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Oral History
With
ROY L. ASH
On
August 4, 1988



Nixon Presidential Materials Staff
National Archives and Records Administration

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Mr. Roy L. Ash

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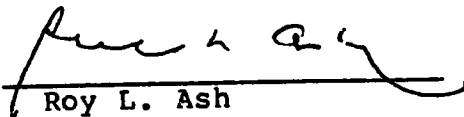
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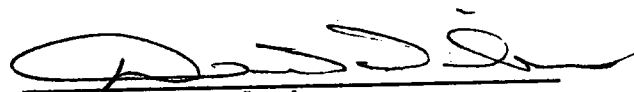
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Oral History Interview with Roy L. Ash
conducted by Frederick J. Graboske
at Ardarra Farm in Middleburg, Virginia
on August 4, 1988

FJG: OK, Mr. Ash, last time we were talking about [the] transition period leading into the Nixon administration. In your interview, you said that you had a number of conversations with Bob [Harry Robbins] Haldeman about management theory. I wonder if you could recall for us a little bit about the substance of those conversations.

RLA: Not very much. Without some prompting, I really can't think of a particular conversation as such.

FJG: Were you discussing the structure of the White House, or was it more the functions of the individual people who would be in the White House? Do you recall that?

RLA: Well, there was some of both. What we discussed, as I recall vaguely, were such things as the need for a domestic policy advisor, which gave rise to the Pat [Daniel Patrick] Moynihan appointment.

FJG: Was that your idea, that you needed a domestic policy advisor? Or was that Mr. Haldeman's?

RLA: I don't remember. I don't remember how that unfolded.

FJG: Did you find yourselves in agreement on that one?

RLA: Well, now I really don't remember very much of the discussions.

FJG: Hm hmm.

RLA: I saw myself.... My recollections run primarily to having the discussions with the President in the first instance. Probably some with Bob Haldeman. And then, squirreling myself away to do

the research that I had to do. Then there was some interaction with Bob Haldeman, and possibly the President, en route, just for further clarification, finally coming out with the final ideas. But I don't remember much between the moment I received the assignment, you might say, and responding after that research, as to what we did in between. Maybe Bob Haldeman has a better recollection of that. I don't have a lot of recollection.

Among other reasons is that there were so many other things to do, during that very brief time at the Pierre [Hotel transition headquarters], that I, and others, were drawn off of even working on that, and worked on the policy issues and the candidates for various appointments. Bob was obviously more involved on those. Yet we all were drawn, to some extent, into that.

In contrast to current times, when President Nixon was elected--and I'm sure it related to earlier [Presidents-elect]--they were required to solicit outside views on the various policy issues of the day, so that they would be able to form their own views. Today, [an] elected candidate is overwhelmed with outside thinking of what he should do. In 1968, outside views were solicited, came into the White House, or, rather, into the Pierre. Nixon set up a group of three people--Arthur Burns, myself, and I've forgotten who else--to go through all of these, and distill the essence of them so that he would have some running start on his own policy formation.

I spent some time on that and also on the various candidates that were being considered. But, I don't remember very much

actually happening on management matters, until the occasion when I met with the Cabinet members to-be, and discussed how the Presidential management process was intended to work. Its basic theme concerned the White House staff functions and how they would relate to the Cabinet Departments. In effect, the message was, that while the Cabinet members would each run their Cabinet Department, and suggest policy, the highest level of policy thinking and making would go on in the White House itself. I wish I could find the notes of that meeting, because I had it all noted out in some degree of detail, but I can't find the notes.

FJG: So, in effect, you told the Cabinet that the White House was going to make the policy, and they were going to execute it.

RLA: Not totally that way, but certainly weighted in that direction. The Cabinet members were going to be contributors to policy thinking, and we wanted them to take the initiative in coming up with ideas about policy. Certainly carrying it out. But that, in the White House, there would be ways of bringing together the differing views of the different Departments, so that there could be one unified Presidential policy view that would become the President's policy. It wasn't to say the Cabinet members had nothing to do. It was to say that, in addition to [them] doing their job, there was, as we saw it at the time, the need for some greater unification of view. This idea was largely drawn from the [Ben] Heineman and other reports of earlier times, which had observed that that was one deficiency that Presidents, one after another, faced.

FJG: Hm hm.

RLA: They had, in the [Lyndon B.] Johnson administration, moved to some degree to cover that need. We were going to continue to do the same, and just wanted to make it clear to the Cabinet people.

FJG: Hm hm. OK. When you were working with Arthur Burns on policy development--Mr. Burns has a reputation as being one of the most conservative of Richard Nixon's advisors. Did you find that to be the case?

RLA: Yes, he was.

FJG: Were you in agreement with those policy choices?

RLA: Well, I don't remember which policy positions we were even dealing with, let alone what conclusions we reached. But I would guess that the consensus among us had a conservative bent. But I don't remember even the issues, or the positions that we took on them. I think we discussed the Family Assistance Program, where between Moynihan and Burns there were diametrically opposite views of what should be done. The President came down more nearly with Moynihan's view, on that.

FJG: Right. That, by the way, has gotten a lot of interest recently, from researchers. That's....

RLA: Well, it's coming back to be a subject of current debate, and the Moynihan views were pretty good on that at that time.

FJG: Exactly. Exactly.

RLA: I think I told you in our earlier phone discussion about a note I received from the President in early 1969: "Here are the views of these two people. What do you think?" Basically, I guess, he saw the difficulty of reconciling these two quite opposing views. He wanted to get some other thinking, and he may well have asked

a number of other people. My position, or response to that, was more nearly Pat Moynihan's—say sixty-five per cent of the way toward Pat, and away from Arthur Burns. Recently I looked around for a copy of my response to the President, but I just can't find it.

FJG: Hm hmn. Did the President solicit your views on other issues from time to time, while you were in California?

RLA: No. After the Inauguration that was really the only policy issue that I contributed to, over and above that earlier work with Arthur Burns at the Pierre, and until his second term beginning in 1973.

FJG: Just to carry your role in policy [formulation] forward a few years, last time we talked about your relationship with Ken [Kenneth R.] Cole and the Domestic Council. Essentially you said that there was a vacuum in domestic policy after [John D.] Ehrlichman's departure, which you filled.

FJG: I was looking through some documents, and lo and behold, I found one dated April 2, 1974. It's a very interesting document because it [refers] to the departure of George Shultz from the administration. It's a memo from you to Al [Alexander M.] Haig. There [are] a couple of talking points here, one of [which] is entitled "Talking Points for Bill [William E.] Simon on Structuring of Economic Affairs." Talking point number nine: "Roy Ash will chair the 8:00 a.m. meeting of the White House economic advisors--which will consist of Herb [Herbert G.] Stein, Peter Flanigan, Bill [William D.] Eberle, John Sawhill, the Cost of Living Council successor, if there is one, and you" (meaning

Bill Simon). And point number twelve: "Ash will have a White House role in economic matters—he will be tasking people on economic projects throughout the Government and we will expect you also to work with him." Point number seventeen: "While there will be no exclusive overall economic spokesman like George Shultz, when there are major Administration economic announcements broader than Treasury, the President, or other top staff in the White House will announce them." My conclusion from that is, you've taken over economic policy.

RLA: For a while, that was the President's tentative planning, but it never really unfolded that way. Economic policy making did change with George Shultz's departure. Up to George Shultz's departure, it was pretty clearly in the hands of George Shultz, Herb Stein, and myself. Then, after that, there were two separate periods. One, until the time that President Nixon was partly diverted to his work on Watergate, the economic Troika continued. Then Ken [(David) Kenneth] Rush arrived.

FJG: Ken Rush came in in May of '74, as Counsellor for economic policy.

RLA: Ken Rush became, basically, the focal point on economic policy. Primarily because Bill Simon and I just weren't able to get along with each other, and the President, needing a solution, brought in his old teacher,...

FJG: That's right.

RLA: ...with whom he'd feel very comfortable. Ken didn't really have much of a background in economics, but nevertheless was pretty effective at keeping these two people working together even

though they were quite opposite in their views on many matters.

Ken Rush came in, and he became, I've forgotten the title...

FJG: He was Counsellor to the President.

RLA: ...Counsellor, and economic policy was his thing.

FJG: Hm hmm.

RLA: And then, let's see, he left--I'm trying to think of when he left.

FJG: I don't know when he left. I would imagine, shortly after the President's resignation.

RLA: That, hm, well, I don't--no, I can't remember exactly how that fit. But Ken Rush came in at that moment largely because Bill Simon and I were at loggerheads over three or four earlier incidents. The President felt he needed both of us, but he didn't want to have these issues unresolved.

FJG: He didn't want to have to resolve it himself.

RLA: So he got Ken Rush to deal with it.

FJG: Would you say Rush was filling the role that Ehrlichman filled between Burns and Moynihan, earlier? Before the establishment of the Domestic Council?

RLA: Well, it might be viewed as a counterpart to that, in some ways, yeah. Although I never thought of it that way. Ken wasn't expected to be a major contributor to economic policy development as such, but he was expected to keep the fires down to a low level and bring unity.

FJG: [Laughter] What were the problems between you and Simon? Were they policy, or was it just a personality clash?

RLA: They were in policy, but they clearly had some personality

aspects to them, as well. When Shultz was leaving, and when Bill Simon had been identified for the job, the President had me come down with him to Key Biscayne on one weekend to help write the job description under which Bill Simon would operate. He didn't want Bill Simon to succeed to George Shultz's full scope of job. So, I went down, and quietly wrote it the way that the President wanted, and the President signed off on it. Bill Simon's expectations had been to assume the full dimensions of George Shultz's job. He found that when he finally made the arrangement with the President to take up the job, it wasn't defined to be that broad.

A week or two later, by some means I don't know, he found out that I'd written the job description [laughter], so he figured it was all my fault. And I'd done what the President asked, but still, Bill found out that I had something to do with the job description. Earlier, we had had a very interesting public contretemps on energy. He was the energy czar preceding his move to Treasury. When he was the energy czar--as the term came to be used--we had a difference as to whether he would be the czar all on his own, or whether he would also work with other offices of Government, including OMB [the Office of Management and Budget], that had their own responsibilities regarding aspects of the energy issue. OMB had such responsibilities and advised the President about Bill Simon's energy policy proposals.

You may find in the record someplace a letter written from the President to Bill Simon, asking him to account for certain positions he had taken on a number of different energy subjects.

"Why do you recommend or think this?" and "Why do you recommend that?" And "How about that?" Bill learned that I'd written that letter, too for the President [laughter]. It was at the President's specific request.

Soon, there came a time when Bill was on "Meet the Press" on Sunday. Joe Laitin, my PR [public relations] guy, was in with the press and was tipped off of what was going to happen in the interview. Bill Simon, according to the way the story goes, had asked the "Meet the Press" people to ask him--Bill Simon--about Ash's involvement in energy. So they asked him. This was just after Bill [William B.] Saxbe had been asked about--he was in Tokyo, or someplace--asked about some other goings on back in Washington. Bill Simon answered the question by paraphrasing a statement that paraphrased a statement that Bill Saxbe had made. Bill Simon said about me (Ash), "Ash should keep his cottonpicking hands out of energy." Bill Saxbe had used that "cottonpicking" term.

Joe Laitin not only knew the question was going to be posed, and he was going to answer it--he didn't know what the answer was going to be, but he knew the question was going to be posed. So, we were watching it very carefully that Sunday morning, knowing the press was going to call--that's the way they do [it]. In thirty minutes or so, the press called, by which time Joe Laitin and I had figured out our answer. And when I talked to the press guys, who repeated, "Bill Simon says, 'Ash should keep his cottonpicking hands out of Treasury'; what do you have to say?", I answered, "I don't pick cotton; I just help run the

plantation." [Laughter] That also got press. So it was that kind of byplay, and there were a few other things.

So, Bill and I didn't get along too well. I contended that the energy crisis, quote, "crisis", needn't have happened. It was a serious problem but the crisis was self created. About a year later, two guys from the Philadelphia Inquirer, received a Pulitzer (or some) Prize for saying the same thing--for exposing, in effect, the fact that the lines that we waited in for gasoline were unnecessary, had we managed it right. So, Bill and I saw things quite differently and we began to depart in our views of each other, and of policy. The President needed a Ken Rush to keep things balanced.

FJG: Who managed the problem in the [Gerald R.] Ford administration? You and Mr. Simon both stayed on into the Ford administration. I think Rush was gone.

RLA: Rush was gone. The problems had cooled down, too. I can't remember at this moment anybody in particular doing that. Our little flare-up had probably moved on. I see Bill Simon from time to time these days, and we get along reasonably well. But at the time we had some differences beginning with energy, and then about his taking the job of George Shultz. Between the two, it was necessary to have Ken Rush step in.

FJG: It's interesting that you talked about that, because I have another memo here, from you to General Haig, dated March 26, 1974. The subject is "Mission: Presidential Management", in the course of which you say, on page two, "...we can accomplish a marked change of the kind of independent behavior which now seems

to be snowballing." Is that an indication that things were really starting to fall apart in the administration, and the Cabinet officers were going their own way?

RLA: There was, yeah. Yes. That was happening. That was when the President began to be preoccupied with other things, and a lot of people were taking advantage of it. That was the time when various people began to think they could do their own thing, to an increasing degree.

FJG: So this would be the Cabinet Secretaries and the agency heads?

RLA: One Cabinet Secretary was given instructions by the President, to take a particular policy position, yet was up on [Capitol] Hill doing just the opposite. I was on the Hill with the President's policy views, and happened to go into the Committee Chairman's office that the Cabinet member had just come out of, and the Committee Chairman said, "Why are you taking this position? 'X' just left—he took the opposite position." The President had told him what his position was, but he had a different agenda, and he figured he could get by with it. This issue involved a pretty heavy debate in the Congress. It was balanced marginally, and when the Committee Chairman could say, as he did, "Secretary 'X' finds this position OK," the President lost the vote.

FJG: Hm hm.

RLA: Again, some people in the administration began to advance their own agendas.

FJG: OK, this was from the Spring of '74 on, would you say?

RLA: Oh, yes, but just when in the spring, I couldn't say.

FJG: Hm hmm. Did you see it as your job, as head of OMB, to try to rein these fellows in?

RLA: I saw it primarily as Al Haig's job. And Al did a very good job, incidentally, of keeping these guys pretty well reined in. I saw mine more as identifying the occasions and requirements, but Al Haig's job [as] doing. Al did a good job of keeping things stuck together, when they could have blown apart. And he did it with a unique style that is only his. He could, and did, on the one hand, put on a four-star General's hat, and beat everybody to a pulp if [they] didn't conform, and then he could be the most convincing salesman in the world, if that was what was needed. And he could move back and forth between these styles, and keep things stuck together. Not without what must have been a lot of trial and tribulation, in for doing so.

FJG: Hm hmm.

RLA: But it was his job, primarily. It was mine to help ring the bells of need, and to identify the particular things that I, at least, thought should be done.

FJG: Did this come to the President's attention, do you know? Or was General Haig pretty much handling this on his own?

RLA: Increasingly, he was pretty well taking it over himself. Nearing the end of the Nixon administration, where the President was involved in his Watergate affairs, Al and I and Henry Kissinger pretty much were responsible for overseeing the sum total of everything, between us.

FJG: Hm hmm.

RLA: That is, at the White House level. Al, though, hasn't yet gotten

the credit that he deserves for keeping the structure held together when it could have fallen apart. As to defections, a lot of people talked about leaving. They didn't want to be identified with what was going on. He convinced many of them to stay, and do their work.

FJG: You had mentioned the last time that he deserved a lot of credit for holding the administration together...

RLA: Yeah.

FJG: ...and that was one of my questions. What did he do? What were you referring to?

RLA: Well, he kept some key people from leaving.

FJG: Were these Cabinet members?

RLA: Yeah. Hm hnm. White House members, too. And kept most people from going too far on their own. Kept a degree of White House unity and control over it all. So that was an important need to have done at that time.

FJG: Yes, I imagine it was very difficult for him, too. These same fellows stayed on into the Ford administration, at least for a bit of time. Was that--was there more unity, rallying around President Ford, when he came in? Or were they still thinking of taking advantage of the situation to pursue their own agendas?

RLA: There was a lot of unity until Ford got his [own] people there. There were still people with their own views, and when President Ford got his own people there, that all began to settle down. Incidentally, I now remember that Ken Rush was succeeded by Bill [L. William] Seidman, who is now at FDIC [Federal Deposit Insurance Corporation].

FJG: Right. OK.

RLA: He took over the Ken Rush function. But until Ford got his own people, there was still pulling and tugging.

FJG: You mean his own White House staff people, like...

RLA: His own White House staff....

FJG: ...like Dick [Richard B.] Cheney, and those?

RLA: Dick Cheney did an equally good job. We've had a succession of pretty good people in that job. Not each and every person, but Dick Cheney did a very good job in that role.

FJG: Hm hnm.

RLA: So, that pretty well settled down the Ford administration, when they came to that point of changing people.

FJG: How long did that take? I know you can't--you're not going to say forty-two days, but roughly?

RLA: Well, let's see. What were the first changes? Ford brought his own White House staff with Don Rumsfeld, then Dick Cheney immediately, as you may remember.

FJG: Right.

RLA: Al Haig left, I don't know how soon, but quite soon.

FJG: Right.

RLA: I'm trying to think of which Cabinet heads came or went, came sooner or came later. Well, I don't remember, but probably over a period of time, he had more or less people with whom he was comfortable. He kept some of the Nixon people through the whole of his term, and kept others for lesser times. I'd say he had three-quarters of his own people within a year. Of course, he didn't have much more time to go, really.

FJG: How would you contrast Ford's style as President with Nixon's?

RLA: Quite different. Both styles can be effective, but they were quite different. I've already described Nixon's style--the manager style, in a way. Ford was a creature of the Congress. The Congress is a collegial body. It's processes are collegial. Ford came into the Presidency with that background, and that background firmly ingrained in his view of how things should be done. He therefore ran the administration in a more collegial fashion, not to the point of anarchy, but taking advantage of the positive aspects of a collegial method of operating.

When an issue would arise, he would attempt to get the views of a number of people given to him directly. He would obviously have in his own mind some weighting that he would give to these different people, and their views.

FJG: Right.

RLA: Then, after applying that weighting he would have a pretty good leg up on what his decision was going to be. So, it was quite a different approach. It was an approach based much more on consensus of those people in whom he had confidence. And I sensed, as I watched it at work, the importance of applying different weights, from subject to subject, to the views of the people whom he consulted. A different style, but then, no less effective than another style.

He personally got into the issues, but in a way that took into account the views of many others, expressed directly to him.

He did one further thing that I don't think any President before or after has ever done, drawing from his Congressional

experience. Each year, as you know, when the President submits his budget, he meets first, on the weekend before the Monday of its submission, with members of the press. A hundred, two hundred people there. A big auditorium was filled, over there in the State Department. The typical procedure had been for the Director of OMB, sometimes accompanied by the Chairman of the Council of Economic Advisors, or Secretary of the Treasury, to present the President's budget and answer questions. That was the usual procedure. In January 1975, when the budget was presented, President Ford was there and personally joined in presenting the budget. In the question and answer follow-up, he dealt with a number of answers himself, and did a masterful job of knowing what was in his budget. He knew. It wasn't some staff work. It was the President's budget, and he dealt with it, including answering a lot of even the technical questions.

FJG: So he had a more detailed knowledge of his budget than President Nixon had of his budgets, would you say?

RLA: He had a much broader knowledge, across the board. President Nixon, as we discussed earlier, knew in depth the main issues. President Ford knew them all--maybe some of them in less depth--but he knew them all. He did a very good job. There must be a transcript of that budget session available.

FJG: I'm sure there is. It would be in the....

RLA: It came out of his many years of Congressional involvement with them. He knew what he was talking about on even the lesser issues.

FJG: Had you spent a lot of time with him in the preparation of that

budget?

RLA: More than with Nixon. He wanted to be involved in a greater number of things. Nixon wanted to be involved in a few truly important matters, and left the rest to me. Ford wanted to be involved in many more. Therefore, I spent more time with him. I would guess, the successive iterations that make up the budget review process by the President, ones that go on in late December and early January, probably involved twice as much time with President Ford as they did with President Nixon.

FJG: In the latter months of the Nixon administration, as you said earlier, you were generally responsible for the domestic policy, as Dr. [Henry A.] Kissinger was for foreign policy, and General Haig was trying to hold it all together.

RLA: Yes, hm hmm.

FJG: How did that change when President Ford came into office? Did you still have that overall responsibility?

RLA: When President Ford came into office, we got more back to the troika-like arrangement of earlier times, as it relates to economic policy. Yet domestic policy, largely social programs, continued to be an OMB led activity. So the two departed little. That's for the time that I was there. I left in January of '75, and how it continued beyond that, I really haven't tracked that closely. But I would think it would have been almost exactly the same. The reason I believe that's the case is that my Deputy in OMB, Paul O'Neill, who had then succeeded Fred [Frederic V.] Malek, succeeded in many respects to my job when I left. It's true that Jim [James T.] Lynn came in to hold the formal role and

title that I had, but the President often worked directly with Paul O'Neill on budget issues. Jim spent more of his time on political type issues. The President developed great confidence in Paul O'Neill, so much so that when I left, he worked directly with him.

FJG: This process had actually started before you left, the President's developing confidence in Mr. O'Neill?

RLA: Yes. I brought him in to virtually all of my sessions with the President, and Paul was more knowledgeable than anybody in the Federal Government, of all Federal programs. Not just in OMB.... He was the repository of all program knowledge! He was very good.

FJG: Yeah, I know. I've been trying to arrange an interview with him, and in my preparation, I went through OMB files, looking for documents with his name on them, and the range of subjects covered in memos, to and from Paul O'Neill, is just staggering.

RLA: He was the most knowledgeable of anybody in the whole of Government. He'd spent a number of years there, but it takes more than that. He was very intelligent, and he worked. His average day was at least twelve hours. So, if you apply a lot of energy with a lot of intelligence over a period of time, you certainly know what's going on.

FJG: Right. He is the only honorary member of the alumni of Ehrlichman's Domestic Council. They meet regularly for lunch in Washington.

RLA: Well, they still get together, hm hmm.

FJG: He's the only non-Domestic Council member whom they invite.

RLA: Yeah, well, he's deserving of it, because....

FJG: He was described to me by one former member of the Domestic Council as "a prince." Speaking of him, personally.

RLA: Yeah.

FJG: Just a hell of a nice guy. As well as being quite competent.

RLA: He was very good. His background was such an unusual one that you would not have expected him to have risen to what he did, and to what he's now doing, for that matter.

FJG: That's right.

RLA: He started at an almost entry-level job in the Veteran's Administration, and worked his way up. When you get on the low rung at the Veteran's Administration, you wonder if you're on a ladder that goes anyplace.

FJG: [Laughter] It's like being in the Archives.

RLA: [Laughter] So, he did extremely well. Had great style. Great intelligence. And tremendous energy.

FJG: Hm hm. Well....

RLA: I made him my Deputy when Fred Malek left. Who, if you read yesterday's paper, is destined to run the RNC [Republican National Committee].

FJG: Yes, yes. In fact, I'll be working for Fred's Deputy, Colin Powell.

RLA: Yeah, Colin Powell was in Los Angeles about a month ago, and we had an interesting little reunion out there.

FJG: It's always amazing to people how many people in the [Ronald W.] Reagan administration had held some position in the Nixon administration.

RLA: That's right. And the press hasn't caught on to that, fully.

They make an issue of all these sleaze stories. They could have another listing of people out of the "disfavored" Nixon administration, and what they're doing now.

FJG: That's right. Exactly. While you were trying to coordinate domestic policy, the chief domestic policy Department is, or was, then called the Department of Health, Education, and Welfare [HEW]...

RLA: Yes.

FJG: ...run by Cap [Caspar W.] Weinberger, who had had your job at OMB.

RLA: That's right.

FJG: Did you have any problems in dealing with Mr. Weinberger?

RLA: No, we didn't, because we had almost nothing that we disagreed about. I've at times described the success that he had at HEW in ways that people don't typically describe successes. He worked awfully hard making sure the Department did nothing--that's an exaggeration, of course. [Laughter] Had to overcome....

FJG: [Laughter] Would you care to explicate that a bit?

RLA: Well, HEW was the location, the institutional location, of a lot of the advocates for bigger and better and more costly social programs, whether or not they bore fruit, at least commensurate with their costs. It was the "throw money at the problem" Department.

FJG: Hm hm.

RLA: Cap worked very hard to see how little money he could throw after the problems, particularly the monies that would be wasted if thrown after them. And he succeeded.

[End side one, cassette one]

[Begin side two, cassette one]

RLA: I don't remember any particular issues. Oh, there was one that came up with Cap Weinberger--I've forgotten really what it was. We had a difference of view, but it wasn't one that we didn't resolve some way. Cap came up with some new initiative, some all-embracing initiative of some kind. It wasn't education. Was it health? I'm not sure. It was turned off by the President. I don't remember really what it was. But, generally, I had no problems with Cap.

FJG: Hm hmm. Was he the source, then, of the impoundment idea?

RLA: I believe so. I'm not sure, but I think it was his idea.

FJG: I know you--I remember you were telling me last time...

RLA: Yeah.

FJG: ...that you came into office, and Ehrlichman left, and you were left hanging with that budget.

RLA: I think it was Cap's idea, but it could have been Cap's plus Ehrlichman, or Cap plus Ehrlichman plus the President.

FJG: Hm hmm.

RLA: I would have guessed that Cap would have initiated it. But that's a guess.

FJG: Hm hmm.

RLA: I guess my first--I'm going to waste a little of your tape here--but my first experience with Cap was, when I took up my job, and he took up his at HEW, I went over to meet with him in his office on some early issue. He had just repanelled his office walls in HEW, and it looked pretty nice. The telephone rang, and he looked around, and we all looked around: "Where's the telephone?" In the

process of repainting the walls, they had left a live telephone in behind the panelled wall! [Laughter] And there was no way to turn it off, or even know its number. [Laughter]

FJG: [Laughter] That's a great story. A great story. On page thirteen of the transcript of our first interview, you said there was a difference between management as an element of budgeting, and budgeting as an element of management. I was wondering if you could expand on that a bit for me.

RLA: I'm trying to find it on page thirteen. I think I can...

FJG: Well, I don't think the exact quote is as important as the concept.

RLA: Oh. Because I don't think I said exactly what you said, is why I raise it.

FJG: OK.

RLA: It wasn't the difference between them; it was my view that budgeting is an element of management, not vice versa. The implicit view of those that structure OMB, by putting management as a parallel function to budgeting, or even a sub-function, is to suggest that management is different than budgeting. Or budgeting is different than management, whichever way you want to say it. But I view budgeting as one of the methods that is used in effective management. That's really the perception that I was trying to convey,...

FJG: Hm hm.

RLA: ...that budgeting is one element of managing. Not something separate...

FJG: Right.

RLA: ...from managing, and vice versa.

FJG: OK. Let me see what questions Ray [archivist Raymond H. Geselbracht] had here for you. Ray has a quote here from Richard Nathan, who says that in Nixon's last year in office, "The predominant pattern was one of domestic policy matters receding in importance as far as the White House was concerned. Considered, if at all, almost entirely in relation to political efforts to stave off impeachment." Would you agree with that statement, or...?

RLA: Well, a lot of the time of the President and some of his staff [was spent on] working on staving off impeachment. But I know of no domestic matter that was resolved in a way that had as its purpose staving off impeachment. Politically resolved--no, I can't think of one, if that's what he had in mind. I don't know what he would have in mind.

FJG: Yeah, I can only imagine that perhaps in shaping domestic policy certain influential Congressmen would have certain positions, and you were to simply go along with their positions in hopes of getting their support, or their vote, as it were.

RLA: Well, I don't know of any domestic ones of that kind, and I doubt if Henry Kissinger would have found any [foreign policy ones]. The most that can be said for that view, is that the Congress thwarted some of the Presidential initiatives, knowing that it was getting an upper hand.

FJG: Hm hrm.

RLA: Not that those initiatives weren't put before the Congress, but they didn't get anyplace. Maybe that's what he had in mind. But

I don't know of any where we deliberately tailored a policy position to its possible effect on the impeachment processes. I wish he would identify some, and....

FJG: I'd heard an interview....

RLA: I really can't think of any. Maybe there were some, but I don't know of any.

FJG: OK. Fine. If you don't know of any, that's fine.

RLA: I can't think of any.

FJG: I heard an interview done with Bill [William E.] Timmons back in 1975, right after he left the Ford administration.

RLA: He would have a good insight into that question.

FJG: Mr. Timmons was asked the effect impeachment had on Congressional relations, and he said, "None." Categorically, "None. They were totally separate." Which is a surprising statement to all of us.

RLA: Well, he may not say that today. I said that at the time, too. We all—that's what we were expected to say. We were still carrying out the party line. [Laughter].

FJG: OK.

RLA: But, in retrospect, everybody can now say things a little differently.

FJG: [Laughter] I have another question here for you. This is on management. It's sort of [a] philosophical question. Should, a priori, the President have the ability to manage his administration in the way a CEO (chief executive officer) manages a corporation?

RLA: Well, it's a philosophical question, rooted even beyond the Constitution. Rooted in what you believe our democracy is

supposed to be, and on that different people will have different views. My own view is that, totally consistent with the democratic concept of broad public participation and of a representative Government, there is still need for a strong executive President. I refer to the language of the Constitution itself, that says, "the President shall take care that the laws be faithfully executed." I take that as my support for a strong Presidency. It doesn't say the Executive Branch; it says the President shall take care. In effect, the Constitution places in the President, as an individual, executive authority.

Now, some would say, that's not very democratic. The President and his Cabinet should, as a collegial body, take care that the laws be faithfully executed...

FJG: Hm hnm, hm hnm.

RLA: ...and do all those other things, that the Executive Branch has to do. I contend that it won't work, and wasn't contemplated that way, and the country is best served by having an executive that does execute. There are still all these circumscribing forces--of the Congress, the electorate, the court system--yet a strong President is a desirable part of a total democracy. That's my view, but not everybody else would sign up to it, and I realize that.

FJG: Hm hnm. OK. Let's get back into PACEO [The President's Advisory Council on Executive Organization]. We deferred that last time to this time, so I feel I should talk to you a little bit about it. How did PACEO come about, and how did you get recruited into it?

RLA: That came about starting at the Pierre Hotel in 1968, when the

aPresident asked me to take the job of OMB, and I said, "I can't right now," for reasons that I gave him, about my family at home...

FJG: Right.

RLA: ...but that "I will continue to work with you on some of these things that we've been talking about here, that is, Presidential management." He said, "OK, let's get that going when the time comes." A few months later, the time had come, and Bob Haldeman called and said, "Let's pick up that idea that we were working on, and start moving, with you forming and leading an outside council to recommend to the President what he should do to fulfill his management functions." So that gave rise to PACEO. I thought about a number of titles for it, and finally came up with that one. I thought of a number of candidates to comprise the council, and came up with the members we had, save only John Connally. That input came from the President through Bob Haldeman, to me, and I invited him to join also. Then we convened, and I defined what I understood the President wanted us to work on. Had two or three discussions with the President to make sure that I was on the track he wanted me to be on.

FJG: What did he tell you? What did he want PACEO to be? Do you recall?

RLA: It was a very general instruction. It wasn't, "Look at the White House staff, look at the Departments and agencies." It was, "Look at how we're running the Executive Branch, we want your best thinking of what we can do to improve it." Nothing was predetermined at all. In fact, he probably was a bit surprised

when we came back, and our first recommendation said, "You've got to start right here at the White House," rather than way out there in the halls of the Departments and agencies [laughter]. I think that surprised him, but he said, "OK."

FJG: Hm hm.

RLA: Then, we had the issue of getting our work funded. We decided (and I'm sure Bob Haldeman had a fair role in this) to use the President's discretionary fund, rather than funds especially appropriated by the Congress, thus allowing our activity to be an element of the President's office, responsible and reporting only to him, rather than to publicly report to the Congress, and all that goes with it.

FJG: Right.

RLA: Convened the group. Got Murray Comarow—and I'm not sure how Murray Comarow came in as the first staff guy [executive director]. I didn't know any staff people around Washington to hire; I'm not sure where Murray came from. He began to put together the staff people, and we got going.

FJG: Hm hm. How did you proceed toward achieving the President's goals? What plan did you evolve?

RLA: First, the staff and the members of the Council, interviewed people across the whole of Government on what they perceived the executive branch management problems to be. We got a stereoscopic view—more than a stereoscopic—we had a hundred eyes looking in,...

FJG: Hm hm.

RLA: ...each having a different perspective.

FJG: Right.

RLA: We took all of that input, and then arrayed it in terms the main issues, and began to sort through what seemed to be the repeating patterns in it all--what seemed to be the most important. We narrowed down this universe of everything to a workable group of ideas to work upon. We had, I would say, fifteen or so definable areas that we thought were important enough to look into and make recommendations about. Then, we put those into three classes of priority and we started working from the top priority down. The top priority was the White House itself.

The way we would operate was to identify, and have under staff work at any one time, two, or three, or four of these fifteen identified management issues. The council would give the staff its preliminary conceptual thinking, then the staff would go to work and develop their information, their thoughts, their alternative ways of dealing with it--what the possibilities were. We would then all meet together with relevent staff. After an iterative process, sometimes over weeks, the combined thinking would begin to be reduced to more final writing. The council members spent a fair amount of time on the written statements. Every written document, I, as chairman, wrote or edited. The council members personally participated in all the final writing. Our reports were not staff documents that we signed. We wrote our documents, and I took a heavy hand in writing the successive drafts. Such a heavy hand that Murray Comarow didn't appreciate it, because it was not the way the typical Government commission runs. The typical Government commission leaves much more

authority in the hands of the staff. Murray told me that, and I told him, "Well, this is not a typical Government commission" [laughter]. He didn't like it, really, and so there came a time when he went elsewhere, and we had Andy [Andrew M.] Rouse, to whom you should also talk, as staff director.

It worked much better from that time on. We worked over our reports in our council, and our members spent a lot of time on them. None of us charged the Government a dollar; we gave two to three days a month, each. We did it all gratis, including a lot of travel costs and time. We had a good staff--whoever put it together, Murray Comarow, or others, I give a lot of credit. Most have gone on to other, more important jobs in Government, and outside. Every one has proven himself; a couple of them are Congressmen; some have gone on to run executive agencies, so our staff has done well.

FJG: So, what you're telling me is, you did not come in with a preconceived idea about what you wanted to do.

RLA: We had lots of interviews at the beginning--across the board--over a hundred people?

FJG: You interviewed people in Government, and outside of Government, as well?

RLA: Both. Mostly inside. Some outside. Yeah, mostly inside. Our reports, and their backup papers, are some place in the Archives.

FJG: They're open. They're open to the public.

RLA: Are they now open? OK.

FJG: We had so many requests for those. There used to be a joke, "Oh, we've got another request for the Ash Council reports." The last

number I heard--this was long before we opened the material--was seventy-eight separate requests from people.

RLA: Hm hmm. Well, then, they're there.

FJG: Hm hmm.

RLA: I guess they include our work papers, too, don't they? Or do they only include our final reports?

FJG: No, whatever files you had, that were left, are there, and are now open.

RLA: Now, they show.... The papers at the beginning were interviews; the results of interviews. That was the start. We did the obvious thing. You start with everything.

FJG: Right.

RLA: Then you have processes of sifting it.

FJG: Right.

RLA: Then you'd line up priorities, and then you'd go to work. Nothing was particularly profound about the way we did it.

FJG: Your background was in industry, Litton Industries.

RLA: Yes.

FJG: Did you feel that the organizing principles employed in industry could be applied to Government?

RLA: The answer is, yes and no. Some principles are sufficiently broad--there are some principles in common at a sufficiently high level of abstraction, that they are applicable. Like, accountability. I don't care how you organize functionally, you ought to organize for accountability. The matching of authority and responsibility. Those kind of principles ought to be in any organization. Yet, when we came down to proposing a particular

organization for the White House, and for the Executive Branch, it departed from any structure that business would use. The two needs are different. The job to be done is different, and one particularly in a different context. It's the context that makes the difference.

Business is properly an hierarchically organized structure. There is a single point of accountability. Within the Executive Branch of government the same principles apply, generally. But the Executive Branch is just one of three branches who are accountable for the whole of Government. Organization needs to reflect that major difference.

FJG: Right.

RLA: That's one of the differences. A second difference is that the Executive Branch of Government is provided by the Congress with the structure with which it must work. In business, the executive structure is one that the chief executive decides he wants. If he doesn't like the one he inherits, he changes it. In the Government, the Congress establishes Executive Branch structure. It says, for example, there shall be a Department of Veterans' Affairs, whether the President wants a Department of Veterans' Affairs or not. Such a new office is now being set up, reporting directly to the President. This President [Ronald W. Reagan] said he wanted it for reasons totally independent of how best to run the Government. So, the structure is imposed on the President. The various Departmental arrangements are, by law, fixed. They're not so in parliamentary systems, but they are in our system. That limits what a President can do to manage his responsibilities,

and also imposes special problems of how to make the Executive Branch work. The President still has to make an imposed organizational structure work.

The Congress also involves itself directly in what a President does. That's certainly different than business. After leaving Government, I went out and talked to business groups--trying to acquaint them with the differences--many of whom thought, and still think, "Why doesn't the Government run like business?" I'm still trying to think of ways to convey its differences. I said, "Imagine your board of directors comprising your customers, your suppliers, your employees, and your competitors. Now, how are you going to run your business?"

[Laughter] In effect, the President has a board of directors of all of them.

FJG: Yes.

RLA: His customers, his suppliers, his employees, and his competitors. He's got a different job than a business executive. It doesn't mean there can't be some fundamentals in common. The placements of authority, responsibility, accountability. The information needs that have to flow, the prioritizing. There are some things that go on at a level of generality that are common. But, the structure just can't be the same.

I and every one of our council members, most of whom were drawn out of business, learned that by examining the reality of the President's job. We all pictured ourselves as President. How would we try to manage the Executive Branch if we were President? That was our perspective. But then, imposed on that was a

Congressionally mandated organizational structure, like the now upcoming Department of Veterans' Affairs. As you may know, in the Department of Veterans' Affairs legislation is the proposal to create another Ash commission. In testifying on that I introduced that idea, and, not totally coincidentally, John Glenn had the same idea. He is a managerial type himself, so we put my testimony and his plans together into one, and that's in the proposed legislation--on the theory that every fifteen or twenty years one should reconsider Executive Branch structure in light of how the Government is operating at that time, and its needs at that time.

FJG: Hm hm.

RLA: So, there are a lot of differences between business and Government, in how one structures and how one organizes. But there are some similarities at the highest level of abstraction.

FJG: In 1946, Peter Drucker, who was, of course, a renowned management expert, wrote in Concept of the Corporation that "any institution has to be organized so as to bring out talents and capacities within the organization; to encourage men to take the initiative, give them a chance to show what they can do, and a scope within which to grow." How would that apply to the Federal Government?

RLA: It's applicable, but in different ways, in the Federal Government than it is in business. It is almost literally applicable in business. In fact, my Litton experience was one of maintaining a highly entrepreneurial environment that was just one step short of anarchy, as we used to say. One of our executives labelled it "controlled anarchy." We had at one time 120,000 employees, yet

no formal organizational chart. Deliberately. Organizational charts tend to focus people's attention on their territorial rights, not on their opportunities to range across the board, if they want to. Of course, it's also necessary to have some degree of control [laughter], or else....

FJG: Right.

RLA: But our "controlled anarchy" at Litton was very consistent with that. In the Congress, everybody's on--more and more, they're on their own. They range widely.

FJG: Right.

RLA: There are not many limits at all on what they do in the Congress. The Executive Branch has considerable limitations. Each Department [is] a controllable unit. Each Department can have, within itself, practices and arrangements so that people can contribute whatever they want to. They can be fairly loose and open. But risk taking is quite a different matter than in business.

The concern I have is that at a President's level of policymaking, the consequences of not having an idea well thought through and the process well controlled can be disastrous. You can't experiment too much at a Presidential level. You'd better really button things down pretty tight, and have a fair amount of redundancy deliberately built in, so the President isn't blind sided by somebody's untested idea, or by undue advocacy. Too great a consequence can flow from doing the wrong thing. In business, if you have a fragmented organization, you may make a mistake here, and you may experiment there, but you try to offset

it even more by successes elsewhere. In Government, by the time matters rise to a President's level, you can't afford that venturesome sort of mentality. The President's public is less forgiving.

In a pure venture capital type environment, you know that up to half of your ideas are going to fail. But you know that the other half are going to more than make up for the half that failed, on a profit basis. Government doesn't get that same credit for the half that fails versus the more than half that succeeds. The scorecard is different.

Within Departments you can probably have a fair amount of enterprise, because that's controllable. It isn't at the President's level. The President can always disassociate himself from somebody that's goofed in a Department, unless it's too big a goof. At the Presidential level, the way to get the creative best out of people, I think, is through structures like the NSC [National Security Council], the Domestic Council, the counterpart economic council [where there is one]—put in those kind of people in those kind of organizations that are most likely to be creative as well as sound thinkers. Those three organizations should contain the high intellect, high imagination, high problem solving, high everything competencies. Others have more operational tasks to do. Not that there can't be ideas flow up from them, there should. There must be many wellsprings of ideas.

So, I don't see that that language, taken literally, applied across the board in Government. The Congress is being terribly imaginative and creative. There's no lack of innovation, freedom

to think, and talk. They're on their own. And that's a source of ideas for the Executive Branch, too. In the Executive Branch Departments, the degree of enterprise varies depending on who's running the Department. I, personally, would expect of lot of innovation in any Department I would run. But at the President's level, tight control is essential. A President can't afford, politically, if not for substantive reasons, the consequence of too much individual enterprise, such as Peter Drucker describes.

FJG: Hm hm.

RLA: I can point out a lot of my mistakes in business, but I also can point out how those were overwhelmed with some other successes. But I wouldn't have been forgiven those mistakes, had I been in Government.

FJG: Would you say that tends to produce a certain conservatism in the White House? A fear of making mistakes?

RLA: It depends on what conservatism means. It means cau--....

FJG: Inaction. Caution.

RLA: It means caution. It means initiatives not only well-thought through, but initiatives that you've fairly well tested, and believe the public will regard as positive, rather than negative. There's a lot of testing, by one means or other. You can't get too far ahead, I guess. Maybe that's conservatism.

FJG: Hm hm.

RLA: Don't get too far ahead, usually. Franklin Roosevelt got ahead, in a way, because he knew the people wanted somebody to lead them at that particular time. They were at a loss to know what to do next. So he filled the vacuum, and they applauded: "It must be

the right thing. Somebody's doing it." But in normal circumstances, you don't have the opportunity to respond to the public's clamor for somebody to lead them to an unknown destination. Most everybody today knows where they want to go. They don't want someone to tell them of a new place; they know where they want to go.

So, there's caution, basically interspersed from time to time with a novel initiative, a major thrust. That's what the people want. Nixon to [the People's Republic of] China is clearly an example. That was thought out, and thought out, and thought out. I wouldn't say it was a gamble. Yet nobody out there was clamoring for it. But the public sure applauded it when it happened.

FJG: How about the Family Assistance Plan [FAP]?

RLA: There was a lot of stirring among the public for doing something. FAP was to be a dramatic resolution of a known and debated problem. It should have gone through at the time; it was OK. But, politics wouldn't let it pass through then--but it's up again.

FJG: Right.

RLA: So, you can do a dramatic thing. A President should do dramatic things--on occasion. But that doesn't mean to act on the spur of the moment or without complete planning. But I would say that a President can't venture or experiment too much. His actions must be deliberate and thought out. He won't be forgiven even unimportant mistakes. He can't offset them. In business, you offset them. It all comes down to the profit or loss at the

bottom. If that comes out OK, you're forgiven most of those things that may have been the losses, or the costs, on the way.

Certainly, there's much to what Peter Drucker says, but there's got to be limits in applying his views to the Presidency. We undertook a dramatic initiative, the President and our advisory council did, that was a bit venturesome. It was to propose a complete reorganization of the Executive Branch into four Super Cabinet [Departments].

FJG: Right.

RLA: In one sense, that was pretty dramatic. Yet it wasn't seen as having a big political cost, if it didn't get very far, because it was all "inside the Beltway," [a Washington issue] as they say.

FJG: Right.

RLA: So there wasn't a big downside. But, it was a deliberate attempt to be dramatic. I would credit a fair part of that proposal to John Connally. In our council debates, we saw its political unworkability, at least in the short term. And the question was, "Shall we just pass it and go on to things that are more doable?", and discussed it with the President. John Connally made a typically "John Connally sales pitch." Incrementalism isn't John Connally's specialty.

FJG: Right.

RLA: John made a very persuasive argument to the President, that "You have nothing to lose, and you may gain, and you'll certainly demonstrate to those in the Congress that you're giving mindful attention to the management dimension of your job" by making this broad proposal. The President signed up right there, saying, "OK,

let's do it." So, a major part of our proposal was to open new thinking about Executive Branch management. It wasn't going to get very far, but it didn't have a downside. It did get attention, and suggested, at least, a constructive effort to try to improve management. The arguments against it were not that it was a dumb and absurd idea. Most people regarded it [as] a pretty good idea, but saw that "you can't get there from here". It was obvious on the face of it as to why. It wasn't in the Congress's interest to organize the Executive Branch that way. So, it couldn't happen, whether or not it was in the interest of the administration.

FJG: Right, right. The only other criticism I've heard of the idea was that insofar as each Cabinet officer is an advocate for his constituency, the lead Cabinet officer in each one of the four categories then becomes not only the advocate for his constituency, but the judge of his own advocacy, vis-a-vis other Departments.

RLA: I think you're talking about another arrangement. In the one we proposed, each Super officer would have direct authority over a number or related Departments. He would be an integrator of those varying advocacy interests. He wouldn't have a Departmental advocacy of his own, except the sum total of those others. When George Washington had only four Cabinet members he could spend time with each of them. They could sit around the Cabinet table and discuss things. But you can't discuss effectively with thirteen.

Business organizations go through cycles, recognizing that

organizational change for change's sake is often itself good at times. Business organizations tend to go from decentralization to centralization, to decentralization, to centralization, partly for change's sake. Partly for the changing times. You improve in some ways, and you lose in others.

FJG: Right.

RLA: In doing so, organizations go from too little control, to too much control, and back and forth.

FJG: Right.

RLA: It's good for an organization to change structure. It's like the farmer plowing the ground deep every few years; he digs up a lot of new worms even as he enriches the soil..

FJG: [Laughter] Right. One of the main results of the Ash Report was the transformation of OMB.

RLA: Yeah.

FJG: Could you talk a little bit about what the role of BOB [the Bureau of the Budget] was, before Richard Nixon, and how it evolved, through the Nixon administration, to your tenure?

RLA: I don't know a lot of what it was before I arrived but it looked like it had become quite narrowly interested in the budget, and even as to the budget, narrowed to less knowledge of policy and overall direction than budgetary processes.

[Interruption]

[End cassette one, side two]

[Begin cassette two, side one]

FJG: OK.

RLA: So, therefore, not being able to draw from my own personal

knowledge, I listened primarily to what others had said--various other commissions that preceded mine. Therefore, most of the thrust of creating OMB was not to affect the budget function, but was to introduce a management function (as I attempted to define in our last discussion)...

FJG: Right.

RLA: ...and, believing that management should be tied closely to the budget function, and dealt with together. As you may know, there had been some proposals to separate management functions from the budget function, and our conclusion was, that they should not be separated. They should be woven together as one. So, the basic thrust of creating OMB was to introduce a management function, and, as we talked last time, it really hasn't done very much, even yet, in that regard. Based on how I define management. It could just as well be called Bureau of the Budget still, to reflect what it's doing.

FJG: Almost a year passed after the time that President Nixon announced his intention of adopting your recommendations, to their actual implementation, as OMB. Was there a reason for the delay?

RLA: I don't think a year. It doesn't seem to me that that was the fact. When were our recommendations, 1970, weren't they?

FJG: Right, and he announced...

RLA: It happened--no, that can't be right.

FJG: You made your recommendations fairly early in 1970, and he actually adopted them publically in the State of the Union message in 1971.

RLA: When did Bob [Robert P.] Mayo leave, and George Shultz come in?

That's when they were changed.

FJG: That was in 1971.

RLA: '71. It could have been waiting for a budget cycle to finish.

FJG: I see.

RLA: In OMB, the budget cycle is very controlling, given the workload, the necessity for concentration, and commitment. Once you get to June, or so, of a year, you're beginning to lock on a course that culminates at the submission of the budget in January of the following year. It's such a tight process that it's very hard to make major changes in OMB, except in the first six calendar months of any year. I don't remember specifically that timing being the case, but I can well see that could have been the case.

A good example, the budget that Cap Weinberger worked on, that had those impoundments in it. I would have been at a complete loss had I stepped into OMB in the middle of the development of that year's budget which started in the preceding August, September, October. Once it gets going, there's a tremendous machine set in motion. You can't get on that machine, going full speed, unless you're there when it takes off [laughter]. So, it could well have been the budget process: "Let's not change things during the budget process." George Shultz came in right at the beginning of the next year's budget, is that when he came in?

FJG: I think so. Perhaps you could explain to future researchers the fact that there are always three different budgets going on at any one time. Which we in the Government know, but I'm not sure that outside researchers are aware of that.

RLA: Right now, where are we? We're in August of 1988, so we're still in Fiscal Year 1988. That one is not finished, and we're spending the monies in that Fiscal Year 1988 budget. In January 1988, we submitted the Fiscal [Year] 1989 budget....

FJG: Just happened to have it with you [laughter]!

RLA: Just happened to have it, and that was submitted in January '88, covering the period beginning October 1st, '88, and running through September 30th, '89. And right now in August, we're cranking up the work, in all the reviews, with all the Departments, that will be incorporated in the Fiscal Year 1990 budget, to be submitted next January. So, there are three budgets at any one time. One being worked off; one going through the Congress for legislation; the third one being prepared for the next year. It's confusing to the public to know that there are three at any one time. It's even confusing sometimes to people working on them...

FJG: Right.

RLA: ...to make sure to keep in mind, which budget are we talking about when we're talking about budgets.

FJG: Right. Did President Nixon regard managerial control of the Federal Departments and agencies to be a substitute for legislation that he could not get from a Democratic controlled Congress?

RLA: Well, I guess it all turns on the use of the word "managerial control" to be a substitute. I'm sure that all Presidents, including President Nixon, believe that within the realm of legislation, there are latitudes, and that Presidents are expected

to live within the legislation, but nevertheless exercise the latitudes that are available to them. To the extent that that means managerial control, I suppose the answer would be, "Yes." How does a President do that? He does it by the knowledge of what's going on. What is it that they plan to do? Therefore, with that knowledge, he can affect what he would have them do.

FJG: For example, what...? Were you given...?

RLA: Again, within legislation, there are latitudes. That is the Executive Branch function, to execute laws consistent with legislation. So the Executive Branch must do considerable interpretation.

FJG: Were you given any instructions on PACEO that you were to develop management initiatives that would not require legislation to implement?

RLA: We were told, "Forget anything about the doability, the legislation. Do what you think is right. We, at the White House, [the President and Bob Haldeman], will take care of the political considerations. You just tell us what you think is right." Now, as we discussed earlier, the Executive Branch is given, by legislation, certain structures, and except for our big recommendation of four Departments, we didn't try to change that. We took that as a given. But basically, the instructions were, "Recommend what you think is right. We'll take care of the politics." That was the instruction we had.

FJG: Bob Haldeman was your contact at the White House?

RLA: Bob Haldeman, mostly, and the President—the two, yeah.

FJG: Hm hmm.

RLA: I'd say our council met, over its time, a dozen times with the President. I met, independently, with Bob Haldeman, another dozen times, or so. That would be about the relationships that we had.

FJG: Hm hhm. When you took over OMB in 1973, it was at the same time as the attempt to institute the Super Cabinet idea. You also put in the new initiatives, requiring the Cabinet to report its proposals to OMB, which you were going to supervise, in effect to how well they were performing. Was there any idea here of the Cabinet being pulled back into the White House decisionmaking process, or were these steps really designed to permit you, and the White House staff, to control the Cabinet?

RLA: Well, the Super Cabinet, as you describe it, wasn't an idea of mine. And it differed substantially from our council's recommendations. I went along with this quite different idea, not because I thought it was a good one, but because I had just arrived, and I wasn't about to come in and, on my first day, object to the plans that Haldeman and Ehrlichman had apparently been working on for some time....

FJG: It seems ultimately the idea was Cap Weinberger's.

RLA: Well, it might have been.

FJG: If I've traced the intellectual genesis of it correctly, because he made....

RLA: Maybe it was his way of giving up his OMB job, and keeping in the White House through that. It could have been. I don't know.

FJG: He had made a similar suggestion to then Governor [Ronald W.] Reagan when they were in California together.

RLA: Hm hhm. It was obvious to me that it couldn't work, and wouldn't

work, and therefore I didn't consider it a particular problem. I'd let it atrophy on its own, as I knew it would, and just kept doing my work. So, I didn't look at it as anything other than a temporary diversion of process, and we'll finally get back to what it should be. So, I went along with it, and Bob and John said, "This is what we want to do. What do you think?" And I said, "Oh, its OK." I said OK, not because I thought it was OK, but because you don't come in on the first day and say, "You guys have got it all wrong [laughter]."

FJG: [Laughter] Well, did you see yourself as, really, being put in a position now, with the new initiatives program, as the overall manager of domestic policy?

RLA: Not as the overall manager of domestic policy. When I first came into the job, I really thought that OMB's role would be the one that I had been a party to as defined in our council recommendations. And the Domestic Council's role would be the one that was also defined that way. Then I soon learned two things. That wasn't what the Domestic Council perceived its role to be, or was doing, and furthermore, my guys in OMB weren't about to let me cut them out of what they were doing. That is, getting heavily involved in domestic policy making. So I immediately joined my troops [laughter].

FJG: [Laughter] Right.

RLA: I decided, might as well get in front of them, if that's where we're going. From that moment forward, we had a heavy hand in domestic policy. Not because it was conceived in our recommendations to be the way to do it, but it was the way it

unfolded.

FJG: Hm hmm. When Cap Weinberger had been in OMB, he was--I'm sure he would have been regarded by his staff as soft on a few issues. The staff opposed the Space Shuttle; Cap was for it, and it went through. He got through the Air and Space Museum, against the resistance of his staff. Were there any soft areas that you had, where your staff--Don [Donald B.] Rice, or somebody--would have said, "You're soft on a few things"?

RLA: Don Rice had gone by the time I got there. He was really a good guy. I have a number of things to do with him on the West Coast these days.

FJG: Would Fred Malek have said you were soft on anything?

RLA: No. I was against the Space Shuttle, too, but it had come and gone by that time. No, I think.... I can only think of one occasion, but I don't remember the subject matter, where I agreed with the staff on some policy recommendation, as Director of OMB, and then disagreed with it, as Assistant to the President. And that raised a few eyebrows of, "How can you do that?" I don't remember what the issue was, it was a domestic one of some sort, but I don't remember what it was. But, except for that, I think either the staff controlled me, or I controlled them. Nevertheless, we came out the same way, on almost everything. We pretty well thought alike. I know of all the meetings I had with the guys, I can't remember a single instance where we had a pro and con debate representing the different personal positions we might have. I do remember debates where there were devil's advocate-type discussions to bring an argument out. I don't

remember a time when a staff member and I would have, and would hold, opposing positions, personally. I probably thought more like all of them, or they like me, than even Cap Weinberger had. I didn't have any pet projects of my own. So, I just can't think of any such occasion.

FJG: Does OMB as an institution always tend to say "No" to budget requests, or to trim budget requests?

RLA: That's always a problem. OMB tends to have an institutional scepticism, a "show me why" sort of view, based on the premise, probably a very valid one, that Department heads generally ask for more than they expect to get. Over time, I found when I was there, over time you can calibrate the different Department heads, and you know which ones ask for even more more, and which ones ask for just a little bit more. But, there is the scepticism that is there. Probably not even justifiable in all cases, but it's inherent in the job.

FJG: Isn't this--wouldn't this just be another brake on any innovative, perhaps rash, action by the administration?

RLA: Yeah, and that's a problem, not to have it a brake on innovation. That's a problem. Innovation--good ideas have to go through. It's so easy to see the down side of everything, prospectively, and conjure up more down sides that are there, than to think of the up sides that go with them. I would hope that the people that serve the President are able to pull through the good ideas. Because the President always needs good ideas.

I can't think of any time where--let's take one individual--where Paul O'Neill would have ever been an inhibitor of a good

idea. He had enough self confidence in himself, which is where it starts, so he didn't need to say no to everybody else to justify himself. And he had enough imagination on his own, to deal with good ideas, and new ideas.

FJG: Let me just ask you a question about the budget process. Did you start with a dollar amount? This year we're going to spend \$265.4 billion dollars, and then carve that up into the various Departments, or did you start with every program and come up with a total and say, "Well, this is too much, and how can we cut it?"

RLA: It's a—the process is changing. The Congressional Budget Act of '74 made some changes as to how the Congress approaches the budget, although OMB was running well ahead of the Congress at the time. Each year, along about July or August, the Departments are given first cut gross target dollars. Those first cut ones are arrived at by an internal process within OMB, that is itself iterative to a degree. It takes, Department by Department, last year's numbers as a base. What are the incremental plusses or minuses that are up for consideration? Totals are arrived at, by Department, and in grand total. That's discussed in light of total fiscal conditions and goals and OMB keeps adjusting both to an approximate balance until it is able to pass out to each Department a gross number target that has the total taken into account, but it isn't yet final at that point. It's the first cut, the first draft.

Departments respond to that: making good cases; not making cases for their views. It goes through a couple of other iterations, in this case working between staffs of the

Departments, and OMB. A couple of rounds of that reaches what the staffs have negotiated, or left open. Each side, if you'd call them sides, reserves those items that they can't resolve at those sessions.

Then there comes the Director's review, which takes place in the late Fall, where the Director himself and the Department heads, and the staff of both sit around the well worn table in the second floor Old Executive Office Building northwest corner, and resolve, Department by Department, all of the issues, that have been either left open, or either the Department Secretary or Director of OMB want to introduce. There, the budget is resolved to a final, final sign-off for each Department, subject to the Department head reserving the right, if he does not find agreement at that meeting, to have a meeting with the Director of OMB and the President, to resolve it. That's basically the process.

FJG: Is there any consideration of how much you get out of Congress, or what Congress will do, with this proposed money?

RLA: The OMB first cut number, and the subsequent ones, all have in mind, or have in sight, the Congressional possibilities, or impossibilities. It's not done unmindful of this reality. That doesn't guarantee it's going to work out that way, but at least those things are in mind. When Cap Weinberger, in the budget I defended, put in those impoundments, he clearly had in mind there would be a major Congressional reaction. He put through them anyway, hoping that something would come of it, if not some real dollars, then at least some symbolism that those programs should be looked at by the Congress the way we're looking at them in the

administration. So, that was in mind, but you can't guarantee anything. You figure it out the best you can, and the administration's coming forth with initiatives, either to spend more money, or to spend less money, are then dealt with by the Congress.

When I was there, and I'm sure before, and I know after, the Congress made various pleas to be a part of this budget preparation process. And we had to say, "Absolutely no. This is the President's budget." And they would make the case of why "It's more likely to go through if we're part of it." The arguments were logical, but our answer was no, based on a very simple observation of reality. What happens in the real politic of it all is if you let the Congress know ahead of time of what you're planning to do of any dramatic nature, especially a program reduction or a change of course, some of those Congressmen [are] going to go out to the press, or some constituency, and turn up so much pressure on the President that he's thrown off his course. Just that was done on the Space Shuttle.

FJG: Right, we talked about that last time. [James C.] Fletcher did it.

RLA: Yeah, how he got the word I don't know, because that came out through the Department. We did have some discussions with our Republicans in the Congress, ahead of time. But not the ones--not this "board of directors" that had on it our competitors.

FJG: Right.

RLA: I went up and met with our party allies on some of the budget plans.

FJG: You talked to the Republican leadership in the House, and the Senate?

RLA: Hm hm.

FJG: How about on the Appropriations Committees, would you talk to those ranking Republican members?

RLA: I think it was leadership mostly, but some with the others.

FJG: Yeah.

RLA: So, we let them in on some of the plans ahead of time, on the basis that we were all in this together, and they wouldn't break confidences. Or, put undue pressure back on the President. We took into account what we thought the reaction would be, but without testing it on the full Congress. I still believe you cannot have a President's budget that is put together jointly with the Congress. You can pick out some particular issues that you can test, one way or another, but you'll never have a budget if you have to negotiate it beforehand. Right now, the Congress is taking months to negotiate what the President sent up. You'd be into the same negotiations, only earlier. You've got to have a process that moves to an end. A budget shouldn't be dead on arrival if it's been done reasonably. That's the poorest budget, one that's thrown out--you can't be that off the mark. We never had that. Ours was considered a serious document, and worked over seriously by the Congress.

FJG: Would you consult with [William E.] Timmons and his staff about what might fly up on the Hill?

RLA: Yeah, yeah. The Congressional Relations people were certainly involved. In fact, they were invited to, and often did,

participate in the Director's review, so that their input would be in there, and that they would know what was coming.

FJG: Hm hhm, hm hhm. When you took over OMB, was there anything that you felt was--perhaps saying "wrong with the agency" is not the correct phrase--anything that you saw that you wanted to change, to put your own mark on?

RLA: Well, it was the fact that the concept of management hadn't been really introduced yet. Management was still seen as dealing with administrative detail, staff administrative detail, more than line managing.

FJG: Had you talked to Shultz and Weinberger about this?

RLA: No, [no]. I didn't talk to them at the time,...

FJG: Yeah.

RLA: ...and didn't talk to them afterwards. Neither, from then till now.

FJG: OK.

RLA: Just picked it up and went. I guess I sensed that talking wouldn't serve any purpose. First, they had gone, so it wouldn't make any difference. And, second, I'm not sure they drew from backgrounds that really would allow them to understand what I had in mind.

FJG: Hm hhm. Did you talk to them while they were still in the positions? After you had issued this report, indicating that management should become an important function of OMB--in fact, the name was changed to OMB, to include management....

RLA: Hm hhm, yeah. I didn't talk to either of them. They were in quite different positions then so I didn't talk to either of them.

FJG: The President was opposed to Congressional attempts to require Congressional confirmation of the Director of OMB, and a few other officers,...

RLA: Yeah.

FJG: ...NSC, CIEP [Council on International Economic Policy], Energy Policy. You were willing to support a compromise, Frank Horton's compromise, which would have required confirmation of OMB Director and Deputy Director.

RLA: The President didn't want that either. I testified against it, but I was for it. But the President said, "Testify against it," so I did. That's what you do in that job. I gave them all the reasons why it was a bad idea; actually, it was a good idea. That's what you're supposed to do.

FJG: Did Horton know you favored his compromise? Had you talked to him about it?

RLA: I don't think so. I don't give away my private positions. Some people do. Some say, "I've been told to say this, but I really think that." I just don't do that. I think, if I'm serving the President, I, with a straight face, serve him.

FJG: By May of 1973, you had the dual role of Director of OMB, and Assistant to the President for Management. Did that mean that you delegated a lot of your OMB duties to your Deputy there, to Fred Malek?

RLA: Fred took over more of the operational running of the OMB. I don't know how that was done between Cap Weinberger, his deputy was [Frank C.] Carlucci.

FJG: Yes.

RLA: ...during all of his term, or just a portion of it?

FJG: During a portion of it.

RLA: Yeah, I don't know who else was. But anyway, I don't know what that was, but I do know that I delegated to Fred a substantial part of the operational running of OMB. I myself dealt primarily with the policy issues that OMB was concerned with, more than the operational running. Its positions on things, not the running of it.

FJG: Well, if you were making policy, then you were making policy with the President. You were meeting with the President...?

RLA: Not always, no. First, OMB needs to have policy positions. Its job is to come up with a position. I concerned myself with what OMB's position was, as a primary role. All Directors can testify to that, too. And then, that position interacted with the Domestic Council, to the extent that it was involved, or NSC, to the extent that it was involved, or economic activity, and the President, and other members of the White House staff. But, it was OMB's policy position that I spent most of my time on. The job is to have one. But Fred did a big part of making OMB an effectively operating organization. Kept it manned with the qualified people that it needed, and all the operational practices that it needed to go on, he really took care of all those.

FJG: The Domestic Council was essentially, according to your report, to be the originator of what the administration's policy was to be, and the OMB was to determine how that policy would be carried out, and how well it was being carried out.

RLA: It never worked that way, as we talked last time.

FJG: Right. According to the theory of it all, the political considerations of any policy would be part of the Domestic Council's purview. And yet, before your tenure, when Charles Colson was in the White House, there was a veritable blizzard of memos from Colson to Haldeman, complaining that the Domestic Council never considered the political considerations. These guys were just considering whether the policy was right or wrong, in principle, and never thought about the politics, and that his (Colson's) shop was going to take care of the political considerations.

RLA: Well, he may have had such an effect, the Domestic Council changed. Or, he was trying to carve himself into that business. I had a sense that the Domestic Council was heavily tuned to the political considerations. Maybe he caused it to be that way.

FJG: Well, when he left, he left his operation to [William P.] Baroody, and those guys were having a contact with...

RLA: Outside, yeah, that's right.

FJG: ...constituent organizations. Did you ever get any input from them about policy?

RLA: Yeah. I had--Baroody would bring in groups of people from the outside, periodically, and when they were there, he would route them around among all of us, and I would meet with them. We would all meet with them. I was also out making speeches and meeting with people around the country, even on energy, which Bill Simon thought was his exclusively.

FJG: Right. Right.

RLA: I used to make a speech that was entitled "A Gallon of Gas, a Loaf

of Bread, and You." [Laughter]

FJG: So, you as Director of OMB were trying to get some political sense in the decision making process.

RLA: Yeah, the.... I guess, given the way you describe it, you could talk about two political senses. One is, the politics of the Congress. Two is, the politics of public interest.

FJG: Right.

RLA: I spent time on the Hill, testifying and getting a feedback through that, and some time among the public. What I would call, I guess, the political considerations. You have to count both of them.

FJG: To what degree did the President participate in the issues discussions during your tenure as Director of OMB?

RLA: Well, we've already discussed how the option paper process operated, which was the major process by which he involved himself in domestic issue decision making.

FJG: Right.

RLA: It didn't involve a discourse among people on the subject; it involved getting our materials to him in writing and then he would take it up that way. A second involvement was the budget process itself, an annual process, where, as I've already indicated, the President picked off important things to be involved in. In the course of the year, in the one annual budget process, there would be possibly twenty major policy matters, that he would be personally involved in. The rest he'd leave up to me to resolve, and those were the less consequential things.

From time to time, an issue would come up around the Cabinet

table that he would put on an agenda. I have in mind such things as some of the HEW initiatives.

FJG: Was there anything you knew he wouldn't be interested in, that you could just go ahead and take care of?

RLA: Yeah, I can't recollect any now, but I know that there were many. They were the small ones that had near zero political implications--one way or the other. There were a zillion such programs. I had a pretty good sense of what he thought about things, and I think he had pretty good confidence that I, working independently, would probably come down about the same way that he would.

The combination of the option paper, which is the running process.... How many option papers were there? Do you have any guess?

FJG: No. There were so many.

RLA: Were there about four a day?

FJG: Just an enormous number of them.

RLA: Six a day? Something.

FJG: Yeah, just a tremendous number, I have no....

RLA: Four, six, eight, something like that, and that mounts up. You have six a day, you have 150, say, a month. You have up, almost two thousand a year. That's a lot...

FJG: Right.

RLA: ...just by six a day, you have almost two thousand a year. But, I guess I'd pick a number of six a day as to option papers. That was the main way of dealing with particular positions on things.

FJG: OK, well, I've taken a lot of your time, and I have one final

question on that same subject. Was President Nixon's policy guidance consistent, or would there be occasional lurches in one direction or another?

RLA: Well, I can't comment on the international ones. Henry Kissinger would be the one to know whether....

FJG: Right. I'm talking about the areas you were involved in.

RLA: Well, I can't think of anywhere where we had a reversal of position. We had evolving ones. Energy is one where policy evolved, because the facts and circumstances, and the information available to us, evolved. That one was one that probably had--I wouldn't call it lurching, but it surely had evolution, with new insight, new information, new understanding. We knew so little, in the White House, when the energy embargo broke, that it took a lot of learning. Herb Stein, who was then chairman of the CEA-- have you heard him discuss how little we knew?

FJG: Yeah.

RLA: His view was that one must meet two qualifications to be an expert on energy: you had to know that Abu Dhabi is a place, and [Muammar] Khadafi is a person and that there are 42 gallons to a barrel.

FJG: Right, I've heard him say that.

RLA: OK. That was about all I knew at the beginning, and we were all of a sudden thrown in the middle of the problem. And everybody was trying to learn and understand fast. In the process, I'm sure our evolution of policy didn't move in a straight line.

FJG: Right. Right.

RLA: But it wasn't because of a switch in philosophy about it. It was

gaining an understanding of what we were dealing with.

FJG: There would be no movement in policy that you could see that relates to Watergate? I think you already said you didn't see any effect of that.

RLA: I didn't see any policy change. I saw things being thwarted on the Hill, slowed down, stopped, not worked on, rejected just....

FJG: Right.

RLA: But I don't know. I wonder who would best know if there was any change. I can't think of a single policy change. In fact, I doubt that there was... It would have to be one that would affect a Senator whose vote was important. That's the way it would have to go.

FJG: Exactly.

RLA: Which Senator wanted what? I'm not sure. I don't think it would have been overt, if it would have been, anyway. There may be somebody.... Bill Timmons is the one we talked earl-....

FJG: Right.

RLA: Bill Timmons can tell you much better than I can.

FJG: Hm hm.

RLA: Not just Bill himself, but Tom Korologos, and Max Friedersdorf. Those three guys.

FJG: OK. Unfortunately, we don't have a very good relationship with Mr. Timmons or Mr. Korologos. They view us as the enemies.

RLA: Why, because they don't want further publicity? Maybe they're on tapes they wish hadn't been made.

FJG: Well, actually, they're not on the tapes that much.

RLA: I would have thought they'd be....

FJG: Mr. Nixon views us as the enemy, and I think Timmons has taken up the cudgels for him.

RLA: I've always thought that Timmons's real worry was the many things that he might have said, not knowing they were being taped, about Senators, and Congressmen, and others, that would bear on his current business. That's all.

FJG: There aren't that many meetings with the President.

RLA: OK. Then I'm wrong because I never heard anything to criticize him for.

FJG: Now, he may think it's on there, I don't know what he thinks is on them. People's perceptions frequently are, if they believe it's the fact, then for them, it is the fact.

RLA: At Bill Timmons's suggestion, I joined with him in signing whatever that legal action thing was to hold up the release of all those documents.

FJG: Yeah, yeah.

RLA: I didn't contribute my proportion to paying the fees for doing it. [Laughter] I figured, he was doing well enough getting my name on it, without any of my money. I didn't worry about what I said on any tape. I know they're OK.

FJG: No, no, it's unfortunate we have that problem with Mr. Nixon. If you've seen him on television, he always talks about most historians being left-wing, and we, of course, are all historians at the Archives. We have this perception on Nixon's part of an institutional antagonism because we are the people who have custody and control of his materials. We only are carrying out the Congress's will in the '74 law, the Presidential Recordings

and Materials Preservation Act. So, we are, institutionally, his adversaries. [It's] just unfortunate that happened.

RLA: Well, he also, I guess, considered Harvard graduates his institutional adversaries....

FJG: The whole Ivy League, but Harvard in particular.

RLA: But I'm one, so.... [Laughter] And I'm one of his most staunch supporters.

[End of interview]