. Parrish's criteria emphasized the modernization of classical rhetoric.

Although the criteria was useful, it did cause problems because the arrangement of the criteria was not in as workable an order as the writer would have liked. Also, the specific words Parrish used in some of his questions needed definition. With these exceptions the criteria could be useful for other critics of persuasive speeches.

After completing the speech evaluation and analysis, the writer would like to recommend that other speeches by John Connally be studied. Perhaps, since Mr. Connally has recently shifted from the Democratic to the Republican party, comparison of his ethical persuasive qualities during these two periods would be rhetorically beneficial.

¹"Rising Star," p. 12.

APPENDIX A

REMARKS OF THE HONORABLE JOHN B. CONNALLY
SECRETARY OF THE TREASURY
AT THE INTERNATIONAL BANKING CONFERENCE
OF THE AMERICAN BANKERS ASSOCIATION
MUNICH, GERMANY, MAY 28, 1971

The opportunity to participate in this monetary conference has been of great value to me. It is a privilege, and I'm greatly honored by the invitation to share some of my thoughts with you at this closing session.

The hospitality of our Bavarian hosts is alone enough to make it worthwhile being here.

But we are here on serious business at a serious time. We are aware of the strains upon the monetary framework upon which we all depend to carry on our international commerce.

These monetary tensions are a warning. Elements of international monetary cooperation, built with so much effort in the postwar period, are being questioned.

There are also questions about the direction of our policies in the United States. I intend to deal with these questions openly and frankly, lest doubts corrode our purposes and our success. Most importantly, we need to recognize that the disturbances on the surface of the exchange markets are only symptomatic of deeper issues of national and international economic policies.

No group is more aware than bankers that our post World War II prosperity has relied on the close integration of the world economy and money markets. We have seen nothing less than an economic revolution, with benefits widely shared.

In our exhilaration over the gains, let us not forget that there are costs. Rapid progress in trade and investment has meant vast changes--changes with an uneven impact. As a result, particular industries and even entire countries face difficult adjustment problems.

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By definition, an allied international economy implies some squeeze on independent national action.

Basic elements of economic and political power, and responsibilities for leadership, have drastically shifted since the main outlines of postwar policy were shaped a generation ago.

We must recognize, respond and adapt to these new realities.

Internal stability and social tranquility are legitimate goals of every society, yours and mine. But along the road there are temptations. It is easy to understand how one country or another can be tempted to shirk its responsibilities to the international community, including the maintenance of monetary order.

A stable monetary order requires nations to know and accept the "rules of the game." But let us not confuse cause and effect. It has been wisely said that money is but a veil. Monetary disturbances could help speed the processes of economic nationalism and disintegration. But we would be unrealistic to anticipate workable monetary solutions for essentially non-monetary problems.

There is no magic that can reconcile incompatible objectives. Money is not a substitute for productive efficiency and competitive strength. It cannot assure fair and equitable trading conditions. The plain danger is that, by expecting too much from the monetary system alone, we may fail to address the underlying need for change in other aspects of our economic life and policies.

What matters most is the spirit and attitude we each bring to this task. Here, I believe we in the United States have a special responsibility to make our approach and intentions crystal clear. I hope I do so.

Our economy is large and rich. We have a high level of trade. Our markets are relatively open. Our currency is a world currency.

Obviously, what we do matters a great deal-- not just to our 200 million citizens, but to others as well. The manner in which we in the United States

pursue our interests is crucial to any effort of the world community to move ahead together in a constructive, cooperative way. What can be expected of the U.S. in the years ahead? That early patriot, Patrick Henry, once shrewdly observed, "I know of no way of judging the future but by the past." If there are those who doubt our basic intentions and motivations, I commend that standard to you. You will find, I believe, our record to be a proud and constructive one, aimed not at dominance but at mutual growth and strength.

Even before the end of World War II--with the cooperation of many, but primarily with American initiative and support--the foundations of the present monetary system were set out at Bretton Woods. Today, only monetary historians may recall that this approach was not adopted without a struggle. An important segment of American opinion favored the so-called "key currency" approach. Arguing essentially that the economic ascendancy of the United States justified enshrining a kind of informal dollar-sterling standard with other currencies assuming a more or less permanent subsidiary role.

But policy-makers embraced another line of thought. It led to the International Monetary Fund--a thoroughly multilateral system, with proportional participation and voting by all members.

The same issue was posed--and answered in the long debate over the introduction of Special Drawing Rights. Again, the United States joined enthusiastically in a deliberate decision to seek a broader, multilateral base for reserve creation, building on the mechanism of the IMF.

I recognize, of course, that the monetary system established at Bretton Woods did not abrogate the reality that the U.S. emerged from World War II as the principal producer of many goods in a war-shattered world. Our allies and former enemies alike lacked the financial resources to buy those goods or rebuild their economies.

Our interests and compassion combined to provide vast resources devoted to reconstruction through the Marshall Plan and otherwise. New trading arrangements were put in place and codified in the General Agreement on Tariffs and Trade.

The competitive recovery of other countries was speeded by a serious [sic] of large devaluations of other currencies in 1949 and thereafter. We came to acquiesce in restrictive practices by many countries. Investments by our industry overseas were strongly encouraged by our tax and other policies. And, as the need for financial assistance tapered off in Europe, we pioneered in assistance to the developing world. At this point, there was a shortage of, and a cry for, the U.S. dollar.

I recite this brief record not to elicit either praise or thanks. My point is simple. We have consistently felt through the years that our basic national interest lies in an outward orientation of economic policy--alert and responsive to the needs of others.

Today:

--The U.S. continues as the major capital exporter;

--We make heavy outlays for defense costs in Europe;

--The aid burden remains large, despite increasing participation by others.

As any nation, it might have been possible for us to redress our payments balance sharply and decisively by turning inward:

--By heavily protecting our markets;

--By sharply cutting our aid, and

--By retreating into a "Fortress America." But we refrained.

Our markets have remained among the most open in the world, in the face of massive increases in imports. We have supported the growth of the Common Market, despite its commercial and economic costs. We led repeated efforts to cut tariffs multilaterally, while continuing to accept the pleas of Japan and the Common Market that major areas of their economies should be shielded from international competition.

I leave it to others to judge whether the policies of the United States for more than the past quarter century have been benign. But I submit they have not been policies of neglect.

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We are now dealing with not one but two problems simultaneously in the interest of the monetary system and, more broadly, a liberal trading order.

I refer first to our underlying deficit--running at \$2 to \$3 billion a year.

The second problem is one of enormous short-term money flows. In a sense, it grows out of the success in achieving broad, fluid, and integrated international capital and money markets throughout the free world. But now we see signs that the child of success is threatening the mother that nurtured it--the system of fixed exchange rates and freely convertible currencies.

Neither of these problems is uniquely American. We must all be concerned with the stability of the system, and the stability of the dollar that is a cornerstone of the system--whether we planned it or not and whether we like it or not.

The relevant issue is not to fix blame for how we got where we are--and then engage in destructive recriminations. We need a more constructive approach. Let us fix national responsibilities to deal with the problem now and in the future--responsibilities that can realistically be met because they are well rooted in present circumstances and present capabilities--not those of the first Postwar decade.

Let us, too, identify and undertake those joint actions necessary to deal with short-term flows--without in the process tearing apart the essential fabric of the system and institutions that serve us all.

Our own responsibilities are clear enough. The largest trading nation and custodian of the reserve currency is properly asked to meet high standards of economic performance. Prosperity and price stability are essential ingredients of that performance.

In the late 1950's and early 1960's we did achieve virtual price stability. Our current account reflected the benefits. I fully recognize that in more recent years our record has been a less happy one.

But the fact is that we had the will and the courage during the past 2-1/2 years to bring our inflation under control by stern fiscal and monetary policies.

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Specifically, we raised taxes, and in 1969 and early 1970 money was tighter and interest rates higher than in any time in the last 100 years.

The domestic cost has been heavy. Excess demand has given way to economic slack, low profits, and unemployment of five million people, more than the entire labor force of the Netherlands, Belgium or Switzerland.

Inflation has been slow to yield--but it is yielding. Now tight money and fiscal restraint have been replaced by ease and stimulation. In the circumstances, is this wrong? I think not. Certainly, it would make little sense to ask for high interest rates in the United States at the expense of more unemployment, and at the same time bless higher rates of interest abroad because other nations believe it is in their interest to use that weapon to combat inflation.

Inflation has contributed to the prolongation of our balance of payments deficit. But it is far from the only factor.

Specifically, we today spend nearly 9 percent of our Gross National Product on defense--nearly \$5 billion of that overseas, much of it in western Europe and Japan. Financing a military shield is a part of the burden of leadership; the responsibilities cannot and should not be cast off. But 25 years after World War II, legitimate questions arise over how the cost of these responsibilities should be allocated among the free world allies who benefit from that shield. The nations of western Europe and Japan are again strong and vigorous, and their capacities to contribute have vastly increased.

I find it an impressive fact, and a depressing fact, that the persistent underlying balance of payments deficit which causes such concern, is more than covered, year in and year out, by our net military expenditures abroad, over and above amounts received from foreign military purchases in the U.S.

A second area where action is plainly overdue lies in trading arrangements. The comfortable assumption that the United States should--in the broader political interests of the free world--be willing to bear disproportionate economic costs does not fit the facts of today. I do not for a moment call into question the worth of a self-confident cohesive, Common Market, a strong Japan, and a progressing, Canada, to the peace and prosperity of the free world community.

The question is only--but the only is important--whether those nations, now more than amply supplied with reserves as well as with productive power, should not now be called upon for fresh initiative in opening their markets to the products of others.

Is it natural or inevitable that fully 30 percent of Japanese exports go to the U. S. market--or do restrictions in Europe help account for the direction of that flow?

After years of income growth averaging more than ten percent, should not the Japanese consumer have free access to the products of the outside world?

Must Canada maintain tariffs on private purchases of U. S. autos at a time when a balance of payments surplus has resulted in a "floating" exchange rate?

Is it right that United States agricultural products find access to the densely populated continent of Europe increasingly limited?

I would suggest that all of these, and more, are proper matters for negotiation and resolution among us on a more equitable basis.

On the side of financial policy, I think we have all become more aware of the limitations placed on coordinated action by domestic policy requirements. Repeated reference has been made in this conference to the difficulties--with the best will in the world--of synchronizing international monetary and fiscal policies. The hard fact is that the business cycle is not uniform from country to country--indeed, it is perhaps fortunate that it is not.

In these circumstances it is still a dream--a worthy dream to be sure, but no more than that--to achieve a common level of interest rates. There are large disparities today--there have been before--and there will be again. If we are not all to take refuge behind a shield of comprehensive exchange controls or split exchange rates, money will move from nation to nation, and often in larger volume and faster than we would like to see.

Here is a clear and present danger to our monetary system. We must reconcile the stability needed to facilitate trade and investment with the flexibility needed to cope with massive flows of funds, actual and potential.

I am convinced the solution cannot be one-dimensional. And I will not now attempt to set forth a finished blueprint for a comprehensive approach.

But two lines of attack seem to me both promising and potentially practical. In combination, they could go a long way.

Flexibility is essential. This requires a certain elasticity in financing. Much has been done already on an ad hoc basis.

In the present situation the U. S. has made clear its willingness to help by absorbing some funds from the Euro-dollar market or elsewhere, recycling these funds to the U. S. before they reach official hands abroad. The recent short-term borrowings of \$3 billion by the Treasury and the Export-Import Bank are a case in point. In specific instances, additional dollar investment outlets tailored to the needs of central banks might have a useful subsidiary role. At the same time, we have a right to anticipate that other central banks will not themselves add to the market supply of dollars by contributing to the multiplication of Eurodollars.

Further exploration of these matters needs, and is receiving, urgent attention. Moreover, in the interest of both equity and financial order, we must ask ourselves whether the Eurodollar market should be accorded a position free of supervision and regulation which we deny to our domestic banking systems.

Secondly, in the light of recent pressures, the question of codifying a degree of additional flexibility with regard to exchange rate practices is clearly relevant. De facto events have brought some elements of flexibility. But I doubt that any of us could be satisfied with the variety of responses to the imperatives of speculative pressures.

The danger is plain. To revert to the use of exchange rates as a supplementary tool of domestic policy is fraught with danger to the essential stability and sustainability of the system as a whole.

As time and events change, we must respond with a recognition of mutual needs and confidence. We all recognize there is no more room for monetary or economic isolation.

It is to our mutual interest to work out the world's monetary problems so that trade and commerce may expand and thus support national needs.

Helpful to the solution of any problem is the understanding that there are necessarily some unalterable positions of any participant. Believing this, I want without arrogance or defiance to make it abundantly clear that the Nixon Administration is dedicated to assuring the integrity, and maintaining the strength of the dollar.

We are not going to devalue.

We are not going to change the price of gold.

We are controlling our inflation. We also are stimulating economic growth at a pace which will not begin new inflation.

So far as other nations are concerned: We fully recognize you are not willing to live with a system dictated by the United States.

But, as you share in the system, we have the right to expect more equitable trading arrangements.

We also expect you to accept the responsibility to share more fully in the cost of defending the free world.

Finally:

No longer does the U. S. economy dominate the free world. No longer can considerations of friendship, or need, or capacity justify the United States carrying so heavy a share of the common burdens.

And, to be perfectly frank, no longer will the American people permit their government to engage in international actions in which the true long-run interests of the U. S. are not just as clearly recognized as those of the nations with which we deal.

And it is with this understanding that I say to you that increased cooperation among us all must play a key role in maintaining a stable monetary system.

You can be assured that we will do our part.

APPENDIX B

Ms. Rita Colbert
Trailer 14--R.R. 1
Charleston, Illinois

Mr. John B. Connally
Secretary of the Treasury
Washington D.C.

Dear Mr. Connally,

I am a graduate student in Speech at Eastern Illinois University and have decided to write my Master's Thesis on an aspect of your public speaking career. Therefore, I am interested in knowing if I might obtain as many of your speeches you have delivered as possible.

In order to complete my study it is imperative that I obtain as many as are available so that I may acquire an accurate random sampling. I understand you will not have them all, but I would appreciate you either sending me as many as you can or advising me as to where else I might obtain them.

As one part of the thesis requires that I write a biographical sketch of you as a speaker, it is necessary for me to research your past speech training and also it would benefit me to know what your philosophy of public speaking is. If there is any information you could send me as to the matters mentioned I would be most interested in them as well.

Thank you for any help you can give me.

Sincerely,

Rita Colbert



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OFFICE OF THE SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

October 12, 1971

Dear Miss Colbert:

Enclosed are copies of Secretary Connally's speeches, testimony and transcripts of other public appearances he has made since taking office as Secretary of the Treasury.

Also enclosed is a biography of the Secretary.

For other speeches, I would suggest you contact the Department of the Navy and the Governor's office in Texas.

We have not yet ascertained whether the Secretary had any formal speech training, but have been in contact with the University of Texas and expect to hear from them soon.

Our Deputy Special Assistant says that if you listen to a recording of one of the Secretary's speeches, you will note that he pauses in the middle of a sentence and begins the next sentence almost immediately. In this way, the listener is forced to pay attention in order to keep up with his train of thought. The Secretary usually sums up at the beginning and makes his main point then, rather than waiting until the end of the speech.

We will be in touch with you again once we hear from the University of Texas.

Sincerely yours,

Miss Eileen Cooper
Office of Public Affairs

Miss Rita Colbert
Trailer No. 14
R. R. 1
Charleston, Illinois

Enclosures - *attached under separate cover*

BIOGRAPHY
JOHN BOWDEN CONNALLY JR.

John Bowden Connally Jr. was sworn in as Secretary of the Treasury February 11, 1971.

He joined Treasury with a background in legal, business, corporate and agricultural affairs; service as Secretary of the Navy; three terms as the Governor of Texas, and a distinguished war record in the Navy.

At the time of his appointment, he was a senior partner of the law firm of Vinson, Elkins, Searls & Connally in Houston, Texas.

Born February 27, 1917, in Floresville, Texas, he is the son of John Bowden Connally and Lela Wright Connally of Floresville. He attended public schools in Floresville and Harlandale (San Antonio). He was graduated from the University of Texas in Austin with the degree of Bachelor of Laws.

Mr. Connally's first assignment in Washington was as secretary to U. S. Representative Lyndon B. Johnson of Texas, in 1939, but he resigned to enter the Navy in February 1941. Commissioned ensign, he rose by October 1945 to lieutenant commander, a rank he held until leaving the Naval Reserve.

He served in the Office of the Chief of Naval Operations and the Office of the Under Secretary of the Navy. In February 1943, he was transferred to North Africa, where he helped to plan the Italian invasions at his post in Algiers.

Later he served in the Pacific aboard the aircraft carriers Essex and Bennington. The Essex won the Presidential Unit Citation.

He was decorated with the Bronze Star Medal with Combat "V" and he was later decorated with the Legion of Merit with Combat "V".

Separated from naval service in January 1946, he helped to organize radio station KVET in Austin, Texas, which he served as Attorney, President and General Manager, 1946-49.

He was administrative assistant to Senator Lyndon B. Johnson in 1949, and a member of the law firm of Powell, Wirtz and Rahaut, in Austin, 1949-52. From 1952 to 1961 he was attorney for Sid W. Richardson and Perry R. Bass, in Fort Worth, active in the management of broadcasting, real estate, retail sales, oil and gas, ranching, manufacturing and investment interests. In 1959, he succeeded Mr. Richardson on the board of the New York Central Railroad.

President John F. Kennedy designated Mr. Connally Secretary of the Navy on December 27, 1960, and he took the oath of office January 25, 1961. Mr. Connally resigned, effective December 20, to run for Governor of Texas.

Governor Connally took office in January 1963 to begin a six-year stay in Austin. In 1964 in winning renomination for a second term, he became the first Texan to receive more than one million votes in a primary election.

On November 22, 1963, Governor Connally was critically wounded while riding with John F. Kennedy when the President was assassinated at Dallas, Texas.

He was elected Chairman of the Caucus of Democratic Governors, June 1964; Chairman of the Southern Governors' Conference, 1964-65; and Chairman of the Interstate Oil Compact Commission in 1965. He was vice chairman of Texas' delegations to the Democratic National Conventions in 1956 and 1960, and delegation chairman in 1964 and 1968.

Before his nomination as Secretary of the Treasury, Mr. Connally was a director of: First City National Bank, Houston; Texas Instruments Incorporated, Dallas; Halliburton Company, Duncan, Oklahoma; General Portland Cement Company, Dallas; Gibraltar Savings Association, Houston; Mid-Texas Communications Systems Incorporated, Killeen, Texas; Houston Chamber of Commerce; Houston Livestock Show and Rodeo; Fort Worth Fat Stock Show and Exposition; Houston Medical Foundation; Texas Research League; South Texas Chamber of Commerce; Texas Heart Institute; and Houston Symphony Society. He also was a trustee of the United States Trust Company, New York, New York, a Commissioner General of the 1968 San Antonio World's Fair, and founder of the Academy of Texas, 1968.

Mr. Connally served on President Nixon's Advisory Council on Executive Organization, 1969-70, was appointed by the President as a member of the Foreign Intelligence Advisory Board, 1970. He is a member of the Houston, the Texas and the American Bar Associations.

He and the former Miss Idanell Brill of Austin were married on December 21, 1940. They have three children: John B. Connally III, 24, a second-year law student at the University of Texas; Mark Connally, 18, a freshman at the University of Texas; and Mrs. Robert (Sharon) Ammann, who lives in Ramstein, Germany, with her husband and two daughters.

February 17, 1971

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