

Timothy Naftali

Hi, my name is Tim Naftali. I'm director of the Richard Nixon Presidential Library and Museum. It's November 15, 2007. We're in Evanston, Illinois. I have the honor and privilege to be interviewing Professor Walter D. Scott for the Richard Nixon Oral History Program. Professor Scott, thank you for joining me.

Walter D. Scott

Pleasure to be with you.

Timothy Naftali

How did you come to join OMB in 1973?

Walter D. Scott

It's a funny story, as a matter of fact. I had been a senior partner of the Lehman Brothers in the investment banking business running the Chicago operations, and I had been doing that for about eight years. And I had not wanted to move to New York. I had lived there before, but I had not wanted to move back to New York with Lehman Brothers, and I'd always had the idea in the back of my mind that it would be interesting, worthwhile to serve in government, worthwhile to the point of view feeling I'm an extraordinary beneficiary having grown up in this society, some giving back. I thought it would be a fascinating experience, and I've always liked to try new experiences that would help me learn. At any rate, to get to the question, I thought it was a good time because Nixon had just won the election in '72. I was very enthralled by an awful lot of the policies and what was happening in the domestic side, international as well, too, but the initiatives that really seemed very promising in terms of making some fundamental changes in our society, long term. And so I thought it would be an interesting time with the semi-mandate that he seemed to have on getting re-elected to serve in government.

So I called the White House recruiting office blind, and I said, "My name is Wally Scott. Here's my background. If there's any job there that I would have the feeling I could contribute in or would make a difference in, I would be very interested in exploring it." And it's sort of -- couple -- I talked to a guy by the name of Joe McCullen who was in the White House Recruiting Office. And just at that time Fred Malek had moved over from the White House Recruiting Office to OMB. And McCullen, this I think was on a Monday or something of the kind, McCullen called me back, I think it was Wednesday, a couple days later and said, "When can you come down here?" And I said, "Well" -- every Monday I was in New York for a Lehman Brothers executive committee meeting and the eight of us or six of us who were on the executive with the Lehman Brothers -- and I said, "Well I've got a meeting in New York on Monday morning. You know, I can come down Monday afternoon if you want me too, if it's worthwhile." So I did and even that first afternoon I met, I don't know, I met Roy [Ash], Fred Malek. I can't remember, I may have met another Cabinet officer. And so I went back to Chicago then, and two days later I got another call, "When can you get down here again?" And I said, "Well, I've got a meeting in New York every Monday morning, I can get down next Monday afternoon, and I'd be

happy to do that." So I did, and that time I met the then Vice President Spiro Agnew, George Shultz and a number of other people and two days later was offered a job. And no one ever asked my politics.

I'd never been involved in a political campaign. I'm not sure I'd written a check to a candidate. It's remarkable to me on many different kinds of levels how they could move so fast. And it was clear that I was offered either, I could have been associate director for Economics in Government, which I was, or I could have had the Interior/Agricultural associate director job that John Sawhill took. So they gave me the choice of those and this one sounded like it a better fit with me. I didn't realize there would be an oil embargo shortly later that kind of escalated how central the energy cut would have been. But it was kind of amazing at how quickly the whole thing unfolded to me, and as I look back, too, knowing what I know today, if you ask me, is there one job that you would think would be the best job for you to spend two years in government to kind of get a sense of what's going on, I had it. Now the other associate directors would have probably said the same thing, although the domestic ones were a lot easier to deal with. The guy who had the international and defense department wasn't the same level of player because those departments were run by Henry Kissinger and others who would barely talk to OMB.

Timothy Naftali

Tell us about the health of New Federalism when you come into office.

Walter D. Scott

Well, it seemed like the -- much of my reflections are colored by the fact that it was -- we were essentially moving to a dysfunctional relationship between the Congress and the executive branch. The New Federalism seemed to be very much alive and on the platter. Clearly there was beginning to take place some concerns on Capitol Hill that there was a give up in terms of control of monies, that you weren't getting as much back for it when you were giving it to a state, general revenue sharing or in some of the block grant kinds of things that were pushed under Nixon. Nevertheless it seemed an idea that was still very much in the main game of the dialogue. The participation that I had and those who were testifying on Capitol Hill was not one of a real embrace of the idea. But in the early, particularly in the early stages before the, before really Watergate broke lose -- then Watergate, I think Haldeman and Ehrlichman departed by kind of three weeks after I got there, so that it was really beginning to take shape, this whole nightmare. But the whole willingness to negotiate on things on the Hill seemed to change very dramatically, although I don't have enough of a historical reference point of before Watergate broke loose. But it still seemed very much alive, and certainly we reauthorized general revenue sharing while I was there. There were some transportation block grants that took place up to some other ones that went into effect.

Timothy Naftali

Did you help in shaping some of the Responsive Governments Act?

Walter D. Scott

No, I don't even remember what it was. I may, you know, the numbers get blurrier. That's part of the nature of the jobs that we all had, was the pace of what you were doing is really incredible that you would -- the first meeting in the morning started at seven o'clock, and the last meeting was over about

7:30 in the evening, and it was back-to-back meetings. As you walked between meetings you'd be reading a briefing paper from your staff guys, would give you the topic.

Timothy Naftali

What was on your plate? What did they give you? What were you work -- spending a lot of your time on?

Walter D. Scott

Well, again because I had a rather broad cut of having the, having Treasury, Transportation, Justice, Commerce, the White House, GSA, the Postal Service, Congress, there was a variety. The things that took probably a lot of attention were the USRA, the Railroad Adjustment Act that created Amtrak and Conrail, spent a lot of time on that. When I first got there we spent some time on creating the, ended up creating the Drug Enforcement Agency that Fred worked very hard on and I worked less -- It was got underway when I got there, but it was sort of an unfortunate compromise because of the politics of having INS over in Justice and Customs in the Treasury department, and therefore, they split the baby in half, and I'm not sure that was the best approach for immigration issues in the long run, but at any rate that took some time. The -- spent a lot of time, a lot of time at one stage in terms of working out reorganization of the Justice Department with Elliot Richardson. And on a Friday we had a last meeting on this, and he signed the order putting it into effect the following Monday and Saturday something happened along the way. And there was no more Elliot Richardson as attorney general. Though we, my wife and I were down in Virginia trying to take off some time and read the newspaper Sunday morning and, oh shoot, all this time we had spent on this, reorganizations don't provide answers, although Elliot liked reorganizations a lot, but it was the central plan. I went through seven attorney generals in two years.

Timothy Naftali

Did you work on the super-Cabinet issue, was that still--?

Walter D. Scott

Well I was, I was a beneficiary of it in a way. Because George Shultz had his particular cut, and so every morning started -- my second meeting was in George's office with that as a, with his pulling together the secretary of Labor, the what was then called the, it wasn't the special trade representative, what it was called then, and the Commerce was not represented nor Transportation, and Roy Ash should have been in the meeting but Roy and George didn't get along very well, so I was in that meeting. And Herbert Stein was initially there, Alan Greenspan and Ken Dam was usually there. And so that was part of the super-Cabinet. He had his office in the White House where those meetings were.

Timothy Naftali

Shultz and Ash didn't get along?

Walter D. Scott

No.

Timothy Naftali

Source of the -- just personality?

Walter D. Scott

It happened before I got there. Yeah, I was a little surprised when I was invited to be in that meeting because it was a meeting that Roy should have been in. Or I suppose Fred, although Fred -- -- to a great extent felt -- excuse me -- like we were reporting more to Roy than to Fred even though, I'm not even sure what the organization design said, and Fred was terrific in not getting in the way of us having the fun. He could have muddled a lot in what we were doing, but I think he recognized it and there was really, I'll leave myself aside, but a terrific group of people, as there were through -- that I -- the really people I worked with in government by and large were absolutely wonderful. There were some weak ones, but the OMB staff that had put together the four and the half -- I'm calling Frank half because he was not an associate director, he was an assistant director -- but were all terribly, terribly competent people whose careers speak for themselves as you'll look at them. And I don't know why, what erupted between Roy and George, whether it had anything to do with the reorganization of OMB that Roy dealt with. Roy was a very different kind of an individual than George, extraordinarily apt, quantitative thinker and had a very wonderful ability to kind of take discussions to whole new levels of thinking about issues. Sometimes the abstractions would get so far away from what you were trying to deal with, and I would say, "Roy, all I want to know is can I empty this waste basket from here to there?" and we were off in the clouds somewhere. And sometimes you'd lose your touch with where you were really going on a particular, but he was an extraordinary man. George was quite a different kind of person, and George is probably a man I respect as much as anyone I ran into in the government, extraordinary man.

Timothy Naftali

In the Haldeman diaries from that period, obviously before he leaves, we have the sense that the President, there are some domestic programs the President wants to get rid of, like OEO, and he feels he has a mandate to do that. What kind of tension did you see, you know, from your perspective that in the sense that in the second term it looked like some of what the first term had accomplished was going to disappear?

Walter D. Scott

And for a --

Timothy Naftali

Are we on?

Male Speaker

Speak.

Timothy Naftali

Okay.

Walter D. Scott

I think maybe the first week I arrived in Washington and I had to go up and give some testimony on the Economic Development Administration, the EDA. Well, I guess what the meeting with, should be was meeting with the leaders of the committee, I don't know, the four senators or who were involved in the legislation. And OMB had done a -- overseen a study that took place that suggested that there was, the cost per job created was really an obscene kind of a number. It was not a very good program. And so I was delivering this particular message and suggesting that it be pared significantly or even be closed down, and I was sort of laughed out of the room. And essentially the message was that this is a wonderful vehicle for pork and why would we think about doing that? My guess is there may have, a little earlier it might have been easier to be dealing with that kind of an issue there. I don't know. I think it probably was very desirable. It's the sort of thing you could paint in a particular fashion to make it attractive in terms of job creation and so forth. Even though it, in terms of the real efficacy of the program, it didn't have an awful lot. So and I think a lot of that increasingly began to happen and, you know, despite the politicization of the world today, clearly there was an awful lot of politics that began to increasingly intrude as Watergate began to break this increasingly.

Timothy Naftali

Well, was the -- the death throes of the Family Assistance Plan took place when you were there. Do you remember that?

Walter D. Scott

That wasn't in my term. That was Paul O'Neill's.

Timothy Naftali

I've learned there's a hospital down the road. So that was Paul O'Neill's? What about OEO, was that on your plate?

Walter D. Scott

That was Paul's, too.

Timothy Naftali

That was Paul's, too.

Walter D. Scott

I had the Council on Wage and Price Stability that already I already had something to do, and they were trying to kill that off, although with the Ford Administration and inflation increasing, these things kept getting reincarnated one way or another, where there's a desire to be doing something, even

though the something may not have been necessarily the real answer. You know we had our WIN buttons under Ford, with hook inflation now, and something's that seemed kind of side showy and also we had our, in that administration, the Inflation Summits around the country were aimed at different particular audiences, which were probably useful, but it's not a real answer.

Timothy Naftali

They called the term, "job owning." Was that what the whole point was?

Walter D. Scott

Yeah, yeah.

Timothy Naftali

Tell us about Amtrak. You were there.

Walter D. Scott

Well lots of -- I have a curious history in that one because I was also, back as an investment banker, been involved in the merger of the New York Central Pennsylvania Railroads, and so I had some -- I knew something about railroads because I had done some financing on the back in the investment banking business. That one was, in terms of the legislation itself, clearly there were strong constituencies. Harley Staggers and some others on the Hill who had loved the control they had over where money was going. The lobbying, you know, the whole thing was just compromise, compromise, compromise along the way. They get something taking place that would hopefully have a viable, and in the long run, a rail system, both Amtrak and the Conrail side of it. And like most of these kind of programs, clearly at the outset you had the program of disengaging the Federal Government from such things, and now 34 years later, or 33 years later, the Federal Government is still the major supporter of the Amtraks of the world. Interesting negotiations because between the unions, between the -- there wasn't much power based in the companies themselves. It was almost, as I recall, a kind of almost a Federal taking of the properties. If I'd realized that it would work in the mergers, the Pennsylvania and the New York Central that what it adds up to was zero, we would have had a lot less agony in terms of setting a price of a stock to be exchanged, and knowing it, but huge pension plan obligations seemed huge in those days.

As I recall a kind of, one of them, presumably an unfunded pension liability is maybe five billion, the other maybe six billion, and big, big numbers for those days, and perhaps foretelling later problems in terms of pension that have unfolded over the past 30 years with those companies. We were often had conflicts with the -- certainly at OMB and the Domestic Council and the Department of Transportation. Department of Transportation like all, virtually all, and that's the reason for OMB, all departments or advocates to some degree have their constituency, and as a matter of fact it was sort of an interesting conversation. Paul Brinegar -- Claude Brinegar at the time was the secretary of transportation, and we had some pretty good fights over it, and it was very interesting how, where he is leaving government he said, "You know, Wally, you and I have had some disagreements in terms of this unfolding legislation and what's taken place in this staff." He said, "But you know if there wasn't an OMB, I would really let you think you got to create one because you need somebody there who is

trying to take an objective look at the outcomes without any constituency other than the President of the United States and maybe the people of the United States." So I can get a little lofty in my perspective, but the President was our client, not any other constituency.

Timothy Naftali

Did it seem that Amtrak could make a profit? Could sustain itself?

Walter D. Scott

If you'd have asked me to bet I would have said, "Probably not," but let me hedge that a little bit. If you had the latitude to play with the Labor side in closing down track, it seemed to be the -- I think I felt, as I recall, there was a reasonable shot at it. But I said if you had the latitude to do that and the possibility of having the latitude was probably pretty extended because there's just too many constituencies on the other side. So there wasn't really a freedom to act and to turn it into something. You know, I think, as I recall when I was there, I thought that might be fun to run it and try to make a go. I liked to make things happen, and that would have been very tempting because it seemed to me that ought to be central in terms of how we deal with the transportation needs today and then in our country, the mass transit stuff. And -- but it would have been a political nightmare for anyone doing it, as it was.

Timothy Naftali

Tell us about grants for mass transit that you oversaw at that point.

Walter D. Scott

Well we, as I recall, we broke into some transportation trust fund monies for roads to get some more money for mass transit. The mass transit was problematic in a sense because of the fact that it was so localized in the impact; in other words, there were a number of mass transit systems. The one that really was a no-brainer in terms of getting the money for, was one for Washington, D.C., where sort of the costing of it was just ridiculous in terms of the -- and one of the things that stuck in my mind was the ramps for handicapped people. As I recall someone came up with a number: you could have given every handicapped person in Washington, D.C., a limo to use all the time. It would have been cheaper than indeed putting in these handicap ramps, what they were doing that was a politically attractive possibility. I don't know, maybe that's the right answer because that's the perpetuity once you do it, but there was an awful lot of different constituencies, and the one for Washington, D.C., was very popular for obvious reasons. The others came harder because indeed you had the [unintelligible] funds were going for -- I guess they went for buses, too, as I recall -- were going to a fairly few in number cities and you -- virtually none in the South other than Chicago, not much in the way in the Midwest and not much in the far West. So there were probably, there were trade-offs being made there to get monies for roads, for example, if you wanted me to vote for your Mass Transit Bill.

Timothy Naftali

Well, was OMB putting any pressure on transportation during the oil crisis to, you know, to improve fuel economy or any of that? I mean you were looking at much more expensive transportation systems.

Walter D. Scott

Yeah, yeah, I don't know that I can really be very -- we did begin to deal with that to some extent, reacting to what the guys on the Hill were talking about because as you -- I'm sure have heard the statement that, the two things Congress does well is overreact and nothing. And clearly with something like happening with the oil price and the lines waiting for gasoline in Washington, D.C., when the oil embargo took place, there was an immediate reaction: we've got to do something and do it fast. And a lot of stupid ideas were surfaced, and I think we were probably -- I'm not sure the department of -- I don't recall the Department of Transportation being in front of it very much. It was more, and maybe this was the disposition of the administration to a more conservative kind of approach than the one that says the government should immediately solve this situation. I think the Department of Transportation to some degree may have been doing, with support of the President, foot dragging to stop some of the dumb stuff taking place.

I think we were beginning to deal like with terms of whether there were standard, mileage standards or that kind of thing but that was pretty early. An awful lot of the locus of initiatives in that whole area were coming from the Federal Energy Agency and then, or Federal Energy Organization that turned into the Federal Energy Agency with, that initially Bill Simon headed, and Frank later succeeded him. But they were trying to have, kind of package the whole thing of what was happening related to energy, and therefore they played an important role, too, within developing transportation policy, and the rest of us were involved in it with pieces of it, and there were coordinating mechanisms. But again, an awful lot of what was happening in the whole energy scene at the time was indeed reacting to politics.

Timothy Naftali

What was your piece of it?

Walter D. Scott

Well, it would have been largely transportation. There are just some that would fall in, that you could, you know the, some minor kinds of initiatives may have come through. Coast Guard at that time was in the Department of Transportation, too. I don't know that it was spread very far around. Treasury had -- were players in it and obviously Bill Simon had come from Treasury and -- but that was more George and his Super Cabinet job dabbling in most of what was going on that had economic in place or to some extent even international implications.

Timothy Naftali

Did you -- what was the status of the reorganization of Postal Service when you got there?

Walter D. Scott

I think it had been created -- it just -- an independent postal service designed to be independent, profitable, all that sort of thing. I think that legislation was passed just before I got there, and we were always -- there was always a tension of say, let's manage this more professional -- OMB, saying let's manage this more professionally. We want to get out of the subsidizing this business in the long run. And it can be managed a lot better, again, very tough with the constituency, union constituency, lots of jobs, lots of voters in terms of how it played in Capitol Hill, the way that OMB would have wanted it

run versus the Postal Service, and had some heated discussions with mostly Ben Bailer who was heading it at that time who -- you know, most of these people ended up being friends or friendly with maybe -- funny conversation, it was with, oh, a guy who headed that -- I can't remember it was a customer or something of the kind and kind of years later -- and we always had kind of heated discussions for whatever the reason -- and years later I ran into him at the, what they call Renaissance Weekend -- I don't know if you're familiar with that -- but anyway, and he really was a delight. He had personality, charm and what have you that I had never seen and I said, "You know, you're such a warm kind of outgoing, vivacious kind of guy." And I said, "Well, how come I never saw it in government?" He said, "Well, I was always on my knees." [Laughs] Because to some degree OMB had a position that was kind of, had an aura of mystery about it to some extent, too, but clearly had the President's ear in certain ways. And knew what he was thinking in ways that many of the departments didn't and particularly the time I was there, those departments really felt, probably important as everybody did, isolated from the President. Because the President was busy listening to tapes, and he had other problems he was worrying about.

Timothy Naftali

Did you interact with the President at all?

Walter D. Scott

Virtually not. I think I was in the office maybe three times for formal signings or something of the sort. You did if there was an interaction through great memos that were sent, a great decision that was. They were the best writing I have ever seen in terms of trying to indeed provide a balanced picture of a particular issue but that have the sign-off box: yes, no, see me, or I have a question or something of the kind. And you didn't know whether later it was Al Haig signed it or just who was signing it. The President was very distant, and he may have always been that way, obviously he was not a President who was very comfortable with dealing with people. Gerry Ford, you were in his office all the time batting around ideas. I never batted around any ideas with President Nixon other than formal signing of whatever may have a bill or budget or something like that. So I have no impression, personally managed to see him occasionally in the halls, the West Wing, but just total distance.

Timothy Naftali

Tell us about the role that OMB played in continuing the government during the Watergate Crisis.

Walter D. Scott

Well to a great extent -- you know, I don't know, I don't think I'm inflating this. It was fortunate this happened in the second, [unintelligible] in the second term so that policies were reasonably well developed. Because an awful lot of times a Cabinet officer could not get guidance from the President, and therefore I would find myself indeed giving guidance at levels that should never have been taking place. Simply because decisions had to get made, and you couldn't get -- couldn't extract them the way that you wanted to be extracting or should be extracting. So it was very fortunate that you weren't getting off the ranch because, indeed, the policies were well developed. So I think, I think there was a lot more -- the role we played was a lot weightier, my guess is, than it would have been had there been normal kind of circumstances, where there are more kind of checks and balances all. Domestic Council

also played an important role, but they were much more in applying the political dimensions to issues than we were. We were not without doing that I suppose, but on the other hand that was not what we thought we were called to do. And I always felt that we were supposed to give the best possible substantive advice that the President, the way we saw the chips falling, the best decision, leaving the politics for other people to impose. And that was the Domestic Council did. Domestic Council had some very talented people on it at that time, too, even though there had been some denuded by ones who went with Watergate or importantly went out into departments for the second term as the attempt to the President and maybe OMB, attempted to gain greater control over the departments.

Timothy Naftali

What kinds of decisions did you -- Oh sorry.

Walter D. Scott

Are we back in business?

Timothy Naftali

Yes, we're back in business. Let's talk a bit about some of the decisions you had, or guidance you had to give that you probably shouldn't have been giving.

Walter D. Scott

Well it mostly related -- it may have related importantly to legislation. Probably we had a lot more bearing in terms of the outcomes on budget appeals and funding and an awful lot of what takes place in terms of where a department goes does relate to the budgets even though that seems awfully dry, but that's the thing that will tell you first, what the President's real priorities are. But we would also be on legislation that, with the difficulty of getting answers on, we may have had to come to the conclusions in terms of what was the right way to position it with the Congress or what was acceptable or what was not acceptable. It still distresses me to even think of this. The final decision memos that went into the -- the President always had the Domestic Council toss something out at the end about how it would play with senators who are important in an impeachment. And that distressed me enormously because I've always thought, and I thought it when they played with the Bill Clinton impeachment, the impeachment votes ought to be ones where you vote your particular beliefs, they should be totally non-political. In the Clinton -- what happened there and to have it be an absolutely a party line vote to me is extraordinarily offensive. To have surely one Democrat, or excuse me, one Republican would have thought he shouldn't have been impeached, and surely one Democrat thought that he should have been impeached. And to have it be absolutely party line is a very distressing commentary on the United States Senate to me. And the Watergate breaking news there was certainly commentary.

I hope that there's no Senator because you put something into his district or did some legislation would have changed his vote on impeachment, but I don't know. Obviously there was a high level of paranoia in the White House at that time. Maybe there always was during the Nixon Administration. So that we, we just -- because you couldn't get turn around or you didn't get useful kind of input, you were making decisions following whatever your recommendation was, and albeit it was very good in terms of trying

to gather everybody's viewpoint. And that was one of our rules, importantly, particularly in legislation, get everybody's viewpoint, then kind of pull it together and say here's what we believe based on that.

Timothy Naftali

When you say everybody's viewpoint you mean from the various departments?

Walter D. Scott

Cabinet departments, the whole, throughout government, we showed everybody who should have been a player or who should have had input and really did have input. And to be an honest broker even though as an honest broker we probably ended up with a recommendation of our own, weighing what we had coming in with an OMB bias probably, and OMB bias is probably going to be spend less money. It's a conservative bias probably under every Presidency.

Timothy Naftali

Would you chair these meetings when you would get input? Would you just call people together from various departments?

Walter D. Scott

Typically in legislation you would ask for a kind of a written comment on the legislation. Should a person sign it, veto it, ask for changes or if we were negotiating sometimes I would be chairing a meeting, sometimes not. And the staff at OMB was absolutely sensational. I mention this kind of reading briefing memo going from meeting to meeting and I didn't, you know, I described the things I was responsible for you know, I didn't know much about any of them. You know a few of them, occasionally there would be something that I had in my background that might have helped a little bit, but that staff--frequently I would find myself going into a meeting having read in the 10-minute walk getting into the meeting and reading a two-page briefing memo that I knew more about the subject than anybody at that meeting, because they really had a great sense of the jugular on issues. And it's the best group of analyst people that I've ever worked in my life, having been consulting, investment banking and in corporations. They are just sensational, gifted people, and they made me just a heck of a lot brighter than I had any right to be or than I was without that kind of input.

Timothy Naftali

When did it look to you as if the President was going to resign?

Walter D. Scott

I think it was more a gradual sinking and a sense of inevitability I think in the, maybe the, it was probably in the spring of '74, and one of my other counterpart, I remember the White House mess where you typically have lunch when you weren't going out someplace, and a counterpart guy asked me, "Would you walk around the White House compound with me? I want to talk with you." And his comments were essentially he said he thought he had to leave government because he was so distressed because the apparent moral standards of what had fallen out in Watergate and so forth. And I said to him at that time, and this was probably when it seemed to be demising, probably in early '74, I said to

him at the time, I said, "You know, I don't think I have the latitude to leave this administration -- if everybody of integrity left this administration, is that what we want left in government?" And I said, "I don't think so." I felt very strongly that I don't think I can be tarnished unless I tarnish myself, and so there were an awful lot of people who were saying, you know, this is a sinking ship, I want to get off. And I didn't think that you dump sinking ships because the ship was stated as the important ship to be keeping right, not that I was a fairly important factor in that, but it's a good principle that we turn over, hard to bring good people in under those circumstances. So the associate directors around me, were really extraordinarily gifted people.

Timothy Naftali

What do you remember of the President's resignation?

Walter D. Scott

Let me contrast it in a way. Because I was in the, like a lot of the people you've been talking to, in the East Room when he said farewell. We were all kind of scrambling the night before and when it would have seemed eminent. But the -- and preparing you know what we do with a new President, briefing issues, but in the East Room for what seemed a very maudlin kind of bizarre sort of ceremony with his poor family standing behind Nixon. Very interesting in after that took place and we were walking back across the Rose Garden, nobody said a word. Everybody was totally inward kind of thinking what of three streams, and actually somebody said a word and everybody looked at him and we all went back into what's this all about and what does it mean. There was probably a range that some people said, "Oh my goodness, they've crucified Jesus Christ." Some people said, "Praise the Lord they got the dirty rotten son of a gun." And most of us say, "What happened? How come? How could this happen?"

And then a couple hours later, the Ford swearing in and then as people were walking across the Rose Garden people were just ebullient, they were just like "What a country this is. Isn't this absolutely remarkable, that you can have this transition without hitting the streets, to this thoroughly decent man who embodies kind of the best about us rather than the evil about us." And there was just an excitement and an hour later we were briefing the new President on the issues that were immediately on the platter that he was going to be faced with. And he just -- you suggested a few moments ago -- he just seemed totally on target on the issues, understanding the issues and wanting to do what was best for the country. And there was a lifting feeling there and a very special feeling because so much of what had been taking place, the State of the Union message you'd be working on, the writing of that with Nixon and there was always, and then spin kind of stuff. In other words we're dealing with a climate of people who want this President torn down with the Watergate. Just very complicated in term of the inputs and with Ford it just seemed kind of clearing it out and, you know, our, you know, the long national nightmare is over. And there was really a feeling of just off, weight off your shoulders and now we can begin moving ahead, which didn't take place. But with being stuck with where we were and having to bail water to keep, to save a Presidency that wasn't savable.

Timothy Naftali

Wait, the Ford Presidency wasn't, or you mean or you meant the Nixon not being able to save it.

Walter D. Scott

Nixon, I think the Ford Presidency if he hadn't had the pardon that he would have been elected but who knows. It's too bad because I think, well, the alternative that took place I don't think was a great one for the country. And I think he was a, just had such respect for him, and he's just a totally decent human being.

Timothy Naftali

Tell us what it was like to work with Don Rumsfeld as chief of staff.

Walter D. Scott

Well, I also went to high school with him. He was a year behind me in high school.

Timothy Naftali

Oh.

Walter D. Scott

So I've known him for a lot of years. It was very funny because I did know him, and I was on the training carrier Pensacola, Florida when I was in the Navy when he qualified to board the carrier. So I've known him through the years. It was, as chief of staff, it was curious because I did have -- he was not a close friend, but I knew him, and he knew me well enough, and I probably voted for him a couple times as congressman, this district here when I was living here for a few moments or lobbying. And, but it was almost, it was really kind of the fact of being an acquaintance or friend, there was never the acknowledgement of that on his part. I really felt kind of, he was all business and that's probably appropriate in the chief of staff role to some extent, although there wasn't, not much of the humanness of Don came through in that particular context. And there is a humanness to it -- I mean he's got some sensational friends that are, that I knew from, that he's had since high school. He has a sensationally warm and lovely wife who is also a high school classmate. And, but I didn't feel that he was just another guy in the White House running the staff, and there wasn't a kind of any acknowledgement that we knew each other.

Timothy Naftali

Did you interact at all with Dick Cheney?

Walter D. Scott

A little bit, I interacted first with him when he was in Congress a little bit and then in the White House. I didn't see, because Rumsfeld was running the thing, I saw less of him there. I had enormous respect for him on the Hill. I thought he was a very good Congressman. He seemed very balanced. He seemed, as many would say, there seems to be a different Dick Cheney today than the Dick Cheney that I knew then. Probably isn't any different at all, but there is in a different role and therefore he was much more conciliatory bring people together and reasonable seeming than he is, seemed in some instances as the President.

Timothy Naftali

What was the Volcker group, the Paul Volcker group at OMB? Or where was the, what was Paul's --

Walter D. Scott

Paul headed the Federal Reserve when I was there. And I don't know the Volcker Group -- there were meetings I attended -- the Federal Reserve would have different economic advisors from around the country come in quarterly and so I would sit in those meetings that Volcker chaired. And Volcker, I think I'm right in this, would occasionally be in the George Shultz meetings, the morning meetings that I started the day on. I'm not aware of the term, the Volcker Group, particularly that in my particular -- come across. I saw a fair amount of him but not in any particular --

Timothy Naftali

Was there a chance in the Ford Administration to have some domestic initiative, something in that period, the overlap period for you? Was there an attempt at having some?

Walter D. Scott

I don't recall much, and I was only there maybe nine months under Ford and so that may not be quite fair. But also the inflation stuff was cutting loose then and we were, certainly in my particular arena, were very focused on that. And the pardon happening as soon as it did undermined his ability on Capitol Hill to make much happen. And so that the -- I don't think there was much. I mean the Nixon Administration really had a rich array of initiatives they took, whether those, with taking Watergate out of the picture, would have ever been accomplishable, I don't know. Some of them did happen, but it's really tragic because it was really some very exciting kind of things that could have had lasting impact. Some of them really have, and I think it's too bad that the domestic agenda of Nixon has gotten lost along the way because of the Watergate failure off and also the visibility of some of his international achievements.

Timothy Naftali

What would you list as some things that might have had lasting value?

Walter D. Scott

Negative income tax. Some of the stuff he was doing in civil rights, the environment, Social Security, he was trying to do more on, he was trying to stuff with welfare. I mean there's -- it was in a way of different kind of things that I'm not sure they were his passion, but they abound, and one of the things -- I'm digressing but it may be a pertinent digression -- one things that always struck me is the fact that when he started out as President, his three key advisors on domestic, economic and international affairs were Pat Moynihan, Henry Kissinger, and Arthur Burns, men of extraordinary talent, brilliance, independence, and that one of the things that kind of went awry is the fact that who -- and many of those initiatives were from Pat Moynihan or the other characters. The place he was most comfortable was obviously international affairs and it evolved to the Haldeman and Ehrlichman types rather than the Pat Moynihan and Arthur Burns. And that's, to me, part of the problem because at least in my experience you need people who have the intellectual, have the independence and perspective to really take you on. And my guess is that became harder to do when you lost guys like those, and that's

probably, that's what often happens to people leaving organizations because it's not comfortable having people who will really take you on. But if you want the outcomes to be good you probably could be benefited from that.

Timothy Naftali

Tell us about Ken Cole, what was he like?

Walter D. Scott

I think he did a -- I have a lot of respect for him in terms of seeming to and kind of coming into it in sort of a bizarre fashion as everything broke lose with Ehrlichman leaving the scene. But I think he really attempted to be kind of an honest broker, be sensitive to the issues. He seemed, as far as I can tell, to be a guy of integrity. He did not seem to be caught in the Watergate other than what do we do to bail water to keep this administration alive. But he seemed to be trying to do it in a way that was somewhat sensitive to the needs of the country at that time to keep it going. And a hard job to be in that kind of a turmoil because in many respects the Domestic Council people were kind of in a different way, closer to the President than we were. They were housed, more of them were housed in the White House, too. And that was kind of a -- that whole political atmosphere was more their bailiwick than it was ours. We could pretend the intellectual pursuit of the right answers, that wasn't their game. They could flirt with that, but their main game was just to have the political piece, and the political piece was just messy as hell.

Timothy Naftali

Last couple of questions, one, what was Don Rumsfeld in the --

Male Speaker

You have about five minutes left.

Timothy Naftali

Okay, two questions, one, what was Don Rumsfeld like in high school and what was the name of the high school?

Walter D. Scott

New Trier High School. He was a leader in his class, very accomplished, very dedicated. He and his wife were both officers of his junior or senior class at New Trier and very respected, very results focused. I think he won the state championship as a wrestler, and that is a particular kind of sport that does require discipline, training, competitiveness to excel in and he excelled in it.

Timothy Naftali

Why did you decide to leave government in '75?

Walter D. Scott

My plan was to go for two years and I, and that's what I did. I felt that my main game was going to be in, my life and career, was going to be in business and that that's what I came for and that's when I, why I left when I left.

Timothy Naftali

Is there an anecdote you'd like to share with us either from the Ford or Nixon period that I haven't asked you about?

Walter D. Scott

Well, one you might enjoy, a good friend who's a Czechoslovakian, he and his wife, and he jumped from behind the Iron Curtain. He was an Olympic hockey player for Czechoslovakia, and he jumped from behind the Iron Curtain with his parents with the team and got his wife out from Czechoslovakia hanging under a train. And Harry Truman granted asylum to some people including this guy, George Czar, and his wife, Lisa. And his first job in the United States was a grave digger, and at the time I was speaking, when we were in Washington, he had been, he had become a very good friend initially playing tennis, and he was running the jewelry division for the Dayton/Hudson Company in Minneapolis, which we were in Minneapolis. Well, actually later we're -- anyway he was a good friend, and he was coming to Washington to get a Visa to go to China. And so as I've -- maybe I got another anecdote you'd like, too -- but I said, "Well, maybe." I took him to have lunch at the White House because I thought he would get a kick out of that. He did and as we were leaving the White House said, "Wally, I've got a letter for President Nixon. Would you see that he gets it?" I said, you know, "I'd be happy to throw it in the White House mail and may I take a look at it?"

And this is the time when they were marching across from the White House and the Lafayette Square and there were not very many salutary comments being made in the country. And the letter essentially said, "Dear Mr. President, My wife Elise and I arrived here in 1949 and each morning as we wake up we kiss the ground of this magnificent country that we've been so blessed to be a part of. You've given us every imaginable opportunity that we could wish for. Our children have gotten great educations, and we praise the Lord for the magnificence of this country." By the time I was finished the tears were running down my cheek, and it was such an antidote for what we were seeing, surrounded. The other quick, if I may throw it in quickly.

Timothy Naftali

Go ahead, please.

Walter D. Scott

Because you might enjoy this, too. I had gotten -- it happens this guy was Czechoslovakian by nationality even though he didn't migrate here, but a very dear friend and I got his son a summer internship job. I think it was at OMB. And the last day he was there I took him to lunch in the White House, which happened to be August 9 of 2000, or excuse me of 1974, and as we went in for lunch, the West Wing as you know, is papered with all the pictures of Nixon. We come out, they're all Ford. They've all been replaced while we were at lunch. What is this world we're engaged in that the transition -- And another story, my wife's grandmother, we have down in Washington for her 96th

birthday, 92nd birthday. I take her to have lunch at the White House. We're walking in, we walk around the West Wing a little bit and she's pretty mobile. We're walking out of the White House and she says, "Wally, you know it's fascinating, I haven't been in the White House since Teddy Roosevelt was President." Remarkable period of history to have encompassed.

Timothy Naftali

Remarkable.

Walter D. Scott

My story is, I mean there, I can't give you a particular story, but I can give you a sense of -- because what he liked to do was really engage in ideas. When he initially became President, the first note we got in OMB was, "You can't have these long memos anymore because Ford just wants a one-page summary." And we said, "Oh my gosh, these great memos we've been writing that were really well balanced and so forth, you can't do the whole story." Then I thought, "Oh, well, that's great, we can just give our own point of view. We don't have to give other people's point of view." It was really a dumb idea that they got away from very quickly. At any rate, what he liked to do is: Yes, No, See me. The "See me" box was what you got involved in or he'd call you on the phone and say, "Wally, I'm looking at this memo on such and such, and what do you think about that?" Or in his office to have engagement of people taking different points of view and having a very high comfort level dealing with people that was not visible with Nixon and therefore the warmth of the man, the, and he knew what he was talking about. He had been around government a long time. And therefore his questions were good. He was -- that's what's so frustrating -- he was so good in small groups and so inarticulate when it came to be on television. And the idea is his being the bumbling, bumpus-head President when he was probably the best athlete we've had in the White House in the last 100 years. It's really -- the press had some, some anecdotes here that I have, but you can have it. It's too bad the way things get blown up in ways that are not -- But I just feel, felt then, they denied the great warmth for the man and respect.

Timothy Naftali

Professor Scott, thank you for your time. Gentlemen, thanks.