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- Naftali: Hi, my name is Tim Naftali. I'm the Director Designate of the Richard Nixon Library and Museum. I'm here today to interview Roy Ash. I'm in Bel Air. It's April 9, 2007, and I'm interviewing Mr. Ash for the Richard Nixon Presidential History Program. Mr. Ash, thank you for joining me today.
- Ash: Thank you very much for thinking of me even coming.
- Naftali: You had a major effect on the way in which people thought about management in the Nixon administration. It's important to talk to you. Let's start with how you met President-Elect Nixon.
- Ash: He was running for his 1972 election. That's what it was. And I was going to give him a contribution to help him win --
- Naftali: Do you mean '68?
- Ash: '68, yes, that's right. Not '72, '68. And he won and when he got into the office, when he got into the office, he was sent to the hotel in New York City for the transition time between the previous administration and his. And I got a call from somebody in the office who said the President-Elect would like to see you. So I came down to the hotel, and Nixon said, "As you know," I remember this kind of almost literally -- "As you know, I've been Vice President and I've seen a lot of management problems. I'd like your help." And I didn't know what he was talking about except the general idea of management. But he had been thinking about the problems that they were having and they tended to be defined as problems of management. So they said, "Would you like to join me in this administration?" I couldn't, our children were too young and I couldn't leave to do that. So they said, "Well, how about heading up a commission to take on the same job but not as an inside employee, but as a Presidential commission, President's advisory council on executive organization," which is what it became. So I did that for a while. And I only worked part time, because about three days a month would do it with me and a few other people I had gathered to do it, including John Connally, incidentally. And we worked on that. And then came the second term. And then they wanted me to take the job that had by then been created, the Office of Management and Budget. So what our commission created, I ended up being the chairman of.
- Naftali: Let's go back to the transition, if I might. He asked you -- first of all, why do you think he approached you to worry about management--
- Ash: I think, only guessing, I think a close member of his staff had a friend who was an employee of mine and recommended me through that route, I
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think. I don't know, I didn't inquire and I think it came about that there was the Secretary of Commerce that was in his administration who came from this area. And he had a friend that knew me. And one thing led to another and we ended up getting there.

Naftali: Do you mean Maury Stans?

Ash: No, not Maury Stans.

Naftali: Peterson was another Secretary of Commerce.

Ash: Anyway, I'm not sure exactly how it all worked out. But we started off with this Presidential commission to get into the subject in the first instance. And learned how difficult it was to think of anything that's so novel or different in front of the bureaucracy.

Naftali: When you were doing the research, when you were actually looking into this management problem, you went back to see how other administrations --

Ash: Yes, that was in one of my speeches of how it came about. Looking at the experience, a lot of people have created commissions of outsiders. They put down some ideas on paper and make it look very good and it goes in the file and it stays there. Nothing happens. I said, "Let's approach this one differently. Let's see what's in the file that might be useful, and let's make ourselves not the engineering department that creates a product, but the sales department that sells it." So we decided that we would pick up what we found in the file dated back to Eisenhower's administration, and he was going to call it the Office of Executive Management, which had been proposed in Eisenhower's time. And we didn't choose that, in fact, we had a difficult time getting the word "management" thrown in. And even in Congress, they were -- the Congress, particular people in the Congress wanted to make sure that the word "budget" loomed high in the title. And I was making the case that budgeting is a sub-function of managing rather than managing a sub-function of budgeting. So anyway, we were stuck with the name "budget" in the Office of Management and Budget where it would have been something new. Eisenhower would have done it otherwise.

Naftali: When President Nixon made that offer to you of joining the administration, he was going to make you the head of the Bureau of the Budget, right? Wasn't that the offer?

Ash: It was the Bureau of the Budget and by the time I had worked on this committee and we created the Office of Management and Budget, then I went in as the first officer -- well, I wasn't the first one, because Cap

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Weinberger and George Shultz had preceded me. So I went into that one, but skipped the other route through the Office of Executive Management. We couldn't make that one stick. But I learned an interesting -- I made an interesting observation, that I might have been said to have made a mistake, calling it the Office of Management and Budget. It was in the bureaucracy. If the word management turns out, there must be some managements around someplace. Am I one of those?

Naftali: Tell me, what role did Robert McNamara play in helping you?

Ash: How do you know all of this?

Naftali: Because well, because I read your interview before. You did a great interview with the archives 20 years ago.

Ash: Bob McNamara and I were both in the same organization in the military. And when the war was over, the ones that went to work for Ford became the brain trust, the wizard -- what is it?

Naftali: Whiz kids?

Ash: Whiz kids. And I was with him, but I split and went out to -- when they went to work for Ford, I went to work for Bank of America. And then we joined together probably less than a year later at Hughes Aircraft Company. That one thing kind of let to another around circles and so McNamara -- oh, yeah, I had a particular experience with McNamara that was interesting. In looking through the files that exist in any administration -- between administrations, there's a transitional period where the records are kept and files are kept and of things that went on in it. And I found that idea that Eisenhower had worked on these programs and the fact that the administration -- that was --

Naftali: Kennedy?

Ash: Kennedy's administration, yeah. They had -- I think it was transitioned out of the Kennedy administration that Mr. Lincoln was the transition advisor in the organization. He was a lawyer in New York. And when I heard some vague notions that there were -- I heard from Bob McNamara, I told him we were going to work on this management thing. And he said, "I'll give you what I have on it to work on." So I told the intermediary, "I'd like a copy of the work that was done by Bob McNamara." And I was told by the transition that I can't have it. There was no such thing. No such thing happened. I called Bob, he said, "Take my copy."

Naftali: Was this the Heineman report, or something like that? Ben Heineman?

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- Ash: I don't think it was the Heineman report. I think it was something independent. But anyway, we got a copy of what presumably didn't exist. But it turns out that people had been working on management for some time, including both parties. It's too hard politically to work on it in some instances, considering the fact that there are managées along with managers. Well, even in the Office of Management and Budget, which was a bureaucracy, but I call it a good bureaucracy as they go. It really knows it's work. Maybe when I got there and inherited at least 80 percent Democratic, it seemed to me. But I had absolutely no trouble politically. On political content, they were professional. They may have had personal beliefs of one kind or another, but in doing the work at OMB, I really inherited a tremendous organization. Regardless of their personal feelings, they did great analytical work, thinking work. Just because it was considered the best civil service job in government, is OMB. They're closer to the substance of important things.
- Naftali: When you say the Bureau of the Budget had no management dimension, is that that you felt that this organization should be shaping programs and therefore, you need managers to do that?
- Ash: Yeah, they needed -- the budget is okay, financing them. But you have to know exactly all you can to delineate what you want to finance. Management isn't just throwing money out and hoping something good comes of it. Management is having an idea of what you want to have accomplished and make sure that your pursuit of the idea, and the money that's spent is commensurate in amount with the value of which you expect. And before I left management and budget, that was a number of years ago -- "Unless, you that succeed me, stay at this for ten years, you'll never get it through. There's too much internal objection." And they did slip a lot after I had gone and went into different ends and done a different way.
- Naftali: Tell me -- one of the things -- we're jumping around a bit, but since I'm thinking about management issues with you, you were not a fan of the space shuttle?
- Ash: No, I thought it was a waste -- how do you know all of this?
- Naftali: I read it. I tried to do my homework.
- Ash: But --
- Naftali: It's a great story, though.
- Ash: It was an effort to get in the limelight rather than accomplish anything of substantive value worthy of what was being spent. Not that it couldn't be
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done, but you had to accomplish the end task that you had in mind without sending people there.

Naftali: You also thought that the craft itself couldn't be used as often as its advocates said?

Ash: That's right, it was way too costly for what was being accomplished. There was no good equation between the cost and the accomplishment.

Naftali: But you inherited it when you became the head of OMB because Casper Weinberger was a fan, wasn't he?

Ash: I'm not sure. I tend to think he was, but I'm not sure.

Naftali: But you couldn't -- so tell us, do you remember why it was you couldn't kill the space shuttle program?

Ash: Well, once my views were known in OMB, the views were known -- whether it extrapolated the President or not, I don't know. It was a PR program picked up by the NASA, and it was a great PR objective itself to kill this one. And it was within a week that it had been known that I had taken this position that NASA's efforts were really going first class to try to bring it down.

Naftali: Do you remember how they did it?

Ash: Well, they sure put pressure on me.

Naftali: I think you once mentioned what role a Mr. Fletcher played with the New York Times?

Ash: I don't remember that occasion, but they really worked at it, and that killed that one for a while. I still have the same beliefs that we could have done without people power up there. We could have designed equipment that would have done what we wanted, assuming even that was worth doing, so that was one such event. There are little examples of management -- one of them, I went over to the head of the Small Business Administration, asking how was business and are you having any success? They said this was great, they were having great success. A year ago, two years ago, we had this much money out to these businesses trying to bring them up to working size. Last year, we had some other amount. We're really giving out more and more each year. I said, "But that's not a measure of success how much you give out. Like college, how many people graduated out and didn't need the government anymore? How many graduates did you have?"

Naftali: Any response to that question?

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Ash: Well, I was off -- I was really presumed to not know what I was talking about. But anyway, the word management comes in of that kind and one of the things that was the most recent thing done that I did when, this ran to the Ford Administration, was to set up the ten Presidential objectives. I realized that preceding that, the word objectives was beginning to fall into bad hands too. Management by objective was considered too funky, not really good. But we set up, OMB set up about 100 Presidential goals, inviting each department head to have departmental goals and internally, measuring if they're measurable or judging at least if they're not quantitatively measurable. How are we doing on the end of what we're trying to accomplish? These 50 to 100 goals, I've got the list of them downstairs, even. And the President has got one in his files someplace of the Presidential goals. There were ones that either he had expressively said he wanted to have accomplished, or alternatively, he would have been blamed had they not been accomplished.

Naftali: You've always had to be careful, right, not to talk about long-range goals for the President? Because Presidents had a habit of thinking in terms of the time they'd be in office.

Ash: Well, and now, the pretty difficult part, the application of that, the bad application -- Presidents now find it interesting, when they get to the end of their first or second term particularly, come up with a great plan to balance the budget in the next administration. Which they'll never be there. They all leave behind them a plan to balance the budget.

[unintelligible]

Naftali: Actually, you always had balanced budgets, didn't you?

Ash: No, I inherited a balanced budget. I inherited one of the most recently balanced budgets we've ever had. I inherited that one, so I get no credit for that. But the budget is still going in the wrong direction.

Naftali: Well, I meant in your time that you were in.

Ash: Well, it was getting better, but it still take a lot of promises to do it. Part of the problem is political process pays off in promises. When you promise something, you get the votes. When you have to produce, you lose the votes. So promising is an important part of the process. That's where you get your political win. Not when it's performed. It's too late by that time.

Naftali: So you get the power, but you're stuck with these obligations, which make it impossible for you to balance the budget?

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Ash: Yeah, somebody else is left the obligations. You have to have them. But this is partly why the word budget is subset to management rather than vice-versa. Even when I was in OMB, one of the first things that was done after becoming the Office of Management and Budget was to have a department of management, or I'm not sure the word department, but a section that was management, subsidiary to the overall management of the OMB itself, which was budgets.

Naftali: Let me ask you, since you played such an important role. I want to go back and -- you said you met McNamara in the military?

Ash: We were in the same organization. We didn't meet in the military, but there was an organization, the ones that became the whiz kids, that we were all kind of tightly knit.

Naftali: Was it because --were you at Harvard Business School at the same time?

Ash: Yeah, well, I went to Harvard Business School, which was also Kennedy's school for that particular group, that particular activity. So in the business school, I went to the business school there. But it was the officer candidate school. Then when I finished, I became the officer out of that one and finished the military, I went back to Harvard Business School to become a student. Because in the process of this other project, I was given chairmanship of a little organization, Effectiveness of Employment of the Heavy Bombing Effort in European Theater of Operations. How good a job did we do dropping our bombs where we intended to drop them? So we finished that one in the military. The war ended when that project hadn't even started. But we were going to have it ready for Japan when they got ready, or when we got ready to take on Japan. We were going to know what our success and failures were in Europe. And through that kind of thing, Bob McNamara -- and Bob McNamara had been a teacher at Harvard Business School as well. We kind of crisscrossed and both were the same grouping in the military, even though I never met him personally while there, but came to know about him. And he did another interesting thing that is an example of, I think, what we've accomplished or I've accomplished in this commission. And this is -- you may remember in the history of Bob McNamara in the Defense Department, he brought in a lot of 20-year-old people to tell four-star generals what to do. And the consequences -- the four star generals he was talking about, they graduated out of being generals when it was over. But thereafter, the internal military saw the need to do it himself, because it was a power vacuum. If you leave power, somebody else is going to walk in. So more generals and admirals learned to do good management work because they were threatened by somebody who was going to come in and do it for them.

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So one of things that I did was the same. There was the growing impact of economics on foreign policy. How do we address the foreign policy -- how do we address the economics aspects, professionally address the economics aspects of our foreign policy? And I'm not going to tell one story because it's too embarrassing to somebody, I won't say to whom. But anyway, the agency was created, the International Economic Policy Council, directly working with the President. The Treasury Department, the Defense Department, Commerce Department all saw a power vacuum. They shouldn't have this other organization dealing with international economics, they should do it within themselves. In the process, and the State Department, they almost all became very good at their own economics internationally just by creating a power vacuum that they then weren't sucked into. They wanted to get into, because it was there to be gotten. And Pete Peterson was the first hint of international economic policy council, and he had been -- he went on to be Secretary of Commerce. But he was part of this whole little rigmarole we were taught. We were taught a different method of getting things done. Create a power vacuum and see if you can't draw the right people in.

Naftali: So you whiz kids did the same, whether it was in the Pentagon or for the Johnson Administration or the Kennedy, or whether it was for Nixon?

Ash: We were closely, a tight knit group, the whiz kid group. I wasn't an official member of the whiz kids, because I had gone onto further things. I went back to business school and got my degree and then Bank of America. The whiz kids went to Ford. When they left Ford, when they couldn't get along with Henry Ford, Jr., they went out and met Howard Hughes and ended up heading Hughes Aircraft Company. One of the first things that was hired by his aircraft company, hired by his company to run the company was Tex Thornton, who was the chief one of our members of our organization that was the whiz kids, was Tex Thornton. And working for him was -- after he got with Hughes, he went back to the business school and hired the dean of admissions at Harvard Business School to come out and work for him. The Dean of Admissions of Harvard Business School came and got me. So I was back working --

Naftali: So you worked for Hughes?

Ash: I worked for Hughes and for Tex Thornton. We re-gathered after we had each gone our way. We re-gathered and who worked for Hughes also was the Dean of Admissions at Harvard Business School went to Hughes also. So he was help filling the boxes that we needed to fill. And I had the advantage that not many people have. We were the first class after the war when there were lots of people getting out of the war and going back to school, wanting to go to good places like Harvard Business School. I was

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invited in because I had been working with them on the other project. But I didn't have to -- I had to pass the college entrance exam test. I didn't have to pass -- I was invited once I could do that. So I got in, got a master's degree, probably the only master's degree there is without an undergraduate day at school.

Naftali: Tell me, before we go on, I want to ask you about Hughes, if you don't mind. Tell me what you learned regarding our bombing in Europe in World War II.

Ash: Well, our project just got started. We were just beginning to get -- probably not over the first two weeks of the administration -- daily we'd get the daily reports of where they thought they were dropping their bombs. Turns out they weren't necessarily dropping their bombs there. But they dropped the bombs someplace, like on the Remagen Bridge. I don't know if you even know that term, the Remagen Bridge.

Naftali: I actually visited the Remagen Bridge.

Ash: They missed the bridge. Sure enough, a couple of years later, they hit the bridge. Five hundred tons on Switzerland didn't help.

Naftali: They dropped 500 tons of bombs on Switzerland?

Ash: Yeah, that didn't help either.

Naftali: No, I guess not. The Swiss weren't happy about that.

Ash: So anyway, all these things were kind of melding and rushing around here between the Air Corps, where these young guys -- Bob McNamara was one of these young guys in the Air Corps. This is how we came in the same organization. Tex Thornton was the head Bob McNamara was -- and Bob McNamara had been teaching at Harvard Business School before he went into the military. So all this stuff was kind of churning around between the Air Corps, the Harvard Business School, which was the officer candidate school for our organization, and then the Hughes aircraft company later going back to Ford Motor Company through Bob McNamara. All this was a churning bunch of people moving around doing these things that were of like kind but in different settings.

Naftali: Are you saying that we discovered that we didn't want to bomb the Remagen Bridge. Did we try?

Ash: We accidentally dropped -- according to the records we have, we accidentally dropped them, but we didn't drop them on purpose.

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Naftali: No, that was a bridge we were happy to find existing.

Ash: The Remagen Bridge, we did, we did miss that one. We tried to make it.

Naftali: Tell me about Hughes Corporation. Did you meet Howard Hughes?

Ash: Once.

Naftali: What was that like?

Ash: That was typical Howard Hughes. It was in Las Vegas. I was the chief -- by that time, I was the chief financial officer at Hughes Aircraft Company and grown up to, in a couple of years, we had grown up to 18,000 people. We had a pretty big organization. Tex Thornton was the one -- was head of the organization of the Air Corps. He was a colonel there, head of that one. He was at Hughes, really operationally running it. One of the faculty members At Hughes was head of -- one of the Harvard Business School faculty members was head of our administrative, he was vice-president of administration. I was the chief financial officer, and I got a call in the middle of the night from Howard Hughes. I'm not sure if it was him personally or someone on his behalf. I got a call from Howard Hughes saying, "Meet me," or "Meet him, tomorrow night in Las Vegas at 6:00." And my call was at about 2:00 in the morning. And I said, yes, but he hung up and I didn't know what to do next. So I got an airplane reservation in order to make the time. I head down to the airport on and onto -- I got to the airport and checked in at the airport and I was paged within a few seconds. Someone tracked me, and where I was when I'd been summoned, so I was asked to go down to Howard Hughes' office. And I went down to Howard Hughes' office by going down a long hallway, doors on both sides. But he paid the rent on them, he didn't occupy any. They were his protection of those. I went into the office and was introduced to him, and that was the only time I was introduced to him.

And he is the kind of a guy who takes one subject that he's interested in and goes very, very deep in depth about that and knows everything there is about it, no matter inconsequential it is. And rather than some people who start at least with the broad things. And he'd give us some instructions about writing, of how to deal with company cars used by executives at Hughes Aircraft Company. And he was deep in that one. How to paint the -- oh yeah, we had to construct major buildings, continual buildings, because we were growing so fast. And he said, "That's okay, you can construct them there. But before you do, go out and put marks on the ground of where they're going to be, and I'll tell you the color they're going to be." And so they put the marks on the ground. He wanted to see how they lined up with the rest of the buildings. And then he wanted to do something else with his financial statements that I didn't want to do, Sure

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glad I didn't want to do. And they would have improved had I done it, accounted for it his way, it would have made the company look a little different than it accounted for how it worked out.

I'm glad I took the high position there. But I met him, and that was all. As I went in, I went down this long hall, and just before we get into his room, there was a fellow there, I've forgotten his name, but I knew him only slightly at the time. He was head of TWA, and he was just outside of Howard Hughes' door. And he said, "How did you get in? I've been in a holding pattern for 48 hours!" So we had what at Harvard they called business experiences. All kinds of interesting things happen.

Naftali: Well, it's important to meet the men at the top, and they often have interesting characters.

Ash: Well, I met a lot of interesting characters and a lot of very competent people. At one time, I had hoped that we could hire Bob McNamara at our company, Litton Industries. Tex and I later started a company of our own, he being the guy from Washington that went through Ford and Hughes. I went from the business school, back to the business school to get a degree, went to Bank of America, and then back to Hughes Aircraft Company. So there's a whole bunch of people kind of mulling around, fitting together in this place and that place and some other place, and I just happened to be among them.

Naftali: And you tried to hire Robert McNamara for Litton?

Ash: Didn't try, no. We thought about it, but we thought -- we need him and need his competence, but we probably should leave it just like it is at the moment. We just decided not to change it. That was the idea.

Naftali: What did Litton produce?

Ash: It started off with what is called a magnetron. It's really an electronic device that has the effect of changing the frequency of emanations of these power tubes that you have and are now used in a microwave oven. And that was our first product.

Naftali: The microwave oven?

Ash: Not the oven, but it's a key part of the radar. It is now -- it is the essence of a radar system, getting a signal up and getting it back and knowing what you've been tracking and all that sort of thing. Then going on to other kinds of things, including -- at Litton, our biggest single project hailed in one of the business magazines as Ash's big failure, which turned out to be one of the major successes of all industry. But the article was written

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while it was still in process. Bought an old shipyard, converted it into a new shipyard, built ships, became the best shipyard in the whole country, including much of the world by approaching ship building in a totally different way. Instead of building ships by laying a keel, then building up and building up and piling on, piling on. In other words you get there, launch it down onto the water, this is a totally different concept. You look at it as a manufacturing job, not a construction job, where you build like this. So we had a space fortunately available right on the river, opposite side of the river from where we'd already been. We had a space over there big enough to do all of this the right way, as a factory. So we cleaned off the land and then it was crisscrossed with railroads, and there were assembly lines. So the little pieces start here, they get bigger and they get bigger and they get bigger and they get bigger and pretty soon they got out of -- the last site for construction was the one that instead launching this way, you just took the water out of that which [unintelligible] and let it float down. No launching this way, just launching by pumping the water up or down, whatever way you pump the water to make it work.

Naftali: That made it a lock, it was in a lock.

Ash: Yeah, so anyway we got out of that, end up buying Litton Industries, was bought, was divided into three companies, each working differently. We were what was called a conglomerate, meaning we had a lot of different companies and industries, not all the same kind. It was broken up into three kinds, and we had three separate places, the ones that included the shipyard went to Northrop Grumman, who are doing very well with them as well. So anyway, I've been in a number of businesses, I've been in more kinds of businesses from there to printing books to baking, preparing food for -- we thought we were going to have a market for food for microwave cooking, and bought -- what was that food company name we bought? It's still in business, I've forgotten.

Naftali: Swanson, maybe?

Ash: No, it was another one. So I've been in all kinds of businesses. Then it went three ways, the military all went one place down here to Northrop Grumman. The commercial had to do with basically with oil exploration went another place. There was offshore oil drilling, experimental drilling. And then the all others kind of disappeared as we were cutting it way back to keep the things that were good and try to let go of the things that weren't that good. So that came to the end of Litton. Well, Litton's still there; it's a big part of Northrop. So I've been in all kinds of different businesses, but almost always working on the same subject, how do we manage it better.

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- Naftali: Let's talk a bit about the commission, the Ash Commission. Do you remember some of the people you recruited for the commission?
- Ash: John Connally.
- Naftali: Well, how did his name come to you?
- Ash: Through Bob McNamara -- no, not through Bob McNamara, through Bob Haldeman.
- Naftali: Did you know him at all, John Connally, before he --
- Ash: Not a bit. Yeah, I'm probably the cause of his not being President by now, by bringing him so close to the President that President Nixon liked him so well that he, John Connally, became a Republican and didn't run as a Democrat. In fact, when our project was finished, the President had a little dinner for us, ourselves and wives, just 15 or 20 people in total, and during the course of dinner, the President leaned over to me and said, "Tell me more about John Connally." Before the dinner was over, he'd told John Connally during one of the dinners, "Stick around a little while. Let's have a discussion." So they did. And that's how Bob McNamara -- John Connally got involved in Republican politics to the point that he took himself out of Democratic politics.
- Naftali: Tell me about him. What do you remember of John Connally?
- Ash: He was very big, is maybe the right word, in his thinking, that all problems can be dealt with, some would take big solutions. And this one was on the matter of organization of the executive branch of government. He wanted to have, I think it was four major sub-departments under the President, in effect kind of a vertical bureaucracy. Four here, then they spread out to more, they spread out to more, kind of make it this way like a lot of businesses are organized. And we put it before Congress, it wouldn't pass, it was sure, because part of the problem that we had with Congress is that it fashions its title system and its organization under the executive branch activities. The executive branch has a department of something, the Congress has its committee of something, and that committee takes a chairman. There are too many chairman titles at stake if we'd narrowed this number of units down. So it was dead right at the beginning, I remember that.
- Naftali: You also -- didn't this lead to something called the "Super Cabinet" idea?
- Ash: That was kind of part of John Connally's idea. There's nothing the matter with it in a sense, but it was not going to fly with the Congress because of this, partly because of the chairmanships and deputy chairmanships they
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have in each of those committees. They like more committees. They'd rather be chairman of a little one than not chairman of a big one.

Naftali: When you completed the work of the commission, there was, I think, a Cabinet meeting in December of 1970.

Ash: I wouldn't be surprised, yeah.

Naftali: That's when your proposals were shared, and I understand that Connolly made a pitch at that --

Ash: Yeah, well, he was -- this was his big -- he likes big ideas, and he's good at big ideas, and they're probably ideas with a much better political aspect to them than mine was just to solve the problem of managing. His was how do you get Congress to do anything anyway.

Naftali: It's interesting that he had this idea since he hadn't much executive experience at the Federal level. I mean, he'd been Secretary of the Navy, but that was it.

Ash: Yeah.

Naftali: Do you think it came from that, his experience as Secretary of the Navy?

Ash: It may be just the way the cards laid on the ground at the time. These things can be gathered up -- four big things, I think it was four. They had four major sub-departments under government, under the top, whatever it is, in effect reporting to the President. But that goes back to another question is, you talk about Cabinet structure. There's an interesting aspect in the management system of the Cabinet system that we have. It doesn't do much managing, but it serves the purpose. The public is fully of a belief that wise men get together around a table, debate the important issues, and out of it comes great judgment. Well, that isn't what happens at Cabinet meetings at all. Cabinet meetings are basically good for one-way communication, from the President out, what his plans are, what's he going to do. You're not going to get deliberation there, partly because, let's say you have somebody come up with an idea of how to deal with global warming. And let's see, where was I going with that one? Oh, yeah, you come up with an idea, you take it before the President at a Cabinet meeting, and you put forth your idea there, and all the people around -- say it is about global warming -- and he has an idea about, well let's say about transportation -- no, transportation is connected -- had an idea about health and human services, you talk about global warming. The likelihood of having debate -- the guy that's Secretary of Health and Human Services feels, in order to show that he's competent, he has to step up to this argument and participate in this argument in global warming. Otherwise

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he doesn't show off well in front of the board when he can't -- when he's totally unable to say anything on the subject. You know, that isn't his subject.

But it serves a good purpose anyway, the Cabinet. It lets the people at home think there are a bunch of nice people, nice well thought through people, working on the subject, it's in good hands. It also lets the Cabinet member go back to his department and say, "When I met with the President this morning, this is what we talked about." And so we have a Cabinet in the U.S. but it doesn't do what people presume the Cabinet does, a body of smart people deliberately discussing the issues involved. It is not that at all.

Naftali: Well, the deliberative process happens in the White House.

Ash: That's right, yeah.

Naftali: Maybe, though, we should learn how to draw from the talents of the Cabinet members better than we do now.

Ash: Well, it would be nice to have more attention by the heads of departments, who are the Cabinet members, more attention to the objective they're trying to accomplish, the goal they're trying to accomplish, rather than the politics of how much money they spend. We have to get them to be interested in and paid off, if you can give them pay them that way, but recognize that in terms of how well they have spent the money. Let's see, what other thought -- there's another thought that goes with that one. Oh, the word accountability has come to mean these days accountability so that money isn't stolen, accountability so it got to where you want it to get. What we really need to talk about is accountability for what was really accomplished after all, whatever you did. The word accountability has been captured, used with these other things, rather than how accountable are you for what you did.

What we started to do, and it didn't work too well, probably back to when it took 10 years to do it, we gave in the OMB, we gave a couple of departments some extra money to develop their own ability to deal with assessment of progress and accomplishments of their own. And you've never heard of OMB giving people more money than they asked for, but this was a place to do it.

Naftali: How did it work? How did the project work?

Ash: I didn't stay long enough to know.

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- Naftali: Tell me a bit about -- let's talk about personalities for a minute. What was Richard Nixon like? You did meet him a number of times.
- Ash: Yeah, he was always thinking about the subject matter at hand, and he had his mind, like I did, on what he was trying to accomplish, clearly. And he dealt with things by deliberate reasoning rather than tossing a coin or taking votes of his friends or something. He liked to immerse the subject in his own head so that he knew what he was talking about, knew the substance and all the implications of it. People would charge him to sneaking away into a room and deliberating all by himself and wasting his time. To the extent he was alone, I can sure say he was thinking. He never said one word to me about Watergate, even when that was right up to its full activity. Didn't say a single word. We stayed on business all the time, all the bit. He wants to stay on the business. He's oriented toward achievement of objectives.
- Naftali: Did he tell you, talk to you at all, or do you recall him talking to you at all about what he'd learned about management as Vice President from Eisenhower?
- Ash: He didn't elaborate on it, just saying he had a lot of management job problems to deal with, but we didn't go into it. He just followed that by saying, "I'd like you to help me," sort of thing.
- Naftali: I found it interesting that in, I guess it was May of 1974, and the administration is under tremendous pressure, you initiated OMB, a 1000 day project, or you said there were 1000 days left --
- Ash: Yeah.
- Naftali: -- in this administration. And you asked the departments, "What do you want to achieve?" Do you recall at all that --
- Ash: I don't recall that, no. It was a fun perspective to see things that way. Also, I tried to sneak in some other things, that is, how personally a department head relates himself to the President. And I took my business experience -- when I was in business, we had plants around the world, but I never "summoned" any of them to headquarters to talk to me. I go to their place, so that I wasn't dealing with their dignity when I summoned them to come to talk to me, I went there. And I tried to work this in the Congress or in the administration. President Ford, and I've forgotten whether it was the second time, but I know at least once, or maybe once for Nixon, I'm not sure, I got the President to get in this entourage of cars and guard cars and we drove over to that department head's place and got up and spoke to the people in the department. After all, the secretary was able to bring the President over here, and then the people can say, "When I was with the
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President this afternoon." It was just another little way that I worked in business.

I never summoned anybody to come see me, but I traveled the world to see them. It's just a part of the personal relationships. Or in Litton we bought a lot of companies and kept their independence, managerial independence, because I used to use the term, the phrase "Why do you name these all your same name, Litton? Why don't you leave the name they had when you bought them?" And I said, "You know, it's like Texas. If we were buying companies and had one in Texas, or the U.S. was buying states, would we say, instead of calling it Texas, would we say, United States of America, Department 24?" Your ego would go down if you lived in United States of America, Department 24. So we had a number of presidents in our business. So they could hold their heads high as president of their business to do what they had to do. We could continue with what they really were, we could continue with our work, but let them take all the accolades of who they are. So this is another little trick under how to manage.

Naftali: Well, people need to be respected.

Ash: Yeah, but anyway, it was fun, although they didn't really get to the objectives that we'd had in mind that OMB would become: OM with a subsidiary B.

Naftali: Why do you think that's -- why, why not?

Ash: The experts that were there that I inherited when I got there were absolutely expert in budgeting. Budgeting requires you to know more than just adding numbers. It requires you to know the programs, and they were deeply embedded in the programs. But from the perspective of, what do we do for it from the budget point of view, rather than what we should do for it more generally, we gave a couple of the departments some money to develop internally to them an analysis of achievement. Not just getting up and trying to make a list that sounds good, but let's get some substantive achievement, and particularly if they could be one of these Presidential goals. So we were just trying to put together little pieces and end up with a sense that there's a management job to be done, not just a bunch of jobs and even in departments and agencies. There's more than accountability. There's accountability for what? For what you're trying to accomplish. That's what -- but when I went to this Small Business Administration, the progress was how much more money they were able to give out this year than last year.

Naftali: And they weren't thinking about the objectives.

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- Ash: Right.
- Naftali: You found yourself early on, I think it was in the transition, mediating between Pat Moynihan and Arthur Burns.
- Ash: Yeah.
- Naftali: Do you remember that?
- Ash: Sure do, couple of interesting people, both.
- Naftali: Tell us about them, please.
- Ash: Well, I don't remember much except some things that could be embarrassing to either or both of them or maybe to me.
- Naftali: Well, we don't want you to embarrass yourself. But, to the extent you can talk about it historically, it's an important struggle between the two of them, a debate.
- Ash: Arthur Burns had some -- he was in favor of he being in charge of all economic matters -- and we had a thing called a troika. Do you know what the troika was?
- Naftali: No.
- Ash: The advisory group to the President on economic matters was the troika. The troika was Secretary of the Treasury, head of OMB, and the President's advisor for economic -- the Economic Policy Advisory Organization. Arthur Burns was outside of this. We had a troika until we brought him in as the fourth, then we had four men in it. Arthur Burns, as I, the rest of those things that were kind of, as he would perceive them, dealing in his business. Not that he didn't have a good job, an important job, but he didn't particularly -- he didn't even like me. I know he didn't like me around economic matters. After all, I wasn't the expert as he was, and I wasn't.
- Naftali: And what about Pat Moynihan?
- Ash: Pat was pretty darn smart. I pretty well agreed with him on most everything. And he was good across a broad bunch of things, Pat was pretty good. We headed up -- let's see, how I think we got to Pat Moynihan -- it was either Pat or somebody else, but I think it was Pat -- when we were -- when the President was in the hotel in New York putting together his budget -- his team for his Cabinet members and department heads, he would go down in the mornings or the day and make a speech to
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the Cabinet, or to the Cabinet, to the press of what he's been doing. He came up one day and said, "I've taken your name in vain." And he said that because he'd already appointed this guy as that somebody he'd asked me about. So we went down, and I think it was Pat Moynihan. He told him Pat recommends you hire Pat -- then I came back to the President and said that Pat is the guy you should hire for this job. And when the President didn't hire him, the Pat came -- the President said to me, "I used your name." I think that's how he got into his job. I think, by my recommendation that --

Naftali: How did you know Pat Moynihan?

Ash: I didn't recommend him for the job. I recommended the job exist in the way that we'd defined it for him.

Naftali: Oh I see.

Ash: Yeah, not him for the person for the job. No -- you sure have a lot of information.

Naftali: Well, it's -- thank you -- the debate that you participated in between Arthur Burns and Pat Moynihan had to do with the Family Assistance Plan.

Ash: I only vaguely remember that. Another set of debates that went on was with Bill Simon.

Naftali: Oh, can you tell us about those?

Ash: No, I'm not going to say a thing about those.

Naftali: Well, in your interview with the National Archives in the 1980s, you talked about how Bill Simon was upset with you because when George Shultz left Secretary of the Treasury, left Treasury, the President asked you to define what kind of job the new secretary --

Ash: -- exactly right. I wrote his job description.

Naftali: Which was narrower than the job description --

Ash: That's exactly right.

Naftali: Well --

Ash: Down in Key Biscayne with the President. We sat and mulled it.

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- Naftali: Why do you think the President wanted a more narrower definition for the Secretary of the Treasury after Shultz left?
- Ash: He'd have to have his own reasons. You should get his statement on that one.
- Naftali: I wish I could; I can't.
- Ash: That was one, there was a second one of like kind. When he was the administrator of energy or whatever it was called at the time they had set up this new department.
- Naftali: -- the energy czar --
- Ash: And I had my staff -- what was the name of the guy that later succeeded him? Whoever succeeded him went to the stock exchange, went to head the stock exchange -- anyway, he was in my staff. And he was our energy guy in the OMB. And I wrote -- the bill that he wrote -- it begins with Z [Zarb] -- what was the name -- letter begins with Z -- anyway, he wrote analysis of how Bill Simon was doing his work, trying to deal with the energy crisis. And he wrote it under my name, and I gave it to the President, how we, OMB, think things are going in the Energy Department. Bill Simon learned of that, because the President said, "Change the letter. Put my signature on it instead of yours and send it to Bill Simon."
- Naftali: Oh, well, that would not have made Bill Simon pleased, no.
- Ash: So anyway, and then there's a thing, the trick I talked about -- the question is, Bill Simon and I weren't doing too well together, so the President had to hire somebody to kind of mediate between us. And for a while there was a different chairman of the group because we had -- they put somebody else in the job.
- Naftali: Didn't he -- he put his old teacher in the job, Ken Rush?
- Ash: Ken Rush, you got it. That's it.
- Naftali: Do you remember anything about him?
- Ash: No, I don't -- really don't.
- Naftali: But he mediated between you and --
- Ash: That's right, yeah.
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- Naftali: There was another interesting thing that happened on this score. Before you went to OMB, the Director of OMB, whether Caspar Weinberger or George Shultz --
- Ash: Right.
- Naftali: -- actually reported to John Ehrlichman.
- Ash: Exactly.
- Naftali: But you had a different arrangement.
- Ash: It was totally different. And I take as one of the very interesting things that goes on in Washington, how signals are transmitted -- political signals are transmitted in the system without people knowing it. That is, when -- before I was in the job, when Shultz and Caspar Weinberger were, they worked for Ehrlichman. Their offices were in the Old Executive Office Building, which is terribly important there. When I was appointed the job, the office was moved to the White House, reporting directly to the President. Nobody had to say anything to anybody. It was a signal of what the President had -- what was going on in his mind. They were going to take this function and bring it closer in and do it by starting with a signal to everybody in the outside world. "Where's your office?" "Mine? Actually it's the best office -- the whole White House, the President's office." Have you been to the southwest corner, the second floor?
- Naftali: No.
- Ash: There's a book written about that office on the second floor of the White House. The book is about the White House someway. And the book isn't all about it, it's just one little incident. But it has to do with power signals the President was giving. When he moved it there, he gave us -- gave me space that was about twice as big as this room and the whole corner space of the second floor. He said, "This is your space. Design the office any way you want." So I designed the office -- it's a nice looking office -- designed the office. The article in the novel -- it's a novel that says this thing -- says that I paid for it. I didn't pay for it at all. Taxpayers paid for it. But it's the best building in the whole place. But fundamentally, behind it all was some visual signals that OMB's going to have a different position than it had before. It's going to move out of the Old Executive Office Building physically, and move out of it as to where it reports. Nobody said anything. It just happened. It sent a big signal.
- Naftali: So you had this wonderful office in the White House?
- Ash: I had a great office in the White House.
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- Naftali: Did John Ehrlichman -- how did he respond to the signal?
- Ash: He didn't make -- he obviously didn't like it because it was not what he wanted to have had happen. But he quietly just went about what he was doing, and it's okay. He was doing all right.
- Naftali: Had you -- did the President raise this decision with you about moving? Or did you say, "Mr. President, if I'm going to take the job, I need to be --"
- Ash: He said I didn't have to say one word of bidding for it.
- Naftali: He did it.
- Ash: I didn't have to say to him anything, no. It was just done. I was a little surprised to find that I had such a good office, but I didn't turn it down.
- Naftali: And -- but what about the reporting structure?
- Ash: We just quietly kept moving and didn't say anything particularly, but let it work that way instead. Ehrlichman still sent some things in. What we formalized, one of the issues that was involved in that, what the President likes and liked then, as I started right at the beginning, President Nixon's a thinker about things. He wants the arguments on both sides, no matter how right or wrong somebody, thinks they are. What are the best arguments made on both sides of a question? We took over to OMB, we took -- we defined that as our objective. We became the intermediary, taking legislation in process, on the way to the President's office, and we sent in, "These are the arguments that are made on both sides, but here are all the arguments." And that I think is one that particularly he was trying to get toward, where Ehrlichman was more, "Here's my thoughts about how I would do it, and I'll try to fit it to your party interests." So we -- the last -- my few last, last few months at OMB, we were submitting these things to the President. We were the source of saying, "Here are the arguments that you have to think through."
- So anyway those were all -- it's interesting how things work in Washington. I just was quoted in a magazine -- I was quoted in a magazine written a long time ago, but just picked up for review, saying if you want to go from government to -- if you want to go business to government, first understand it's quite different than running a business and being a chief financial officer, chief operating officer, chief any officer in a company. Understand it's totally different how you do things. First, be willing to do -- do yourself -- do the work differently than you did

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before. You got to learn how to play these interesting, funny games. So you better learn how. If you understand what it is, you accept it, and are willing to learn, you'll probably be good in government. But forget it if you're coming out of business as being CEO and everybody around you says, "Do this," and if they don't jump they're fired. In Washington, if you get 51 per cent, you're in.

Naftali: Well, how do you learn these things? Is it just through experience once you're in government?

Ash: Just doing it.

Naftali: You didn't find this frustrating after a while, you know, given what you'd done?

Ash: No, the game became interesting. The game is -- power is what it's all about. And there are a lot of occasions where OMB would come contrary to others in power. Fortunately under Ford and under Nixon, and even under predecessors, including Democrats, almost always OMB wins. The department head has the right to go to the President around, and sometimes does very few, but most of the outcomes is that when they go -- when they finally appeal to the President, the two views, some way or other OMB's pretty well supported in the administration.

Naftali: When you've looked at people who've succeeded you at OMB, have you --

Ash: Frank Syme was the guy that I had for energy at OMB. And then he went on to become head of the New York Stock Exchange.

Naftali: So he was the one who wrote that assessment of the energy czar.

Ash: Right.

Naftali: I suppose it was not a positive assessment.

Ash: No, it wasn't at all.

Naftali: Well, we're planning to interview him, so I'll have to ask him.

Ash: Frank Syme?

Naftali: Yes.

Ash: Yeah.

Naftali: Did you make up with Bill Simon afterwards?

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- Ash: No, but I supported his son for governor of California.
- Naftali: Well, that's -- tell me about, tell me a little bit please about how well you think the Ash Commission's recommendations were accepted. I mean, how much, obviously OMB is -- was a major recommendation.
- Ash: Yeah, well the thing there, first they created OMB, second they created EPA.
- Naftali: EPA, oh.
- Ash: Yeah, Environmental Protection Administration. Little complications developed when we did that. Then I told you about the economic processes that they created the International Economic Policy Council, which immediately faded out of business when the others faded in and took over the vacuum. We got the job done. Not with the same people. Pete Peterson went on to be commerce then went on from there to do other things, even bigger things. So with those things we got accomplished and broke the ice toward having OMB have a thing called management function to perform. It's still got its 10 years to go before they really can bend it down and have it as bureaucratic as the things that are already there bureaucratic.
- Naftali: Can we talk about the EPA for a moment? Where did that idea come from?
- Ash: It was in process at the time. I've forgotten who were the people that were for, were pushing it through.
- Naftali: What?
- Ash: Well it didn't come out the way I wanted, incidentally.
- Naftali: It didn't?
- Ash: It came out three-quarters of the way I wanted it, but not the one quarter of the way I wanted it. The one-quarter was take into consideration and making judgments about EPA, give heavy weight to the economics of it all. There's a lot of technical things you can do there improving the whole business of environment but don't over look the economics thing. I would have given a stronger interest in the economic aspects of anything going on in the Environmental Protection Administration. But other than that, it was okay but I thought that they should take into account the economics, rather than do it and say afterwards, well it's too late, that's what it's going
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to cost. So I didn't win that one. I got two-thirds of it, but the key part I didn't.

Naftali: Well that, and that would have involved expanding the EPA and --

Ash: I don't know how it would have or what it would involve, but it would have saved more arguments that presented the arguments against in terms of the inappropriate cost relative alternatives. But I don't get a lot of credit among a lot of friends of the EPA, being associated in any respect to the EPA, let alone that part of it.

Naftali: Well, but you don't view it that way.

Ash: No, but --

Naftali: EPA found itself in a struggle with Agriculture and Commerce right from the beginning. It's interesting because one of the super Cabinet members was -- I guess one of the four divisions was Natural Resources.

Ash: I think so.

Naftali: And it was to, it was to unify I guess Interior and Agriculture and EPA.

Ash: Yeah that would have been one of them, mm-hmmm.

Naftali: And Earl Butz was given that?

Ash: Oh yeah, it's funny what goes on in Washington, isn't it?

Naftali: Yeah, well you're smiling. Why are you smiling when I mention Earl Butz's name?

Ash: Yeah it is a little interesting, yeah. Earl Butz was great except for the things that he inadvertently said.

Naftali: Oh you mean later, yes.

Ash: Yeah.

Naftali: I'm going to interview him later this week. Tell me about, if you can remember this, it's so long ago. When you got the job at OMB, Casper Weinberger had ladened the budget with what became known as impoundment, the issue of impoundment.

Ash: Yeah.

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- Naftali: And you got stuck having to explain this. What was described later as "the battle of the budget." Do you remember any of that?
- Ash: Only vaguely; I don't even remember a particular instance of defending one.
- Naftali: Well the, the Executive Branch wanted to send a message to Congress that it didn't always have to spend all the money that it was appropriated.
- Ash: Well yeah, that came out of the, that came out of our hours of testifying. I was under the, a defendant in more suits than anything on that issue. I think there were a lot of legal actions taken, and I was always named as the target.
- Naftali: Do you remember what the issue was?
- Ash: Hmm.
- Naftali: I just wondered whether the Ash Commission had actually looked at this problem.
- Ash: It didn't, no. I'm not sure I can remember. I could probably find a clue of some kind.
- Naftali: Let me ask you about --
- Ash: That impoundment thing reminds me of something else that's similar, but not identical. This is -- we used to have things we called tax expenditures.
- [phone ringing]
- And now it's, and now they don't call it tax expenditures and put it on the bad side of the equation. They call them, let's see, something like specially designed, what do they call tax expenditures?
- Naftali: They are kind of taxes aren't they, no?
- Ash: Well anyway, it's just, the process of taking one particular piece, many pieces of government have a tax, a particular tax to them. We used to call them tax expenditures, the privilege of spending money if you give very narrow base somebody to do something, and there are a lot of others already in the business. And I don't think it's the same thing. I think tax expenditures are this other, what do they call it, came along there too. But I remember, I remember I got sued on the -- oh I know about the, I know what I was sued on. Yep, it was not, that's it, it was not spending money. The theory being, it was authorized and allocated, it must be spent. And as
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a result, there was a new budget act created both for Congress and the administration after I only won one of the tests of it and had the lawyer -- who was the guy who was zipped out of the Supreme Court? They call it -

Naftali: Bork.

Ash: Yeah, Bork was my lawyer, and we didn't get very far.

Naftali: Do you remember, you -- Congress was debating whether or not the director of OMB would be a confirmable position.

Ash: Yeah I remember that too, mm-hmm.

Naftali: And you testified against it being a confirmable position?

Ash: Yeah, with the stress I had with the chairman of the committee that was responsible for the OMB's own budget, has to get somebody's approval, asked me to testify there and he was one of the old guys from way back. And he said during the course of questioning me about our own budget, "Tell me what you mean by the word 'management' in the management budget." And I went on I thought pretty good shape for a long time. And when it was all finished he said, "I understand you, whatever is in there for budget take it out -- for management, take it out."

Naftali: I mentioned the business about whether you would be confirmed or not because you testified against confirmation, but in fact, you believed that the Director of OMB should be confirmed by Congress.

Ash: I think I vaguely remember that aspect of it, mm-hmm.

Naftali: Oh, okay.

Ash: Well that's what happens in Washington sometimes.

Naftali: Did you ever work with Bryce Harlow?

Ash: Not enough to really have any long-term --

Naftali: How about Mel Laird?

Ash: A bit with Mel Laird, particularly as Defense Department things.

Naftali: I was wondering whether Richard Nixon ever kidded you about being from Harvard since --

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- Ash: He didn't make it directly, but he mentioned it two or three times when I was around but he doesn't remember that Senator Kissinger was from Harvard, and there's somebody else and somebody else. He's got a fair number from Harvard. My answer to that is if we are worrying about Harvard, I'd rather be inside trying to change it from the inside than the outside trying to change it. So our present program, the Ash Institute, fortunately, in addition to the money I put in, the Ford Foundation put in over \$50 million to finance my project.
- Naftali: Wow.
- Ash: So we're going to have a lot of chance of working with him.
- Naftali: That will make a big difference.
- Ash: Now when I say my project, it comes out of the Ash Institute, but we broadly defined, redefined the purpose of the Ash Institute to include what had already been there before included under the Ford Foundation. So we changed the definition of where it is in the organization -- this is some of the other things -- change the definition of where it is and let the money go with it but still doing the same things it was doing.
- Naftali: Do you remember Colin Powell at all?
- Ash: Sure, he was a very good major.
- Naftali: He was a major at the time?
- Ash: I had heard of him when he was a major and he was a very good major. Assistant to my assistant Fred Malek.
- Naftali: Oh.
- Ash: That's where he was, and he did a very good job.
- Naftali: Tell us about Fred Malek.
- Ash: Fred Malek was my deputy. He knew the political dimension of things that I had not experienced and not known but his job was to see and know the political aspects of these things some way. But Fred has developed a little bit of animosity by the, of those that saw him as the guy who was firing, whose job was to fire Cabinet members. He didn't do a bad job, but he gets undue credit for --

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Let's see if my wife will get that one. She's got it.

Naftali: She got it. Get undue credit about, for firing people?

Ash: Yeah, so anyway, but that was Fred Malek's one role. Then he went on to be my deputy. Then succeeding then Fred Malek -- had working for him -- it was Paul O'Neill. Paul O'Neill as you know became Secretary of Treasury. Paul O'Neill was a civil servant until, I think -- until I got there, I think. I think that got him off of the civil service list and got him into a Presidential appointive job. I think that's the way it worked. You may find it more particularly otherwise, but I think, but at least he was a political appointee by the time I was, he was my deputy with the Treasury Department. If he hadn't kept his mouth open or had he kept it closed for a while, he would have done better in treasury.

Naftali: He was actually, I think, with the Veterans Department.

Ash: He was yeah, doing civil service work, civil service level work for the Veterans Department and came in to OMB as head of one sub-section of the budgetary things that we were working on. He was very good. Frank Zarb was head of the second one. We had a third one.

[unintelligible]

I don't remember who that was, but -- so there was a whole lot of people just all mushing around, isn't it?

Naftali: Was Frank Carlucci there when you were there?

Ash: He was there, but I didn't have any occasion to deal with him.

Naftali: A lot of people got their start at OMB, or at least their careers were boosted at OMB.

Ash: OMB is still considered the best place to be if you are going to be a civil servant in government.

Naftali: Let me --

Ash: It's pretty good incidentally, I'm trying to think, I had the number of graduate school, graduate or higher degrees. It was like 60 percent or something.

Naftali: Do you remember at all the concept of New Federalism, which the Nixon administration talked about?

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- Ash: No.
- Naftali: And I know you -- let's see what you can remember of this, because it really was important at the time. In July of 1974, it was a very difficult time for the administration. In fact, as it turned out, the administration had less than a month left. You had a party in this house for Richard Nixon.
- Ash: Oh, that's right, mm-hmm
- Naftali: Can you recall any, that was, it has been described as the last glittering night for the Nixon administration.
- Ash: Yeah we did. We had it here. Invited our friends around here and mostly it was a proper party. And his wife -- let's see, we had two dinners. One was, one of them was here and one of them was at the local club up, just a mile or two up the street from here. The one that was here, I've forgotten which of the two it was, the first or second one was out here. But in order to have a party and have it so we could get enough people because we don't have enough people in this room for what was 100 people or so, we built it over our swimming pool. So now the question is security. We had to have the biggest engineering job of how to make the swimming pool totally, totally safe for having a party on top of it.
- Naftali: I'm sure the Secret Service played a role in that.
- Ash: Absolutely, everything was just examined and double examined, and there was just -- just made absolutely sure that it was going to work as intended.
- Naftali: You don't happen to remember the entertainment from that evening, do you?
- Ash: No, I didn't even remember that there was entertainment, but maybe there was.
- Naftali: I don't know. We'll have to -- well the President spoke, but I don't know what --
- Ash: Oh, yeah, the President spoke at both of those two things that I had in mind.
- Naftali: So twice during the administration, I guess I have to check to see when the first one was, when he came out here.
- Ash: Yeah.
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- Naftali: Now we got speed, thanks. Just to, I'll check this, but so the other club, in the two parties, the other one was at the, you said the Regency Club?
- Ash: Regency Club.
- Naftali: Which is across the street from the Bel Air?
- Ash: That's, well maybe a block away or so, a couple blocks away. It's just straight south from here two miles.
- Naftali: Okay, well, I'll see which one was and where you were in July.
- Ash: I know we had one, one with him in the Regency Club. I know we had one, I'm not sure which is which, I know we had one here.
- Naftali: Did you see him after he left office?
- Ash: Yes, down at San Clemente a couple of times. Had him out to our ranch in Ventura County. I told you about that one, didn't I? Where he came by helicopter.
- Naftali: No.
- Ash: Oh, for him and his wife, the two of them, it was after the election and they were settling down. We invited them out to dinner at our farm, or what we call ranches west of the Mississippi so, because if its 50 acres it's a farm, or it's a ranch here. So at our ranch we had dinner. Invited them to come up and he was able to -- somebody contributed the use of a helicopter to get there and told me where he was going -- when he was going to come and then I had a little problem I had to solve. I had to get out in the field out a little ways away from where the house was, clean up the parts where the cattle had been recently walking for the I'd hate to have him step out of the helicopter.
- Naftali: Oh gosh, LBJ might have known how to step around, but I don't know if Richard Nixon could have.
- Ash: So I had to take care of that one. But he just wanted to be out where he could relax. Walk in the woods, that sort of thing.
- Naftali: Did you chat with him at all when he did that?
- Ash: No, not really. At least, if it was, it wasn't about anything significant.
- Naftali: Do you remember where you were the day he resigned?
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- Ash: I was there. I was there the day he resigned. I was there at the activity that did so. That's the one -- yeah, that's the event he resigned, I guess it was, the one where, the time when he left office or when he resigned the office?
- Naftali: Fair enough, I was talking about the next morning when he spoke in front of the staff. I mean the night before he had spoke to the nation and he said he would resign, effective noon the next day.
- Ash: Yeah, I'm talking about, when he talked to us -- I'm not sure which day is which, but I know the one that I went to is when he and I guess his successor appeared on stage in the White House announcing the change. What I remember of it is it was very clean and neat and simple and simply done. As soon as it was over, we went down to the mess hall, set there, had lunch in the normal standard way, went back to our office, not a stitch was dropped. The government, I thought that was tremendous proof that the system works. We were able to have a government that survived totally without any adverse consequence, survive this big turmoil, and that's the lesson I drew out of it. We had lunch that day after. We went right from the upstairs in the meeting room down there to have our lunch. Not the whole group but some of us, some of the smaller sub-groups.
- Naftali: And you said that not a stitch was dropped?
- Ash: Not a what?
- Naftali: You said not a stitch was dropped?
- Ash: Yeah, that's right. Everything worked, at least the government worked. We don't necessarily, I don't necessarily like its outcome, but I do know that it proved that things don't have to blow up like they do in other countries when you have something as, like this. In that sense there was a further contribution by a Nixon and his successor, to creating a transition to -- that left nothing undone just because they had to separate. And the -- I forgot even with whose table or who was sitting with me at our table. There are tables down there in the mess room, I don't know if you've seen that from down there. Table holds four to six or eight people that just kind of gather around and this one was, everything was quiet, everybody listened, everybody "understood," I guess, went back to their office, picked up the piece of paper that they had laid down just before they left, kept going. Nothing changed in the process of operating things immediately, not that they didn't change with proper deliberation at time, after time. But at the moment there wasn't any big run for this job or that job or who knows what would have done and it really worked.
- Naftali: You decided to stay on through --
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- Ash: I decided to stay on, but then like everybody else, you had to submit your resignation. To a new President you can't, so he said, "Would you like another job?" And I said, "No." And I told him if I did it would have to be Secretary of Treasury. That was enough said to cause him to say no right there.
- Naftali: Did you think he would say yes to that?
- Ash: I hadn't the least idea. I thought I'd rather say no before he asked.
- Naftali: But no, you said to him you'd stay on if he made --
- Ash: No I said it only kind of as a fleeting sort of way, a kind of symbolically more than really.
- Naftali: Oh --
- Ash: Because it wasn't -- I wouldn't be the best-qualified guy for treasurer anyway.
- Naftali: Well, they made John Connally Secretary of the Treasury.
- Ash: Now the thing about John Connally, back to him again, when he went on his first trip -- have you ever heard about his first trip around the country and maybe to the foreign countries? Where he's so absorbed, that he freezes the meetings, the ideas the treasury had. He could speak extemporaneously as if he were the expert on how the process worked. I couldn't do that. But he gets great credit for having, I think, within the first week, he had to turn it up in Switzerland and say something on the subject the Treasury Secretary is supposed to say, and it said in my feedback is he did a tremendous job without knowing what he was saying.
- Naftali: But you were not supportive, you didn't support wage and price controls.
- Ash: I did, and I didn't. As a matter of state of mind, I didn't support wage and price controls, but right at the end as you know, the controls are done twice. The first time they didn't get approved. The second time they did get approved. They did get approved partly because of John Connally and myself, which we didn't intend to have it approved. But John was making such a big argument, such a good argument that I joined in him and we lost that one.
- Naftali: What do you mean, I'm sorry, you did not want them approved?
- Ash: The second round I was okay for, the second round I was okay for doing so, and we did. In retrospect, as George Shultz says, "We shouldn't have
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done it." But on the other hand, I had some reasons I'd assessed fairly incorrectly what some of the key members of Congress said they were going to do if they weren't approved. They were going to have interest rate controls and all other kinds of controls, and I had felt, maybe incorrectly so, but I had felt that with those they were really hamstringing the economy totally. And since the second round of the price controls was very limited that if you do this you qualify to get out and each company can qualify an industry can qualify to get out if they did some thing. I thought its better to take a short run -- well and then we put into place a quick getting out process once we had gotten into it we put into place a quick -- I thought we could take the risk of a quick getting out process. John Connally thought we did and John Connally was the spokesman to the President on that one and got us to go into the second round. But in retrospect, George Shultz was probably right saying we should have said no right then and held our line. But I didn't hold it because I thought there was a reality in what the alternative was, and they thought there was no reality in what their alternative was. They was right.

Naftali: And so you were, it was a political judgment in your case.

Ash: Yeah, it was a political judgment. It wasn't an economic judgment, it was political. Whether we'd get -- I didn't want to get into something worse.

Naftali: Tell me what, what, do you think we had to have an energy crisis?

Ash: Had to have what?

Naftali: That energy crisis of 1973.

Ash: Nope, that's the letter to the President that they had that I sent to him that he put his name on or had another one. Said we didn't have to have this, we're creating it.

Naftali: How did we create an energy crisis?

Ash: By making an over strong case of what the crisis was and having people get panicked. Didn't have to panic that much, but who knows. Then John Connally was the speaker on those, he and I were the only two of the advisory committee that took that position. And John did from the more pure position of getting away from what they were otherwise going to do, which I thought, still thought was a good likelihood. If you get interest rates under control you're really getting in trouble with the economy. So they agreed to leave off, as I recall, we agreed to leave off interest rates.

Naftali: That's when the wage and price controls --

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- Ash: Wage and price control, yeah.
- Naftali: -- issue? Tell me, is there some other question, is there some other story from the administration you'd, an anecdote you'd like us to preserve, that we haven't talked about?
- Ash: No, yeah, let's see, let me think if there is. Well, the one to preserve is if you want to go from business to government, do those three things.
- Naftali: Well I was also thinking about -- there's story that you told some time ago about a visit to Casper Weinberger's office.
- Ash: Oh yeah, the one with the telephone?
- Naftali: Yes.
- Ash: Yeah.
- Naftali: Could you tell that story please? That's a very funny story.
- Ash: Well, Casper Weinberger just moved in to this new office that had been remade from what it had been to accommodate him. He had specified what it was. And I was to meet with him. I did meet with him there. And when I got there to meet with him the telephone rang. And the question was, "Where?" He looked all over, couldn't see on top of his tables or desks or any place else, finally listens to the wall and was up against the wall and you could hear the -- hear the telephone ringing in the wall. Wanted to find, they had finished the wall by putting the inside surface on it not realizing the telephone was inside.
- Naftali: That was amazing. This is when he was OMB, head of OMB?
- Ash: No, this was when he went over to HEW.
- Naftali: Oh, HEW.
- Ash: Yeah.
- Naftali: Oh, so his newly paneled office at HEW, they had paneled in, walled in a live telephone wire.
- Ash: That's right, yeah. That shows how well they knew what they were doing. So that, there's a lot of interesting stories that go on.
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- Naftali: Could you tell us a few other members of the Ash Commission? We talked -- obviously we've talked a lot about John Connally. Who else was on it?
- Ash: Let's see, who was the guy, the name of the guy, the head of then AT&T, I think. It was downstairs here but, the names downstairs, but I don't know how long it would take me to find the thing in thousands pages of paper.
- Naftali: I was just wondering if any of them had been colleagues of yours before. Because John Connally you didn't know but I'm assuming some of the other members were people that you knew.
- Ash: I did, but I don't remember their names except the guy that was the head of, I think, AT&T, but maybe not, at the time, but maybe not. A real industry mogul, industry mogul whatever it was.
- Naftali: And Andy Rouse --
- Ash: Andy Rouse, yeah.
- Naftali: -- was your staff director?
- Ash: He was a staff director and because he'd been doing this kind of work, the preliminary work of this kind before. And he was a staff director and he left to go back to school, I guess, wherever he was going.
- Naftali: Your first staff director was named Murray?
- Ash: That's right. That's all I know too.
- Naftali: Let me ask you one last question. In 1968, the President asked you to be head of the Bureau of the Budget.
- Ash: That's right.
- Naftali: Did he also offer -- didn't -- did he offer you Secretary of Defense or --
- Ash: No.
- Naftali: Or Secretary, so it was Bureau, Bureau of the Budget?
- Ash: Yeah.
- Naftali: And you said no for family reasons.
- Ash: Yeah.
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- Naftali: Why did you say yes in 1973 to becoming OMB Chief?
- Ash: Well, first the family reasons disappeared, and second I'd kind of been interested in management. That's the subject that I've -- find that I get attracted to from time to time. Like what's going on now at Harvard is derived many years later. It's 14 years later from my first, forgot what I told you what I proposed this idea to the Harvard Business School before I went to the school of government.
- Naftali: No.
- Ash: My 25th anniversary at Harvard Business School, I raised some money and proposed to the head of the Harvard Business School they create an MBB Operation, Management Beyond Business, that is management for government and non-profit organizations. They declined the money because they thought that any money should be spent on other things. Ten years later, I came up with the idea, "Well, if they're not going to do it at OMB, let's do it over in the department of government."  
Yeah, the department of government of, of -- -- of Harvard, yeah department government of Harvard. So this is really a continuation of what I started with the thinking of -- since 1972, to have the business school, teach people how to take up management jobs in government.
- Naftali: Mm-hmm.
- Ash: So now were teaching people in government to learn how to manage.
- Naftali: Well, that's a -- so is this going to be at the Kennedy School?
- Ash: The Kennedy School, I couldn't take the name off of that any way I wanted to.
- Naftali: Well...
- Ash: Harvard is a big convener, say the name Harvard come to this meeting, people come.
- Naftali: Let me ask you one last question. We were talking about people that You'd met. Did you ever meet Ronald Reagan?
- Ash: Just once, I think. Not invited to his party because I don't want to have it on the record.
- Naftali: Oh.
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- Ash: We were invited to a party that he had but maybe it was just once.
- Naftali: Ideological differences, not to --
- Ash: Just process differences, but that's okay.
- Naftali: No, I understand. Well, I believe -- let me check. I think that I have asked you all of my questions. I think the last one was, what role did you play in shaping the option paper system in -- was that Bob Haldeman's approach? In the administration?
- Ash: Bob Haldeman -- it kind of was evolving from Bob Haldeman and Ehrlichman to more to OMB, and what was done was kind of changed too. OMB came up with the -- made sure they had the arguments on both sides, and the others were a little more politically oriented. Here the argument says they go for the point of view of our politics, as the President said. Nothing other than that it just says there are two ways of going about things.
- Naftali: And this happened when you were head of OMB?
- Ash: Yes, mm-hmm, and presumably continued thereafter.
- Naftali: And to what extent did this system reflect President Nixon's personality? He preferred things on paper, didn't he?
- Ash: He preferred things that you think about, not just drivel, and so he wanted crisp, hard statements of the facts or opinions or impressions or something. I thought we fit fairly well even though others may criticize him for thinking too much about these things. I wish we'd do more thinking these days.
- Naftali: Mr. Ash, thank you for your time today.
- Ash: Well I appreciate the opportunity. I never realized I'd done all those things you were talking about and said those things.
- Naftali: You can be proud, you did a lot for our government, thank you.