

TRANSCRIPT OF WISCONSIN-MILWAUKEE ORAL HISTORY PROJECT INTERVIEW

Interview with John Gronouski  
Former Tax Commissioner during Nelson and Reynolds Administrations;  
United States Postmaster General

March 28, 1995

Interviewer: Dr. John R. Johannes

Tape Counter

Topic

- 000 - As graduate student at UW, got involved with Horace Wilke in 1945. Wanted to get Robert LaFollette to switch from GOP to Democrats. Left Wisconsin and returned in 1951 to complete doctorate. In 1952, Fairchild asked Lucey to be his campaign manager; he asked Esther Kaplan who could replace him (Lucey) as Democratic Party Executive Director. She recommended Gronouski, who consulted Harold Groves (mentor at UW), who approved. Jim Doyle was Party Chair. The big task was to recruit candidates for elections. Gronouski had also been working in Chicago with a committee of the National Association of Tax Administrators studying railroad utility properties. After four years in Chicago, he completed his Ph.D., after which he went to Wayne State University.
- 185 - Tax Policy. Got involved with Nelson when Joe Nusbaum asked Gronouski to visit with Nelson and quit Wayne University job to apply for job of research director of Wisconsin Tax Department. He did and became executive director of a blue ribbon tax study commission, which Nelson created to avoid doing anything on taxes (Nelson had campaigned against sales tax) before re-election. The commission did its work, but Nelson told Gronouski to stall the final report until after the election. Issues included withholding and sales tax with a credit refund. (Story of the "circuit breaker" approach to property tax relief, dreamed up by Groves and Gronouski.) In second term, Howard Koop, governor's liaison to Tax Office, and Gronouski put together the income tax withholding plan. There was a major impasse between Nelson and legislature over budget, sales tax, and income tax. Gronouski, Koop, and Glenn Pommerening (state legislature) came up with a selective sales tax (10 categories of items) and income tax with withholding. The bill passed very late in the year, requiring Gronouski to decide and define the ten categories for taxation. Horrendous job with lots of lobbying pressure, but no legislators. Task was finished by January 1. Then he had to get out withholding statements and rates. The bill was passed because everyone came to realize that without a sales tax (to win GOP votes) the state would collapse; Nelson was persuasive; and the sales tax was drawn narrowly. Gronouski does not recall any wheeling and dealing; issue was largely decided on the merits via persuasion. The Knowles brothers, especially Bob, were reasonable and important.
- 496 - Nelson as chief legislator was very good, largely due to his powerful and charismatic personality. Nelson was a good speaker and very likable. In U.S. Senate, he got sidetracked and was not as effective as he was as a governor. Extraordinary capacity to persuade, given ideological and partisan constraints. (Pat Lucey was effective with legislature, but differently. Pat developed working majorities, not always the same ones.)
- 530 - Gronouski's differences with Nelson over Lucey. Reynolds and Gronouski sided with Lucey when Nelson wanted to dump him as state party chairman. A matter of personality. Green Bay convention. Gronouski supported Lucey against Nelson's candidate. Lucey won; then Lucey and Reynolds offered to make Nelson's candidate vice president. Jean Lucey and Patty Reynolds jumped on the table and screamed that their husbands were traitors for doing this.
- 572 - Legislators. Nelson had close friends in the legislature in both parties (e.g., Bob Knowles) with whom he worked closely. Gronouski says that the people who "counted" and with whom you could deal were pretty decent people. Walter Hollander was first rate. [End side 1]

- Side two 000 - Billy Fairfield, Nelson's press chief, wanted to make a conservationist out of Nelson by writing speeches. Nelson never gave the speeches, but finally he did; it was successful.
- 075 - Nelson as administrator. He seldom interfered in departmental affairs. Gronouski found file drawer full of names who had never filed income tax forms and pursued and/or prosecuted them .
- 098- He was a good strategist on legislation in terms of timing. And was good on softening up legislators. He could identify what would work in legislature; he could put together a compromise (as, e.g., on sales tax). He along with Gronouski and reporters would go drinking with legislators. -- even after battling all day. This was true in Texas and Washington.
- 201 Nelson was good at picking staff and people to run departments and commissions. Most were good. A few (Harvey Grasse) were weak.. Nelson had good people in his cabinet; he was very good at picking talent.
- 223 - Budgeting: Nelson dominated and was first-rate, as was Reynolds. Nelson used budget as a policy instrument. Gronouski's view is that governors and cabinet members don't administer; they put out fires. The governor sets a tone and direction. Nelson "made" the Department of Administration and put Nusbaum in charge. Created Department on Natural Resources and appointed David Carley to run it.
- 312 - Mayor Meier. Nelson and Lucey tolerated Meier but didn't particularly care for him.
- 320 - John Reynolds. Gronouski was close to Reynolds and helped in his election. Lucey, Reynolds, and Gronouski were the "troika." Reynolds was "the most refreshing politician I've ever met." Koop said Reynolds runs the governor's office as if he had terminal cancer." Story of veto of a bill to authorize use of #2 red dye for Sturgeon Bay cherries. Reynolds introduced a fair housing bill and called a special session of legislature. Gronouski told Reynolds that this was unwise and would alienate Milwaukee legislators. Reynolds responded: "What is the point of being governor if you can't do what you believe is right." He didn't care about re-election if there was an issue he cared about. Reynolds appointed Frank Zeidler to Development Department, and Zeidler did a good job. The only politician Gronouski ever met who was so selfless and wanted to be right at all costs. A "policy wonk," and one of finest men I've ever met." His governorship wasn't very successful. Neither Lucey nor Nelson were that way (decent and selfless); he seemed to go out of his way to offend the legislature.
- 443 - Reynolds was not as good a schmoozer as Nelson. Legislators didn't know Reynolds as well as Nelson or Lucey (Lucey didn't schmooze either, but he was a political pro). Didn't go out of his way to befriend legislature.
- 463 - Sales tax under Reynolds. They proposed an income tax bill to replace sales tax, but GOP killed it because they don't like the income tax. Both Reynolds and Nelson were easy to work with, but Gronouski was closer to Reynolds as a key advisor (a role he hadn't played with Nelson). Close personal friends. Example.: debate between Reynolds and Kuehn on taxes during campaign. When Reynolds was presented with Kuehn's plan, which wasn't much different in terms of progressivity. So Reynolds said, why not adopt Kuehn's? Unlike Reynolds, Nelson and Lucey would count noses before sending something up to the legislature. Lucey told Gronouski that he ran for VP under Anderson because no one else asked him. Gronouski disagreed with university merger plan. Story of town of Hurley. Picked up Cap Times one day and saw headline: "Gronouski to clean up Hurley." Gronouski concocted a method to do so. [End side 2 of tape 1]

## TAPE 2

- Side one: 000 - He took the auditors to Hurley ostensibly to look at sales taxes, and closed down a number of places. Gronouski, Nelson, and Reynolds wanted to tax the beer industry, but the governors didn't give it a moment's thought because of political impossibility. Gronouski opposed conforming Wisconsin income tax to the federal, but three times such bills were passed. Each was vetoed, but Knowles accepted it. The issues were capital gains, property tax deductions, and progressivity.

- 124 - Reynolds and Lucey were sharp students of politics. Gronouski says Reynolds ran as favorite son in 1964 on his own, possibly against the wishes of Lyndon Johnson. Gronouski (then in Washington) told White House that he was campaigning for Reynolds and got a call from White House: Johnson does not want you to return to Wisconsin to campaign for Reynolds. But Johnson personally then told Gronouski to go.
- 188 - Becoming Postmaster General. During 1960 campaign, Sarge Shriver and Lem Billings would plot with Lucey, Gronouski, and Reynolds. On New Years Day, 1961, JFK called Lucey about Gronouski. Later, while in dentist's office, Gronouski was asked to come to Washington to advise Kennedy on IRS attorney. Kennedy was considering him as Internal Revenue Commissioner. Gronouski met with JFK. In the end, Bobby Kennedy had his own candidate (RFK didn't treat Gronouski very nicely) who was appointed. Later, he was told that he would be nominated for postmaster general., but warned not to say anything. When he arrived at a party, Rep. Zablocki announced "here comes postmaster general." Press was there. Gronouski denied it all. Zablocki said the president told him, but didn't tell Nelson, who then got very mad. Went to governor's mansion only to find media present. Lucey told him that President was angry that this broke before he'd had a chance to talk to the various constituencies. Proxmire was on Gronouski's side. Rivalry between Proxmire and Nelson. Long, dramatic story. Poor boy goes to Washington.
- 450 - Years in Washington: "I loved it" but "I hardly saw the family" because of long and hard work. But was glad to go to Poland as ambassador in 1965. Johnson put the pressure on Gronouski to replace Ambassador Cabot who was not very good. Life in Poland was wonderful.
- 510 - Lyndon Johnson. Anecdotes. LBJ was brightest president, always learning from everyone. He knew about every aspect of government. But he had an inferiority complex. Treated Gronouski well.
- 530 - Story of 1966 peace negotiations on Vietnam in Poland (Italian embassy) that led to a formula that Hanoi and U.S. were pleased with. At Christmas, Gronouski was to meet with North Vietnamese officials to discuss the end of the war. [end side 1]
- Side 2: 000 Although scheduled to leave on vacation, he lied and remained in Warsaw. Had to make an appointment with Polish foreign minister, but neither could tell the other, or anyone else, why they wanted to meet. Humorous episode, but meeting was held. Next day he was called back for what would be a very important meeting. That night, however, US bombed Hanoi. Polish foreign minister called off the meeting. Gronouski was angry, and sent wire to State Department, which responded with a statement that the Polish Government is at fault for breaking off the negotiations. Gronouski suggested an alternative and a bombing moratorium near Hanoi during peace negotiations. Washington responded that Gronouski was to read the original to Polish government. He did, and Polish foreign minister exploded. Gronouski returned to Washington (12/23/66), and met with Rusk, McNamara, and Katzenbach, who decided Gronouski was right. Gronouski was to draft telegram from Rusk to Gronouski to show to Polish government. Walt Rostow opposed it, but Rusk disagreed with Rostow, as did Harriman. Gronouski returned to Warsaw that afternoon and rushed to foreign minister, who said he'd do what he could. Two days later, he reported to Gronouski that Hanoi wouldn't budge: it's over. Later Gronouski learned that the bombing hadn't been deliberately chosen for that day. Rather, it was unplanned. The Air Force had a standing order to bomb when the weather cleared up; military commanders were not informed of the peace negotiations, and Washington didn't think it could countermand the order because to do so would leak out.
- 324 LBJ was extraordinary, but he had fatal weaknesses. He made a mistake keeping Kennedy cabinet. Vietnam discussion was dominated by McNamara. George Ball was the primary critic; Gronouski thinks that LBJ really wanted to hear Ball's argument. RFK volunteered to be ambassador to SVN, but LBJ couldn't accept it. At cabinet meetings, Gronouski couldn't dispute Rusk and McNamara on the grounds that he just didn't know enough. LBJ was very upset about the student opposition. Most cabinet officers were loyal, but Wirtz wasn't. Too many retained their loyalty to JFK. Johnson had inferiority complex about them. [end tape two]