

**Timothy Naftali**

Hi, I'm Tim Naftali, the Director-Designate of the Richard Nixon Presidential Library and Museum. This is June 27, 2007. I'm here with Dr. Ed Harper, for the Richard Nixon Presidential Oral History Program. Dr. Harper, I'm delighted that you are joining us today for this interview.

**Ed Harper**

Thank you, glad to be here.

**Timothy Naftali**

Let's just start at the beginning. How did you come to join the Nixon administration?

**Ed Harper**

Well, I was working for Arthur Doolittle[phonetic sp], a consulting firm here in Washington, doing public policy analysis in different areas, and an old friend of mine from high school days, Bud Krogh, asked me if I'd come over and have lunch with him and John Ehrlichman, and I did. And John said, "Well, when can you join us on the domestic policy staff?" And I said, "How about Friday?" So that's how I came to be on the staff.

**Timothy Naftali**

At --

**Male Speaker**

One second.

**Timothy Naftali**

Put to what it was before, so -- this matters, please.

**Ed Harper**

Sure.

**Timothy Naftali**

Tell us some stories.

**Ed Harper**

Well, why I was there goes back a little before that meeting. When Richard Nixon became President, he appointed Bob Mayo to be Director of the Bureau of the Budget then. And Bob Mayo was a

protégé of David Kennedy's, a banker from Chicago, and it always kind of amazed me that Kennedy just off handedly said to Nixon before the election, said, "Oh, you know, Mr. President, I know a great fellow who would be a terrific director of the Office of Management and Budget for you, Bob Mayo." And Bob Mayo, I'll stipulate, was a great banker, but he was not into public policy and politics. And Nixon became frustrated very early in the administration, saying, "What is this guy doing? What's happening at the Bureau of the Budget that everything just seems to be stopping there? And my political agenda is not moving forward." And so it kind of came to a head around regional commissions, which are economic development commissions called for under the Economic Development Act. And one in specific, the Appalachian Regional Commission, particularly irritated President Nixon, because he saw it as a gigantic boondoggle, having been created by President Kennedy and the Great Society to hand out, basically, free dollars to Democratic politicians in Appalachia. And he said, "What is going on here that the Federal Government is giving away political street money to these office holders? You know, I want somebody who understands this program, what's going on, and I'd like it made right." Well, it just so happened that I'd been working on the issue of economic development, regional commissions, and so I was the first person outside the Bureau of the Budget that John had met who knew anything about the regional commissions. And he said, "Gee, we've got a hambee [phonetic sp] to help us work on this problem."

**Timothy Naftali**

So that's what brought you in. What time -- when was this roughly?

**Ed Harper**

This was in December of 1971.

**Timothy Naftali**

'71.

**Ed Harper**

So the administration had been in place for a number of months.

**Timothy Naftali**

So --

**Male Speaker**

We're just going to have him talk to you a little bit louder, okay?

**Timothy Naftali**

So, you mean '69? The administration comes in in January of '69, so --

**Ed Harper**

Anyway, it was towards the end of the first year, yes.

**Timothy Naftali**

Okay, '69. And that's when you come into the administration.

**Ed Harper**

Right.

**Timothy Naftali**

So it's because you worked on this issue.

**Ed Harper**

Yes, and because I'd worked at the Bureau of the Budget.

**Timothy Naftali**

You entered the administration. Tell us what domestic policy making is like at that point when you come in. How does it work? Because we'll, of course, talk about how it changes. Tell us what it was like then.

**Ed Harper**

At that point it was the star system. Had Daniel Patrick Moynihan, a very charismatic leader, speaker, whom the President was very interested in and very taken with a number of later Senator Moynihan's ideas about what to do about welfare reform and a number of social issues. So that was kind of one nexus of policy making. Another was that of Arthur Burns, a great, you know, Federal Reserve chairman, great economist, for whom the President had tremendous respect. And so these were two nexuses of policy making, and then there was a lot of stuff that fell in between that Moynihan thought, well, maybe he would have his Urban Affairs Council deal with it, HUD issues, for example. And Arthur Burns might see that, well, you know, that's a housing issue, and that's a budget issue. So there was a great deal of confusion in that first year about who's in charge of the staffing of policy issues and identifying the policy issues. And that's where John Ehrlichman came in, as a great organizer, a staff organizer, who could get things done and bring order to the chaos that reigned at that time.

**Timothy Naftali**

Was he already in a position of bringing order to chaos when you arrived, or did it actually happen after you arrived?

**Ed Harper**

Well, he was beginning to, and the Ash Council, which President Nixon put in place fairly early, saw the need, I'm sure spirited in part by the President's thing, you know, what's going on here. And so the

Ash Council set up the framework for the Domestic Policy Council, somewhat analogous to the National Security Council's processes, which I think were well respected and seen as a very orderly process in which to develop alternatives for the President to make decisions about.

**Timothy Naftali**

You arrive. Do you start working on Appalachia at that point?

**Ed Harper**

Start working on the budget and just a whole host of things that -- I worked closely with Martin Anderson, who, you know, had a well known reputation before having arrived in the Nixon administration as a policy analyst, particularly on housing issues and HUD issues. And so we were kind of kindred spirits in being interested in policy analysis. John Price, who'd been working with Dr. Moynihan, was very much interested in the Urban Affairs Council. So, there were just a number of people there who had keen interest in particular policy areas. And, so one of the early projects I got working on was what's happening with the budget, since I'd been at the Bureau of the Budget. And Arthur Burns was very interested in, and the President was, and John Ehrlichman, and said, "All right, you worry about the budget." So as my role evolved over the years, it was to focus on budgeting and long range policy planning for the domestic policy area in the White House.

**Timothy Naftali**

I know one of the areas of concern was programs under OEO. How did you evaluate them? I'm sure that was one of your objectives.

**Ed Harper**

Right, there were a lot of techniques of policy analysis being developed. When I'd worked in the Bureau of the Budget before, I did a major project on the program planning and evaluation system, PPE system system, PPB system [phonetic sp]. Robert McNamara, of Ford Motor fame, brought it to the Pentagon. President Johnson was very much impressed with the analytical techniques. Decide what your objectives are. Decide what the inputs are. Decide what the outputs, the results you want, are, and make sure that you use resources in the most efficient manner possible to get to the clearly stated objectives, a very analytical, reasonable, and certainly now doesn't seem like a particularly revolutionary approach. But it was different because it required a lot of documentation of the background of policy decisions. Alice Rivlin was a great writer and analyst on the subject, then at Brookings, she'd be involved in some of them and, you know, wrote a very good book talking about, well, we'd had model cities and all of these Great Society programs, and they were supposed to be experiments. And they were either poorly conceived experiments that didn't result in an output that you could say, "Well, this is the way to do it. This is the right way to do it," or, "This is really the wrong way to do it," that it just seemed like there's a huge flow of money that went out into the political process. And so the money tweaked the political process, but in terms of delivering better housing, better health, more jobs, it was very ineffectively spent dollars. And so instead of creating better jobs, health, housing, we were promoting one politician or another through the community development programs and many of the other OEO programs.

**Timothy Naftali**

To what extent did you feel there was support from the White House for maintaining OEO?

**Ed Harper**

Well, there was very high-level commitment of personnel. Don Rumsfeld was at OEO. The staff working with Don were a group of outstanding people. I mean, John Wilson, who later became chief economist for the Bank of America. Jim Connors, who had come from one of the big investment banks, was also a very keen analyst. And so these fellows met regularly. I mean, Dick Cheney was part of that group as well, analyzing what was going on with the programs, trying to figure out how to make them better or, if they weren't working, get rid of them and create something new and better.

**Timothy Naftali**

What other parts of the government did you analyze, were you focusing on in that early period?

**Ed Harper**

Well, we spent time analyzing programs at HUD. There was one that I remember that Martin Anderson and I looked at. He called me one day and said, "You got to come in and see this." And so I scurried across the hall, and he said, "You know, HUD has a junk auto program." This is -- the Department of Housing and Urban Development would provide grants to cities, the purpose of which was the city would scour around all the streets, pick up junk autos, and take them off the streets. And, so Martin asked for an analysis of how effective is this program. And, so when I came into his office, there were several big cardboard boxes full of three ring notebooks, four inch three ring notebooks. And we opened the notebooks, and they were full of photographs, eight and a half by 11 photographs. And there's a picture of a junk car sitting on the street, turn the page, no car. That was supposed to prove the effectiveness of the HUD junk auto program. So we felt there was something not quite right here, and so unfortunately, there was a lot more than just the junk auto program that seemed to us to be really a total waste of Federal funds.

**Timothy Naftali**

Did we get any scrap metal out of it?

**Ed Harper**

I don't know.

**Timothy Naftali**

Although it does sound a little like James Q. Wilson's broken window pane theory.

**Ed Harper**

Could be.

**Timothy Naftali**

In other words, you clean up an area and you make it seem safer, and that's a step towards --

**Ed Harper**

Well, I'm sure it was better, but how much is that worth is the next question. Is that the most effective use of resources to do it? And who else could do it?

**Timothy Naftali**

Tell us about some things besides the junk auto program that clearly just were not a good use of Federal resources and you were able to do something about.

**Ed Harper**

Well, I mean, the junk auto program faded away fairly quickly. One of the more intellectually interesting programs was the Economic Development Administration in the Department of Commerce. And this is a program whereby the Economic Development Administration would provide grants to cities to provide infrastructure. For example, building a new sewer. If somebody wanted to locate a plant in a city and there was inadequate streets or sewers or something like that, they could apply to HUD and get a grant, and the sewer would be built. And, so I remember Maury Stans [phonetic sp] was over at Commerce and Rockco Siciliano [phonetic sp] was deputy secretary. He called me up one day and said, "Ed, you got to talk to these guys." And I said, "Great, who are they?" Then he said, "Well, these are the guys who are the number one consultants in the world on plant location, and they're going to tell you how wonderful the EDA program is." And I said, "Rocko, I'd love to talk to them." So they came over and gave me a talk about how important EDA grants were to the location of specific plants. And so they said, "We'll give you an example." I said, "Great, I'd love to hear one." They said, "Out in Oklahoma there's a small town, and it was all set for this company to bring 100 jobs into this town, but they didn't have the sewer capacity. So an EDA grant made it possible for that town to attract this company and bring 100 jobs there." And I said, "Okay, that's interesting." I said, "What would have happened if the town hadn't gotten the grant for the sewer?" He said, "Ah, well, hey, there was another town 15 miles down the road. We just would have recommended they move there." And I said, "Well, geez, how critical is that?" And he said, "Well, I mean, that's the reality of it." I said, "Well, another question. You say 100 jobs created. Where did those people come from? Were they all unemployed? Were they all sitting on park benches?" "Well, no, actually they had jobs, most of them." Well, anyway, you can see where this is going.

**Timothy Naftali**

Absolutely, yes.

**Ed Harper**

And we got into what was called the "multiple job shift analysis." Where did the guys come from who filled the EDA-created jobs? Where did the people come from to fill the jobs that were left by the people that went to the EDA jobs and so forth? So by the time they got into the third layer of it, you really began to have questions in your mind about what is going on. Are we just playing a shell game here, or is there real value being created for the taxpayers?

**Timothy Naftali**

Did the Johnson administration try to establish some metrics for evaluating the effectiveness of these programs? I mean, did you inherit any staff analyses?

**Ed Harper**

Not so much inherited staff analyses, but I would certainly give credit to, particularly to the people in the Bureau of the Budget, who were interested in the program planning and evaluation system. It's a tough system, because it requires people to do a lot of work that otherwise, "Hey, just give me the money, and I'll go do it." And they did a lot of work, exercised a lot of discipline, but it can also run amok. One of the things I did for the Bureau of the Budget in the Johnson administration was a big study of the effectiveness of the program planning and budgeting system, and I interviewed Howard Hjort, H-J-O- R-T, who was the, I guess special assistant to the secretary of agriculture for program planning and evaluation, and it was a wonderful experience. I could sit in Howard's office across the lobby from the secretary's office, and he could turn around and tell me -- this was in the days before computers -- how many county agents there were in Ripley County, Missouri, and what they were doing. I mean, it was marvelous. They had all kinds of data. And so they had terrific data to bolster the case for the USDA programs. So if you believe in the fundamental objectives of the USDA programs, he had all the data and could make the case that they ought to continue. HUD was a different story. HUD had been directed to create a program planning and budgeting system, but HUD didn't have the data, they didn't have the systems to collect information. And I remember talking to the assistant secretary over there for planning and analysis, and the Johnson administration did establish, in most of the agencies, an assistant secretary for planning analysis to at least begin to think about these things.

The guy at HUD said, he said, "I can't explain it to you. Perhaps there was a massive fire that wiped out 200,000 housing units, which wasn't reported in the papers, but we can't make our data add up to the housing stock in America. We just don't know what's wrong with our numbers." And, so those were kind of the extremes of what you saw in analysis. But the exciting thing in the Nixon White House staff on the domestic policy side at the beginning of that administration was there were a lot of young guys, lawyers and analysts from different disciplines, who were keenly interested in policy analysis and really trying to figure out what is the best policy approach for our nation. Because with the Great Society, there were tremendous numbers of programs, but many of them had been, we thought, ineffective, that they'd been a waste of money, or money had been wasted and not achieved the goal. So we felt that this was a gigantic management problem and, if we could better use the resources, some of the laudable goals of the Great Society were much more likely to be achieved. And so this brought the focus of the administration to the categorical grant system, because we thought part of the root of the problem was the Congress saying, "Ah, in our infinite wisdom, we know how to solve this problem. We will have a categorical grant for economic development, and we'll make it specifically for sewer and water programs in towns that meet this profile. And here's who's to get it within the state and local structure." And it didn't always work out that the state and local structure was there, or that the town exactly met that profile. And then they changed the law to make a different categorical grant to slice it more finely and say, "Well, it's fine to have economic development grants for rural areas, but hey, there are urban areas that need it as well." And so you kept seeing more and more narrowly focused, very Washington-directed categorical grant programs, somewhat analogous to today's debate about earmarks is what they were, really. And we kept thinking, "Well, what could we do to improve the delivery of services to the American taxpayers, same dollars, better delivery." And we thought,

"Well, you know what we ought to think about doing," and this was an idea that was brought in -- Dick Nathan for example was one of the early exponents of general revenue sharing, Federal revenue sharing -- the states and localities are close to the people, close to the taxpayers, so they should know what the taxpayers want. And one thing the Federal Government really does a terrific job of is collecting taxes. So we'll collect the taxes, and we'll send it down on a per share basis to state and local governments across the country, and then the taxpayers themselves can decide what's the best way to spend it, rather than having Washington dictate how it'll be done. Because the Congress may have good intentions, but those good intentions have to get translated through regulations and administrative rules before the rubber hits the road. And in that translation process, we thought there was a lot of value lost, a lot of dollars wasted, and, thus, we thought general revenue sharing would be a great advance. And then, you know, we looked at programs in HHS, Transportation, Labor, and HUD, and said, "Well, you know, a lot of these programs, they ought to be folded into a revenue sharing type program." Say, "Well, you know, we've got to make sure the right amount of money goes into those former HUD programs." "All right, we'll collapse the categorical grant programs into block grants." And, so then, same money without the Federal rules. And, you know, I think that had a lasting impact. There's still a lot of those programs around today and people still refer to them. So that was a lot of the exciting intellectual ferment.

**Timothy Naftali**

Let's talk about the political side of that.

**Ed Harper**

Yep.

**Timothy Naftali**

How did you sell it to Congress?

**Ed Harper**

Well, we were fortunate in having a terrific team, legislatively [unintelligible] people, led by Bryce Harlow, who is a great man, or was a great man. He had been on President Eisenhower's staff. He was a gentleman of absolutely unquestioned integrity and a brilliant guy, and he recruited a top-notch team of people to work with him who had tremendous respect on Capitol Hill. And, you know, it was rough, because President Nixon, most of the time, didn't have either house of Congress all of his party, and so there's a lot of dissension. And of course one thing that loomed over everything was the incivility generated by the war in Vietnam, and so everything on the domestic side was made more difficult by the contention and unhappiness of the citizenry about the war in Vietnam. And, so the President was spending a lot of his time trying to figure out how do we get out of this morass, and at the same time, having a vigorous program on the domestic side to move forward on what he saw were very important issues.

**Timothy Naftali**

Did you work on the health insurance issue?

**Ed Harper**

That was not an issue that I worked on in particular. Jim Cavanaugh and Dick Nathan worked on that, and that's a fairly complex issue. And Martin Anderson worked on that as well. And, you know, I --

**Timothy Naftali**

Can you tell us though -- you have written about this, though. Why Dr. Jim Cavanaugh was brought in, there was a reason why they brought him in. Ehrlichman felt he should not be working on this -- he himself should not be working on this issue.

**Ed Harper**

I had not seen that. I mean, John Ehrlichman was a Christian Scientist and felt that maybe people would have more confidence if someone other than a Christian Scientist were working on this particular issue, and so Dr. Jim Cavanaugh was brought in. He's a terrific guy and, you know, has gone on to great success after the administration.

**Timothy Naftali**

I think what some people wouldn't know is that the Nixon administration, President Nixon, spoke about the necessity of some kind of national health program.

**Ed Harper**

Yeah, I mean a lot of people mischaracterized President Nixon, don't really understand him. I mean some people on the staff said, "Well, they just don't realize that Nixon really is a liberal." Well, that might be going too far. But certainly, it is fair to say, if one test of that is being concerned about the environment and specifically doing things about the environment, I mean, President Nixon kicked off all of the environmental issues early on in the administration. Not because he thought, "Gee, this is going to make me politically popular," or because he personally liked it. He didn't. He did it because he thought it was the right thing to do, and that's what people wanted the President of the United States and the government to do.

**Timothy Naftali**

Let me ask you about the effect that John Connally has on domestic policy when he sort of joins the mix.

**Ed Harper**

Right, well, if Pat Moynihan was charismatic, John Connally was clearly a star, and I would say the Ash Council would have vaporized without John Connolly. I remember well that the staff was called to, I think it was the Blue Room, to get a briefing from Roy Ash and the Ash Council about the results of their proposed reorganization of government. And Roy Ash gave his -- I mean, the President said, "Here's Roy Ash, and they've got important things to say," and sat down. And Roy Ash gave his presentation, which I'm sure was a good corporate presentation, and everybody was looking at their watch, saying, "Is this over yet?" And, you know, "This is never going to fly," and, you know, "I'm kind

of bored." And then John Connally got up, stood up, and said, "You know, you guys got to understand what this all about. This is all about politics and making a difference." And he spoke for 15 minutes about how this change in the structure of government was going to have a tremendous influence on how things got done and the effectiveness of our ability to deliver the services to the American taxpayers that they were expecting, demanding, and which they had paid for. And this made all the difference. I mean, the audience went from against to in favor, 100 percent, strictly because of John Connolly. If he hadn't been there, if Roy Ash had said, "Well, that's it," that would have been it. I don't think the Ash Council recommendations would have been moved forward and certainly wouldn't have been passed, and it would have made a big difference.

**Timothy Naftali**

Please explain to us, if you would, the shift -- are we running out of time?

**Male Speaker**

We have one and a half minutes.

**Timothy Naftali**

Okay, please explain to us the shift from Bureau of the Budget to the Office of Management and Budget. What difference did the "M" make in that? I mean, how did adding "Management" change the conception of that bureau?

**Ed Harper**

Well, I think you've framed the question well, to talk about the conception of the bureau, because management has always been something that people have thought about, back from the original Budget Act in the 1920s. Well, I mean, you've just got the budget side of it, what about the management side of it? And, you know, shouldn't we have an office of management as well as an office of budget? The debate continues. In fact, I even saw something last year where a reputable person said, "Well, we ought to have an office of management." Well, you know, it's rare that, in a corporation, you see a separate management department outside of the company. Occasionally you'll have kind of consultants who advise parts of the company. But in government, follow the money. Who has the money? Who has the ability to allocate resources, to allocate personnel slots? That's where the power is. That's where the power is to make a difference in how things are managed. And it's not just moving boxes on an organization chart. It's being able to say, "All right, we're going to have, in the coming year, an additional 500 IRS auditors to make a difference in the collections of the IRS." That has a big impact on management.

**Timothy Naftali**

So we're talking about the "M" word.

**Ed Harper**

Right, management was important, because the whole theme of general revenue sharing, collapsing the categorical grants into block grants, was improving the management of public resources. And, so it

made all the sense in the world to carry that forward into changing the name of the Bureau of the Budget into the Office of Management and Budget.

**Timothy Naftali**

Did John Ehrlichman understand that he was -- well, once this happened, that the director of this office would become a very powerful person in the United States government?

**Ed Harper**

I think he did, and I think that's kind of the beauty of the emphasis on personal relations in this. Because I think that George Schultz and John Ehrlichman had respect for each other. They communicated well, got along well. And John, I don't think, had any problem at all that George would have a senatorial appointment, you know, be confirmed by the Senate, as a Presidential appointee, and that George would be the key power at the top of the policy change outside of the White House. But actually inside the White House, because George had an office in the West Wing early on in OMB days.

**Timothy Naftali**

And Caspar Weinberger?

**Ed Harper**

Yeah, they got along, George, Cap, John, and I all got along fairly well, really. I mean, Cap is a great advocate, and he is an absolutely tenacious guy. And you set him out on an objective and, you know, he'll achieve the objective. And, so when the President set him on trying to do more to get a balanced budget, Cap did a great job on that.

**Timothy Naftali**

In trying to understand domestic --

**Male Speaker**

Hold on a second. We've got somebody talking really loud. [unintelligible]

**Timothy Naftali**

Okay, I was asking you about Ehrlichman's relations with the OMB directors and whether -- what I was driving at was did he see them as a threat? And you felt that the personal dynamics were very positive.

**Ed Harper**

Right, I don't think that he saw them as a threat, nor did the rest of us. And we worked closely with them and, you know, liked them. I mean my first exposure to George Schultz -- I'd never met him, but early on, when I was on the White House staff, the President was going to deliver an address about labor issues. And George was then secretary of labor, came over and we met in Bill Safire's office, and George took his coat off, rolled his sleeves up and sat down, and Bill and I and George sat down and went through editing the speech. So he was very approachable, an easy man to work with, and, you know, just a delightful person.

**Timothy Naftali**

In trying to understand domestic policy making in the Nixon administration, there are some freelancers who play important roles. And I was wondering how someone like Len Garment, you could fit his role -- and you're smiling --

**Ed Harper**

Yes.

**Timothy Naftali**

-- into --

**Ed Harper**

Leonard is one of my favorite people, and he was one of Richard Nixon's favorite people. I don't know if Len told you this, but at the end of the first term, President Nixon asked all of the Presidential appointees to submit their resignations, and Len submitted his and talked to the President and, you know, said, "You know, I really am ready to go back home and quit doing this." And he told me, which I find very believable, that President Nixon said, "You know, Leonard, you can't leave. We need a nice guy like you around here." And I think he really meant it, because Leonard is really a very, very nice person. And I think everybody who worked with him thought that he was bright, intelligent, thoughtful, and a genuinely nice person.

**Timothy Naftali**

How did he get the responsibility for working on Indian matters?

**Ed Harper**

I have no idea, but I must say, early on Leonard and Brad prepared a decision memo for the President, which really impressed me, that any person as busy as the President of the United States would sit down and read, and I think Nixon did. Because I think Len showed me a copy of the book that the President had gone through and marked, which was about a 135-page memo, covering all aspects of the Indian issue. And, so anyway, Len did a great job with the issue.

**Timothy Naftali**

Tell us a little bit about your day. Did you have a staff meeting -- or Ehrlichman have a staff meeting every morning?

**Ed Harper**

Yes.

**Timothy Naftali**

Did you all have subject areas, or did he just divide up things, you know, as things came in and said, "Could you do this? Could you do that?"

**Ed Harper**

Well, usually the 7:30 meeting, the legislative team was always there, and the Domestic Council folks were there when we organized as a Domestic Council. And we would talk about issues, and anybody could bring up any issue that they wanted that was either in their area or something they saw and were concerned about. So it was kind of free flowing, and, you know, I mean, Peter Flanigan was always in the meetings. The President's science advisor was always in the meeting, Ed David. So we all had -- it was a good session.

**Timothy Naftali**

And how did your portfolio change over time?

**Ed Harper**

Well, my portfolio evolved into doing long range planning and budgeting, since they kind of fit together because the budget is a one year but it's, you know, you got to kind of look five years ahead. And then I acquired several staff members, who not only reported to me but, in actuality, served as consultants to the other members of the Domestic Council staff. I mean, for example, Ray Waldmann [phonetic sp] did a lot of work for other members. Vicki Keller [phonetic sp], who came to work for me did work for other members of the Domestic Council staff. And so, you know, we'd kind of prepare the summary statement of what's the outlook for the next couple of years. We'd keep track of the budget, what was happening, and the evolution of various policies. And then when there were large over-arching projects, such as revenue sharing and the block grant program, we would all work together on putting those together.

**Timothy Naftali**

At one point, President Nixon says, "We're all Keynesians." What were the views of budget deficits then? Were we trying to balance the budget, or do we assume that you needed a budget deficit because of the unemployment problem?

**Ed Harper**

The general presumption was that we needed to have a balanced budget, and we worked towards that. I think it was George Schultz, perhaps, who came up with the concept of a full employment budget: that if we were at full employment, this is what our revenues would be and therefore what we should be seeking is to hold expenditures below the level of revenues that we would be receiving if the economy were operating at full employment. So that gave us a little bit of room.

**Timothy Naftali**

Wiggle room. When you were thinking ahead one, two, three years, what did you anticipate for Pentagon budgets? Were you assuming the Vietnam War would be finished by a certain point? Because it must be very hard to do long range budgets when you're fighting a war.

**Ed Harper**

It is, and the Pentagon budget was the Pentagon budget, and even in the Johnson administration, the topic of the peace dividend was raised from time to time in budget plans. Candidly, I thought that was dangerous, if not hallucinogenic candy to bite into, that we'll get there when we get there. And so, you know, we just kind of looked to the five year current services budget, you know, what are the programs now, what are we spending now, what are we doing now, and projecting that into the future. And yes, we wanted to achieve peace, wanted to see that happen, but did not forecast there would be some gigantic peace dividend which would solve all of our budgetary problems.

**Timothy Naftali**

So you basically assumed the same level of spending with some addition for --

**Ed Harper**

Inflation, yeah.

**Timothy Naftali**

During the Nixon administration, the administration decides to index a lot of entitlement programs. Did you anticipate what would happen when you did that, as it would make it very expensive and would make a certain -- a larger percentage of our budget fixed and inflexible over time?

**Ed Harper**

The President was very much involved in that decision. He felt that, in his tenure in the Congress, that the annual adjustment to the Social Security payments was one of the great political footballs, and that every time the issue came up, the Congress couldn't resist the temptation to add more benefits and new benefits. And so he thought that a way to corral the cost would be to index it so that you didn't have to have a debate every year about increasing Social Security payments. In hindsight, he might have second thoughts about that.

**Timothy Naftali**

That's really important, I mean --

**Ed Harper**

Yeah.

**Timothy Naftali**

-- and you would have to deal with this problem 10 years later.

**Ed Harper**

Right, we're dealing with it now.

**Timothy Naftali**

We're dealing with it now. So could we talk a little bit more about the discussions that went on, because this is a big decision. Tell us about it please.

**Ed Harper**

It's a big decision, but I can't recall having sat in the Cabinet Room, discussing it with President Nixon. Perhaps he did with George Schultz and John and others, but, you know, I, at my pay grade anyway, basically I heard that the President was very concerned about this. He felt the best way to control the cost going forward on Social Security was to index it so it was a mechanistically set, rather than a politically set number, that the cost of Social Security would be fair and mechanical, rather than ad hoc and subject to the whimsical political process.

**Timothy Naftali**

When you were doing your long range budget planning, did you assume we'd have wage and price controls?

**Ed Harper**

No.

**Timothy Naftali**

From your level, what do you remember of the discussion or debate over wage and price controls?

**Ed Harper**

I was somewhat surprised, as was most everybody else, I think, that the economists who had the great stake in the game -- I think some of them were pretty surprised by the decision. And, you know, a dozen years later when we were talking at 16 percent interest rates, people were saying, "Well, now, what was the interest rate when wage and price controls were imposed? It was, what, four percent, five percent, six percent maybe? And we're at 16 per cent now, and we're not imposing wage." So you know, I think in retrospect a lot of people say, "Well, you know, that was a surprise, that a conservative

President like Richard Nixon would have done that." And maybe we weren't harmed by it any more than we might have been, but it probably wasn't a good idea.

**Timothy Naftali**

Well, I wanted to ask you about the role of politics in some of these decisions. Because we talked about the analysis, which is cool cost benefit analysis. But you mentioned that President Nixon was a little uncomfortable with Robert Mayo because he was undertaking these analyses without thinking about the political context. How did the political context enter into the Domestic Council discussions?

**Ed Harper**

Well, you know, Robert Mayo was a fine fellow, but he was not a leading exponent of policy analysis, per se. I would say he was more kind of business as usual, let's grind out the budgets, get those done, if it looks like wasteful spending, let's cut it. But the political analysis, as done by the Domestic Council, was more that, you know, we talked with the Cabinet secretaries, talked with other political appointees, and talked about the political dynamics of decisions as well as the purely objective, analytical dimensions of it.

**Timothy Naftali**

Let's talk about a few of those political appointees and what you remember about them, giving us some character sketches. Tell us a bit about George Romney.

**Ed Harper**

Romney was a very interesting guy. He, you know, wasn't entirely happy that we were making a block grant out of a lot of the categorical grant programs. He, as many Cabinet secretaries did, and for some it was more important than others, was not fully appreciative of the differences between budgetary outlays and budget authority. And in some cases, it looks easy to say, "Let's get rid of budget authority. We'll have a big cut. We can cut a billion dollars in urban renewal out of budget authority." Because budget authority you haven't spent, it's not cash. But it is the authority to move the program forward. And so, kind of depending on where you sit, you can say, "Gee, it would be terrible to make a big cut in budget authority because you're shutting down the program." Or if you're cutting down the outlays for next year, you don't have the cash to pay out. So anyway, Secretary Romney, when we were trying to balance the budget, we sometimes got into discussions whereby there was confusion. Let's say at HUD, were we talking authority or outlays or what were we talking about in terms of trying to balance the budget, and the professional staff usually stayed on top of that, but the political staff above them sometimes was not entirely clear on which was which.

**Timothy Naftali**

Tell us about Robert Finch.

**Ed Harper**

Very nice man from California, he was a political advisor to President Nixon, friend from California. He had worked in -- I forgot it was still HEW or what it was at the time. And, you know, he just kind of got burned out on that, came over and was an advisor at the White House and then went back to California.

**Timothy Naftali**

John Volpe?

**Ed Harper**

John Volpe was a very interesting guy, kind of a tiger, and, you know, came from Boston, the construction business. And he liked transportation, he knew how to build things, and, you know, was a good, aggressive secretary of transportation, and very interested in the Vatican Catholic Church. So he was very pleased to get the appointment to the Vatican.

**Timothy Naftali**

Do you recall the debate over the SST at all?

**Ed Harper**

A little bit, yeah.

**Timothy Naftali**

Could you tell us a little something about that?

**Ed Harper**

The President liked the SST. The President liked technology. He's not the only President who's a great believer in Yankee ingenuity being able to solve most things. And along the way, he met a guy named Bill -- his name, I had it a minute ago -- who was a test pilot, who was very much interested in the SST, and brought him on board at the White House to help sell the SST. Because the President believed in the SST as being critical to the future of American superiority in aircraft manufacture, with, also, defense and security dimensions to it. And so he was an enthusiastic supporter of the SST.

**Timothy Naftali**

What about the space shuttle?

**Ed Harper**

The space shuttle, my impression, was more a compromise. I didn't get the sense -- I mean, we had a new technologies initiative in the Nixon administration, which Don Rice, George Schultz, and I worked on. And we got suggestions from all across the country of what are the new technologies that government ought to be supporting. They're kind of basic research. They aren't things that corporations will pick up and do for themselves, but could make a difference going forward. And so,

we had one whole corridor in OMB filled with file cabinets of submittals from people across the land urging Federal support for this or that research initiative. And Don Rice, one of the assistant directors of, by then, the Office of Management and Budget, headed up the project. And so, the SST was kind of in that background of that, President Nixon's romance with technology.

**Timothy Naftali**

What about the moon landing --

**Ed Harper**

Bill Magruder [phonetic sp] I think was his name.

**Timothy Naftali**

Oh, what about the moon landings? Why did we stop financing them? We decided to cut them.

**Ed Harper**

Well, the shuttle and the spaceships and moon landings were a big topic in OMB, because the relative costs of these things -- I mean, it is not cheap to land a man on the moon and bring him back. And the shuttle was seen as a way to save money, that okay, we're going to have a space station because all the scientists want one, and now what kind of a vehicle do we use to get back and forth. And so there, you know, there were billions of dollars involved in these decisions, and it was a very big deal. And, you know, Jim Begs [phonetic sp] and the others were important in trying to refine and work their way through those decisions.

**Timothy Naftali**

Let's talk a little bit about revenue for a moment. There was a debate over the surtax from President Nixon.

**Ed Harper**

Yeah.

**Timothy Naftali**

What were the politics of taxes then? I mean, they'd become quite different later.

**Ed Harper**

Yeah, I think the watershed on tax cuts was really with Ronald Reagan rather than with Richard Nixon. We were against raising taxes, but still, it was always viewed as an open option, it was never off the table, as it was in the Reagan administration. And there was reluctance to do it, as that was kind of the last possible alternative, but it was there.

**Timothy Naftali**

One subject that you work on in 1972 is bussing. How were you assigned that particular portfolio?

**Ed Harper**

Well actually, Bud Krogh, Ed Morgan, and the group did bussing issues, and I really was not much involved in that.

**Timothy Naftali**

We have a few documents that you wrote, at least signed, where you are providing some advice to the President, or at least to John Ehrlichman about bussing, and suggesting that the President actually not make an issue of it.

**Ed Harper**

I can't claim any recollection of it at all.

**Timothy Naftali**

Okay, well, tell me about the climate in the White House, 1971. You've mentioned Bud Krogh, and we've interviewed him. Well, perhaps I'll go back to 1970, and we'll move to 1971. Talk about the context of Vietnam. Where were you when Kent State happened?

**Ed Harper**

I don't remember the date specifically, but, you know, I think in the White House at the time, on the White House staff.

**Timothy Naftali**

How did the rising opposition to the war affect the climate in the White House, or did it at all, you know, from your vantage point?

**Ed Harper**

It was a period in the country where there was tremendous lack of civility in the discussion of public policy issues. It was very hard to have a debate about a public policy issue and, you know, mention Richard Nixon's name or the Federal Government at all, just because people were so hostile with respect to Vietnam. And you know, I think it's a great thing that we haven't gotten back into that kind of mode again. But tremendous hostility and, you know, I think tainted everything.

**Timothy Naftali**

Do you remember the Pentagon Papers issue? And, again, did it have a visible effect where you were on the climate in the White House?

**Ed Harper**

Only to the extent that, in terms of where I was in the White House, where that there were some people involved in the White House who were allegedly involved with the Pentagon Papers in one way or another, it just heightened the concerns about security. I mean, I think it is very hard for people to imagine today -- I mean, you were probably around in that period of time -- that, you know, people would be bombing the United States Capitol. The level of hostility and violence vis-à-vis the government had reached levels that people couldn't imagine. And this was certainly not the 1950s, where there was still recollection of a united front against the Nazis and against the empire of Japan, and we were in the afterglow of that when Korea came up and we were united with the United Nations, and we were seen as one nation fighting a common enemy. It was the situation in the 1960s, where there was such tremendous domestic hostility and giant displays of civil disorder, that, you know, you really wondered about what the future of the country is and who is on which side in these issues.

**Timothy Naftali**

Would you like to change tapes?

**Male Speaker**

I still have four minutes, but I can change it.

**Timothy Naftali**

No, four minutes, that's fine. I wanted to ask, did you do any work on agricultural issues? Because we interviewed Earl Buds [phonetic sp], Butz, and it's very interesting to see that Buds Butz was chosen in order to end subsidies to some farmers, but at the same time, the administration wanted to maintain protection of textile production so that cotton was protected. And I was wondering if you would remember sort of the politics of how some farmers were protected, and others were going to face the free market.

**Ed Harper**

You know, one of the hesitations I have on this is the issue of the politics of agriculture is a theme that goes through the last 100 years, if not 50 years, and so peanut farmers are important one time, wheat farmers, corn farmers, and textiles. So I'm not sure that I can sort out from my memory exactly what happened when. I mean, it does come to mind that Harry Dent of South Carolina was a very important guy advising around the White House in President Nixon's time. And I have no doubt that Harry knew the concerns of South Carolinians with respect to textiles. And that was an important trade issue, and trade -- here I'm speculating -- President Nixon was very interested in international affairs and in trade, and textiles were a very important trade issue.

**Timothy Naftali**

To what extent, if at all, did the Southern strategy affect the Domestic Council's decisions, those that you saw?

**Ed Harper**

I can't say that it affected it tremendously. I mean, I think there was an awareness of the Southern strategy, and, you know, we'd all read the papers, read the books, but I don't recall it specifically coming up in any discussion that we've got to do this or we've got to do that because South Carolina or Tennessee or Georgia hangs in the balance on this particular issue.

**Timothy Naftali**

The Super Cabinet would happen after you leave.

**Ed Harper**

Yeah.

**Timothy Naftali**

But before the Super Cabinet, there was an effort to create these larger departments.

**Ed Harper**

Right.

**Timothy Naftali**

Could you explain the reasoning behind that?

**Ed Harper**

Well, the reasoning was getting back to management of government. How many direct reports should the President have? I've forgotten the number, but, you know, I think we're back up to right now where the President has about 15 direct reports on paper, and then others who are in the mix that don't show up in formal reports. And the point was that there were some very talented people like Jim Lyndn [phonetic sp], who were effective executives who could handle a broader span of control, and that might be a sensible thing to do. Those ideas are still kicking around, about super departments, about combining HHS and HUD. So it's a debate and an issue that hasn't gone away.

**Timothy Naftali**

To what extent did you have to interact with Charles Colson?

**Ed Harper**

Actually, I went to the 9:30 attack group meetings, as they were called, in the second Presidential election, during the run up to that election.

**Timothy Naftali**

Could you describe the attack group and what it did?

**Ed Harper**

The idea was to -- Chuck's idea was to focus on the opposition and come up with a new idea every day to attack what they had done or what they were trying to do. John Ehrlichman asked me to attend the meetings so that Colson didn't do anything too crazy, and I was to let John know if I became concerned about the direction the attack group was going.

**Timothy Naftali**

Can you remember any instances when you did warn him about something?

**Ed Harper**

Yes, I told him that I thought the idea of the school buses of African-Americans going to Sargent Shriver's farm in Maryland was a bad idea, and I don't think that they did do it, although I think it was later reported in the paper that there was some thought of doing that on Colson's part.

**Timothy Naftali**

That was one of his ideas then?

**Ed Harper**

I think so.

**Timothy Naftali**

Do you recall another?

**Ed Harper**

That's the one I can remember. So I thought that was a really bad idea, and John agreed, and so I think there were efforts to tamp that down. I can't remember whether it actually happened or not.

**Timothy Naftali**

How many people were in the attack group, and do you remember any of their names?

**Ed Harper**

I think there were about a half-dozen, and I think Powell Moore was there, somebody from communications, others from Colson's staff, and I just don't remember at this point.

**Timothy Naftali**

By 1972, how was long-range planning coming along?

**Ed Harper**

Well, going back to 1971 for a moment and maybe even a little before, that in attempting to emulate the processes of the National Security Council, with John Ehrlichman's blessing, the Domestic Council staff and I tried to put together, in effect, a long-range plan based on the question of, "Mr. President, you're going to be standing for re-election. How will the American people judge you as President? What have you delivered to them? What expectations do they have of your Presidency?" And we suggested that there were six areas in which they would be very much concerned and would make a judgment as to whether Richard Nixon had done a good job or a bad job and, if he'd done a good job, presumably they would vote for his re-election. So we put together that presentation, and that really guided our communications, our legislative activity, and use of the President's time in the two years running up to the election.

**Timothy Naftali**

So you suggested actually creating a yardstick?

**Ed Harper**

Yeah.

**Timothy Naftali**

And this was what Magruder and others were using that summer to describe, you know, "We've succeeded. We've done this for you in these areas."

**Ed Harper**

Yeah.

**Timothy Naftali**

How well do you think they made that case? What do you think the Committee to Re-Elect made that case that summer?

**Ed Harper**

Well, as I recall the exit polls, something like 90 percent of the people coming out of the exit said, "Nixon's right on the issues" and if they didn't vote for him it's because they didn't like Nixon.

**Timothy Naftali**

So on the issues, you did all right?

**Ed Harper**

Yeah, that's all we had control over, where this issues.

**Timothy Naftali**

When did you start talking up New Federalism? I mean, how was that linked to revenue sharing? Does that sort of come out of revenue sharing?

**Ed Harper**

Yeah, I mean, New Federalism goes back to revenue sharing and the ability of government's ability to deliver to the people the goods and services they are paying for. And so Federalism is the Federal Government, the state government and local government, and we also had a clear philosophic view that there was the Federal Government, there were the state governments and everything else was a creature of the states. The regional commissions were creatures of the state. Local government, counties, were creatures of the state. Therefore, in terms of the chain of authority for decision-making, it was the Federal Government to the states. Therefore, if somebody said, "Well, you know, we'd like to have it that in this part of the country, you don't deal with the states, you deal directly with city planners" or something like that, that we'd say, "No, that's not our form of government."

**Timothy Naftali**

Do you remember Donald Rumsfeld's opposition to giving too much authority to local officials for poverty programs?

**Ed Harper**

Yep.

**Timothy Naftali**

Can you tell us a little bit about that?

**Ed Harper**

Well, his concerns were directly in line with the point I was just making, that the community action programs were not creatures of the state. They were political entities created out of whole cloth and, therefore, didn't have the authority of the state, in our view, to have legitimacy to take the tax payers money and, in fact, turned out to be separate spheres of political influence working against duly elected mayors, duly elected state legislators, governors, and so forth. So we thought that was improper and a key strike against the Federal system as we envisioned it.

**Timothy Naftali**

Well, there was a debate, because there were some in the White House who actually wanted the decentralization to local authorities.

**Ed Harper**

Yeah, local authorities, city governments, country governments, state governments, not community action programs.

**Timothy Naftali**

Tell me about, if you would, tell us a little bit about the effect to which the election campaign of '72 affected your work in the Domestic Council.

**Ed Harper**

Basically, we didn't try to generate new initiatives after the election campaign had gone forward.

**Timothy Naftali**

When would you say it starts for the White House?

**Ed Harper**

Oh, well, well before the convention, so I think -- going back in time. As a political appointee, I attended the convention, was behind the scenes in the platform committee, and the platform reflected the President's policy positions, and so that was one thing that we did. Then, beyond that, the President would be on the Hhustings, or one of the surrogate speakers for the President, would be on the hHustings and might come up with a question and they would call in and say, "Well, what do we say about this issue?" And then we would have an immediate response they could use with respect to that.

**Timothy Naftali**

When you were doing long-range planning, were you anticipating the number of these programs would be cut after -- if indeed, President Nixon were re-elected? Because when you look at the Haldeman Diaries, just after re-election, the President begins to say, "Let's get rid of some of these programs," including OEO. Was that anticipated before the re-election, when you were doing long-range planning on the Domestic Council?

**Ed Harper**

Certainly, the President and, I think, the White House staff, at least, had always had the feeling that, while Don Rumsfeld had made a number of improvements in OEO, that still, fundamentally the programs were flawed and probably belonged back in their home departments, if you will, either HEW or HUD or places like that. And there's no question that the budget pressure is unrelenting, and so when you have a program that is not delivering its potential, is making ineffective use of taxpayer dollars, they're going to be on the chopping block.

**Timothy Naftali**

What about the cost of environmentalism? The administration will ultimately veto the Clean Water Bill because a three year, 18 billion dollar bill was very expensive. How were you, again, doing the long-range planning, which is really interesting and difficult for a government? How were you thinking about the cost of environmentalism, which was so new at that point?

**Ed Harper**

It was new, and I can't say that we quantified every aspect of it, that what the President had recognized was that he needed to be in front of the parade on protecting the environment and so sewer and water programs were important. The Council on Environmental Quality was important. I mean, that wasn't the biggest cost in the world, but it was a very important and highly visible initiative. So he felt the need to be there, as uncomfortable as it might be leading that parade, he thought it was important and something he had to do.

**Timothy Naftali**

I was just thinking about how, given this new, if you will, entitlement, sense of entitlement, how our government was shifting to make sense of it, because this is very new.

**Ed Harper**

Yeah.

**Timothy Naftali**

Did you get new analysts? Did people start to specialize in the environment, those who analyze it?

**Ed Harper**

Yeah, yeah, I mean, our interior people in the Bureau of the Budget or OMB, became ever more specialized in that. John Whitaker, who had always led the environmental side of things in the Nixon White House staff, you know, came to continually refocus on that. But I don't think we had nailed it to a decimal point ten years out, for sure.

**Timothy Naftali**

Why did you decide to leave?

**Ed Harper**

Because I thought this was great, but I had always planned to leave so I could earn enough money to put my children through college. I initially signed on for two years and thought it would be great to stay through the election and have that experience, which I did and thought it was very exciting, very interesting, and worked with wonderful people. And when President Nixon asked for all the appointees' resignation, of course, I turned mine in. I had some discussions and offers to stay in government but decided I really should probably stick with my resolve, having gone to the University of Virginia and remembered that Thomas Jefferson wound up broke. You can have a great career in public service and wind up broke. We'd had a council, White House Conference on aging, and one of my associates said -- left after that conference which he had run -- and he said, "There's nothing worse than being old and poor." He said, "I can't do anything about becoming old, but I'm going to try to do something about not being poor when I'm old." And so I thought, "Well I should stick with my resolve and find a job in the private sector," and so that's what I did after the election.

**Timothy Naftali**

What would you say -- I'll ask you a question about your next stint in government if you don't mind -- what would you say were your greatest achievements when you look back on that period of your life, what are you proudest of?

**Ed Harper**

Well, having helped get the revenue sharing program set up, enacted, both the general revenue sharing and the special revenue sharing, because I think they were an important demonstration of an alternative way to handle the delivery of goods and services to people. So, I think that was a demonstrable improvement, and so I was proud to have been able to play a role in that, play a part in that, and, you know, it's a great honor and opportunity to be able to serve your country in some way, and so I'm pleased to have had that opportunity and place.

**Timothy Naftali**

Disappointments, any? Or unfinished business?

**Ed Harper**

Oh, certainly there were tremendous disappointments about the Watergate situation that, you know, I felt that the President had a great opportunity to continue the things that he had done in the first administration but that, you know, Watergate so poisoned the atmosphere that his effectiveness was completely neutralized. And I thought that was a shame, because an organization without leadership, I have since seen in other circumstances, is a terrible sight, a tremendous waste of talent, energy and resources. Without leadership, it just doesn't work.

**Timothy Naftali**

You have a very important position in the first term of the Ronald Reagan administration.

**Ed Harper**

Mm-hmm.

**Timothy Naftali**

When you come to OMB in, I think, '83, could you compare and contrast the two administrations? How were they different?

**Ed Harper**

Well, you always start at the top, that Richard Nixon, who was a brilliant mind, very organized man. He was a man who had a combative outlook on the world, that things had to be tested, people had to be tested, ideas had to be tested, and the conflict in America on the subject of war in Vietnam was a built-in conflict of humungous proportions, so there was always this tension of being tested. And while President Nixon talked about peace at the center and, you know, I'll stipulate he may have had that,

still, he was always a person who operated at very high stress levels, and that permeates the organization. The good thing is that that demands tremendous discipline. People want to get it right, because if it's wrong, it's not only wrong. It's going to be multiplied by a factor of ten because people so dislike the President. Ronald Reagan's a completely different story. Ronald Reagan was a man at peace with himself. One of my favorite stories about him was that one day I was in the Cabinet Room with a couple of guys and waiting for a meeting to start, and President Reagan came in with his glasses kind of down like this and reading the paper out in front of him as he was walking, and he kind of said, to none of us in particular, he said, "Boy, what I don't understand is how these guys can write such nasty stuff about a nice guy like me." And he meant it. He really saw himself as a nice guy. I don't think Richard Nixon saw himself as a nice guy. He saw himself as a tough guy who was going to prevail over adversity, which he had done throughout his entire life. Ronald Reagan, I'm a nice guy and nice guys are going to win.

**Timothy Naftali**

Let me ask you about the budgeting situation in '83 to '84, different from what you'd faced before?

**Ed Harper**

Yep.

**Timothy Naftali**

What went wrong?

**Ed Harper**

Well, some things went right, some things went wrong. That the budget cuts achieved in the first year, I think, began to make good, as much as humanly possible, on the idea that we'll have tax cuts and we'll have spending cuts and keep the two in balance. I think Art Laffer's idea about supply side theory has some merit to it, has some intuitive merit to it, and, you know, I'm sure academics would crunch lots of numbers would say, "Well, there's some quantitative heft to it, as well," but the discipline of reducing budgets is incredibly painful. You talk about agriculture. I think if you asked Dave Stockman about that time, he will say, you know, the things that beat him, in terms of achieving the spending cuts he wanted, were the agriculture forces in the Congress that he couldn't deal with. They were just too powerful for him.

**Timothy Naftali**

Had the sense of entitlement also changed since the Nixon administration?

**Ed Harper**

Yeah, and the entitlements were becoming ever a bigger force, ever more of a focal point. Welfare reform came more and more stage center. People began to appreciate how much it was needed, how much social security reform was needed. The problems of Medicaid, Medicare, those deficits weren't yet on the radar screen really fully. But President Nixon -- pardon me, President Reagan did achieve the highest growth rate in the economy since World War II, which was one of his -- he didn't give a lot

of speeches about it, but that was always on his mind, and it was that he wanted to achieve high rates of economic growth for the country, create jobs, create wealth, and a better country -- all of that. And the tax cuts seemed to play a key role in that, and the -- where we fell down was securing agreement on the spending cuts -- very difficult to do, very frustrating.

**Timothy Naftali**

Was our ability to analyze programs in '83, '84 better than it had been in '69, '70?

**Ed Harper**

Probably, but were we doing it? No, because some of the program planning and budgeting systems that had been put in place in the Johnson administration were, frankly, relaxed in the Nixon administration simply because the inertia of getting people to go through the analysis, go through the steps that take all of the time, they didn't want to do it, and so how much time put forcing them to do something they didn't want to do as opposed to getting something else done that you thought also had to be done? And so some of those disciplines were relaxed, even during the Nixon administration.

**Timothy Naftali**

Second term even?

**Ed Harper**

Yeah, and in the Reagan administration, I mean, Dave Stockman's a brilliant analyst, a very, very smart guy, but the institutional analytics, the kind of experience of analysis had built up, but the process for demanding that everything go through this analysis was less than it was before. Interesting, it was not until the Reagan administration that PCs began to be used, which strikes me as incredible that --

**Timothy Naftali**

Well, computers were a lot bigger in your time.

**Ed Harper**

Oh, yeah, I mean, in the Nixon administration, I remember one day about 6:00 standing in the office of one of my colleagues in the Bureau of the Budget, and the assistant director came out and said, "Gee, you know, Florence, we're going to have to redo this." And it was 25 columns, 25 rows, five carbons, and she said, "I just can't do it." She broke down, cried, and left.

**Timothy Naftali**

Why did you leave in '84?

**Ed Harper**

In 1984, I had, when I joined the Reagan administration, I committed to Ed Meese that I would stay, again, for about two years and that I felt that I needed then to go back and work in the private sector.

**Timothy Naftali**

So they called you in to fix the problem?

**Ed Harper**

I came in to work with Dave Stockman -- that during the transition, I left Emerson Electric and came back to Washington and worked on the transition, and then when Dave was named director, he and the President asked me to become deputy director and focus on the management side and help Dave on the budgeting side.

**Timothy Naftali**

Did you ever meet with or see or interact with President Nixon after you left the Nixon administration?

**Ed Harper**

Well, we corresponded a couple of times. It was a friendly correspondence, mainly about his books, which I thought were good. "In the Arena" I thought was particularly interesting. My respect for his knowledge and abilities to understand the international side of things was just profound, he was without equal. I mean, it's amazing, you talk to people who -- first time I heard it in the Cabinet Room, he would start and say, "Well, you know, let's kind of take stock of where the world is today." And he would go around and talk about every country in the world, every world leader, and profile them, their strengths, their weaknesses, what role they were going to play in the way the world was shaping up. And I don't think there's anyone who could equal him in their ability to do that. He was truly an unusual guy.

**Timothy Naftali**

Two things, one a question because you mentioned David Stockman. Were you working with him during the woodshed incident?

**Ed Harper**

Yeah.

**Timothy Naftali**

What was your reaction when you saw the "Atlantic Monthly" article?

**Ed Harper**

Well, I heard about it before I saw it. My reaction was, "Gee, Dave, you really got yourself into a lot of trouble." So, I mean, it was a very unfortunate incident and, you know, some people make some bad choices in life and, you know, Dave may have made a couple of bad choices.

**Timothy Naftali**

But you'd heard him say those things around the office before? You weren't surprised he'd said that?

**Ed Harper**

No, I'm surprised that he chose to say anything to anyone outside the office, so really. I mean, it's one thing to complain about things within the circle, but then to, you know -- that's too much focusing on your place in history rather than the current job.

**Timothy Naftali**

Are there any stories or anecdotes that you'd like to put on the record that we haven't touched on discussing the Nixon era?

**Ed Harper**

Well, if you don't mind, I'll --

**Male Speaker**

Can you do it in a minute?

**Ed Harper**

In a minute, yes. Dave Broder had a column the other day called "The No Firing Zone," and he was opining about President Bush's inability to fire people who Broder thought deserved firing. And it amused me because it brought back a story which John Ehrlichman told me about Walter Hickel and President Nixon. President Nixon could be very dramatic and pound the table and use expletives, and so he'd done this with John one day and said, "You know, get Wally Hickel over here. I'm going to fire him -- 5:00." So an appointment was set, and John happened to be standing in the hall, just outside the Oval Office at about 5:30, and Hickel walks out of the Oval Office after having spent a half hour with President Nixon, just the two of them. And Wally says, "John, what the hell was that all about? I was talking to the President about a half hour, and I couldn't figure out what he had on his mind." And he said, "Wally, I'll call you later." John said he walked into the Oval Office and he said, "Mr. President, you didn't do it, did you?" He said, "No, John, I didn't get around to it, but you go over, and you tell him that he's fired."

**Timothy Naftali**

Thank you very much Dr. Harper.