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RONALD REAGAN ORAL HISTORY PROJECT

FINAL EDITED TRANSCRIPT

INTERVIEW WITH JAMES MILLER

November 4, 2001
Charlottesville, Virginia

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Young: I was telling our guest and respondent, James Miller, about our previous interviews and something about the background of our Reagan oral history. He himself had been here in 1989 for both a public talk and an interview. I mentioned that we'd come across the unedited transcript of that interview and that I'd send it to him along with the transcript for this one. There are two things we have to get out of the way for the record on the tape before we actually begin; one is a reminder that everything said in this room is held in strict confidence until such time as Mr. Miller—may I call you Jim?

Miller: Yes, please.

Young: Until Jim receives a copy of the edited transcript, has a chance to edit it and work out with us any arrangements about the use of that material that he deems desirable. We all understand that eventually the transcript is historical source material of considerable importance. The intention is not to keep it indefinitely in a warehouse but to get it out, mostly for the edification of future generations. We do not carry anything said here outside the room. We all understand that.

The second thing that we have to get out of the way—this is to help our transcriptionist—is to go around the table and let people say a few words. Please state your name so that the transcriptionist can identify the voices more easily. Jim, we'll start with you.

Miller: I'm Jim Miller, here for a Reagan interview.

Coughlin: Kelli Coughlin.

Riley: I'm Russell Riley, an assistant professor at the Miller Center. I was here in 1989 when you were here, so we've met once before.

Wamsley: I'm Gary Wamsley with Virginia Tech University. I'm here because I'm supposed to know something about budgeting. I was a budgeting analyst under Edmund G. (Pat) Brown, Jerry's dad.

Knott: I'm Stephen Knott. I'm an assistant professor here at the Miller Center and I've been here since August 1st.

Young: Steve came to us from the Air Force Academy, so we're lucky to get him.

Miller: When did you teach there?

Knott: From 1994 to the past summer, 2001.

Miller: I was on the Board of Visitors at the Air Force Academy from '89 to '93.

Young: You didn't get into any trouble obviously. [laughter]

Miller: Nothing came to the Board anyway.

Young: Okay, let's start. Jim, you might have some things to say to get us rolling.

Miller: Several things. One, I'm so glad you're doing this oral history. The products based on it and the other oral histories will be of use not only to historians and political scientists but to people I'd characterize as practitioners, people who might be taking the awesome position of President of the United States down to people who might be taking sub-Cabinet positions.

Secondly, it's very important that you're doing this since President Reagan cannot speak for himself. President [Jimmy] Carter can obviously speak for himself as can President [Gerald] Ford, President [George] Bush, and President [Bill] Clinton, but President Reagan cannot. You find you're handicapped a bit in putting together the Reagan history, so these interviews about President Reagan are of increased importance. Your work is very important in filling that gap.

I understand and am flattered that you want to hear something about my career and what I did in the Reagan administration, but I'd like to begin by talking about President Reagan. Everything I did in the government was enabled by President Reagan. He was the one who was elected President. I wasn't elected to anything, nor have I been since, though I've tried twice. Not surprisingly, I'm very high on President Reagan. If you just think a moment about what he accomplished, you can characterize it in several dimensions. He made a big change.

One, he restored America's self-confidence from a time when—as one President of the United States said, “The problem is malaise”—people lacked self confidence. They had no confidence that they could prevail. We were in the wake of a terrible war in Vietnam that was arguably an unwinnable war, which really conditioned America's spirit. President Reagan restored that confidence. While a lot of people in the press and some of the pundits made fun of “morning in America” and riding in on the horse, in retrospect that was very important to the country and to the free world.

Secondly, he restored the economy and set it on a very sound footing. We can talk later about the specifics of what has been characterized and derided as supply-side economics. But without question the initiatives taken there contributed not only to the recovery of the economy after the terrible recession of '81-'82, but they also put the economy on a foundation that enabled it to

expand for a very long period of time. Except for the bauble during the first Bush administration, we had an unprecedented expansion of the economy, two decades in length.

The third thing Reagan did—I heard former Prime Minister Margaret Thatcher say this at a dinner sponsored by the Heritage Foundation—was win the cold war without firing a single shot. His dogged determination to restore America’s military might and his confidence that the Soviet Union would not be able to compete was a conviction shared by few in authority and few pundits. He doggedly held to that view and it paid off. The cold war ended and the Berlin Wall fell.

Beyond that, on the foreign policy side, you had the replacement of despots with democracies all over Central and South America. The world is a freer and more democratic place because of Reagan. Despite a lot of criticism, he invested wisely in a military build-up that paid huge, huge dividends.

He changed the perception of the way we think about government, the way the public thinks about government. It somewhat parallels the way the economics profession has viewed government regulation over time. There was the big debate going back to the ’30s between the socialist economists and the non-socialist economists. Then we had the empirical test of socialism versus capitalism. The perception now is that the socialist argument is not very well founded, to say the least.

In economics, questions of regulation arose because economists began to identify so-called market imperfections. The immediate response was that we’d have government regulation to cure the market imperfection. Economists began to understand that government has imperfections too. The question became the lesser of the two imperfections. Reagan addressed the presumption that every problem requires a government initiative or intervention to solve. Reagan said, “Government intervention, even well-intentioned programs, many times create more problems than they solve.” In simple terms, government is often the problem for which it pretends to be the cure.

He changed our thinking about that. The bottom line is that because of his efforts we won the cold war without a terrible exchange of bloodshed, without its being a hot war. He restored America’s confidence, and then, in my judgment, he restored the economy. These are great accomplishments, and would be for any President.

I want to point out—I forgot to say this at the beginning—that what I say today is based on memory. For some things we’ll talk about, it’s been more than 20 years. My memory may not be perfect. I won’t remember everything. There’s also a propensity for people to remember things a little bit differently than the way they actually happened.

For example, when I was here at the University of Virginia in graduate school, I was interested in the New Left. I recall, even to this day, walking up the stairs to one of those bookstores over on the Corner—I could show you exactly where it was—and there was a paperback book entitled *The New Left*. When I went back the next day to get that book, they said, “We don’t have any such book, entitled *The New Left*.” I shook my head. Surely the person was mistaken. Maybe I’d

talked to the wrong person. I went back a week later and asked about it. “No, we don’t have that book. We’ve never had such a book.”

I was sure they had that book. I even checked *Books In Print*, I was so sure I was right. But I think probably, in retrospect, I was wrong. I must have dreamed it. There may be things I talk about today I dreamed rather than actually observed. It’s human nature to recall the best and your active part in it and to neglect the worst and to disavow responsibility—just as success has many parents and failure has none.

I remember talking to some people after my book about the budget was published. In it I take some credit for the fact that the stock market recovered after Black Monday, recovered quite dramatically. I wrote that I went out and said, “Under no circumstances will the President accept a tax increase.” And the market recovered. A friend of mine at the Treasury said, “No, it’s because the Treasury indicated that it would stand behind the banks and the Controller of the Currency would do this and that.” Somebody from the Fed piped up and said, “No, it’s because Alan Greenspan went out and said we will maintain liquidity in the marketplace.”

It’s the old business of observing the elephant from different perspectives. As an academic, I have to warn you that my story will be my perception on things. It may be apocryphal, but I understand that there was a book published entitled, *An Objective History of the War Between the States as Told from the Southern Point of View*. Now what I say today is what Ronald Reagan did in his presidency, told from the Jim Miller point of view.

Why was Reagan able to do all this? One reason is that, like a laser, he knew what he wanted to do and did it. With that notion of what needed to be done, he never veered from it. I’ll attest to that. Go back and look at this speech [taps table] that he gave on behalf of Barry Goldwater in 1964. It’s all there. Throughout his presidency, you will not find fundamental things he said that are inconsistent with the principles he outlined and enunciated in this speech. I never saw him veer in what he did and what he said. It used to drive me up the wall to find politicians on the Hill who would support a tax cut one day, a tax increase another day, another tax cut another day, and another tax increase the next day. Reagan wasn’t like that. The answer was simple. No tax increase, I want tax cuts. He was always consistent, always the same.

President Reagan was the same way on national defense. I heard him say in the situation room, in meetings of the National Security Council and other places as well, “If the Soviets want to wage a cold war, it’s a war they won’t win.” He was consistent in his notions. Sometimes he would not only be consistent in his notions, but he would be consistent in telling the same parable, the same anecdote to illustrate the point.

I’ve heard the story about how, when he was Governor, they sent out all the welfare checks on Saturday to take advantage of the lower postage rates because postage rates were going up on Monday, the usual day for checks. He told that story to illustrate how government ought to be efficient. He told it over and over. He was absolutely consistent throughout. There are two reasons for his consistency. One, he was by demeanor—when I speak in the past tense, I’m talking about what he did as President—absolutely at ease with himself. Nothing ruffled him. I

hardly ever saw him angry. He was accustomed to criticism and it just rolled off him like water rolling off Teflon. There were a couple of exceptions, but I'll talk about that later.

One extraordinary anecdote is that more than once toward the end of his second term he said, "Jim, I'm going back to California. I'm going to the ranch." He was looking forward to it. Here's the most powerful man in the world, the focus of more attention than anyone in the world, and he's ready to put it aside and go back to the ranch. But he believed in a fundamental way that, as he said, he's the President occupying that office because he was elected by the people, that it was given to him for a period of time, and then he'd go on and do something else.

The second reason that I think he was so focused and so committed to what he wanted to get done and to what he had in his mind as a well-crafted program is that he'd written and worked on this for years and years and years. Now I know a lot of people discounted all this radio business, but if you go back and look at the book a professor at Carnegie-Mellon and Marty and Annelise Anderson put together on Reagan—there are his yellow tablets where he's scratching out radio scripts about what needs to be done and why. Some of these are just extraordinary, the way he'll come up with an idea and communicate it to people.

He had thought through these issues and written about them for so long. There's no better way to think clearly about something than to have to write it down and then go back and read it and see whether somebody else can understand it. He'd been into that for a long time—the chicken circuit.

He also believed that people have their time. Peter Hannaford told me the story of when Reagan lost in Kansas City. It was a very narrow loss. There was an incumbent President and Reagan almost won the nomination. They got back on the plane, to go back to Los Angeles. His aides, Ed Meese, Peter Hannaford, Mike Deaver and others, were all moping around. Reagan came down the aisle and said, "Well, boys, we're going to go back and we're going to do our radio program. We're going to get on the circuit and we'll talk about things." And so on. He said, "It just wasn't our time." He had an ability to put aside those things.

Let me just add something else before I forget it. Hannaford said that they went back and Reagan campaigned for Ford in the general election. After Ford lost, Reagan went on and did his radio thing. He wrote some stuff and started on the lecture circuit. At first one of his aides would go with him to every event. After a while Reagan said, "You boys don't need to go with me on this. I can handle this myself. I know how to do it. We don't need to bear that expense." So they didn't.

About two and a half years later Reagan said to one of them, "Why don't you come with me this time? I think there's a change. I think America's changing. There's a different perspective. See what you think." They went and the perception was a much more sympathetic, encouraging audience than had been the case two years earlier. Timing was another reason for his success, the first reason being his single-mindedness and his commitment.

I've seen him talk about an issue and then have somebody make a presentation to him that wasn't consistent with what I knew he believed. He would be very nice and patient and listen,

very understanding. Then he would tell some anecdote or simply repeat what his view was. He never said, "I really appreciate your view, but I reject it totally. I have a different point of view." He would just repeat the anecdote or he would say, "Here's why I think such and such." But he would always come back to his position. By the way, he made it very easy for a Budget Director, because in a showdown, I knew where he stood.

There were only two big issues on which I disagreed with him strongly. I thought that if he'd really thought them through, he wouldn't do what he did. But if other issues came up and there was a showdown with others holding a contrary view, I'd almost always win. That's one reason that I didn't have very many appeals to my budgets, especially on policy issues. But early on I did lose an appeal on the space station. I was trying to reduce spending, I wanted to split up the space station project, stretch it out a little bit, but he said, "Jim, I made that commitment in the State of the Union message. I said that we'd put it up in so many years. We'll go forward with that."

I knew his position from reading what he'd written and from listening carefully to what he had to say when I was Federal Trade Commissioner and even before the election. I had a good feeling, and beyond that we had Marty Anderson's books. Marty kept collections of speeches and positions that Reagan had taken on various issues. All you had to do was look in there. So when Cabinet members and others came up with off-the-wall proposals or ideas inconsistent with Reagan's views. I could easily say "no" and know that I would be supported.

Reagan was a great communicator. I don't think there's any question that he had a lot of success early on because of this rapport with the American people. Some of his tax cut and budget restraint success was the product of his going on television. I used to have the great privilege of introducing him frequently at what we used to call "visiting firemen events." If the President wanted to make news or have something to say, he'd often take advantage of some group that was visiting Washington. He'd have them over to room 450 in the OEOb [Old Executive Office Building]—the auditorium that holds about 250 people. It might be the Chamber of Commerce from Des Moines.

The White House liaison people would trot out several speakers to brief the visiting delegation. I'd usually come and give a little budget talk. Then I'd introduce the President. I did so in such a routine way that we even had signals. If you're standing at the podium, over on the right, near the door, there's a Secret Service agent. He gives me one signal that the President's left the Oval Office, another that he's crossing West Executive Avenue, another that he's on the elevator, another that he's coming down the hall, and finally that he's here. I would be able to time it just so. "Ladies and gentlemen, it is my great honor and privilege to introduce the President of the United States, Ronald Reagan." The place would go nuts.

I could give a really good budget talk. I could make the dismal science really ring. I'd really have them and then the President of the United States would walk in and they'd go nuts. What I used to do is sit back as an academic and try to explain the way he did it, trying to understand. He had this particular way. He'd have his speech typed out. He usually went with a speech, sometimes a few off-the-cuff things, but he usually had a speech. It would be typed out, and every sentence was outlined, marked in a box with a black pen. Somebody sat down with a ruler and made it so

that every sentence was outlined. You saw a little bit of a maze here and it enabled you to do one sentence, look away and jump back to the next sentence.

He would glance down and get a sentence in his head. I used to watch him do this and I'd watch the audience's reaction. It could be the Chamber of Commerce from Des Moines or a group of fishermen from Maine or farmers from Oklahoma. It didn't matter what the group was. He'd tell a happy story, and people would be full of enthusiasm. He'd tell a sad story and you'd see tears in people's eyes. Virtually everybody in the room thought he was talking directly to them.

I would say no one could replicate that, but I think President Clinton came close. He certainly had an extraordinary ability to communicate. I was trying to understand this and—

Young: As an academic?

Miller: Even as a politician—a very small politician—I was thinking, *Why can't I be Ronald Reagan?* It reminds me of the story of the lion who stood in front of the giraffe, roared and said, "I'm king of the jungle! Why can't you be king of the jungle?" The lion took off running and found a water hole. "Roar, roar. I'm king of the jungle! Why aren't you king of the jungle?" Then the lion finds this mouse and says, "Roar! I'm king of the jungle! Why aren't you king of the jungle?" The mouse says, "Well... I've been kinda sick."

I was trying to get over my sickness and see if I could be Ronald Reagan. I thought that if I could understand how he did it, then I could do it too, but he just had an extraordinary ability to communicate. Because he was so consistent, straightforward and non-devious, he had credibility. That's why he was a great communicator.

I never heard him say anything behind closed doors in the White House that was inconsistent with what he said outside. Of course there are things you wouldn't say outside that we talked about inside. Especially in the situation room, we're talking about questions of national security. He didn't talk about those things outside, but there was nothing he said outside—we'll talk about Iran-Contra later—that was inconsistent with what he had said inside.

He was single minded. One reason that he was so consistent with his policy—a lot of people say now, "You may not agree with Ronald Reagan, but you always knew where he stood"—was that he majored in economics in college. I'm putting in a plug for the discipline. He'd remind people of that from time to time. It gave him a framework for looking at things and made his policy views pretty consistent.

I'd characterize him as the best investment decision maker, the best financial decision maker we've ever had, or certainly one of the best. If you just think about it in simple terms, he wanted to invest more of the public's resources in national defense, and less in domestic programs. His adversaries wanted exactly the reverse. There was a lot of contentiousness about that, and what happened, of course, is that we got both, investment in more defense and investment in more domestic programs.

If you look at which paid off, the investment in defense paid off remarkably well. There was an absolutely extraordinary pay-off to that investment. By almost all measures of quality of output or of effect, the investment in the domestic side didn't have much effect. Arguably things were worse in many dimensions because, as I would argue, we didn't get the policy changes we needed and that he advanced at the beginning of the administration.

I want to make another point, though. I think President Reagan was a teacher. All great teachers tell you things you don't know or you know but don't want to hear. Great leaders and teachers are the same that way. He didn't just pander to public perception. He tried to change public perception. He'd tell you things that perhaps you'd rather not be persuaded of, or a point of view you'd rather not have.

One of the great things about President Reagan and one of the reasons for his success was his wonderful sense of humor. He had an absolutely wonderful sense of humor. Ed Meese may have told you the story about the way that he developed this ability to be a raconteur. When Reagan was an actor, he'd come in from the set and have lunch with the writers and directors. Part of the luncheon experience was that everyone had to tell a joke that nobody else had told. They had to come up with a new joke every day. If somebody told your joke, you'd have to think of a new one before it came time for you to make your presentation. This was one way he learned to be such a good communicator.

The story is legend about his response to being shot, "Honey, I forgot to duck." If he made a presentation and a balloon popped, he'd say, "Missed me." He had this great, great sense of humor.

I seldom went with him on trips because I felt tied down to the office. One day I said to myself, "Three or four years from now I'm going to wish I'd gone with him." So every once in a while I'd go. I went with him one day to some Midwestern university. He was about to go out and give a speech. We were in the basketball coliseum where there were metal stands—the old kind—and the noise was deafening. People were stamping their feet. Governor so-and-so was warming up the crowd. Just before Reagan went out he said, "Jim, you know the last thing you do before you go out to give a speech?" This was a test and I tried to be responsive. I said, "Go to the bathroom?" He said, "Close. Check your fly. Always check your fly."

I'll tell you a story. It seems self-serving, but I'll tell it anyway. The story is a measure of how confident I was in the President's sense of humor. He seldom complained. I seldom saw him in a cross mood. Let me back up.

Every Monday if he were in town, he'd have lunch with the Vice President and the senior staff of the White House. We'd usually meet in the Cabinet room, occasionally in the Roosevelt room. We'd have lunch, go around the table, say whatever was on our minds, and get his reactions. That day the Vice President happened to be out of town. I sat in the veep's chair right across from the President. Howard Baker, Senator Baker, was sitting to his right. Reagan came in and it was obvious that there was something bothering him. Something was on his mind.

He complained about the press generally and he said, "They say such-and-such only because of my age. They say I can't see. I have a contact in one eye for distance. If I look this way, covering one eye, I can't see distance, but I can see up close. If I look this way, reversing eyes, I can see distance fine, but not up close. I don't have a contact in this eye so I can see up close, because I'm near-sighted. I have a contact in the other eye for distance.

Then he says, "They say I can't hear. Wait a minute." He took this little hearing aid out of his left ear and put it down on the table. Then he took the one out of his right ear and put it down on the table. Now, the devil made me do the next thing I did, but I was confident in his sense of humor. He said, "Somebody say something." I made no noise but started "talking" and gesturing about the time on my watch and someone's coming in. He looked shocked for a second, then caught on and started laughing. The first noise I heard was somebody saying, "Uh, oh, Miller's gone." He thought that was really funny. I mean it may show how foolish I am, but how confident I was in the man's sense of humor. He loved a good joke.

He was able to laugh, even at himself. He didn't take personal insults. He didn't mope around. Things just didn't get to him. I don't mean to draw contrast at the expense of a former President, but Michael Beschloss has some tapes from President Johnson's time. What I've heard on radio and television is that there was an extended period of time when he was just really wrapped up in Vietnam. There's good reason, I guess, but Reagan never had any of that. He didn't have trouble sleeping. In that way he was like Churchill. I've been to the Churchill bunker in London. The man was able to go to sleep while the Nazis were bombing London. He'd go to sleep, get up, and get on with the prosecution of the war. Reagan never lost sleep over things. It was really rather extraordinary.

He was a great optimist. His optimism was infectious, even during the dreary days of the second term in the midst of the Iran-Contra scandal. There was never any question that we'd do whatever we needed to do. There was not a bunker mentality or a siege mentality. We obviously had a problem and were trying to deal with it. We never hunkered down and got defensive and pessimistic. We just knew it was a setback for us. Obviously our domestic policy agenda was hurt enormously, as was the foreign policy agenda. But Reagan was always optimistic and encouraging. It was infectious. When you were around Ronald Reagan, you felt good about yourself as well.

He was also very kind and gracious. Whether he was visiting with Girl Scouts about their cookie sale or something of a more serious nature. I remember the first time I went to a National Security Council meeting. An issue came up and I blurted out, "Mr. President, you shouldn't do that for such-and-such a reason." I knew something was wrong. The President just stopped. It was like there was nobody in the room but the two of us. He said, "Well, Jim, here's why I think we ought to do this." He went on for several minutes, explaining to me why he wanted to do that. He was very gracious, very patient.

I know he was patient with me. I made a lot of mistakes. If he weren't a patient man, I'd have been gone. Miller really would have been gone. While no person is perfect, neither Reagan nor Bush or anyone else, including Miller, Reagan was right up there.

It doesn't bother me a bit that there were those in the press and others who were very critical of Reagan. Nobody becomes President of the United States without having a lot on the ball. They had a notion that he was a dummy. It's like saying any one member of the Arizona Diamondbacks or New York Yankees couldn't play sandlot ball with my team when I was in high school. It was ridiculous. Those criticisms were terribly unfair. The incredible thing is that they didn't seem to affect his behavior. Okay, that's enough for an opening.

Young: How did you get to know Ronald Reagan? When did you come to feel that you really knew him?

Miller: I don't think I really ever knew him. You get to know someone when they're your friend. I'm not from the same generation as Ronald Reagan. And I don't think a President can acquire friends while in office. I followed B movies and was a student here when he was elected Governor of California. The first time I laid eyes on Ronald Reagan was here at the basketball arena—what's it called?

Young: University Hall.

Riley: At that time it may have been—

Miller: This was in 1968. They'd curtained off a quarter or a half or two-fifths of it. He gave a speech. This was before the '68 convention and he wasn't running but running, or something. He spoke, and I was just mesmerized. I thought, *this is a guy I could work for*. My first impression of him was very, very positive. Let me back up.

Just before that, in the summer of 1967, several fellow graduate students and I wrote a book on the military draft. I was the editor and co-author. I went to New York to meet with Penguin Press, the publisher. I picked up a poster of Ronald Reagan. I was walking down the street and saw it in the store window so I brought it back home. The graduate students in economics had a room in Cabell Hall on the first floor. We had desks scattered around and I put the poster up behind my desk. When I went to teach at Georgia State University, I rolled it up, took it with me, and taped it up behind my desk there.

I did the same thing at Texas A&M when I taught there. In 1975, I worked for President Ford. When Ford and Reagan were contesting the primary, I was an assistant director at the Council on Wage and Price Stability in the Executive Office of the President. It was probably a silly thing to do, but I put that Reagan poster up on the back of my door. I got some grief for it. I love President Ford. He's a wonderful guy and I was honored to serve him and the nation. Reagan lost and supported Ford.

At the end of the Ford administration I went over to AEI, the American Enterprise Institute. I put up the poster on my wall at AEI. At one point George Bush, Senior, came and spent a month at AEI. For a two week period I was out with the flu and he sat in my office with that picture of Ronald Reagan on the back of the door. I have some photographs here that I want to show you.

The fact that I had this poster on the back of my door was mentioned by Morris Abrams, who later became ambassador to Canada. He was a leading Democrat in New York and a leading Jew.

Some of the Reagan people were after him to support Reagan because he was disaffected with President Carter. He came to see me about being an expert witness in a case before the Copyright Royalty Tribunal where he represented a client. In his book, he said he saw this poster on the back of my wall and said, "I need to do it, but I can't," or something like that. I want to show you this photo, if I can find it.

Years later I asked someone to take the poster to Reagan and he signed it. In '83, I think. Now it's framed on my wall, but you can tell how many times it's been folded and unfolded and taped. There are rips off the corners. I'll find the photo in a minute. Here it is. The photo was taken just before the 1980 election. My assistant, Jeffrey Eisenach, who got his Ph.D. here, and I are standing before this poster. Jeff is founder and president of the Progress and Freedom Foundation.

Young: Oh, he's in his—

Miller: Cowboy dress, yes.

Young: I see all the folds on it. Which office is this?

Miller: That was my office at the American Enterprise Institute. That's the door coming into the office.

Young: That's what you had George Bush look at?

Miller: All that time.

Young: Did he ever tell you—

Miller: He never said anything about it.

Knott: He's a gunslinger there.

Wamsley: I saw a similar poster in Paris. Beneath the image was written, "Only in America," which you could take positively or negatively.

Miller: It was right before the election and we knew he was going to make it. At the time, while I was at AEI in the summer of '80, I received a call from Marty Anderson. Marty said, "We want you to be involved in the effort." Let me back up and tell you why I knew Marty Anderson.

I was in D.C. for the annual meeting of the American Economic Association. At the time this meeting was a major hiring hall for economists getting their Ph.D.s and going into teaching. You go to the meetings and you have a series of interviews. I was at one of the hotels, the Shoreham, going through interviews from the hiring end.

I was also putting together a book critical of the military draft with fellow graduate students, and I had the notion that—even as a graduate student, I had a rudimentary knowledge of publicity—

if we could get endorsements on the book from some famous people, it would help. We convinced Senator Ed Brooke to write the introduction because one of the big arguments being made against a volunteer army was that it would be an all-black army. Brooke wrote a great piece for it.

We were able to get endorsements printed on the back, by Milton Friedman and John Kenneth Galbraith. Galbraith nominated the book to *Book World* as one of the ten best paperbacks of 1968. In his nomination, he said that any book endorsed by both Milton Friedman and John Kenneth Galbraith had to be the greatest tract since the Molotov-Ribbentrop Pact. Friedman had come down and had given a speech. I told Friedman about the book we were writing and he said he was interested. I sent him a copy and he sent us the blurb. He actually called it in and my wife transcribed it.

Anyway, I'm walking across the lobby of the hotel and I heard, "Mr. Miller, Mr. Miller!" It was Milton Friedman running after me, a graduate student. "I want to introduce you to Martin Anderson." Marty was also working on the military draft—had done so for some time. He came up to the room and we had a long talk about politics and economics. That's where I met Marty. At the beginning of the Reagan administration, Annelise, Marty's wife, and I shared an office suite at OMB [Office of Management and Budget] during my first eight months there.

Back to 1980. Marty wanted to get me involved in the Reagan campaign, and I said, "Sure." Before the election I was a member of a regulatory task force and a transportation policy task force. Murray Wiedenbaum headed the task force on regulation. I can't remember who headed the task force on transportation. While I served on these two task forces, regulation and transportation, I wrote a bunch of papers and notes for them *sub rosa*. I didn't receive credit for it, but just advised from time to time. I shipped it all to Marty and to other people in the campaign. It was really after the campaign that I became very much involved.

I received a call about a week and a half or two weeks after the election. "Would you be willing to head one of the transition teams?" I said, "That would be great. What did you have in mind?" "Well, we have in mind the postal service." I said, "The postal service?" "Yes. You've written some stuff on the postal service." "Yes," I said, "but I don't want to do something on the postal service." "Well, what would you like?"

I thought a minute. I thought, *why not the Federal Trade Commission?* It was an agency that had extraordinary powers and had gotten itself into a lot of trouble. It was an agency I didn't know much about. I figured it would be interesting to find out about it. With the postal service, I knew what was wrong. I had a notion that it needed to be privatized and de-monopolized. You don't have to do a study for that. So I said, "Federal Trade Commission."

"We'll call you back and let you know." They called back and said, "You're on. So here's your team..." I said, "My team? I already have the people I want. I want Bob Tollison—" he got his Ph.D. here at UVA, by the way—"and I want this one and this one. And Tim Muris particularly." Muris is now chairman of the Federal Trade Commission. He'd written a book with someone else on the FTC [Federal Trade Commission].

He said, “We have team members already.” I said, “Let’s just include them too. We’ll put it all together.” We ended up with a team of something like 20 people and we wrote a report. I will just say—I’m not one to hide my light under a bushel—it was probably one of the best reports on an agency that had ever been done. The report was leaked by the big transition team. We didn’t leak it, but it was leaked. I think the reason it was leaked was that it was so good and so focused.

One of the things Ed Meese, who was the leader of the transition effort, told us is that no one who worked on a transition team for an agency would ever be asked to be a Reagan official at that agency, just to avoid self-advancement efforts.

Young: Could I interrupt just for a minute? This task force was specifically on FTC? Not on regulation in general?

Miller: It was on the Federal Trade Commission specifically—

Young: Wasn’t that somewhat unusual?

Miller: No. Because we had transition teams on each of the major agencies—

Young: Including the independents?

Miller: Including most of the independents. Not all of them, but most of the controversial ones—the CAB [Civil Aeronautics Board], the FTC, the SEC [Securities and Exchange Commission] and so forth. In fact the SEC report was leaked as well. It was another very good report. A couple of times—I remember once at the Mayflower Hotel—we transition leaders were asked to come to a little reception. The President-elect thanked all of us, shook our hands, milled around with us, and talked to us about how much he appreciated our work. That’s the first time I met Ronald Reagan up close and personal.

The team idea was really good. It gave a lot of people who hadn’t been in office for some time an opportunity to get up to speed on what the agencies were doing. Some of the team members were kind of flaky—lobbyists and such—but a lot of them were academic types like us. We looked at the agencies seriously and analytically, so I think it was very helpful. It happened to be extraordinarily fortuitous for me because, contrary to Ed Meese’s rule, later I was asked to chair the Federal Trade Commission.

When I landed at the FTC, we had a document. We had a plan—the one we had drafted. The document was the guide for everybody that came aboard and for all the people I hired. I was very fortunate in persuading and cajoling, through false advertising and deception, some extraordinarily good people to work for the commission, including Bob Tollison, Tim Muris, and Tom Campbell. Campbell subsequently taught at Stanford, served in the Congress twice, and ran for Senate. We also had Larry Harlow, the son of the legendary Bryce Harlow, and Carol Crawford. They were just extraordinary, Tim Muris in particular.

Wamsley: Did either the political or career people at FTC do anything? Did they give you any briefing books?

Miller: When we wrote the transition report, we actually had an office at the FTC. People would drop things by from time to time.

There are hardly any people more irreverent than I am. That said, Tim Muris is. Tim was going up and down the hall of the FTC saying, “We’re going to re-try Humphreys’ Executor.” I don’t know if you know what that means. “Humphreys’ Executor” was the Supreme Court decision that essentially assured the independence of the independent agencies. President Roosevelt, FDR, tried to fire William Humphreys, who was then chairman of the Federal Trade Commission, and was overruled by the U.S. Supreme Court in a case brought by the executor of his estate.

Michael Pertschuk, who was chairman in 1980, was entitled to stay on as a commissioner, which he did. If Humphreys were overturned, President Reagan could fire all the commissioners. [laughter] When we arrived at the FTC, they thought we were a bunch of barbarians. Maybe Tim had something to do with conditioning that attitude.

Wamsley: What did Larry Harlow do for you?

Miller: Larry did congressional affairs. He went on to become an Assistant Secretary of Treasury. Carol Crawford became an Assistant Attorney General and then a Commissioner of the International Trade Commission. After FTC, they all followed me to OMB, where they were associate directors. The folks at the FTC all went on to great things. But let’s go back to your question.

I didn’t know Reagan well. I knew him in that kind of context. During the first days of the administration, fortuitously regulatory relief was one of the four components of the economic recovery program. The four components were stable monetary policy, tax cuts, budget restraint, and regulatory relief.

From time to time I had some dealings with the President because of that. When the President would meet with small groups on the economy, he’d typically have me come and sit in. He’d say, “Jim’s heading the regulatory relief effort under the auspices of the Vice President.” We’ll talk about that in a minute, if you want. After those dealings with him, I was shipped off to the FTC, sort of like a missionary. I was allowed to come home only very infrequently so I saw him very little during those four years. When I came back, I saw him almost daily. There were a few days I didn’t see him, but usually I’d see him.

Young: When you came back as OMB Director?

Miller: When I came back as OMB Director, that’s when I really saw him and observed him. I don’t think you really ever know a President. Maybe this is a hypothesis. I don’t have the complete evidence, but I just don’t think a President acquires friends in the White House. That old “kitchen cabinet” he had—those were his friends.

Young: Those were the California group, the first—

Miller: Right, the guys from—

Young: Justin Dart and so on. Holmes Tuttle.

Miller: Holmes Tuttle. Yes, those were his friends. Interestingly the custodian of his ranch, the guy who did the work on the ranch and wore cowboy boots, he would come in and say, “I wanna speak to the President.” And Reagan would say, “Hey, Charlie how you doing?” Those people have a different perspective about Ronald Reagan.

Young: Most of them are gone now.

Miller: Yes. A couple of times I was scheduled to the ranch when Reagan was there to do a press briefing. But I ended up not going. I did get to go to the ranch a few years ago. I’ve seen it. I don’t know if you know, but it’s a very modest place. It’s 500 acres, but with very modest accommodations. It was Reagan’s getaway place.

I’ll tell you a story. The President had Gorbachev up there and at one point Gorbachev asked him, “Do you have TV here?” Reagan said, “Yeah,” and he opened up this cabinet to show him the TV. There was this ancient Zenith, maybe black and white for all I know, in the cabinet. Of course, it was hooked up to a satellite dish. But the Reagans could have had anything they wanted. Their bedroom was small, modest. The shower was one of those metal units. The ranch was the President’s getaway. It was therapeutic for him.

Young: Do you want to talk a little bit about the early—

Miller: Let me just finish. There was the assassination attempt—

Young: You were there.

Miller: We were in the Roosevelt Room, meeting about the next steps in the regulatory relief effort. We literally walked out of the Roosevelt Room and a lady comes out of the press office, screaming to the deputy press secretary, Larry Speakes: “Larry, Larry, the President has been shot at and Jim Brady has been shot!” It was pandemonium there, but it was controlled pandemonium. There were some reports later. They said we knew the President had been shot, it was serious and this and that. Not true. I was there.

[Dick] Darman picked up the phone immediately and asked for “Signal,” which is the White House military switchboard. “What’s going on?” About that time Jim Baker arrived. Baker grabbed the phone from him, and said, “I don’t understand this. If he’s fine, if he’s okay, why are they going to GW [George Washington University] Hospital? I don’t understand this.” Out of the corner of my eye I saw [David] Gergen running across. He had Meese in tow and then [Michael] Deaver came running in. They threw the phone down, ran, jumped in the car—they’d brought the car around front—and took off for GW.

The notion that they knew all along that something was seriously wrong is not correct. They found out when they arrived at the hospital, but they didn't know in that immediate response. But the President was quite ill. It was a life-threatening thing.

Young: Oh, yes.

Miller: I'll tell you a little anecdote. The President came home from the hospital on a Saturday. Now I had an office at the corner of Pennsylvania and 17th. Boyden Gray. Does that name sound—

Young: Oh, yes. Sure.

Miller: Boyden is head of administrative practices section of the ABA [American Bar Association]. They had a dinner the other night for the former administrators of our Office of Information and Regulatory Affairs. Jim Tozzi, the former careerist that everybody knows and loves, stood up and gave a little speech. He pointed out that when I came aboard, I gave him two tasks. One was to find me the best office—I couldn't have the director's or the deputy's office, but I received the next best office—and the second was to get me a car. I was the only associate director level person with a car.

I had a car and a driver. Man, I was rolling. I inherited or acquired the regulatory group from the Council on Wage and Price Stability. They had three cars and drivers and all that furniture. I said, "Bring that furniture over here." There had been some scandal about how they'd bought all this expensive furniture, including a \$4,000 cherry table. It came to my office.

Anyway, I had a policy of bringing in one of our children every Saturday to play in my office while I worked. We'd go to the White House Mess Hall for breakfast and then we'd go again for lunch. It was a big treat.

When our younger daughter Sabrina was seven years old, as we were leaving the White House Mess that Saturday morning, someone said, "Be sure to come over. The President is coming back at 11." I said, "Okay, good idea." They were going to have a little reception in the Rose Garden, a welcome rally or something. I'm with Sabrina in my office and I'm working. I look up. The television is on and they show the motorcade coming down the street. *Oh, my gosh*, I say to myself, *he's almost back*. I grabbed Sabrina and we ran over. By the time we arrived at the Rose Garden, the welcome home had ended.

I said, "We missed it, but I'll tell you what, we'll just stand there"—in what I call the tunnel, the level down there where they come in from the diplomatic entrance—"and we'll see the President."

I'm standing there with Sabrina. She's a restless little girl and she's not taking kindly to my holding her hand. She just loosens her grip and tries to pull away. The Secret Service people had guns. I could imagine Sabrina's bolting, so I'm trying to hold her back. She's getting quite angry with me. The President turns the corner with the first lady. He's wearing a sweater. I thought

he'd go down the stairs, but he's coming down our way to the elevator. As he approaches, he stops and waves at Sabrina. He'd just come from a hospital bed, but waves at Sabrina.

I looked down and Sabrina had this frown on her face. I said, "Sabrina, can't you wave?" She's still pulling away from me. The President walked a little further and then stopped again. He turned and waved at Sabrina. I said, "Can't you wave back? That's the President of the United States. Can't you wave at him?"

Sabrina didn't wave. When we went back to the office, Sabrina wrote the President a letter about how mean her daddy had been by holding her hand when she didn't want to be held.

In any event the assassination attempt was a big setback. When I met with the President a few days later, I was really alarmed at how weak his voice was.

Young: Yes. He was really in bad shape.

Miller: I don't think it was life threatening at that time, but the recovery took a while.

Young: Very bad trauma.

Miller: Yes. Trauma was what it was.

Young: That was the biggest event of that early period. Could we talk a little bit about what you saw of the White House in those very early days? It was just across the street. And then what you did. Jim Baker was Chief of Staff—

Miller: Jim Baker was Chief of Staff and Ed Meese was Counsel to the President. Everybody presumed that Ed Meese was Deputy President. He played that role. He was the closest thing to a Deputy President we had. Vice President Bush was a very good soldier and very supportive and a good campaigner, but a lot of conservatives still had questions about him. He didn't play that intimate role, though the President went to extra efforts to fold him in and make him part of it.

Because I wasn't part of the formal White House staff, I didn't go to any of those meetings. In fact I didn't go to Dave Stockman's. Let me back up. Dave Stockman had staff meetings, but I didn't go. In fact I hardly knew when they—

Young: Was that by their choice?

Miller: It was mutual. Within the first week of the administration, the President set up a presidential task force on regulatory relief headed by the Vice President. That was Vice President Bush's choice. In part, he took it because deregulation is something conservatives like. If he did a good job, it would help him with the conservative community. He chose to do it and the President set it up that way.

He did a wonderful job. In the eight months I was there I spent far more time with the Vice President than I did with David. There was nothing wrong with our relationship; it was just a division of labor. Every once in a while David would call me up at six o'clock at night—

Young: He wasn't interested in regulation?

Miller: That's an over-statement. He was interested. He'd call me up and say, "Let's have dinner." He'd call once a week or every other week. That meant we'd go to Moe and Joe's for dinner at 9:30 or 10:00 at night. We'd go over there and we'd talk through things. David would tell me all about his machinations with the Hill. When he talked about regulation, he'd always end up saying, "Jim, I'll run the budget side. You run the regulation side." It wasn't that he was disinterested. It was just a matter of applying a logical division of labor. He had his hands full on the Hill with the tax and budget issues.

Young: What was it like working for Bush?

Miller: He's a wonderful, inclusive guy. He'd send notes thanking you for things. He had us out to his house on Saturday for brunch. You could depend on him. You could talk with him and get a good feel for what he was thinking. He had a good sense of humor. He was always encouraging.

I had extraordinary opportunities at the beginning of the administration to have my way on the regulatory side. Let me back up.

I turned in my report for the FTC the day before Christmas—Christmas Eve. My wife and I and the three kids climbed in the car and drove to Georgia for Christmas. Christmas day in the afternoon the transition team called. "Will you come back and head up the regulatory reform effort?"

Wamsley: Who was the call from?

Miller: It came from Ed Harper, who ended up being OMB deputy. I said, "Okay." I flew back on the Delta Early Bird the next morning. A lot of the work was sitting around and musing on what ought to be done about this problem or that. I had regulatory experience. Herb Stein had hired me at the Council of Economic Advisers in '74, where I wrote the CEA chapter on regulation. In '75, at the Council on Wage and Price Stability, I headed up their regulatory effort. I'd written about some of that when I was at AEI, where we published a book on benefit-cost studies.

Young: Most people call it cost-benefit. I've noticed that you call it benefit-cost.

Miller: I do that for good political reasons—to stress benefits as well as costs.

I'd been involved in regulation, and I knew what needed to be done. At the transition office I met Boyden Gray for the first time. We hit it off very well. I say, "Boyden, here's what we ought to

do.” He agreed, and we did an outline. “We ought to have an executive order. The President says so and so, so and so.”

The *raison d’etre* of regulatory agencies is to issue regulations. The way you get ahold of them and gain their attention is tell them you can’t do that unless they have your permission. Then they pay attention to you. So we drafted an executive order.

Young: Boyden Gray was counsel to the Vice President.

Miller: Or going to be counsel to the Vice President.

Young: This was done during the transition.

Miller: Right. He was going to be counsel to the Vice President. Those meetings are part of how the whole regulatory relief task force got hatched.

Wamsley: Had you known Boyden before that?

Miller: To my knowledge, I’d never met him.

We wrote this thing. I gave Boyden the principles. He wrote it up. I edited it, and he edited my edits. There were some others. Ray Peck, who ended up being head of NHTSA [National Highway Traffic Safety Administration], and Michael Uhlmann were on the team, and a couple of others. But Boyden and I wrote it.

The very first day of the Administration I was at work. I shouldn’t say the very first day. I went down and watched the inaugural and then the procession. Three or four days before the inauguration, I received my OEOB White House pass. No, it wasn’t OEOB. It was a White House pass. They had me come down, take a picture, and get fingerprints. I was there the first day of work, and that morning the person in the OMB general counsel’s office that manages the whole executive order process came to my office.

I handed him a paper and said, “This is an executive order. Don’t tell me whether it’s good policy or not. I just want to know if it’s in the right form.” He sat down and his eyes became big. We did a few little adjustments to get it in the right form, and within two weeks the President signed it.

I have to tell you a story about that. When the President circulated the executive order, the Vice President wanted to discuss it at a Cabinet meeting. We called them late on Friday afternoon to set the meeting for 10 o’clock Monday morning. We had calls on Saturday from some of the Cabinet members saying, “I don’t understand this,” and “We don’t have anybody here to review it.” We just laughed like crazy because over at the White House we were working seven days a week. Anyway we placated a few people. Some people had questions, and we tried to answer them.

At the Cabinet meeting the Vice President was marvelous. He said, "Mr. President, this is where you're going to get your regulatory process under control." That was at ten o'clock. I had called a meeting of the general counsels of all the agencies for 11 o'clock in the Directors' conference room at OMB. I walked in there. All the general counsels sitting around the table were civil servants. They were acting general counsels. No political appointee to the office had yet been confirmed.

I said, "I have an executive order I'd like for you to read." The general counsels read it. They marked through portions of it; they added question marks, "no," an "x" here, underlined this part. I was watching them when the first guy came to the end and saw Ronald Reagan's signature. One of them said, "Jim, do you have another clean copy of this?" That's how we got the executive order.

Young: Was there a lot of resistance to it?

Miller: I think a lot of people lost—it just took them completely by surprise. If we'd waited another month, there would have been great opposition. If we'd waited another two months, it never would have happened.

Let me go back. I think there ought to be a rule along the following lines: you can get more accomplished the first day than for the next week. You get more accomplished the first week than the next month. You get more accomplished in that first month than in the first year. That's just the case. It's a variation of Nathan Bedford Forrest's line: "Them that gets thar firstest with the mostest get to call the tune."

Because these dependent regulatory agencies had no political leadership, they reported to me. It was a vacuum I was ready to fill. The acting Director of the EPA [Environmental Protection Agency] came to my office for direction. I learned right then—and I tried to bring this home when I came back to OMB—when you have extraordinary power and authority, the test of your maturity is your ability to exercise it with judgment, to never be vindictive, to never let your own emotions get their way with you.

It's the same dealing with Congress. A budget examiner at OMB can undo a congressman and they'll never know what happened. It's like a knife in the back: they'd never know where it came from. It's the same with an agency. The OMB people, all the way down to the budget examiner level, have great power. I know enough about the tax code that I could go in there and fix it so the government would get another 20 billion dollars a year and nobody would know where it came from. Nobody would be able to figure out why they are paying higher taxes. It's just that complicated.

I felt that I was exercising mature judgment. It was heady to think of myself as being able to direct OSHA [Occupational Safety and Health Administration] and EPA and all of those agencies, but I tried. Every step I took I was trying to carry out the President's policies. That was my job. When I was at OMB—the latter part—I used to tell people it was my job to do what Ronald Reagan would have done if he'd had the time to look at all these matters and analyze

them. I was essentially standing in for him. He was elected President, not me. That was what I was supposed to do.

I'll tell you one little episode with the Vice President. It was easily my worst time at OMB. While I was in my office, my assistant, Jeff Eisenach, came in and said, "There's this group calling." I can't remember the identity. It wasn't AARP [American Association of Retired Persons], but something like that. "They want you to come over and brief them about the regulatory program." I said, "No. I don't want to do this now."

Next day Jeff comes back and says, "They're calling me again. They assure you it's purely off the record. Please come over and talk about it." I said, "No, no." Later he came back and told me that they'd gotten somebody in the West Wing to call and urge me to do it. I said, "You say it's totally off the record? Absolutely off the record? I want a piece of paper on that." They sent over a letter saying that it was totally off the record. I had a piece of paper.

So I agreed to do it. I went over there about four days later. I arrived a little late, went in and sat down. I told them all about everything we're doing and were about to do. The next day we had a big meeting of the Presidential Task Force. We were going to make final briefings, and presumably they were going to approve all the plans we had put together for them to do. Anyway, when I finished my presentation, the first guy with a hand up was a fellow from the *Washington Post*, whom I had not seen. The next day the front page of the business section of the *Post* shows a big picture of Jim Miller, telling these folks what the Administration's going to do. I received a call—let me back up.

To make this regulatory program really work, we had to have a compact. You have OMB, which is a very powerful institution within the executive office of the President. You have the Vice President's office, which obviously has a lot of power. Then you have the White House staff. Rich Williamson, who had a big interest in the regulatory issue, was one of Jim Baker's assistants. Williamson, Boyden, and I had a compact. We'd always agree on things. We wouldn't do something if any one of us had a problem with it. We had breakfast together at the White House Mess every day. That's the way we kept it all together.

Rich Williamson called and said, "The Vice President is really mad about this. He's outraged." When I figured out what had happened and realized the gravity of it, I was truly upset because I so badly wanted the regulatory effort to work. I'd put so much into it and I thought it was so important. For it to come apart over something that stupid would be tragic. I felt I'd been sandbagged. But I wouldn't lay blame, and quickly put that behind me. I just picked up the phone and said, "Mr. Vice President, can I come to see you?" I went over and apologized profusely and told him what had happened. I was crying, very upset.

After our meeting in the afternoon, he sent me a note. He accepted my apology, to the effect, "I understand, Jim." He patted me on the back. His note said he was prouder now and more glad than ever that I was leading the effort—something like that. That's the kind of guy he is.

Wamsley: One of the things I learned over the years is that some ideas run through from one administration to another. The Carter people talked about clearing regulation through OMB. Had you heard about that?

Miller: Oh, yes. I wrote something about it. But the difference is that they didn't require clearance of our rules. They wrote these regulatory analyses and had discussions about them. There were several cases—the cotton dust standard in particular—where the issue was that Charles Schultz opposed the regulation and Ray—

Young: Secretary of Labor?

Miller: Secretary of Labor—

Wamsley: Marshall?

Miller: Secretary of Labor Ray Marshall from Texas bragged to me a couple of times. He took in a cotton dust mask, put it on the President and said, "How would you like to work all day wearing this mask?" The fight there was over performance standards versus engineering standards, and engineering standards won.

We knew the regulatory review program wasn't working. George Eads, a member of the Council of Economic Advisers and a good friend of mine, was part of that. You have to be able to say "no." So I just said "no." Somebody would send over something and I'd say "no." They knew I'd say "no." Several times I received a call from some assistant secretary for OSHA or someone like that who'd say, "We have to put this out. Congress is mad. We're getting calls from the Hill. We've got to put this out. We're going to go ahead and put it out." I'd say, "No. We're not going to put it out."

They'd say, "Well, that's just not sufficient." I'd say, "Look what you've done in terms of justifying this approach—virtually nothing." "Yes," they'd say, "but this is the standard they want." "That's not consistent with the executive order. Didn't you see what the President signed?" There were several times they said, "But we'll just have to go—" I said, "No. I'll tell you what—"

Young: Appeal?

Miller: I said, "No. I'll tell you what. The Vice President will have to decide this. I hate to bother him, he's a very busy man, but if you'll be here at two o'clock, we'll visit with the Vice President and he'll make the decision." And they'd say, "Well, Jim, I think we could go back and look at this thing one more time." The Vice President was always ready to step in, and he was very supportive of us overall.

Young: He didn't do any detailed management of it.

Miller: He did. He did a lot.

Young: He did? With Boyden Gray?

Miller: Boyden and I met every day, at least once a day. I met with the Vice President every other day or every third day. His big part in the regulatory effort was not only overall policy direction but the identification of candidates for review—not only new regulations, but existing regulations that might be perfected. Some of the press called it the “Hit List.”

You might want to look in that box of photographs I brought with me some time. The Vice President held a number of news conferences where he would talk about particular regulations. He held a press conference on standards, the procedures that OMB would follow in doing analysis, whether we’d put public comments we received in the record. Et cetera.

There was one time that was quite funny. We held a press conference in Room 450 at OEOB. There was a big crowd. Boyden and I and Rich Williamson stood behind the Vice President. Some lady in the back stands up and asks a question about an obscure issue regarding electric power in Michigan. The Vice President said, “Ma’am, that’s a very interesting and important problem you’ve identified. I brought with me three experts on this.” He looks around and all of us are going [making confused faces]. Then he says, “Obviously I brought the wrong experts.”

Wamsley: You referred a few moments ago to Ed Meese as the Deputy President. Could you talk a little bit about Meese’s role in those early days and what changes you saw?

Miller: Nobody had the *gravitas* of Ed Meese, except the President. Jim Baker did a wonderful job as Chief of Staff. As things went on, Baker managed the day-to-day operations. Ed became the person driving policy issues. No one compared with Ed. Ed had been close to the President in California. Today, there’s a Reagan Alumni Association. I just had to bring the latest alumni directory—

Young: I’d love to see it.

Miller: This large book contains a list of the members. People pay 50 bucks a year just to belong. At alumni meetings, no one gets as positive a response from the crowd as Ed Meese. He’s viewed as the embodiment of everything Ronald Reagan stands for. He was the oracle. If he gave pronouncement on an issue, it was gold.

Young: Can I get a copy of that?

Miller: Yes, yes.

Young: We’re trying to locate more people in the Reagan administration to come in. Some of them are hard to find.

Miller: I’ll give you that copy.

Young: Thank you, this will be a real boon.

Miller: There's one for the Bush Alumni Association also. Bush-Quayle, vs. Reagan-Bush.

Young: I know there's one for Bush.

Miller: Before I forget it, Peter Wallison—do you know him?

Young: I've never met him. I know of him.

Miller: He's writing a book on Reagan. I think he's finished the first draft. He's at AEI. I'm not sure whether he's listed in here or not.

Ed was the next best thing to talking to the President. Not that Ed abused his power or tried to. Ed's a mentor to me. He's just a wonderful person. Let me say something about Ed. I've never seen anyone who was able to hold a meeting with people highly intelligent, motivated, and firm in their beliefs, address a policy issue, discuss it for an hour, and then, in just a few short utterances be able to say, "What I hear is so-and-so and this-and-this. This is where we ought to go," in such a way that it did in fact encapsulate the discussion, but also made it so that virtually everybody around the table shakes his head in affirmation. They think that's what they came into the room thinking.

Wamsley: That's a real art.

Miller: It's a real art. He was extraordinary that way. As head of the Domestic Policy Council he was able to wield that kind of power and be a catalyst for bringing people together.

Wamsley: What had he been to Reagan in California when Reagan was Governor?

Miller: Judge Clark had been his first chief of staff. Then Ed Meese was chief of staff or—

Young: He started out in the pardon office. He'd been the pardon person for Reagan.

Miller: He'd also been a professor at the University of California, San Diego.

Young: Yes. You started to say Peter Wallison is writing a book.

Miller: Peter Wallison's writing a book on Reagan. I think he'd be useful to interview. Peter went over with Don Regan and played a big role in the research on Iran-Contra. He'd have good knowledge about those issues. He's listed here.

Young: Thank you. Could we have a brief break for a moment? We'll have some coffee if you want, then come back in about five minutes or so.

[Break]

Young: I'd like to hear your observations of the White House staff in the early days, given what was going on at OMB—in your shop, at least. I'd also like to hear about the development of this

good relationship with Boyden Gray, and with Rich Williamson, Jim Baker's person. And with the Vice President and with David Stockman.

In the early days there was a new kind of staff organization. Did it work well right from the beginning?

Miller: It did. It was effective. The President attained dramatic legislation in the tax and regulatory areas and a big increment for defense. It worked. There's some legitimacy in the argument that had the President not been shot, it might not have happened quite so easily, but it worked.

You're asking about the troika arrangement. There's no question that Mike Deaver was close to the President and close to the First Lady. He was responsible for the President's events, for making sure that all happened according to plan, especially after the shooting. He was very close to the First Lady whose overwhelming concern was Reagan's safety. Mike and his people went to great pains to assure her and the nation of the President's safety. He had a very big job.

He also had an extraordinary ability to market the President, to put him in the right places at the right times. Standing on Pointe du Hoc on D-Day saying, "These are the boys at Pointe du Hoc." I can hardly say it without choking up. Mike was really good at all of that. Ed was the policy guy, and Jim Baker made the trains run on time. There was inevitably some dissidence, especially between Baker and Meese, driven by their staffs. People would say bad things on one side or the other—

Young: Meese certainly had been with Reagan—

Miller: With Reagan forever. Baker was Bush's guy.

Young: Yes. Baker was Bush's guy. You always look for a breaking-in period, a shake down cruise to see how that works.

Miller: Baker was a seasoned professional. He's extraordinarily bright and able. He was a key person in the Ford campaign. Later he jumped on board with the Reagan campaign. He did a very, very good job. Being a seasoned professional, the transition wasn't a problem. There tended to be—driven by ideology—the perception that Baker was a little suspect—

Young: Sort of a pragmatist.

Miller: The pragmatist versus the ideologues, the moderates versus the conservatives, on both scores. There was that.

Riley: Did you get any of that in your shop in OMB—

Miller: No.

Riley: Were there occasions where you felt that the moderates were pressing you to be a little more moderate?

Miller: No, not at all. I didn't get that impression at all. Established by the Paperwork Reduction Act, which was the last act signed by President Carter, over the objections of all his Cabinet officials save his Budget Director, Jim McIntyre, the Office of Information and Regulatory Affairs didn't begin until April 1st. For the first two or three months, I was an associate director of OMB. I was still as Administrator, but whatever title I had, I did whatever I felt I needed to do. I didn't see that division. It didn't manifest itself in my area of responsibility.

Back to the point I wanted to make. From the very beginning I sent a weekly report to several people in the West Wing. I reported on the regulatory activities during the week and on what was coming up. I had a special little section called "Heads Up." "We understand that OSHA is going to propose this..." for example. It turned out to be such a popular document that Baker, Meese and everybody wanted a copy of it. Very quickly that went around to everybody. It proved to be a source of good stories.

One of the first things we did was kill the Carter Administration's midnight regulations. I don't know if you remember that. The real hero of that effort was a fellow named Rich Willard who became assistant attorney general for the civil division under Ed Meese. Rich was on the White House council staff, or attached to it, when a big story on the midnight regulations appeared in the *Washington Post*. I was troubled by this development. Later that morning Rich came by and said, "Did you read that story?" I said, "Yes." He said, "You know that under the Administrative Procedure Act, even if the regulations in final version have been sent to the Federal Register but haven't been published, the agency head can withdraw them. It's not the sending of them that makes them final, it's the publication. And so, STOP! STOP THE PRESSES!" And I quickly did.

My thought was *do an executive order*. Instead, the President sent a memorandum to the agency heads asking them to pull everything back that wasn't mandated by law. Thus, we ended the midnight regulations, pulled them back. That was that. I didn't really have much contact with Jim Baker, although one day I received a call from him. Let me start at the beginning. One day, my assistant came in and announced, "They'd like you to go to Dallas. Can you go to Dallas and give a speech next Thursday?" I said, "Go to Dallas? Give a speech? I'm doing all the regulatory stuff. I can't do a lot of—" "It's some group of leaders. They have these high school leaders—"

I said, "Are you kidding me? Go down and talk to high school students?" Later in the day, I received another call. "This is Mr. Baker's office. They want you to go down there." Apparently there was some big program where they take the leaders of the high schools and have a state convention. They select two leaders from each state and send them to a national convention. The head of it was the actor Hugh O'Brien. I said, "I can't go." The next day Mr. Baker was on the phone. He said, "The President said that Mr. O'Brien is a friend of his. The President would like you to go." I said, "What time do you want me to be there?"

It was an interesting event. Yes, it was Hugh O'Brien. It was extraordinary because you had this group of leaders. The electricity in the room with these one hundred kids was amazing. And they

thought Hugh O'Brien was just terrific. That was my major interface with Jim Baker when I was at OMB the first time.

Let me tell you one little episode that has to do with the FTC as well as OMB. It's a risk. When I was at OMB, I was doing things a mile a minute. You make a trip here and you submit a voucher for an airline ticket. Then periodically you get in your box a check from the government. An envelope from Treasury containing a check. You say, "Oh, that must have been for the such-and-such trip." I didn't even keep records. You deposit the check.

When I was at the FTC—I'd been there about six months—my staff received a call from some publication. They asked, "Was Miller working for the FTC when he was at OMB?" "No," was the answer given. The caller said, "According to public records, he was a consultant to the Federal Trade Commission at the time. He was on two government payrolls at the same time. That's a felony."

What in the world? I said to myself. During the Carter administration I'd written a piece for a consultant who had a contract with the FTC to do work on airline regulation. I was listed, technically. It occurred to me that if somebody really wanted to do me in, they could have put me in for two or ten or 30 hours. A check would have come in. I would have endorsed it and deposited it, of course. I never would have thought anything about it. Then somebody could say, "Here's the evidence!" Those are risks you run. I'll tell you about another risk.

The first part of my time at OMB I had a knock-down drag-out fight with the IRS [Internal Revenue Service]. Under the Paperwork Reduction Act all federal agencies that issue questionnaires or any form have to have an OMB approval number. The recipient has to be approved by OMB. It's not an executive order. It's the law. Well, IRS simply ups and announces that it was going to be exempt from this requirement. I said, "You are? I don't think so."

We had this knock-down drag-out fight about it, back and forth, back and forth. I actually forced an Assistant Secretary of the Treasury to recant after he'd testified to some outrageous things before Congress. I forced him to send a letter to the committee. I carried a big stick. Anyway, I hadn't been at the FTC very long when I received a call from the IRS that I was being audited. Any connection?

Young: You'll get your question in just a moment. It's not only the risk—you referred to the risk earlier—but it's also, if you have an enemy somewhere, the enemy leaks.

Miller: Yes. That can do you in.

Young: And it can hit the press, if that's the story line of the day.

Miller: If you want to talk about it, go ahead. Let's respond—

Wamsley: Every administration has major things, but there are always minor corruption things that go on—Republican and Democratic. There were some in the Reagan administration. Did

that cause any real concern in the administration? Did that seem to rise to the level that bothered people? Have you any thoughts about how administrations might avoid those things?

Miller: One of the earliest of the President's programs was to eliminate waste, fraud, and abuse. Ed Harper, the deputy OMB Director, was largely responsible for that. Inspectors General were appointed for each agency except Defense. Their purpose was to root out waste, fraud, and abuse. There's not as much waste, fraud and abuse in the ordinary sense of those terms as you might think. There are a lot of expenditure programs that aren't very good. But we did have an interest in rooting out corruption.

The most flagrant form of waste, fraud, and abuse that I remember talking about on my watch as OMB Director involved some FDA people who were sent to jail because, while they were wined and dined by a pharmaceutical manufacturer, they refused to allow a competitive generic drug to be approved.

The most celebrated case of all was the \$500 toilet seat. It's not only the toilet seat, it's the whole unit. If you fly on a commercial jet, there's this whole molded piece attached to the toilet. The whole molded thing was \$500—not an outrageous sum. But it just hit a nerve—the military would spend \$500 for a toilet seat.

Wamsley: There was an Assistant Secretary of Defense who got into trouble, too. I've always wondered whether people in the White House pay much attention to that or whether it's just background noise.

Miller: I didn't know. I wasn't aware of anything like that. Let me say a couple of things about the press. There's an institutional arrangement that if you feed the press, they feed you. It's just the case. We all talk about how it's inappropriate to do that, but they do it. If you give them stuff, they treat you well. If you don't give them stuff, they don't treat you well. It's just that simple.

I'll say this flat out—my predecessor was terribly disloyal to the President. Part of it was ideological. Part of it was an interest in his place in history. Part of it stemmed from his interest in making a lot of money. He treated the President very badly.

Young: This was [William] Greider?

Miller: Not only the Greider article, but his book. I resolved when I went over there that I wasn't going to do as he had done. You're either the President's man or you're not. If you're disaffected, if you can't believe in what the President is doing, you leave. That's the honorable thing. It's dishonorable to stay and undermine the President. That's my view, a judgment others may not share. For that reason I resisted any temptation to criticize the President. I only really had two strong policy disagreements with him. But you either accept his decisions and continue, or you don't and leave.

Another thing I thought was terribly destructive was for administration officials to leak on each other. There was a lot of that going on—

Young: Yes, there was a lot.

Miller: A lot of it going on. I tried to put the kibosh on it. Every time I had an opportunity to brief people in the Administration, I'd say how self-destructive that was. Third observation I make is that I'm probably not a very good leaker. If I leaked something and we came in and sat in the room the next day and someone pulled out this story in the press and looked around the table, I couldn't keep a straight face. I'd look as guilty as can be if I'd done it. There are people who leak and they never show it. So I didn't do much leaking, and my relationship with the press wasn't very good. I didn't get the promotions in the press and the good treatment in the press that I could have if I'd played the game. I have no doubt that it cost me personally a great deal, but I just thought it was totally inappropriate to do otherwise.

Young: It wasn't fatal for you.

Miller: No, it wasn't fatal. I'll give you an example. I don't mean to say that I never received decent treatment. I did. A lot of press thought, as Sam Donaldson said, "Jim, we liked you. We thought you were a pretty straight shooter." I said, "Thank you, Sam."

Young: Was that afterwards or during—

Miller: It was afterwards. I called him about one of his remarks and told him that he had it altogether wrong. He said, "I'll take it seriously because we liked you and thought you were a pretty good straight shooter."

We were in the midst of the budget negotiations one time. We were in the Capitol and I left to go to the bathroom. There was a gaggle of reporters outside the door. When I was leaving the john, one of the reporters asked me about something. I made a very innocent comment about "our calculators were smoking." But I knew there were other people in the room who were leaking. Sitting in the meeting, I kept receiving notes about reporters calling about so-and-so. "They're saying that you're stopping all the progress, that you're being hard against tax increases." Anyway, the next day the front page of the *New York Times* carried a story on the negotiations with a photo of Jim Miller. Was there some connection? I suspect so.

If you observe this kind of behavioral relationship long enough, when you see a really good story that's a little bit out of the ordinary, you can tell who planted the story.

Though the person who serves the President best does give some advance material, leaking is probably the wrong way to do that. I don't think I was particularly good at that or would ever be particularly good at that. But I think there's a constructive way to engage the press. It's the negative, backbiting part that I found to be very destructive at the time. I tried to put the kibosh on it.

Knott: Every one knows about *The Atlantic* magazine interview that Stockman gave. Are you suggesting that that behavior continued over the years?

Miller: No. Interestingly I was on the West Coast giving a couple of speeches when the story came out. I got back when the President took David “to the woodshed.” When I got back I went over to OMB to see David. I said, “David, you took a big hit here. I don’t think you ought to have done it. But now you ought to just put your head down and do your job. After six months you’ll be 90% of the way back to where you were.” But I was wrong. He never really recovered from that piece.

It’s partly human nature. Here’s the way I view this thing. The perception many people had of President Reagan’s tax cut was, as Howard Baker characterized it once, a riverboat gamble. Dave said to himself, “If it works, I’ll take credit for it. If it doesn’t work, I want to have told somebody that I thought it would never work in the first place.” His understanding with Greider was that Greider wouldn’t publish the piece until he said it was okay. Greider published it anyway. Covering yourself from both angles is a very bad weakness. There are other people who do that too.

Riley: You indicated earlier that in your discussions with Stockman, there’d been a division of labor. He said, “You take care of the regulatory side.” Did you follow that closely, or were you at all involved on the budget side during those early months?

Miller: I was not involved in the budget at all. I was aware of one thing, however, for which I’ll have to credit my deputy Jim Tozzi. He was a career official and very highly motivated. He said, “When we tell these agencies “no,” they’ll try to work their way back into OMB through the budget side. What we have to do is cut off that route. We need to work with the budget side. We need to keep the budget side informed of all we’re doing and why, so that when they get the call from the agency, they’ll say, ‘No, you’ve got to talk to the OIRA about this.’”

Riley: The other part of the regulatory thrust during the early days of the administration involved zeroing out some agencies, getting things under control on the budget side, stopping the regulation-issuing body by just cutting it out. You weren’t consulted on those things?

Miller: They’d say, “Hey, Jim, do you mind if we zero out X, Y, and Z?” I’d say, “Go right ahead.” That wasn’t a controversy.

But I will tell you about one little controversy. Associate Director Annelise Anderson had the U.S. Postal Service in her portfolio. At one point her staff recommended privatizing the postal service, without de-monopolizing. Why? Because privatizing it while continuing the monopoly on letter mail would obviously generate much more revenue for the government than privatizing it without the monopoly power. I said, “No, it’s a terrible idea.” We did have a little discussion there, and my view prevailed.

Riley: The other question is about congressional appeals on the issue. You mentioned that you fairly routinely received calls from the agencies. People were suggesting that the administration ought to issue orders and deal with the politics of it later. Were you getting calls from Capitol Hill during this period of time?

Young: In the first—

Wamsley: First eight months?

Miller: At the regulatory—

Young: Yes, because the question also applies.

Miller: In the first eight months I received calls from the Hill, usually from staff. I was called up to testify. John Dingell in particular had me up there to testify.

Riley: Did he treat you well?

Miller: Chairman Dingell did his usual thing. What I remember in particular was that he had a tag team going. I started testifying at nine o'clock in the morning. He left for a while and Al Gore took over in the Chairman's seat. (He was in the House then.) After Gore, then somebody else came to chair, and then Dingell returned. About two o'clock I desperately had to go to the bathroom. Finally I got the attention of one of his aides, pointing to the water pitcher and expressing pain. The aide had somebody bring down more water.

Finally they caught on. I'm pulling my chair back, just getting up to leave because I have to go, you see, and Chairman Dingell says, "Mr. Miller, what are you doing?" Somebody says, "He needs to go to the bathroom." Dingell said, "Mr. Miller, would you like a few-minute break?" I said, "Yes, sir, I think that would be best."

Riley: Do you think that it was strategic? As long as they had you before the committee—

Knott: You'd tell them what they want.

Miller: No. It just happened. But I understand my friend John Dingell likes telling the story.

Riley: You would get calls from them about the particulars of what you were doing and the operation.

Miller: Yes. Some people were just outraged about what we were doing—the executive order and all that. "This is unconstitutional! Only Congress can make these laws and—"

Young: Let me go back once more to the press question. Did you not have interviews on background or have regular sessions with certain reporters?

Miller: I carried over David Stockman's press person, Ed Dale, who'd been a *New York Times* reporter, a good one.

Young: Yes, yes.

Miller: He was very knowledgeable. The vast majority of questions that come from the press are details. "How do you interpret this line in this book?" they'll ask, or "How do you match this?"

Ed was wonderful in knowing how to respond to that kind of thing. Occasionally I'd do a [Godfrey] Sperling [Christian Science Monitor] Breakfast, one or more a year. Occasionally I'd call the network reporters into my office and we'd talk through things—as when the budget went up or appropriations came down. I'd invite them all. I wouldn't pick and choose. I didn't have a list of “special” reporters—

Young: No exclusives.

Miller: I didn't do exclusives. Sometimes columnists would call. I'd talk to them. I felt that if you're going to make the news about the budget, it's the President's job to make the news and take the credit for whatever's coming up. I'd give some background: “Here's the way we're looking at the budget,” that sort of thing.

For example, for the very first budget I put together for the President, I developed and employed a little algorithm. It was a high-pressure time because so much happened during the first couple of months—I came over October 5th. The first thing we did was Gramm-Rudman-Hollings. Then we had to produce the budget. We were scheduled to brief the President on the proposed budget in early December. Everything had to be crammed very closely.

It was a simple algorithm. Looking over all these programs. I asked, “Should this be a public function? If not, why do we have it? Privatize it or disassemble it or eliminate it. If this is appropriate as a government function, should it be a federal or state or local function? If it's a state or local function, then send it down to the state or local levels. If it's a federal function, is it being run cost-effectively? If not, improve it. If it's being run cost-effectively, is it the right size?”

This, here is a book from a Cabinet meeting on the budget. I have a reference to it in my Hoover volume, *Fix the Budget: Urgings of an “Abominable No-Man.”* The first time I met with the Cabinet I thought all members of the Cabinet were my friends. Or that they all thought I was their friend. But as soon as they left the meeting I knew they weren't and they knew that I wasn't. As he opened the meeting, the President said something like, “Okay, Jim, now draw blood.” The blood drawn was mine. As I recollect, Mitch Daniels was at that meeting, as Assistant to the President for Political and Governmental Affairs. [Handing things over] This is the presentation I made at the Cabinet meeting on the '87 budget, which was presented in December of '85. These [holding up books] are a couple of books that went with it.

Young: I'll look at them. When the budget is going to be presented—it's made up, most of the decisions have been made or are going to be made—there's a public information side that has to be handled. It's released when it's set up.

Miller: Right.

Young: There must be some kind of separation for that. The President must be briefed earlier, maybe at the Cabinet—

Miller: Let's go through the steps—

Young: I'd like to see how the presentation was made to the people who needed to know about it.

Miller: As described in my budget book, in the late summer and early fall OMB sends guidance to the agencies about the new budget amounts, themes, et cetera. The agencies then send in their proposals, and then we turn it around and send it back to them with further changes—called the “pass-back.” Then they appeal, we discuss, and maybe the agency appeals to the President. I had very few appeals on my watch. The first step is the appeals board, which consisted of the Chief of Staff among others. I had even fewer appeals to the President.

Before the final appeals to the President, stuff begins to leak out. An agency puts its spin on things. For example, in my second budget I was going to privatize NIH [National Institutes of Health]. Part of the problem was salaries. You couldn't keep the best people on government salaries. So I was going to privatize it. Well, that went up [sound effects of explosions].

After all the appeals, you sit down and print out the budget. You have pictures with the budget running off the printer's line—good visuals. The first budget, '87, had a light blue cover. That's one of the big decisions the Budget Director gets to make: the color of the budget cover. I thought that was nice. Next year, '88, it was maroon like Texas A&M's. the press said it was red because the budget was in the red, running big deficits...

The day the budget is released the President has the congressional leadership down and signs copies for each member. You attend that little ceremony.

Then the Budget Director, the Secretary of the Treasury and the Chairman of CEA [Council of Economic Advisers] all do a press conference. The CEA Chairman talks about the economy and where it's going. The Treasury Secretary talks about the economic outlook, on the revenue side primarily, and tax issues in the budget. Then the Budget Director talks about all of it together plus spending details. Those presentations go for thirty minutes. Then you go for another hour or so answering questions from reporters.

Simultaneously in the afternoon all the major agencies give their own budget briefings based on what's in the budget. They do them at the agencies, especially for the reporters who follow those agencies.

Then the Budget Director goes to the Hill and testifies before the two budget committees and maybe some others. And then, in the evening, there are interviews on the network shows.

'My last year I'd been a little concerned about the coverage of C-SPAN. In terms of the three branches of government, C-SPAN had given a great deal of visibility to the legislative branch. I said to Brian Lamb [founder and CEO of S-SPAN], “You need to give visibility to the executive branch in a similar fashion.” I didn't think the President would want the press to come into the Cabinet meetings. I understand President Carter did that one time and it didn't turn out well.

So, the day the budget went up he had me telecast live from my office that evening for two or three hours. That was a pretty long day. I did the budget without sleep. I gave far too much

credence to the notion that you ought to know what's on page 217, line 43. Who cares? Look it up. But I tried to learn the details.

I've never experienced such electricity, irreverence, foolishness, perceptiveness, and profundity as I did in my senior staff meetings at OMB. You have extremely smart people and they're just terrific. I told Brian Lamb about this once and he suggested covering one of my OMB staff meetings. So they did. I've never had a duller, more uneventful, more somnolent meeting in all my life! I kept saying, "Doesn't somebody have something to say?" When those lights were on nobody had anything to say. There are politicians on the Hill that, when you turn the lights on them, behave much more aggressively, for the cameras, than when the lights are off. With the OMB professional, it was the other way around.

Young: Let me ask you about OMB's reputation when you came in. It depends on your point of view, but some of Stockman's things really seemed to have diminished the credibility of the figures that went up to the Hill. One heard a lot from staffers and members of Congress about that, also about the quality of legislative drafting that came out of some of the departments during this period. That's an area where historically OMB or the old Bureau of the Budget had something to say. Was that a correct perception? Was it a problem for you when you came in as a new Director? It's a question about the morale of the career staff there.

Miller: The two answers are yes and yes. That was the perception and it was a problem. It's interesting that you raised that. I was really shocked. As an academic, I'm accustomed to standing up and giving seminars and having colleagues question my assumptions. "Did you...?" "If you divide this by this, do you get...?" "Did you raise the exponential power?" "Did you consider...?" "Why didn't you cite...?" You expect people to question stuff and offer different explanations for the hypothesis or the behavior or suggest different evidence to test the hypothesis. But I wasn't accustomed to someone's questioning my integrity or my honesty.

It was a shock to me when I went up to testify on the Hill with budget forecasts and have members of Congress dismiss them out of hand, saying, "This is agitprop, not science." It was really shocking and, for me personally, it was very difficult. Not everybody had that point of view. I ran into Senator Fritz [Ernest] Hollings the other day at Dulles Airport, and we sat and talked. I said, "I remember something you said about me. I'll never forget it." Just before I went over to OMB Hollings was on Meet The Press and they asked him, "What do you think of Jim Miller?" He said, "I think he's David Stockman, but he doesn't have two sets of books. He's as smart as David Stockman but keeps just set of books."

Again, this attitude of malicious skepticism was a major problem, and it was a shock for me. I didn't take it very well. My numbers might not have been right, but it wouldn't have been because I was jimmying them or being manipulative, which was the underlying assumption. If you look at the figures in my budget book, you'll find, in retrospect, that my numbers were right on the mark.

Knott: How would you respond to that if somebody—in an open hearing, what was your—

Miller: I'd say, "Senator, are you questioning my integrity? I don't think that's appropriate. This is what I believe and here's why." But it was rather difficult. By the time I got back to OMB in 1985, the budget process was very politicized.

Young: That's really my question.

Miller: It was very politicized. I'll just tell you this one example. It'll show you how small a person I am. I went up to testify before the Senate budget committee. It was my last budget, maybe the '88 budget, and I'd been working very, very long hours. I was really starting to hurt. A certain Senator whom I won't name took this budget that we'd just labored over—the whole political staff and career staff—and said, "This budget isn't worth the ink it's printed with." He tossed it up on one of those shelves above the dais, and it just hung precariously.

There's no doubt in my mind that if it had gone over the edge and landed on the floor, I would have gotten up and walked out. I wouldn't have put up with it. It would have been too outrageous for us to work that hard and for him to do that—and for me to sit meekly and take it. You may disagree with the policy incorporated in a budget, but it's the President's budget. They should accord it some respect. That's my judgment.

Young: Outside of the personal exploitation of a damaged reputation with two sets of books, it also must have some effect on the general relations between the Congress and its budget office and the figures they produce and the OMB. There must have been some repair necessary—

Miller: There was some repair—

Young: To bring it back to the status of credibility.

Miller: Yes.

Young: And collegiality.

Miller: I protested early over any accusation about numbers. I said, "These are my numbers. You're talking about David Stockman. He was the old Budget Director, I'm the new Budget Director." But something that helped cement the repair was the fact that Rudy Penner [Director of the Congressional Budget Office] and I agreed on major aggregates under Gramm-Rudman-Hollings. Rudy and I had been colleagues at AEI. At one time we had adjoining offices. In January of 1986 we had to issue a Gramm-Rudman-Hollings report forecasting the deficit for the fiscal year of 1986. Working independently, we came within a billion dollars. Ours was \$220 billion and his was \$221. We had a joint press conference. We also jointly testified on the Hill on the results of those two reports. I think that helped bring back some trust.

Young: Just for the record, Rudolph Penner is head of the Congressional Budget Office.

Miller: Head of the CBO.

Wamsley: I wonder how you felt about the OMB's ability to analyze the Defense Department's budget. The little bit of contact I had I wondered how so few people could manage—

Miller: It was a difficult thing. There's no question that OMB relied extensively on the DoD [Department of Defense] budget people. Interestingly, it was the only budget—if I'd been there another few years I'd have changed this—where the budget review takes place at the agency, not at OMB. They argue you have to have all the security, but you can have secure facilities at the OMB. The old Department of State office, 208, is “swept” every day, so you could have the budget review there. The OMB people set all the major parameters, but the details had to be done at the agency.

Knott: Did you or the upper level staff, or examiners, try to pick out certain things strategically to zero in on, just to keep them honest?

Miller: Yes. I didn't, but my associate director for that area did. He did the State Department and Defense. I have an interesting story. Cap Weinberger had been Budget Director under President Nixon and was Secretary of Defense for President Reagan before turning over to Frank Carlucci. One day Cap invited me over to his office for lunch. Cap and I got along very well. That was a big difference. David and Cap fought with each other, while Cap and I were good friends.

Anyway, I went over to have lunch with Cap. After awhile I said, “Cap, I've told my people that if I'm not back by two o'clock, they should come get me.” Cap says, “Sir, your legions will not get through.” Then we imagined all these OMB civil servants marching across the 14th Street Bridge and we got so tickled. We could imagine their coming to rescue their Director—to no avail.

Cap and I did have one appeal that was very funny. He was peeved over whether we should stick to the numbers agreed to in the previous budget resolution, adjusted for inflation, or make a special adjustment for defense. Cap had some evidence that the cost of defense inputs were escalating at a faster rate than the inflation indices we used, the CPI [Consumer Price Index] or the general inflator, or GDP [Gross Domestic Product] deflator. The way these appeals are set up is that on one side of the table sits the President and maybe his Chief of Staff. On the other side of the table sits the Budget Director and the relevant associate director. The agency head and a couple of associates also sit on the side facing the President.

We came to the Roosevelt for the appeal, I pulled up a chair and sat down, but Cap walked around and sat down next to the President, opened a briefing book, and said, “You see, Mr. President, here's the problem.” He opens up his notes, and I'm standing trying to see over the table, reading upside down, trying to find out what the hell he's talking about. I'd just been had. But in the end the President sided with me. It was amazing.

Riley: There's an interesting dynamic there. One of the first things you mentioned when you listed what Reagan had done successfully was—in your words—investing wisely in a defense buildup.

Miller: Right.

Riley: The implication is that there were some people who wanted to go unwisely beyond the mark—

Miller: No, no.

Riley: Or—

Miller: The President made a binary choice. The President wanted to invest in the defense buildup and strengthen our national security—

Riley: Right.

Miller: Which took additional resources. And he wanted to lessen—not necessarily reduce—but certainly restrain the growth of our domestic programs. And his opponents in Congress wanted just the reverse. They wanted to pull down defense, especially after the first couple of years, to finance expansions in domestic spending.

Riley: Sure.

Miller: We ended up with both. We ended up with both expansions in defense spending and expansions in domestic spending. The deficit was the thing that gave. Let me mention something in David's defense on those numbers. I mention it in the book. We had a very unusual circumstance. There were very high rates of inflation and very high rates of interest when President Reagan took over. For some reasons we'll talk about, we ended up with a substantial recession.

This situation meant that when Congress appropriated nominal dollars they ended up appropriating much higher spending than they thought they were appropriating. Why? Because real resources were much greater for the nominal spending levels since the inflation rates came down at a more rapid rate than had been anticipated. But you also had nominal revenues flowing into the federal government that were less than expected, especially with the recession.

Federal revenue is very elastic with respect to GDP changes. If the GDP increases one per cent, revenue to the federal government increases one and a half per cent. If the GDP falls by one per cent, revenue to the federal government may fall two per cent. During the recession, there was a substantial falling off of revenue and also real spending was higher than anticipated because of the rapid run-down of the rate of inflation. This is one reason why the forecast didn't match what was actually attained. That part had nothing to do with David. Virtually all the economists were wrong on that score. If David had come forward and said, "We think the rate of inflation is going to be substantially less than everybody is forecasting," he would have been criticized for that even if it turned out to be true.

It was the stories about number manipulation, the haste to get something through, and the magic asterisk of a 50 billion dollar reduction that did him in. But in terms of the broad story, I don't

think on the numbers he was that far wrong. The circumstances were beyond anyone's control or foresight.

Wamsley: In his book it seemed that he had an antagonistic relationship not only with Weinberger but also with the troika. He referred to them as the boys and he felt they cut him out. You didn't seem to suffer from that. You had a different attitude.

Miller: I got along well with others in the administration. I know I got along well with Ed Meese and Beryl Sprinkel. I think I got along well with Don Regan and Howard Baker. Same is true of Jim Baker.

Wamsley: You didn't have to make a conscious effort to get along well because of his problems?

Miller: Because of?

Wamsley: Because of Stockman's problems with them?

Miller: No. They saw me as a different person. There wasn't the old presumption. There were very few times where I thought anybody at the West Wing presumed that OMB was going to behave in some way that was in its self interest *vis a vis* the President's interests.

Young: There's been at least one Budget Director that I know of who insisted from the very beginning on direct access to the President. That was never demanded or required by you, was it?

Miller: No, but I had it. If there was something I really wanted to see the President about, I could see the President. I saw him fairly frequently. I didn't feel any compunction to ask about this or that. You think of that right being important when you're in a tussle, when there's a set of conflicts or you feel your voice isn't being heard. I just didn't feel that way.

Young: Do you see the Director's role as that of the main domestic policy person in the White House or as a major player?

Miller: I saw myself as a major player in domestic policy and to a lesser extent in defense and foreign policy.

Young: But you didn't have that necessity to get in—

Miller: I didn't have to have an agreement from everybody in order to walk into the Oval Office. "Are you going to do walk into the Oval Office when the President is taking a nap?" someone might say. I can imagine circumstances in which I would want to have access to the President, and somebody else wouldn't want me to. If I felt like the people around him were really undoing something or serving him poorly, I'd want to talk to him about it. And if I felt that they were somehow stifling my ability to say something to him—

Young: Cutting you out of the loop—

Miller: Cutting me out of the loop—

Young: On budget negotiations with the Congress—

Miller: Right. I'll tell you the reason. You might find out differently from the other two principals, but the reason—as it was hinted to me quite broadly—was that I was the hard nut on the tax and the spending side. The effort to cut me out was at the demands of the leadership of Congress, the opponents of the President. That's when I demanded to see the President. I'd say, "We just can't stand for this." That's the only place I ever considered it a necessity to go to the President. Excluding me wasn't their idea. They were under a great deal of pressure from the Democrats on the Hill.

The President, for reasons I don't necessarily agree with, threw in the towel and said, "We'll have budget negotiations, with everything on the table."

Young: Yes.

Miller: "We'll have budget negotiations." One of the demands made by the Hill leadership before engaging in those negotiations was that I not be part of them because I was the hard opponent of tax increases. And you can see, I speak my mind.

At one point during the negotiations we came back with this "deal" and I told the President, "This is no deal at all," and gave him my reasons. He told me to go back up and get something better. I didn't have any compunction about telling him—

Young: How interested was Reagan in the budget as such, in budget preparation as such? Describe to us what Reagan's role was in the making of budgetary decisions.

Miller: Bear in mind that when I engaged in the process, this was his fifth budget or sixth budget. His interest was not as high as it would have been otherwise. The broad outlines of what we were going to do were pretty evident. By then it had settled into a tussle over more defense or less defense, more domestic or less domestic, and what to do about the deficit.

For the '85 budget we had two afternoons together. I'd go over and run through all that we knew about the broad outlines of the budget and what the available resources were. The next day it was the specifics. I gave the President a budget in one of those big thick binders. The first day probably had 110 pages, the second day had 250 pages. The second day's budget briefing dealt with the major programmatic elements. There were pages by agency that showed what the numbers would be. There were descriptions of a whole bunch of specific new initiatives and major sensitive areas.

I remember one year a sensitive area was the HBCUs, the historic black colleges and universities. We were going to reorganize them. There were a lot of issues. We'd go page by page and the President would ask questions.

Another issue: years earlier, I'd worked on the Interstate Commerce Commission. Like 99% of economists, I drew the conclusion that cartel regulation is not "in the public interest." It works to restrain competition. In this '85 budget, turning to the ICC page, I said, "Mr. President, next year the Interstate Commerce Commission will be one hundred years old. If it ever had a rationale, that rationale was to control railroad monopoly. That's long since past. What it does now is suppress competition in every dimension. It's time for this agency to be put out to pasture."

He said, "I agree." Just think of it, an academic makes a suggestion and the President of the United States says, "I agree," and then it's done. The Interstate Commerce Commission was abolished as was the CAB.

He'd go through the budgets. Occasionally he'd raise a question about something or he'd tell some story. Let me back up. I wanted to mention that President Reagan was such a good communicator partly because he told stories in parables. My wife, Demaris, first used that word. "He teaches in parables," she said. He'd tell a story. A lot of times some issue would come up and he'd just tell a story. The reason that so many people complained that he told the same story over and over was that they didn't get it the first time. He had to tell it again and again. It wasn't his deficiency in not remembering. It was their deficiency in not getting the point.

Wamsley: Repetition creates learning.

Knott: David Stockman in his book was very critical of the President, even in terms of his ability to grasp what Stockman was saying to him. Do you have any—

Miller: I had trouble grasping what Stockman was telling me from time to time. David sometimes spoke in code. David's avocation when he was in the Congress was to get into budget details. He and Phil Gramm spent a lot of time on budget minutia. He'd get deeply into some program and he'd know far more about it than the budget examiner. He shouldn't have been surprised that the President didn't grasp some details, for it wasn't even interesting to him. He wanted to know the broad outlines—information on which a President can make decisions.

Let's get back to the business about preparing the budget. First I had Marty's books and an understanding of what the President wanted. I'd hear him talk. We'd have these luncheons every Monday and I grasped that. Taking my role seriously, thinking that I'm supposed to be doing what he'd do if he had time to do the job, I'd put together the budget. I'd work with the standards that he wanted and the policies and philosophies that he'd been enunciating.

So when I brought the budget to him, I felt confident that he'd approve it in its major dimensions. I was not surprised at all that he said yes. And we'd sit at the Cabinet meetings and he'd make it very plain that "this is my budget." It was almost like saying, "Appeal this at your own risk." That's one reason we had very few appeals. You could tell what he wanted to see and that's what my purpose was.

Here's another risky thing. When I made the presentation for the first budget, I started off saying, "Mr. President, when you ran for the presidency and ran for re-election, you said you were going to increase the gross national product. Turn to tab one. As you see here, the gross national

product has grown like this. You said you were going to increase employment and reduce unemployment, increase the standard of living per capita income, reduce the rate of inflation, reduce interest rates, reform and lower taxes, increase national security, reduce regulatory access measures there, reduce crime, and reduce the deficit.” [laughter]

One of the guys at the presentation said, “Jim, nine out of ten ain’t bad.” I said, “Yes, you’re right.”

That was the introduction to talking about what we were going to do about the deficit. I thought it was pretty clever, but it was risky. The President thought it was cute.

Riley: You referred on a few occasions to Marty’s books. Were you making use of these during your earlier stint at OMB? Or was there a conscious effort on your part when you came back—

Miller: There were two senses in which we talked about Marty’s books. One was, he had all these loose-leaf books with the President’s positions on various policies. The other sense was that there is a set of policy pronouncements and views of the President that we should be following. I read Marty’s books, but I also read the President’s speeches and I picked up a lot from what I heard him say.

You sit around in Washington and talk with people. You talk back and forth about policy. If you go out to somewhere in the Midwest and meet with people who are highly competent in their own line of work, you’re like an oracle from Washington. You know everything. You don’t realize you know that much. If you’re working for the President, and you spend time with him, you end up knowing a heck of a lot. Just as an observer, you’ll end up knowing a heck of a lot about what he wants you to do. Even before I returned to OMB I felt I knew him well.

Wamsley: Did it bother the President that the deficit continued to rise?

Miller: Yes, but not nearly so much as you might think. He saw that as a worthwhile tradeoff. He didn’t blame us, he blamed Congress. Once he asked a question that’s conceptually very difficult to answer. “Jim, if all the cuts I’ve asked for had been passed by Congress, what would the deficit be?” It seems like a simple question. It’s very difficult to answer. You may try to cut an agency down 10% by going after this part of the program this budget cycle and another part of the program the next cycle. Also, you agree to one compromise, then another. It’s a very difficult thing to answer this simple question.

I’ll tell you a story that puts some of this in perspective. Right after I was announced, but before I was confirmed, I went over to AEI and had lunch with David Stockman and Phil Gramm. Phil and I go way back. We were undergraduates at the University of Georgia and then I taught at Texas A&M with Phil and Wendy.

Anyway, as we were taking our food to the table and sitting down, David said, “Do you know what your job is? Do you know what your job is going to be?” Taken aback, I responded, “I’m going to be Budget Director. That’s what I’m going to be.” He said, “Your job is to get the President to raise taxes. That’s what your job is going to be.” I was really shocked. He just laid

into it. He was then out of government and writing his book. It was before he went to work for Solomon Brothers.

He went on and on. I could tell he was absolutely obsessed over his legacy. He was afraid of those deficits. We had to get out of that and the only way to do it was raise taxes. The thesis of his book is, "If I can't cut the budget, nobody can cut the budget, so the only way to avoid deficits is to raise taxes." He's not taking a supply-side line in saying that. I was shocked. He was much more concerned than the President was about the deficit. I heard the President say more than once, "Between cutting back on defense and incurring a deficit, I'll incur a deficit."

Knott: You told a story a few moments back about Casper Weinberger coming in and appealing a decision that you made. Could you give us more on that? The impression is that the Defense Department received everything they wanted from Reagan.

Miller: Oh, no. Go back and look at appropriations. After the first two years, in each successive year, subject to check, appropriations were a good deal less than the President requested. Bear in mind the difference between budget authority and budget outlays. Budget authority is like the money you put in the checking account. Budget outlays are when you write the checks.

What Congress appropriates is budget authority. There was a continuation of spending increases for Defense, but a diminution in real spending budget authority. This is what Cap was bucking. The decision was more a matter of strategy than a matter of what's justified. The strategy question was, "Do you ask for 310, hoping to get 305? Or do you ask for 303 and settle for 302? If you ask for 310, you may get 290." Where is the point where you're asking for too much, the point where you're just not credible? You can justify your number on an artificial notion of the real defense inflation component as opposed to the GDP deflator or something like that.

Defense never received all that it or the President wanted, but the fact that it received all that it did was sufficient to combine with the deficiencies in the Soviet economy to convince them that they just couldn't make it. That's the reason the Wall came down.

Riley: But part of your job was to serve as a brake on that upward pressure.

Miller: Right. But the scene I discussed had more to do with strategy and credibility on the Hill than what was really justified.

Wamsley: Would your job have been tougher if you'd had a President who wasn't as clear as Reagan about what he wanted?

Miller: It was easy to work for Reagan because I understood what he wanted and agreed with it. If I'd understood it but disagreed with it, I couldn't be effective. If I hadn't understood it, I'd obviously have had trouble being effective.

Wamsley: What if you'd worked for a President who was trying to do positive things with government rather than ratchet it back down?

Miller: I think ratcheting back down is positive.

Wamsley: But would working for someone who was trying to ratchet it up instead of down have been tougher?

Miller: No, that would have been real easy. When you go to the Hill and tell them you want to spend more money, they love you. Oh, my goodness, they love you. One reason my relationship with the Hill was no better than it was was that I doggedly represented the President. I'd go to the Hill and say, "The President wants 303 for Defense." They'd say, "Well, Jim we're talking about 299." I'd say, "No, 303." "Let's cut a deal at 300." "No, 303," I'd say.

There was this piece on me in the *New York Times*. It said, "Miller's mantra is 'no, no, no, no, no.'" If I'd shown more flexibility and been a bit more keen on cutting some deals, maybe in some senses life would have been better.

When people have good reputations on the Hill, by and large that means they cut deals. The most popular Budget Director is the Budget Director who cuts deals.

Wamsley: When I said, "A President who's trying to ratchet up," I wasn't thinking so much of Congress' reaction—of course they're willing to spend the money—but would your job as Director have been one where you had to give this much to Peter and only this much to Paul within the administrations—

Miller: That would have been a problem. You would have had the crisis of risen expectation. People would expect to get more than they would be able to get. Interestingly I received a number of calls every year from members of the Cabinet who would say, "Jim, there's no one in the Cabinet who speaks up more forcefully against excessive spending and the need to restrain the growth of government than I do. You know that. However, the President considers my program among the most important in all of government. And "your people" have only allowed a two per cent increase for this year. I find this absolutely unacceptable." A budget director gets that call kind of a lot.

What I found really interesting was being up on Capitol Hill undergoing testimony and cross-examination when some member of Congress rails against excessive spending. "Why are you here demanding we spend this much on Amtrak?"—not Amtrak because I zeroed out Amtrak—"spending this much on new airport construction?" You would no more return to the office, when you'd receive a call from this congressman and he'd say, "There's this post office in my district that's up for consideration, and we've got to get this in there." I saw that all the time. You could spend the money, but you'd always have some people who'd be disappointed.

I'll tell you a true story. This is a gem. We had a budget appeal from somebody very well known—running a small agency, but very well known. It shows how oftentimes a political appointee is under a lot of pressure from folks back at the agency. The appointee wants to keep up morale. The appointee appealed his budget to the budget review board. I can't remember whether it was Howard Baker or Don Regan sitting across the table. The person came in and we

all sat down. Either Howard or Don said, “Well, make your presentation.” So the agency head took out this piece of paper and unfolded it.

“Today I am here to protest the absolutely unconscionable cut in the budget for this most important agency,” he intones. And then he winks. [laughter] Then he reads further. “We cannot in any way shape or form accept this terrible miscalculation on the part of the administration and the terrible signal this will send—” Another wink. We were in stitches. Howard or Don said, “Thank you for coming and making your presentation.” That’s an absolutely true story. If it hadn’t been so entertaining we’d have been ticked off for the waste of time.

Young: I think it’s time for our lunch break if my watch is right? 12:30? Don’t forget to tell us about the major disagreements.

Miller: Okay.

Young: Later on this afternoon.

[LUNCH BREAK]

Miller: During my confirmation hearing to be Chairman of the FTC, some member of the committee said, “Mr. Miller, I see from your resume that you’ve done a lot of things. I’m just not sure you’d be sufficiently aggressive in enforcing the laws of the United States against consumer fraud and monopoly. And I heard over my left shoulder, “My land!” It was my mother. I said, “Mama, it’ll be okay. It’s going to be okay.” My mama was about to let him know—

Young: That was just a little vignette about Jim Miller’s confirmation. I don’t think the tape picked up the first story, about confirmation at FTC.

Miller: Right.

Young: You became the FTC head. You referred earlier to your two big disagreements with the President. We’d like to hear about those.

Miller: There are two specific items in particular. As a general matter, as I describe in my budget book, there was my general disagreement over engaging in budget negotiations with Congress or the need for a so-called budget summit. If you look at the evidence, it’s quite clear that deficits following budget summits increase, and deficits in years in which the President holds tight and refuses to negotiate go down. The President is entreated by leaders of Congress to engage in a budget summit to increase spending and increase the deficit. So we had a disagreement on that. Also, a number of times I sent letters to Capitol Hill threatening veto of a piece of legislation that the President ended up signing. The first of the two major disagreements I had on specific issues was with his proposal for catastrophic health insurance.

You’re going to have a guest later this week who can give you more details. The hypothesis circulating at the time was that when the President asked him to be Secretary of HHS [Health and Human Services], Doc Bowen raised the issue with the President and received a

commitment from the President to go forward with legislation. He'd been co-chairman of some group that had come up with a specific proposal for so-called "catastrophic" insurance.

Young: Right.

Miller: I was very much opposed to the proposal that emerged. Finally in exasperation I said to the President, "Mr. President, as bad as this bill is, when you send it up to Capitol Hill and it comes back, it'll be far worse. And you'll have to sign it because it has your name on it." And that's exactly what happened. It was so bad that it became one of the few cases of enacted legislation that was un-enacted shortly thereafter because the response was so bad.

The other disagreement I had with the President was over the super-conducting super-collider. In my judgment, for purposes of scientific research, the various machines in Switzerland and the US would have satisfied the needs almost entirely. The additional value of this much bigger machine was speculative at best, but the cost was certain. At best the cost was terribly underestimated. It was going to cost a lot more. The President nevertheless decided to support it after the issue was thoroughly aired. The major proponent was the Department of Energy.

The issue was thoroughly aired at the domestic policy council meeting and the economic policy council meeting. Then we had a couple of meetings with the President about it. Then we had a big Cabinet meeting and the President decided to go forward with it. He'd made jokes like, "It's about the size of the Washington beltway. Maybe we could just put it around Washington."

It was a very high level debate involving some very talented and knowledgeable particle physicists. People from Livermore Laboratories, people from Bonneville—

Young: Was Edward Teller active on that?

Miller: Teller was not active on that issue but there were a lot of very bright people. I even made some calls about it to some scientists I knew. But the President decided to go forward. It never actually was constructed. They chose a site in Texas, but it was never fully funded.

Those are the two disagreements. In both cases the issues were such that reasonable people could disagree. I just thought they were bad decisions. This raises an interesting and fundamental question: just what is the role of a presidential advisor? I had some discussion with my associates and colleagues about this. There are those who believe as I do that since as an advisor you aren't elected, you have no authority or power except that derivative of the President, the person who was elected. Your role is to carry out the President's wishes, so long as they're legal and you can abide by them. He never asked me to do anything illegal, never even approached me. I can't even conceive of his doing that. But if he had asked me to do something illegal, I would have said, "No, Mr. President. I can't do that."

There were members of Congress who asked me to do something illegal, and I'd say, "No, I can't do that." But the President never asked me to do anything illegal or immoral. If he asks you to do something that is inconsistent with your way of thinking and you simply can't abide by the

President's point of view, you have to leave. You just leave. That's the honorable thing to do. "Mr. President, I can't do this. I must leave."

There are others who believe that the role of the presidential aide is to protect the President, to push him into making the so-called right decisions. "Right decision" is defined as preserving his long-term influence or ability. They are willing to do everything behind the scenes, even to undo a decision he makes if it's a bad decision, to somehow mold things and to prevent him from making a decision they might not think is appropriate. Maybe I'm overstating the case, but I think that's an important issue for you to address to other people, maybe even for other Presidents. What is the appropriate role of a presidential aide?

There's a trap that people fall into sometimes. If a President wants to surround himself with people who will second-guess him and he knows that, he's then prone to overstate the case. He's inclined to state excessively what needs to be done, to make pronouncements and to give orders that he knows will not be carried out. But there's a disconnect in precision there.

Let's hypothesize something analogous if not descriptive of the situation President Nixon was in. He says, "I wish somebody would find out what Daniel Ellsberg is up to and take care of that matter for me." Somebody interprets that as, "Go break into the Brookings Institution and get Daniel Ellsberg's papers." Whereas if the aide is presumably going to do exactly what the President says—say that's what Nixon meant—the President would be more precise in what he said. "I wish somebody would do some research on Daniel Ellsberg and ferret out his motives," he'd say, or describe it in a more precise way.

This is different from delegating authority, for instance, "Jim, let's bring the regulatory morass under control. Let's make sense of it, make it more transparent, and make it more cost effective." That's different. Jim might not do it exactly the way Ronald Reagan would have done it, but he'd try. Those are good orders. Those are quite precise goals and objectives to achieve.

I hold the belief that the person should carry out the President's orders if they can abide by them. If they can't, they should leave. Some have a different view.

Young: Yes, but it does seem to me that before the President gives an order, when the President is making up his mind, he needs advisors who can let him know more than he himself knows.

Miller: Absolutely.

Young: So there's a point in the advisory process where, like you were doing, the advisor should say, "I think this is a very bad idea and here's why."

Miller: Right.

Young: Somebody else says, "I don't agree with you." The President does his factoring of that. Once the decision is made, however—

Miller: Exactly. We fight over details and dimensions of the budget with Cabinet members when they appeal. Those that don't appeal we'll meet for internal discussions. There are some things the President's going to approve or not approve. I might not be in absolute accord with those things, but once the President has decided on the budget, it's his budget and it's our budget too. "Secretary Jones, that's your budget. Secretary Smith, that's your budget. Director Miller, that's your budget." You follow what the President has decided.

Young: Let me put this to you. I've been around long enough as a newspaper reader, if not a student of politics, to have detected over many years a new phenomenon of lobbying the President. Sometimes it's his appointees that lobby him, while they themselves answer to third and fourth parties. I'm not aware of that in early staff days. The advisor would put his case forward, but mobilizing outside support for those views, including leaking to the press in advance of the decision, became quite frequent and common. If you knew how to read a newspaper, you could see it. For students of the role of the presidential staff, modern staffism, which really began under Roosevelt—

Miller: Yes.

Young: That's a more recent step and one that disturbs a lot of people. What do you think?

Miller: It's interesting that you raise it. Let me present to you a model. I owe this model to Carol Crawford, who told me this, and I found it very useful. I used to tell this frequently, almost always, to new political appointees when they were invited over to the White House for a group session. They'd hear the word from some other folks and I'd be invited to speak. We're talking about twenty, ten, or fifteen people.

Wamsley: At the assistant secretary level?

Miller: Yes. I would say, "You're going to be at the agency, and you're going to be conflicted. You're going to have a lot of pressure on you. What do you do? Here's the President's position here and you're going to have those on the Hill just banging you and beating up on you, and here's their position. And then you're going to have the constituents of the agency, the industry, and they're going to be over here. You're going to be whip-sawed back and forth. Where's your position? It's easy. Your position is right here. Your position is the President's position. It's not Congress' position. It's not the constituents'. It's the President's position." I think you're right. A lot of people at the agencies do go outside and try to get people—

Young: It's been known to happen within the White House.

Miller: Yes.

Young: In the executive office.

Miller: Let me give you an example of that. The First Lady was in charge of the drug program, and she was very involved. She was very concerned about it. It was a difficult thing. It was like Tom Ridge trying to hit the whole domestic thing. In the drug program there's the DEA [Drug

Enforcement Agency], customs, ATF [Alcohol, Tobacco & Firearms], and people all over from a lot of different agencies. Almost all those agencies were within the ambit of Carol Crawford. She was one of the associate directors and a very tough lady on budget. She was very skillful in paring down budgets.

I hadn't been at OMB long—maybe three or four months—and we were working 24 hours, 7 days a week. One Sunday afternoon—that evening there was a state dinner, black tie—I got frustrated in the office and at some point I said, “I’ve had it. I’m going home.” So I go home. I’m just dead tired. I get to the house and I fall spread-eagled on the bed and I’m out like a light. I go to sleep. Sometime later, I’m aware that my wife is shaking me. “Jim,” she says, “Get up! It’s the President on the telephone!”

Wamsley: God.

Miller: I looked up and I said, “The President of what?” She said, “It’s President Reagan.” I get up. Have you ever woken from that kind of deep sleep where you don’t even know who you are?

Wamsley: Yes.

Miller: I stumbled to the telephone and this voice comes out, “Jim, how much money do we have in this year’s budget for the drug program? Nancy and I have been talking and she’d like to know.” I had no idea. I could have said trillions, billions or millions. I hardly knew who I was. I said, “Mr. President, I don’t know precisely. There’s a lot of money in there. If you want to have more, we’ll put more in. I don’t know precisely, but I’ll get you something right away and tell you precisely.” I dropped everything, got in my car and went back.

I usually didn’t use my driver on Sunday. On Sunday I’d drive myself. I drove back in and sat down at my little Radio Shack computer. It was a rudimentary thing. I pulled the information together and took it over to the West Wing. He was over at the West Wing. That night we went to the black tie dinner. As we were going through the line, he said, “Jim, you didn’t have to take all that trouble and bring over that information.”

“Yes, sir. I should have known the answer to that. I wanted to get it here right away.” That kind of lobbying is very effective. If the First Lady says something, it’s usually very effective.

Knott: Did you have disagreements in terms of shutting down agencies?

Miller: That came up frequently. Under the empowerment act and other relevant statutes, if there aren’t appropriations for an agency and it runs out of its carryover budget authority, it has to be closed down. The way the courts have interpreted this, the President can keep running those functions that are essential to the national defense. Defense keeps running, the police and the FBI and all those actions, but non-essential discretionary domestic programs get shut down.

If there’s no appropriation the night before, then by two o’clock, you’ve got to shut down the agency or program. We had several instances of such a hiatus. A game of chicken was being played. The congressional leadership was demanding a tax increase and the President was

refusing a tax increase, and they wouldn't go along. They were holding the budget hostage. It was as simple as that.

I don't know whether I have this in the book. There's one anecdote I remember well. I'd tried to convince the leadership to go along with an extension so we could avoid the hiatus. It was unsuccessful and I was really concerned that I'd failed the President. I was marching around at the Oval Office, just pacing the floor, and he turned around, stopped me, put his arm around my shoulder, and said, "Jim, just settle down. Let's close her down and see if anybody notices."

Wamsley: Before we leave the topic of how one serves a superior, I'm curious about how the Reagan administration found the career staff. Were they loyal? Were they helpful? Or were they a real problem?

Miller: It depends on what agency you're talking about. Take OMB, for example. In my judgment OMB is the highest quality agency, the real *crème de la crème* of the federal service. It's the culture there. They work for the President.

There's an old story told by one of the former Budget Directors, DoB [Department of Budget] Directors. If the President said, "Go spread manure on the Capitol steps," the OMB people would be spreading it more thinly and cost effectively than anyone else. There was never any question of the loyalty or effectiveness of the OMB staff. As you radiate out from the White House, there's more of a question. This is especially the case for mission agencies that, in the judgment of the President or his close aides, had gone beyond their mandates, like the social regulators, the EPA, OSHA. There was more question of what they did. There are a lot of career staff that are very good and highly qualified who work very hard and are underpaid.

Wamsley: That brings to my mind the person who hears what they think when they hear the President say something. I'm thinking of the problem, was it Ann—

Miller: Ann Gorsuch Burford.

Wamsley: Was she one of these persons? She thought she was doing what the President wanted to do, but was she maybe going further than the President would have if he had good advice?

Miller: In fairness to Ann, she did come in late. For reasons I told you earlier this morning, if you're the firstest with the mostest, then you have control. If you show up at an agency late, things have happened and your freedom is limited. Secondly she was perceived to be a clone or a protégé of Jim Watt, who by that time had taken a number of controversial stands and was a lightning rod for some environmental groups. Thirdly she didn't handle things with much finesse starting off, in part because she wanted to show that she was a real soldier.

I can't identify these things precisely because I was gone from OMB by the time she was in charge. In a sense, she got a bit of a bad deal. They played unfairly. She was by that time the natural focus, the lightning rod. She told me she had a terrible time with news crews hanging around her house. She even said someone put a camera up to her bedroom window. She just had a very difficult time.

When I was at the FTC, we were very controversial as well. I have the following on very good authority: a member of Chairman Dingell's staff, not Chairman Dingell—let me just say I always got along with Chairman Dingell, it was mutual respect and I'll tell you why in a minute—a member of his staff said to a friend of ours that they were going to do the same thing to me, Jim Miller, that they did to Ann Gorsuch. You saw that little picture of my Sheltie dog? Every morning when I got up I'd go jogging. Every morning I'd go to the front door stoop and go out the door with my little dog. I'd sit and pet my little dog, thinking that if there were any photographers, any cameras around, it was okay. How can you hate somebody who spends time petting his dog?

Wamsley: Absolutely.

Miller: And this was not by accident. This was by design. Because I was determined that they weren't going to do to me what they did to Ann, and I was successful.

Wamsley: I want to come back to Dingell in a moment, but moving away from Ann in particular, is it your feeling that with the kind of people a President has around him, or around anyone powerful, there's going to be somebody who is going to try to out-do him? Out-Reagan Reagan, so to speak, or out-Clinton Clinton? Do you feel that there's always a personality, maybe the tenth person in the room, who is like that?

Miller: Yes.

Wamsley: And you have to be careful with those.

Miller: Yes, I think you're right. It's sometimes hard to know who they are. Sometimes they break their picks. Many times people like that tend to be loudmouths and voice their views. They don't succeed or they're eased out. People who are going to be an embarrassment are eased out.

Wamsley: How did you establish mutual respect with Dingell?

Miller: I won't speak for my predecessor, but there's been a history forever at the Federal Trade Commission of *ex parte* communication, especially from members of Congress, but also from others. There are two kinds of decisions the Federal Trade Commission makes. One has to do with administrative things. They decide to investigate something or not to investigate something, to bring a case or not to bring a case, to proceed with some industry-wide rule or not. On those things it's perfectly acceptable for someone from the outside to express a view to you personally as a member of the commission. They have internal procedures so that usually the attorney advisor involved in the case sits in on the briefing. There's nothing unlawful or unethical about that.

But when you go into what are called Part Three decisions, where you're sitting as a judge, it's like talking to an ordinary judge about a case. They can't do that. I had a conversation with John Dingell and both of us were very much of one mind about this. "Absolutely not," we said. I asked him if he wouldn't help me. I said, "Mr. Chairman, there are going to be times when I get

calls from members of Congress who will demand that I do X, Y, Z and I can't do that. I'm not even going to take their calls if I know that's the reason, or I'm going to cut them off as soon as I can if I get sandbagged. They may come and complain to you bitterly." He said, "You let me take care of that." He was very supportive.

Later, his committee did a big investigation of the Federal Trade Commission. They wanted to know what we were doing and they found nothing.

They held one day of hearings where we were sworn in. The chairman said, "If you don't have representation, we will provide attorneys for you." I, of course, decided to be represented. We went all day long and finally at the end of the day Chairman Dingell told a joke. It was his way of concluding that this whole exercise had been a joke. There wasn't anything there. And so, we had mutual respect.

One of the things I did, especially for my authorizing committee chairmen and ranking members, was to give them a heads-up on things. I remember Bob Packwood was in a meeting once with a bunch of regulatory heads. At some point he was asked, "How do we maintain good relations with you here in the Congress?" He said, "Do what Jim Miller does. He calls me up and tells me when he's going to do something. He doesn't often do what I tell him to do, but he at least gives me advance warning."

I used to tell him, "We're going to meet today. We're going to meet right away on this and I think this is the way it's going to come out. I'll call you and confirm later." [joke] The worst thing in the world is for a chairman of an authorizing committee to get a telephone call from a reporter about something that an agency under his jurisdiction has done and he doesn't know anything about it. They really appreciate that. I didn't ask him what he wanted. He wouldn't tell me what to do in that regard. He said, "I appreciate your calling and letting me know." That would be the extent of the conversation.

Wamsley: What reputation did James Watt have within the administration? Was he seen after a certain point as a flashpoint?

Miller: He was seen as a flashpoint, as a lightning rod, which meant that he took the hit instead of somebody else's taking the hit. A lot of people thought it unfair, but it broke down along the lines of the ideologues versus the pragmatists. The pragmatists reasonably saw him as a liability and the ideologues thought he was doing the right thing and getting creamed for it.

Recall Susan Garment's piece in the *Wall Street Journal* pointing out that when you've got a President who is as affable and as likable as President Reagan, people don't take it out on him, they take it out on his aides. A lot of the frustration people were feeling about the inability to get anything to stick on Reagan's Teflon meant they'd go after the aides.

Knott: You mentioned something—

Young: I just wanted to pick up on ideologues and pragmatists.

Miller: Yes.

Young: Lots has been written about those camps as a source of continuing tension within the administration. Were you an ideologue or a pragmatist?

Miller: I was probably on the ideologue side. But that's something I wanted to damper down, something I didn't want to hear about forever. The ideologue side would complain. Sometimes I'd listen to what they had to say, but we had a lot of things to do. Maybe the agenda was ideologically driven, but we needed to get the things done and I wanted to focus on how we could get them done.

Young: What happens when the political imperative for a President—

Miller: Meshes with what—

Young: Goes crosswise with an ideological—

Miller: There's a simple and straightforward answer to that. That's the way President Reagan handled it. He'd say to Congress, "I'd like a whole loaf of bread." They'd say, "We're not going to give you anything." He'd say, "I want a loaf of bread." "No, we're not going to give you—" Again, "I want a loaf of bread." They'd say, "We'll give you two slices." He'd say, "I'd really like a loaf of bread."

"We'll give you half a loaf." "Okay. It's a deal." And very importantly, then the President would say, "You know what? I really wanted a whole loaf. I got a half loaf now. I'm going to come back next year to get the other half." There are those who would say, "You know what? All I really wanted was a half a loaf. This is a big victory. Thank you so much." That's the difference. There are Presidents whose ideology says get a whole loaf, and then there are Presidents whose rhetoric says get a whole loaf. The second kind get a half a loaf and say, "That's really what I wanted all along." That wasn't Reagan. Reagan would say, "That's not what I really wanted, but thank you. I'm so glad you've shown the American people that you can respond to a real important need, and we'll talk about the other half later."

Young: It's not over.

Miller: It's not over.

Young: President Reagan got some flack, and it became public, from the ideologues of the right wing for selling out the cause. That cropped up occasionally. What did he feel about that? Do you know?

Miller: I don't know. I never heard him talk very much about that. He recognized the different politics of the day. I'll give you one particular little anecdote. At one point the Department of Defense came and made a presentation to the President. It was a big deal and lasted several hours in the Cabinet room. The meeting was with Joint Chiefs. Cap wasn't there. The Defense Department brought over four by eight charts—not four inches by eight inches but four feet by

eight feet charts. I thought to myself, *Only the Defense Department could afford to have four by eight foot charts.*

The defense people had these charts about how if they didn't get another 26 billion dollars they were going to have to cut down. There was going to be a two ocean Navy and all these other "the sky is falling" kind of things.

When it was over, President Reagan said, "There was a time when I felt that I could get that. Maybe it's justified. But there's really no chance we'll get that kind of increment from Congress. What we've got to do is make the best with what we can get." Basically he said, "It's not in the cards."

Young: That's an important part of Reagan's make-up. He was the person who started out steady, knew what he wanted, and always referred to his principles. But inside the beltway you've also got to compromise. Politics is the art of the possible within your principles. It's very important to understand the aspect of Reagan you just mentioned in that vignette.

Miller: But you see the differences. He still said, "I'd like to get the additional 26, and we will fight for the additional 26 at some point, but right now we can't get it." For example, right out of the box he proposed abolishing the Department of Education and abolishing the Department of Energy.

Young: Exactly.

Miller: And we simply weren't able to get that done. That doesn't mean that all those functions would go away. There's some justifiable reason for federal support of education—research, reporting. It's the same with energy. Do you know what more than half the budget of the Department of Energy is?

Young: No.

Miller: It's the nukes. Civilian control of nuclear weapons. Somebody's got to do that. If you abolish the Department of Energy, that responsibility would have to go somewhere. In terms of reorganization he wasn't able to get what he wanted. He said, "Okay, we'll put that aside for now," but he didn't say, "You know, I never really wanted to do that anyway." He said, "We'll put that initiative aside and we'll go to something else. It'll be there later."

The time that the President felt the most criticism was during the Iran-Contra situation. People really didn't comprehend how serious a political problem the Contras were.

Young: You mean people in the White House?

Miller: No, the people, the outside carpers. The people carping from the outside didn't realize how serious and precarious the situation with Congress was at that time.

Wamsley: Because Congress was on the verge of an impeachment?

Miller: It was close, and he had so little capital to spend. The possibility that he might go on TV and rally the American people behind a recalcitrant Congress just didn't carry any weight.

Wamsley: I can't remember where I read this but I've always been intrigued by it. I read somewhere that the crucial committee, and I don't know what committee that would have been, to consider impeachment looked at it, thought that it might go as far as an impeachment process and said, "We're not going to take the country there. We're just not going to do it."

Miller: I don't think there was evidence that he was culpable. They would have been hard put to find good evidence.

Wamsley: I don't know if the comment meant he really was culpable or if it would just lead to an impeachment trial that would just be—

Miller: There's no question an impeachment trial carries the country through a great deal of angst.

Young: Yes.

Miller: From what I know about it and about what he did, the stuff went through the National Security Council, but there are a few things that were run off-line. The business of the alleged transcript of what Weinberger said and what Weinberger later reported saying. We're back to Ann Gorsuch. Her real problem was that on the advice of the Department of Justice, in particular Ted Olson who was Solicitor General and head of the Office of Legal Counsel at that time, she refused to offer up some data, some transcripts or something. I can't remember what it was that was held out for such a long period of time. That just infuriated the press and Congress.

Wamsley: With Congress.

Miller: Members of Congress. He ran a few things off line. Cap and George Shultz and whoever was NSC staff director at the time handled a few things out of the back office. Major things went through the National Security Council meetings. The staff just handled some things. On the Iran-Contra thing, about a week or two before this all broke, Tim Muris, who was number three in the OMB and who I'd taken over with me from FTC, said to me, "I went to a meeting. There's some colonel running an operation down in Nicaragua and he's spending money hand over fist. I'm trying to figure out what it is."

I said, "Look into it. See what it is." But before we got to the bottom of it all, the scandal broke. I was a member of the National Security Council and I hadn't even heard of Oliver North until this broke. Tim Muris, as I mentioned—

Wamsley: What was the committee that investigated—

Miller: It was a joint committee. It was an Iran-Contra committee—

Young: Turned over to the Tower Commission.

Wamsley: Yes.

Miller: Warren Rudman was co-chairman and Peter Rodina was chairman on the other side?

Young: I think so.

Wamsley: But I recall that their general conclusion was that there were too many things that weren't going through the normal process. It was an argument for routine process, not—

Miller: It was an interesting thing. There was a reporter for *Fortune* Magazine. Ann Dowd? I'm trying to remember her name. She was doing a long story on Reagan's management style just before this broke—

Young: Right. "The delegator," she called him. That raises another aspect of your earlier comments about the role of the presidential advisor. There were people who were going too far, it looks like. They took some basic presidential principles and parlayed it into an operation that ended up doing great damage to the President. They weren't thinking enough about protecting the President or the consequences to him of what they were doing. That's what it looks like from the outside.

Miller: It was a case of bad judgment. There's no question about that. Jack Carley, my general counsel at FTC and for a while at OMB, said he works under the principle that somewhere in the stack of papers on his desk is a disaster—something terrible, somebody doing something—

You just never know what's going to happen. You've got all these people. One person going too far or having bad judgment can really undercut an administration. That's what happened here. Let me just say parenthetically, I think Ollie is a much better person today than he was then or when I ran against him.

Bud McFarlane left reasonably soon after I went back to OMB. Maybe I should have been more observant or sensitive, but on the day he left I walked in his office and said, "Bud, I hate to see you go. I want to tell you what a fine man I think you are. You've been a real asset to the administration." He started crying. I thought, *What in the world is going on here?* I thought it was just his despair over leaving, but in retrospect I think he thought he'd really let the President down. Then John Poindexter took over, and I think some of the Iran Contra actions were run out of John's office.

Knott: I wanted to follow up on a line that Jim was pursuing. President Reagan seemed able to make those concessions you were talking about earlier and say, "We'll go after it again down the road." I know you weren't part of the Bush administration but President Bush didn't seem to be able to do that. He was slammed by Newt Gingrich and others over his budget agreement and the tax agreement of 1991. Do you have any observations as to what Reagan had that perhaps President Bush didn't have that allowed him to swallow the occasional revenue enhancement without paying the same tremendous price that President Bush seemed to pay?

Miller: I'm really reluctant to talk about that. I have my own ideas but it would seem self-serving and maybe unfair. I think the world of the man personally. I think the world of the former Vice President, former President Bush. He got some very bad advice along the way. Let's leave it at that.

Young: For one thing, President Bush had a different Budget Director. As a comment from the outside, looking at different Budget Directors in different administrations, I'd say that Darman was somebody who wanted to make a deal. He set out to make a deal with Congress. He was convinced from the outset—I know this not from talking to him but just from what I read—that the “no-tax” pledge had to go in order to do what he thought needed to be done. You look at yourself, by contrast, as the hard nut who was always advising, “Don't do it.” There's a big difference between being served by that kind of Budget Director and being served by another. And President Reagan had a wonderful way of communicating that half a loaf was still a triumph.

Miller: It's a triumph but—

Young: It's a triumph, but unfinished.

Miller: The job is unfinished.

Young: Perhaps George Bush didn't have that gift for communication, in putting on that impression. I remember a picture of President Reagan holding up Dan Rostenkowski's hand, implying *we did it together*. Half a loaf, but it's still an accomplishment.

Wamsley: That brings something up over which I've always puzzled. I've heard criticisms of both Democratic and Republican Presidents, usually from moderate people of either party, who say, “Why do they always play to their right or their left wing?” One thing that comes to mind is that you start with your base. You mobilize and you move out. But other people say, “Where are they going to go anyway? Where would Clinton's left wing Democrats go if they didn't back him?” Do you have any thoughts on that point?

Miller: If you look at President Reagan's first set of programs, he basically put the so-called social issues on the back burner. The highly motivated conservatives, who were more motivated by the social issues than anything else, had reason to despair. He tried to explain the immediacy by saying, “It's the economy. We've got to get it going. We need budget cuts, tax cuts, and we need to restore national defense.” As I said before, you can get more accomplished in the first week than you can in the first month. The window for getting something accomplished was early on. It was much more difficult later—and a lot of experienced people knew that anything we put on the back burner for the first three months would be dead. Many of those issues never became—

Wamsley: Those were the policy issues you referred to early on. You said we didn't get to them at the beginning?

Miller: Right.

Wamsley: So he needed to bring the right wing with him from that point on? He owed them, in effect?

Miller: He was just such a good President. He was a stand-up guy. The so-called right wing, or the conservatives, valued that. Jim Baker was a useful foil inasmuch as the conservatives blamed him. “It’s not really Ronald Reagan doing this. It’s Jim Baker,” they’d say. Jim got it on the ear from people in a way that wasn’t totally justified.

While the President promoted those issues, he just didn’t have a whole lot of luck with them. I don’t know whether it was being pro-life and trying to get Congress to change or not.

I was literally sitting in the Cabinet room meeting with the Republican leadership over getting out the budget and one of the issues we had on the list of vetoes was allowing the District of Columbia to use any funds to finance abortions. The sentiment was that there’s just no way we’re going to get a budget out of the Congress with that provision in it. Subsequently Bush was able to get that turned around.

What was really silly was the argument that it was encroaching on the discretion of the independent states. What the federal government is saying is, “If you want this 700, 800 million dollars or 1.3 billion dollars, then you have to do such and such. You can’t spend any money on this activity. It’s not that you can’t do it, but if you want the money you can’t do it.” That’s a technique that’s been played with states and everybody else.

Knott: Talk about this closing window of opportunity over time. I know you weren’t involved in the ’84 campaign, but the President didn’t run a particularly issue-oriented campaign. Could he have opened the window a bit more if there’d been more of a clearly stated policy agenda for the second term?

Miller: In ’82 we were right in the midst of a recession. There were forecasts that we’d lose the Senate and lose so many in the House. We lost a few in the House—lost some boll weevils—but we actually kept our losses low, two in the Senate. It was a very surprising minimization of losses there. In ’84 a lot of people were still quite risk averse. Look at some of the issues that he ran on. Those people were asking, “Are you feeling better than you were four years ago?” It might have worked to the contrary.

Some of the sound bite stuff like, “Let’s get rid of the Department of Energy and the Department of Education”—that was gone by the wayside. “We have to have a strong national defense.” Yes, but is that causing the deficit? But the “Morning in America” idea, while it was rather ephemeral, was very positive. Don’t forget, there were times when the President was not so popular. Senator [Walter] Mondale was within striking range of winning.

You’re the experts, but in my judgment one of the most electric events in all American politics was during the second debate when President Reagan turned to Senator Mondale and said, “I will not hold his youth and inexperience against him.” If you watched Mondale’s face, you could see

that he had to laugh because it was a really good hit. But it was a lethal hit. The campaign was over from that time on. It was really over.

Young: The first debate didn't go—

Miller: It went very badly.

Young: Very badly.

Miller: It was because his advisors had tried to pump him up with details. If the President is going to have a press conference, you get in the theater. The President gets up and some White House staff act as interrogators. They're not going to ask all the really tough questions. They're not going to get the President riled, although he is very seldom riled. They ask him questions. The smarty-pants like me will stand up and say, "No, Mr. President. Here's the way you should answer that question." You stand up in the back. You end up with the President getting full of facts and figures.

Young: Over-briefed.

Miller: Over-briefed. He was just over-briefed for that first debate. Before the second debate they decided to leave him alone. It's like what Dan Quayle had gone through. I knew Dan Quayle as a Senator who was extremely bright, resourceful, knowledgeable, cordial, and self-confident. He was one of the few people who'd invite me to meet with him without a retinue of staffers sitting in.

For most people it wasn't like that. I'd go up to brief Senator Jones and there'd be a bunch of people in to run interference for him. I'd talk about something and he'd say, "Well, Charlie, what do you think about that?" The Senator didn't know. He probably knew a lot about other things but he didn't know very much about the budget. But Quayle knew a lot about defense and a lot about the budget. He came up with the idea of having so-called enhanced rescission authority. He was a very bright guy. He wasn't the guy I saw on the television after he was nominated and went through the deer-in-the-headlights thing.

I told the people at the RNC [Republican National Committee], "Before he does his debate with Senator [Lloyd] Bentsen, don't fill him full of facts and figures. He knows enough of that stuff. Find his three closest buddies from high school. Put the four of them in two canoes and let them canoe down the big river in Indiana somewhere and camp overnight two or three nights. Tell them their job is to remind him what a big deal he is and how important he is and how successful he's been." He really is. He took on Birch Bayh. He did a lot of things.

"That's your job," I told them. "Then he'll do his debate and he'll just be terrific." But that's not what they did. They tried to fill him with facts and figures.

Wamsley: How did you find the confirmation process for you? I want to come back to the confirmation process in general, but what was it like for you as OMB Director?

Miller: As OMB Director I found it a bit exasperating for several reasons. I was nominated in July or early August. And of course Congress took an August recess. So David left the end of July and there was an interim period where Joe Wright was the acting Director. He did a good job. I'll tell you a story about that.

I attended some briefings but I couldn't respond. At one point I was being briefed and Joe Wright said, "Jim, this isn't very important. This one's a point six, so we're going to talk only briefly about it. This program is a point four, so it's not too important. This is a point three." I said, "Somebody tell me what a point three is."

"Oh, about three hundred million dollars." That was at a time when my whole budget at the Federal Trade Commission was sixty million dollars. It was a revelation.

To give David his credit, he elevated the importance of OMB as an institution far beyond what it had been before. It's really to his credit. The President gave him a lot of running room and he was there first. He did book binders on each of the agencies. He was running the show. Those first Cabinet meetings, prior to the formal Cabinet meetings, he was running the show. You have to give him a great deal of credit for that.

Knowing that OMB is so powerful, members of the Senate and some members of Congress asked to visit with me as well. They took a great interest in who I was and whether I was qualified. I met with a lot of members of the Senate especially. Two things happened at those meetings. One, they'd talk about their favorite programs. They seemed much more interested in protecting their favorite programs than they were in overall, over-arching issues. Secondly they'd frequently say, "David promised me this," or "David said that if I'd go along with so-and-so two years ago he would assure me..." There were all these David promises that I never knew about.

Frankly I didn't know many of the details. I'd nod. "David promised you? Oh yes, David promised you." Sometimes they'd be rather specific about what they wanted to make sure I "understood."

It was frustrating in that regard. The most frustrating thing was what happened when I broadcast widely my availability to visit. I didn't just respond to inquiries from members of the Senate. Larry Harlow (of White House Congressional Relations) contacted every Senate office but he particularly contacted Senate minority leader [Robert] Byrd's office. "No, no, they don't want to meet with you," they said, "He doesn't need to meet with you." So, I went up and had my hearing. It was a pretty non-eventful hearing.

One of the network reporters mentioned my wife, said, "Ain't he going to give us anything?" They hoped I'd say something outrageous. It was pretty uneventful, chaired by Senator [William] Roth who was chairman of Governmental Affairs at the time. I had family there. Mack Mattingly and Phil Gramm introduced me. That went fine.

Oh, let me back up. I filled out a lot of forms, did a lot of reports, my FBI file was updated, all of that. I remember one staffer asking me about an equity loan I'd taken out on my house. He

wanted to know where that interest rate came from. "Was it a special deal?" he asked. I'd just looked in the newspaper. The staff checked out that kind of stuff.

One day in September, I'm about to be confirmed. This was before they even had audio, much less television live from the Senate floor. But they had the audio piped to Senate offices, including the Vice President's office. We had the run of the Vice President's office on Capitol Hill as long as he wasn't there. The White House lobbying operation operates out of the Vice President's office on the Senate side.

Larry Harlow called. He said, "Jim, they're about to bring your name up. Do you want to hear?" I said, "Yes." He said, "I'll put the receiver next to the speaker." He put down the receiver and I could hear it. I sat at my desk. There's something said and Larry says, "Oh-oh, no-no." I said, "What's going on?" He said, "Senator Byrd says you refused to come up and visit with him. He's putting a hold on your nomination." I said, "That's not true." And I'm outraged, because I've been waiting all this time. It's like I'm finally going to get my bowl of ice cream, but don't.

I immediately called Bob Dole and I said, "Bob, this isn't the case. We offered to come up there. Bob said, "Jim, you want to be Budget Director? You've got to come up here and see Bob Byrd." I said to the minority leader, "I have tried every which way to get up there and visit with him and they said I didn't need to come up and visit with him." He said, "Jim. Do you want to be Budget Director?" I said, "Yes, sir." He said, "You have to come up here and visit Bob Byrd." I said, "Well, when is he...?" "Jim. If you want to be Budget Director, you have to come up here."

Five days later was the first time they found a place clear on his calendar. Not only that, but we were going to meet at 11 o'clock. I went up to his office and he wasn't there. We sat for fifteen minutes. Larry could tell I was getting really antsy. I said, "We'll be down in the Vice President's office. I'll check back with you." It was about one o'clock before we could hold this meeting.

When I went in to visit with him, he couldn't possibly have been more cordial. He was just so gracious. I think it was all his staff's doing. He was as gracious as anybody could be. He gave me a copy of his record. He's got an LP [long playing record]. He's a fiddler. He was just as cordial and as nice as he could possibly be, but we had to do that. It was later that afternoon that they confirmed me.

Young: You didn't discuss anything about West Virginia.

Miller: No, not that day. Several times later we did.

Wamsley: I've seen a lot of these confirmation processes, and I've wondered. As you suggested, every committee or committee member is trying to get a piece of you in some way. They're trying to get a promise or extract something from you.

Miller: But the more serious problem is that the process is one in which the confirmee typically goes away with a very bitter taste in his or her mouth. The confirmee ends up looking at the Congress as the enemy. *Those are the people that gave me the hardest time. They're the people*

who turned my life upside down. Those are the people who embarrassed me in front of my parents. I don't think that's wholesome. I don't think that's good. To some extent it drives a person into the arms of the President, which is where they should be anyway, but in terms of the long-term relationship it's not particularly—

Wamsley: I wonder what it does. Did you have any people working for you at OMB who also were PAS's [Presidentially appointed Senate confirmed] and had to get Senate confirmation?

Miller: At the time David took over only the Director and the Deputy Director had to be confirmed. When George Shultz was there, it was only the Director. When I was there, it was the Director, Deputy Director and head of the office of federal procurement officer. When I left, it was that plus the head of OIRA [Office of Information and Regulatory Affairs].

Now there are two deputies. There's a deputy for budget and a deputy for management. I think that's a mistake for reasons we'll go into later. Both of them have to be confirmed. Right now, there are five or six that have to be confirmed.

At OMB, we all work for the President. We're personal appointees of the President. Congress should stay out of it. The whole idea was to insulate it. But the Budget Director has been a member of the Cabinet only since David was Director.

Wamsley: I just wondered about the effect—

Miller: That's one thing I demanded. It was never a contest, but I said—

Wamsley: Maybe it's something that's become more difficult since the Reagan administration. I watched the confirmation of a FEMA [Federal Emergency Management Agency] Director who followed about eight other people who were supposedly his staff. They'd already gone through the process.

Miller: Kind of like Joe Allbaugh?

Wamsley: No, back further than that. By the time he'd arrived on the scene, all these other people had been through the confirmation process and had chunks taken out of them here and there. He was expected to direct them, and I wondered how that's possible. It seems that's a bad way to start off an administrative team. Apparently, you didn't have to experience that.

Miller: Joe was there. He'd been confirmed. I recommended to the President that he nominate Bob Bedell as head of OFPP [Office of Federal Procurement Policy]. That went up for confirmation. I wasn't involved much at all. It went very smoothly.

Knott: Even though you were overwhelmingly confirmed, you still found it to be a somewhat bruising process. Is that fair?

Miller: Yes. It was more timing and the business about these hanging, dangling commitments that had been made on my behalf that worried me. That bothered me more than—

Young: Were they real? Were the promises that David made real?

Miller: Some yes, some no. I talked to Joe [Wright] about it. I tried to figure out some things. Some went by the wayside and others were honored. There were some things that we were going to do anyway. I don't recall any spectacular disagreements over whether there was a commitment made that should have bound me. There were probably things that some Congressman or Senator was promised that I didn't deliver on. They probably wrote it off as—

Young: How was the transition from David to you managed?

Miller: That was a very interesting thing. It was quite easy. First of all, let me contrast the FTC with the OMB.

When I went to the FTC, I had to do a real turn-around operation. This was an agency that'd gone off in many directions and found itself in serious trouble. The Congress had threatened to shut it down, to eliminate it. It was even characterized in the *Washington Post* as the national nanny. I had to turn it quite dramatically. I had very few tools with which to do that. The only real tools I had were the pulpit, the bloody pulpit, but also my staff.

By convention a new chairman gets to choose the heads of the major bureaus. I was able to choose a new head of the Bureau of Competition. I recruited Tom Campbell for that job. As head of the Bureau of Consumer Protection I got Tim Muris. For Director of the Bureau of Economics I got Bob Tollison. For General Counsel, Jack Curley. For my special assistant, Carol Crawford. We had an executive director who was a careerist, a career SES [Senior Executive Service], whom I couldn't move for 180 days. I essentially said, "You're a good man. I want you to check with Carol Crawford before you do anything." Carol gave him policy direction. I appointed the other heads and my own attorney advisors and we turned the agency around. As we acquired Reagan appointees as commission members, it all became easier.

My first year at the FTC was like my three-plus at OMB. It was very hard work. Then it began to lighten up as we had more Reagan appointees working there, and I went out on the road and did a lot of speaking. But the FTC transition was very difficult.

I'll tell you a little anecdote. In part because of some stories in the press, in part because of wagging back and forth about it, when I went to the FTC the reports to me were that they expected the worst. This career staff thought we were a bunch of barbarians, despite the fact that we had extremely smart people. Tom Campbell was the youngest Ph.D. in economics the University of Chicago ever produced. He had a law degree from Harvard. Bob Tollison was later elected president of the Southern Economic Association. And Tim Muris! Now he's chairman!

We go over there in October, 1981. I told the executive director to call a meeting of all the SES level people the first day at 11 o'clock in the conference room adjoining my office. He did. "This is Jim Miller. I'm just going to make a few comments, do something funny, and break the ice." That was my plan. Promptly at 11 o'clock I turned on my stereo and a Trumpet Voluntary blasted out. All the new staff marches out, and I march out last wearing a pair of stick-on pink

horns. I thought this would be a real hee-haw. I thought the place would erupt in laughter and carrying on. You could have heard a pin drop. I took off the horns. Can you see those horns come off? Hello? There was absolute silence.

I introduced people down the line. I mentioned Lydia Parnes. “She’s my attorney advisor. She’s an expert on personnel matters [drawing breath in].” It was just—

Young: She’s the Lord’s high executioner.

Miller: Right. It didn’t go well. It didn’t have the desired effect. It took a long time. At the FTC, there were highly motivated, talented people who did things in the public interest. Our challenge was to convince them that doing things in the direction they had been going isn’t in the public interest but in that this other direction is in the public interest. Another challenge was shutting down low-priority or even harmful activities and finding the right activities for the people involved.

That’s what we did. It was a real turn-around operation there. At OMB it wasn’t that way at all. If you scratch a budget examiner, you have a budget cutter. They don’t add, they subtract. The regulatory people are very aggressive on the regulatory side too. It just so happened that several of David’s senior people left about the same time he left. In terms of key senior staff, OMB had twice as many as the FTC. So I took my whole senior staff from the FTC with me to fill in those open slots at OMB. I interviewed all the senior people who were there, some of whom I knew, and asked them to stay on. It was very smooth, not a glitch. They were talented people.

Before we went over, Carol Crawford said, “Jim, I’m a lawyer. I don’t know if I can do anything with numbers. I’m not sure I could really be good at budgeting.” I said, “Carol, you’ll be great.”

Joe Wright told me about Carol Crawford when we left. He said, “I hope Carol will consider this in the spirit it’s given. Imagine being in a room and somebody has a fistful of dimes. They throw them up in the air. If Carol Crawford is in the room, not one dime would hit the floor.” She was tenacious. She was terrific. And the others were as well.

Tim Muris, the new chairman of the Federal Trade Commission, became the number three person over at OMB. I told him one day, “I knew you were a good lawyer. I had no idea you were so good at numbers.” He said, “When I was a kid, I lived next to a railroad track. There’s a ten digit number on boxcars for purposes of per diem and demurrage. When the boxcars passed, I used to add the numbers in my head.” So. The transition over at OMB—

Young: Had Stockman already left?

Miller: Stockman had been gone for about two months.

Young: He wasn’t involved in the transition at all.

Miller: I'd had that luncheon with him and Phil Gramm. That was all. Everybody couldn't have been more supportive. And I'd been there before. I was an alumnus. It's a very high-class professional group, the cream of the crop.

Young: A number of years ago in the '60s and '70s, a lot of the old boys from the BoB [Bureau of the Budget], were bemoaning the politicization of the bureau. This was in the '70s and continued in the early '80s. How should people read that indictment?

Miller: To some extent the responsibilities of the BoB or the ODoB [Old Department of Budget], now the OMB, have expanded into areas that are inherently more political, such as the regulatory side. Congress drives part of that. Those are additional responsibilities given. Many members of Congress want the regulatory group, OIRA, to do things. Chairman Jack Brooks had a visceral dislike for IBM and he wanted the federal government to buy anything but IBM computers. There were some other things he wanted to do as well. I'll tell you a little story.

Since Jack Brooks was chairman of the OIRA oversight committee, I went to pay a courtesy call. We had a nice discussion. I noticed he had a manual typewriter on the credenza next to him. At one point he said, "You see that typewriter? That's good enough for me. That'll work fine." We talked for a while. He told me what he thought was important and what I ought to be doing. I was just about to get up and leave and he said, "Mr. Miller, do you drive an automobile?" I said, "Yes, sir." He opened a drawer and rummaged around in it. He took out a little key chain. It had a metal medallion on it. On one side was the seal of the state of Texas, on the other side was a relief of Jack Brooks.

He said, "I want you to put your car keys on this so every time you get out your car keys you'll remember one thing, and that's old Jack Brooks."

"Yes, sir." I was about to get up and he said, "Mr. Miller, are you married?" I said, "Yes, sir." He said, "Does your wife drive an automobile?" He ended up giving me one for my wife and one for all three of our children—so everybody would remember old Jack Brooks. There's that kind of politicization.

The number of political appointees at OMB is less than 20. Dick Darman didn't even appoint a head of OIRA. The head—Jim McCrae, a career civil who's since retired—was acting the whole four years. He didn't appoint a political general counsel. A fellow by the name of Bob Damus was general counsel. He was really good. He was number two in the General Counsel's office when I was there. He was career.

The reason you need to have a political appointment at OIRA is that the person has to wield some authority. I knew a lot of the folks in the Reagan administration for having been around the campaign and the transition. And, I had the Vice President's support. I could get my way with some of those regulatory agencies in ways that someone who's a careerist just can't. How is a career civil servant going to tell the political appointee of EPA, Christie Todd Whitman, you can't do something? You can't. It's not hard to fathom that. It's better to have somebody that can stand toe-to-toe with them at least within their narrow area.

The professionals at OMB don't leak. Every once in a while there'd be malcontents who'd talk. I hated it, but within a day or two of my leaving OMB, the Washington wire column of the *Wall Street Journal* said, "Miller leaves a demoralized OMB because it's been politicized." This story had nothing to do with the nature of the morale at OMB or politicization. It had to do with the fact that I didn't leak to that son-of-a-gun reporter. It was a hit. One hears "politicization" from people all the time. You even hear it from people who didn't receive the promotion they thought they deserved. That's an easy kind of thing.

Either a person puts the numbers together or they don't. The numbers either make sense or they don't. It's kind of hard to know what the politicization is. Are you being political because the President comes out and says, "I'd like to federalize the steel industry," and you're asked to come up with some figures? Is that politicization? I don't think so. That's just what the President's policy proposal is. It's your job to figure out what the numbers look like.

Young: It can mean many things. That's why I thought it important for you to get something on the record. It can mean many things.

Miller: It may mean that we'll somehow low-ball the estimate for defense when we know it's really going to cost a lot. It may mean that the President's pet program is the initiation of a new series of windmill electric generators, federally owned and operated, so we'll low-ball the cost estimate for those things on purpose. We know it's much more, but we'll low-ball. That's political. That's for strategic political decisions. I'd distinguish that. When I was Budget Director, we went through so-called budget reviews. It's a process where you have the big books on various parts of the budget and you go through them. The career staff are the people who bring you the numbers. "Well, Jim, here are our options," they'd say. I made choices about what we wanted to do, but I didn't give them the numbers for the cells.

Young: On the legislative side, legislative reference, was that worth noting?

Miller: Oh, yes. They did a good job.

Young: They had whole bills on the comeback?

Miller: Oh, yes. We sent them out to the agencies and LRD would amalgamate the comments. It may be a bill that deals with one particular agency only, and the agency and the OMB will somehow get together and have a coordinated policy. I'd sign off on those policies and send a letter to the Hill. Sometimes it would be a broader bill. Suppose it's an omnibus appropriations bill. There'd be lots of things that were disliked by the agencies or us, but you have to make a recommendation to the President either to sign it or not.

Young: You have central clearance, legislative clearance—

Miller: Absolutely. It's the same with speeches of the President. Every speech of the President goes through OMB's hands for fact checking and, as I mentioned, diddling around, fooling around with the language.

Wamsley: There's been a lot written about how the "M" has fallen out of OMB—

Miller: Right.

Wamsley: Do you think that's right?

Miller: The advocates of M in OMB early on overestimated how big a factor it was in OMB. Let me tell you two things about that. One is that the M part is inherently more difficult to get your arms around because the budget is numbers. Secondly, there is an immediacy to the numbers side, whereas the M part is longer term. The B part comes in the in-box. You have to deal with it every day. The M part is like reading an article. You put it in your briefcase for later on.

The committees that deal with the M part are different from the committees that deal with the B part. The committees that deal with the M part want to exercise power through the M part of OMB, just like budget people have a lot of credibility because of the B part of OMB. That's the reason you end up with two deputies now, one for management and one for budget. The other committees have their own deputy to answer to them, so that deputy has to produce.

There are opportunities for improvement, there's no question about it. The basic difference is that in the private sector there's competition among firms. If you're not reasonably efficient, you don't last. In government there can be a high degree of inefficiency and you can last because you're the only game in town. There isn't a great deal of incentive to be efficient.

Secondly, in the private sector, you can measure outputs and inputs pretty easily in terms of money. In government you can measure the input, money, but you can't measure the output very well. What does it mean? What is the product of X, Y, Z organizational component of HHS, for example? It's hard to measure productivity. Even when people have attempted to do it, the result hasn't necessarily been good.

When I was at FTC I recruited one of my former students, a chaired professor of economics at Clemson University, Bruce Yandle, to be executive director. He came up and ran the FTC for three years. He came running down to my office one day saying, "Jim, you won't believe this. I just talked to somebody from the BLS [Bureau of Labor Statistics]. They wanted our productivity figures. Do you know how they measure the productivity of the Federal Trade Commission?" I said, "No." He said, "They do it by the number of lawsuits per employee." If you're really doing your job, you don't have any lawsuits. If the world is perfect, you don't have any lawsuits. But to measure productivity by how many times we sue people per employee is nuts. We had to make that change.

I'll tell you a really funny thing. At one point we had people in the private sector and some academics come in and talk about productivity in the public sector. It was a very ambitious project, trying to grade the various agencies, determine how well they were doing with their management, by indirect measures of productivity and simple efficiency. We had a big meeting in the Roosevelt Room—chairs lined the walls, this deep.

We started making presentations about which agencies were doing good and bad jobs. Pandemonium broke out. The agency heads hated it. They were so upset, even those that scored Bs instead of Ds. They were upset. We were going to make a presentation to the President and they lobbied so hard and were so upset that we ended up postponing it. We never got around to talking to the President about this.

Some of this is inherently less than objective. A lot is subjective. Reasonable people can differ over appropriate measures. It's inherently a more difficult thing than most people on the outside realize. It's like defining pork. Maybe everyone in this room would recognize pork in the budget, but there's at least one person in Congress who thinks it isn't pork at all. You're not going to get unanimous views on what the measures are. It's a long-term project. Maybe this new administration will make some progress along those lines. It's touchy. If you ask Mitch Daniels right now, "How much time do you spend on the budget? How much time do you spend on management?" It's like 9 in 10. It's inevitably going to be that way.

Let me tell you about something else that I think is very important. If you don't have the backup of the budget, OMB will have little influence over management.

A lot of people play the game of having the White House operator call for them. I was down at Texas A&M as associate professor. Every once in a while I'd get a call from a very junior person in the office of international aviation policy which was part of the White House. My assistant would come running down saying, "Jim, Jim, the White House is on the telephone!" They'd go through the White House operator. I'd usually just pick up the phone and call the person myself.

Sometimes I'd get some arrogant person on the other end of the line. "Whom may I say is calling?" the person would say. "Jim Miller." "Who? Pardon?" "Jim Miller." "Oh, Mr. Miller, may I tell him what this is in reference to?" I'd say, "Just tell him I'm going to cut his budget in half and I want to ask him what he thinks." So I'd get the person on the telephone right quick. If you're in a position to cut budgets, you provoke reactions from people. If I tried to identify management goals and objectives without any stick or carrot, I wouldn't get very far.

Knott: Toutin' the bear with a switch, isn't it?

Miller: There are a lot of management things that are systemic. The question of duplication and the lack of good record keeping are examples. My third day at the Federal Trade Commission I called in the deputy executive director and said, "What do we own?" He said, "Pardon me?" I said, "What do we, the Federal Trade Commission, own?" He said, "I'm not sure what you're talking about." I said, "I presume we lease this building from GSA [General Services Administration]. What about this desk and computer stuff. Do we own these? What do we have?" Do you know what he said? He said, "Nobody's ever asked me a question like that before."

Wamsley: Imagine.

Miller: There's a lot that can be done, but getting it done isn't easy.

Wamsley: If there's anything to be done it may have to be tied to the budget in some way.

Miller: It has to be tied to the budget. We accomplished a lot when I was there. I'm sure subsequent administrations will accomplish a lot, but it isn't easy. It's inherently difficult.

Knott: I'm curious about your assessment of how well the media covers the budget issue. You've talked a bit about the media and you, as OMB Director, but what about media coverage of the budget issue in general? Would you sometimes read stories or see items on television and shake your head? Do they tend to have a good handle on these things? How would you grade the media overall?

Miller: Some people know the issues very well and are very smart about it. On ABC today, Betsy Stark is a very good reporter about economic developments. There are others who understand it quite well, but when it comes to budget issues, it's politics. The reporters are more interested in who-hit-whom than the issues. They'll report that today on the Hill, the budget committee chairman of the Senate said, "This is a hopeless budget that's being produced by the President."

Young: Dead on arrival.

Miller: Dead on arrival. "The President said such and such." On my first budget they said "dead on arrival." "Dead on arrival" is always the term they use. I've got a picture here. We had an ambulance come down to OMB one day—[laughter]

Knott: Transport it to the Hill?

Miller: We had some of the staff dress up as physicians and nurses. They went in an ambulance. They rode the budget up to the Capitol and in the foyer of the Capitol, this guy, on a gurney, under a sheet, suddenly sits up with the budget in his hands, and says, "Here it is! It's not dead, it's alive!" We were always doing something.

Young: It's better than a hearse.

Miller: Reporters typically want to know more about the re-distributive effects. They want to know whose budget is getting cut and why, and who's going to receive more money. They want to know whether the forecasts are credible, whether you're playing with the numbers. They'll quote you. "This one says the inflation adjustment is too low and the growth estimate is too high, but this one says this and this." There aren't many reporters who could write a book about the budget that would make any sense without spending a lot of time on it. From their mouths, it tends to be much more descriptive of the political actors and the distributive effects of the programs than the efficiency and philosophical consistency.

Young: How did your people get along with the CBO people? Were they—

Miller: They were very antagonistic. But it was professional, not personal.

Young: Tell us about that.

Miller: They knew each other and respected each other. There was a CBO way of scoring some obscure program in a social security provision, and then there was an OMB way of scoring. They just wouldn't talk. They couldn't come to any agreement. Subsequent to the November 1987 budget accord, we came the closest we ever have to a CBO and OMB agreement. They "agreed," but in an apologizing manner. It was like a kid apologizing to a sibling. "I'm sorry." Not really sorry, but—

Young: On the forecasting, were they always far apart?

Miller: Not really far apart. We told people that if they went to look at the deltas from forecasts by the two agencies and what actually transpired, the mean is close to zero. It was sometimes high, sometimes low. Neither agency did a better job at that, at least while I was there, the last two decades or so. But comparing forecasts with reality is an unfair thing to do. Let me tell you why.

The OMB's forecast is predicated on the assumption that the Congress passes the President's budget and does what the President asks it to do. That's not going to happen. They'll tell you right away that that's not going to happen. So the forecast is off. We shouldn't be held accountable to a forecast where the underlying assumption isn't going to come about. It's the same thing with CBO. CBO does a re-pricing of the President's budget. You can compare the CBO's re-pricing of the President's budget with the President's pricing of the President's budget. Those numbers sometimes differ, but not a lot. They may differ simply because by the time the CBO re-prices the President's budget you have additional economic information, at least one more month of numbers about inflation rates. The Fed may have acted, as they'll act tomorrow. So they'll know more than OMB knew then.

There are differences in the scoring methodologies. Maybe there's some closure here. Danny Crippen, who's now Director of CBO, was at the White House with us. He was a long-time aide to Senator Baker, Barry Anderson. Danny's deputy was head of BRD [Budget Review Division] during my tenure as OMB director. I appointed him as head of BRD at OMB. So he would have been the one to hold out and say, "No, CBO's wrong." Now he *is* CBO.

Young: What about OMB and your relations as Director of OMB to the CEA, Treasury, and Fed? All those organizations have important pieces of the action.

Miller: Almost weekly we had a breakfast at the Secretary of the Treasury's office. Jack Svahn was typically invited over—he was head of the Economic Policy Office—but it was usually Beryl Sprinkel, Jim Baker and me. Occasionally we invited an outsider or two. The Secretary of Treasury lunched with the chairman of the Fed on a weekly basis. I'd lunch with Alan Greenspan occasionally. I'd invite him over to the White House mess. I'd worked for Alan at CEA. Alan succeeded Herb Stein. I worked for Alan for nearly a year, so I know him fairly well.

The relationship was good. There weren't many differences. Beryl and I felt the Treasury should issue bonds indexed for inflation. The Clinton administration has done that. That's an issue that

many economists said should have been done a long time ago. Baker kept hemming and hawing. He said, "Wall Street would go crazy if we did something like that. They'd be opposed to it." We talked about a lot of things. We compared forecasts. We discussed what to do about some international trade barriers. It was very cordial. Beryl and I did a road show for a while. We went around the country. Beryl would talk about how the economy was growing great guns. He'd introduce me to explain why the deficit was so big. He got the good part and I got the bad part.

Wamsley: What are your thoughts on the capital budget?

Miller: My thoughts on that stem from my experience in public choice. In theory, it makes sense, obviously. We have a cash budget. We have a capital budget. We'd see some improvements in resource allocation if we relied more on the latter. Agencies wouldn't be so prone to work for the immediate benefit. They'd make investments that made sense. On the other hand, if you had a capital budget, the size of government would grow dramatically. There are so many biases already in the process of making decisions. The government is too large. Measured most of the ways we talk about, government is already too large. If you make government even larger, you make it even less efficient.

Young: Was that an issue in the Reagan administration? It wasn't really—

Miller: The capital budget? Yes. Don Regan was interested in it, but he wasn't an advocate. If anything, he was an opponent. He said that's what almost bankrupt New York City.

Young: Yes.

Knott: Could you explain to a novice? I don't understand this distinction.

Young: About the capital budget.

Knott: I don't know if it's worth going into.

Miller. If you're a company and you buy a big piece of equipment it's going to generate benefits over time. You essentially depreciate that capital expenditure. You'll show it up on the books as generating benefits each year, but only a portion of its costs would be assigned to each year. The federal government is a cash budget. You buy an aircraft carrier—well, that's not quite true, because you pay chunks of it. But if you buy a computer, you pay for the computer today. It all goes in today's outlays, even though the computer may generate benefits for many years. That gives you incentive not to buy computers, but to substitute labor for computers.

Wamsley: There are some that would argue—

Young: Okay, we could spend the rest of the day discussing capital budget.

Knott: We got the important thing. It was an issue in the administration and I suppose it will be—

Miller: It was never a public issue. I say never public, but that's not true. I'd give a speech somewhere and somebody would say, "What do you think of a capital budget?" Occasionally an op-ed would appear about the need to have a capital budget. I'd give an answer, but we never had a specific proposal. We never even discussed having a specific proposal. We discussed the idea somewhat.

Wamsley: I've heard people argue that it distorts the picture of the U.S. budget. They say that if we put in a capital budget it would be clear that future generations were going to benefit from this as well as this one—

Miller: Oh, yes.

Wamsley: And the cost is going to fall, too.

Miller: We don't do any accruals. When we commit to an entitlement program that does such and such, we don't register that cost up front. We don't present-value these liabilities, with a string of assets. There are lots of things you do for a company making those decisions that you don't do for the federal government.

Wamsley: Issues like that, budget issues, often don't get outside. Were there other things like that in the administration? Not necessarily budget issues, but issues that never got outside because people wouldn't have understood them?

Miller: I established an office of privatization headed by Ron Utt, and we came up with a lot of ideas, things that would curl your hair. Why should the federal government own so darn much of United States territory? In many western states, the government owns 90% of the property. If you want to preserve the property in some way, there are ways of doing it privately. You could sell the property with provisions. There are ways of managing it much more efficiently. I mentioned that I proposed privatizing the NIH. You know how far that got. There were a lot of things we would have liked to do.

Don't get me wrong. During the Reagan administration and subsequently, they'd done a lot of privatization. They privatized everything from the maintenance of buildings to Conrail. Elizabeth Dole oversaw the privatization of Conrail. I proposed selling the naval—what do you call those—

Wamsley: Observatory?

Miller: No, the reserves, the petroleum reserves. Not SPRO [Strategic Petroleum Reserve Office]. There's no reason for that to be in the hands of the Navy. If the Navy had an emergency it'd take them 15 years to pump that stuff out. It'd take a long time. That's the reason you have SPRO, the strategic petroleum reserve. But a lot of things that did make sense we just didn't advance because it would have been so controversial. People wouldn't have understood them. It wouldn't have advanced the ball, so we confined ourselves.

We did privatize some of the power market administrations. There are power market administrations that simply generate power owned by the federal government. There's no reason for them to be owned by the federal government. The real impediment was TVA [Tennessee Valley Authority]. In the 1980 campaign, the President had promised not to privatize TVA. There's a little anecdote.

One of my colleagues on the senior staff of the Council of Economic Advisers ended up working for the TVA. He sent me a newspaper from the day I was announced as new Budget Director. The front page of this local paper had a big story above the fold about a mule that had fallen in a ditch. There were all these people around getting this mule out of the ditch. Under the fold, a story read, "Miller made Director of OMB."

Wamsley: [Dwight] Eisenhower had talked about selling off TVA, too.

Miller: We did privatize the Alaska power administration. I can't remember what else we did.

We had some successes.

Young: Let's take a brief break. Then we'll have our final session.

[break]

Young: These interviews have no boundaries. There may be other things you want to say about your own part in the Reagan years. You've been talking a lot about that. Before the day is out I'd like to return to where you started, about Ronald Reagan and his presidency and what it meant. Is there something more you want to say about the budget summit? It's up to you.

Miller: Much of what I have to say about the budget summit is described in the book. You might find it interesting how I put the book together. I bought a little dictating machine—

Young: You're talking about this book?

Miller: Yes. I'm talking about the book on the budget, *Fix the U.S. Budget*. I bought myself a little tape recorder and some tapes. On those infrequent week ends that we'd go up to the cabin in Greene County—keep in mind we had three kids and a teeny little one-room downstairs and one-room upstairs log cabin—I had a Chevy Blazer that served as my office. I'd sit out in that Chevy Blazer and I'd dictate those tapes. I dictated the chapters sitting in the Chevy Blazer. Later I had them transcribed and edited them into the text that you see here.

There are several chapters dealing with the budget summit and its aftermath. I tried to do those chapters right after the fact so they'd be reasonably fresh in my mind. The thing I remember about the budget summit is that there was a lot of posturing around the table even though the discussions were private. It was supposed to be completely off the record. There was a lot of posturing around the table. Part of the strategy seemed to be simply who could hold out the longest. Talk everything to death. Talk particulars to death. People would tell stories about how

their Aunt Joannie called them up and this neighbor of theirs had a son who was part of a program that got discontinued. It went on and on.

I don't mean to be unkind, but there was a member of the committee there who was all but out of it. Around two or three o'clock every day he'd rap on the table—somebody would be talking and he'd just rap on the table—and the chairman Tom Foley would say "So-and-so has something to say." This person would say, "I just want everybody to know how important this is and how important it is for us to come to agreement. We're doing the right thing..." That's virtually all he would say, and, "Thank you." Also, you'd have people spiriting out of the meeting to go call their favorite reporter whenever something "juicy" developed.

We'd try six different variations of something. Nobody could agree. Several things came out of it. One, I realized that when we finally came to a resolution in this group, because any "accord" commits the President but not Congress, because the congressional representatives couldn't really commit.

Jim Baker, Howard Baker, Jim Miller and sometimes Frank Carlucci would be there. We could commit the President but the others couldn't commit the Congress. Later others in Congress would make changes in whatever it was that we'd negotiated. Go back and look at the data. If your objective is to reduce the deficit or control spending, summits are the pits for Presidents. I wrote an op-ed titled something like that. Summits are the pits for Presidents. It's just a bad idea to engage in a summit. This '87 summit came on the heels of the market collapse. I've speculated why the market collapsed elsewhere.

In light of the President's troubles with Iran-Contra he felt he had no choice but to go on with a budget summit. We did it, and we worked for the best deal.

Young: It was also getting toward the end of his term. If he were to stall, it would be hard to keep up without the support of the Congress.

Miller: It's hard to hit a home run every time, especially when they have relief pitchers come in. I only had specific experience with one summit. The other two years we didn't have the summit. It wasn't particularly pleasant. It was very time consuming.

Young: Has that become the norm?

Miller: No, fortunately—

Young: What's the alternative?

Miller: Normally, the process is submission of the budget and negotiations. You have, seriatim, an appropriations come in, you sign them, negotiate on the next one, sign it, ditto with the reconciliation bill, and that's it. There isn't a big impasse. I'll tell you an anecdote. It reveals a lot.

At the President's last State of the Union message—I have a picture of it somewhere—he was standing up there. I have a big photograph of it on the wall of my office. In the picture he's holding up a massive continuing resolution or reconciliation bill—I forget which. The reconciliation bill goes to all the revenue side and to all entitlement spending. The confirming resolution (appropriations) goes to everything else. He's giving the State of the Union speech and he's talking about all these crazy things that were included. He reads out a list of pork items.

It turns out that most of the pork items he read out were in report language and not in the budget itself. They weren't in the statutory language but in report language. He reads them out and everybody's laughing. He says, "If you send me another one of these, I will not sign it." He gets a standing ovation. Of course, I'm standing there [clapping] and I look around this big cavernous room and I realize that the people giving him a standing ovation were the ones who had sent it to him in the first place.

One of the things I did when I went back was ask some attorneys about the status of report language. A lot of the language is like, "Agency X shall spend the money on line 17 on the following projects in order...." These reports are riddled with detailed instruction. What I found out was such language is not law. I sent a memorandum to heads of all the agencies saying, "You have to spend the money. If the money's been appropriated, then under the empowerment act you have to spend the money in the general categories as enumerated. But, to the extent the report language is inconsistent with the President's priorities, don't spend the money on those items. In those cases, ignore the report language."

You'd think I'd tried to marshal a revolution. Congressmen went nuts. They went nuts. Most of the folks in the West Wing went for the tall grass, and I was left hanging out there. Members of Congress announced that they were going to hold the OMB budget hostage. A chairman of the relevant appropriations committee zeroed out OMB. I finally relented, but I had a legal memorandum from the Office of Legal Counsel of DOJ saying I was absolutely correct.

Wamsley: That brings something to mind. I don't know if this was true during the Reagan administration or not. When I look at appropriation bills now, there's a big set of notes attached that specifies very particular scenarios.

Miller: That's part of report language. Those are the same things.

Wamsley: The same thing.

Miller: "The agency must spend forty million dollars on a blue crab fisheries museum," or something like that. All the stuff that people laugh about I took them on, and they tried to zero me out.

I'd like to make an observation, not only for any successor OMB Director, but for the head of any agency. It's easy to take one's job too seriously. There were members of the Cabinet who were notoriously not hard workers. Most of them were. I look back on my own case at OMB and I think I worked too hard. I suspect that my marginal product was negative. I spent too much time there and worried about it too much. It would have been better had I spent more time away.

Some of the more successful Cabinet members, such as Bill Bennett, spent a lot of the time away from the office. In many respects one performs best when one spends time out of Washington and keeps one's head clear.

I have a little anecdote. One day I was dealing with Congress and I was just "running and gunning." My assistant, the one in the picture I showed you, was a gal from Texas. She comes in and says, "Jim, there's some guy at the Mexican embassy on the telephone. He wants you to meet somebody he has coming up here. He wants to come and visit with you." I said, "I don't have time to meet with any guy coming up from Mexico. I have my hands filled with Congress." I had, by coincidence, about a week earlier, met with some delegation from Switzerland or Sweden. I realized then that I just didn't have time for this thing. But the next day she comes in and says, "Jim, the same dude from the Mexican embassy is on the telephone and he's really upset. This guy who's supposed to meet with you is your counterpart down there. He wants to meet with *you*."

I said, "If he wants to meet with somebody, he can meet with Joe [Wright, my deputy]. Tell him to meet with Joe. If he can't meet with Joe, then just forget it." The next day she comes in and says, "Some big dude at the State Department is on the telephone. He insists on talking to you." I pick up the phone and I'm about to chew out somebody.

The guy says, "Now, Jim, just wait a minute. I'm not one of these striped pants boys over at the State Department. I'm a Reaganite. You're about to cause an international incident by refusing to meet with this guy. He's an important guy and he wants to talk to you." I gave him a hard time. I said, "I'm going to give him ten minutes. If he's one minute late, he gets nine minutes. Two minutes late he gets eight minutes. Do you understand?"

The guy came about ten minutes early. I invited him in. He was smart, erudite, and he asked good questions. We had a really good discussion. We talked for 30 or 40 minutes. He said, "Jim, do you ever go down to Mexico?" I said, "No. I've been to Morelia but I don't really get down there." He said, "Well, you ought to come down. Have you ever been to Mexico City?" I said, "No." He said, "You ought to come down there. You could help us out with our budget. We'll show you around and get to know you." I said, "Yes, but I'm tied to the desk here." He said, "If you ever get a chance, come down. We'll spend some time together." I said, "I'd like to do that, but I probably won't get a chance."

I didn't get a chance. You know who that was? Carlos Salinas, the future- and now ex-President of Mexico. [laughter] So sometimes you can take things a little too seriously.

Young: You made a reference a moment ago to other Budget Directors. You also mentioned that some of these interviews may someday be of use to people with past experience. So this isn't really a Reagan question I'm going to ask you. Has there ever been, to your knowledge, any informal gathering of Budget Directors who served in different administrations to talk about their experience and has it been recorded in a way that could be preserved for the future? I know there have been things for Chiefs of Staff.

Miller: There was something for Treasury.

Young: Something for Treasury. They've gathered the former Secretaries of State together. It strikes me that it might be useful to take important positions that are continuing positions and gather the alumni of those positions.

Miller: I don't know of anything like that.

During the debate over NAFTA [North American Free Trade Agreement]—remember the rump session in 1994?—I convinced every single OMB Director through the Clinton administration, starting with George Shultz, to sign a letter urging the Senate to waive the budget act on a point of order. CBO had scored the GATT [General Agreement on Tariffs and Trade] treaty as a money loser and to pass it the Senate had to get 60 votes on a point of order. I urged the Senate to waive that. So there is a document that all former OMB Directors have signed. I don't know of anything more.

Young: I've read the Chief of Staff meetings that included Don Regan. They included practically all the living Chiefs of Staff. They have things to say about what they've learned that are useful to preserve for the future. I'd like to try some of that here. I'll talk to Fred McClure. There's an alumni association for all the people at legislative affairs, across parties and across administrations. They gather sometimes.

Miller: When I was at AEI during the Carter administration, I started a little program called "Meet the Regulators." I'd have the regulators—this was the Carter administration—the Fred [Alfred] Kahns, over for a session with the AEI scholars. Several of those were transcribed and published. Austin Ranney once said to me, "Regulators have a lot in common, whether they're Democrat or Republican." Then he thought for a minute. "Come to think of it, a Philadelphia Eagle has more in common with a Washington Redskin than with—"

Young: They play the same game.

Wamsley: What about OMB's role in fiscal policy in general? Is there any mechanism for relating on a regular basis to Treasury, Federal Reserve, and Council of Economic Advisers, the other actors potentially?

Miller: There are a few things in that regard. One day I ran into Charles Schultz, who served as BoB Director for President Johnson and then as CEA chairman for President Carter. I asked him, "Which job did you like better?" He said, "Hands down, the budget job." This isn't the right analogy, but do you remember when [Nikolai] Lenin died? [Joseph] Stalin volunteered to take over the role of secretary of the party because that's where everything is written down. OMB is where everything is written down. OMB has a preeminent role in fiscal policy because that's where—

Young: Monetary policy.

Miller: Once, at a Sperling breakfast, I said I thought the Fed was being too stringent in its monetary policy. It was the front-page story in the *New York Times* the next day and in a bunch

of other papers, too. It wasn't a premeditated thing. It wasn't meant to be a big thing. The President was on the West Coast. Jim Baker or somebody was really upset, and said, "Yes. The Fed is doing fine." We try to make a distinction between what the administration does and what the Fed does.

It's a real interesting question, "Should the Fed be part?" If you're going to hold an administration responsible for aggregate economic activity and the major instrument for controlling it is an agency, shouldn't it be part—If you elect officials and hold them responsible, shouldn't they have the authority to do something about it? I think it's a real good question. Economists have made some studies across countries, and they tend to come down on the notion that the independent agency is best. Of course most of the countries aren't nearly as stable as ours, so when they do have some kind of independent determination of money value, it tends to work better than when the politicians are in control.

Wamsley: Did President Reagan have a chance to appoint some people to the Fed?

Miller: He appointed Alan Greenspan.

Young: Yes.

Miller: That's one reason for the success of the Clinton administration. People say the economy has done so great. Does the Fed have a major part in that? Yes. Who appointed their leader? One of the best decisions President Clinton made was to reappoint Alan Greenspan.

Young: Paul Volcker had been appointed by Carter. He carried over for a while.

Knott: You mentioned a while back that you wished you'd traveled out of Washington to clear your head more often. Was the other side of that perhaps to sell the administration's budget priorities? Is that something you could have improved on?

Miller: Yes. I probably could have improved on that by traveling more. Another reason not to spend as much time is that one's family suffers. I had three growing children at the time. They're all wonderful children, wonderful people, but there isn't any question I didn't meet some responsibilities.

I had a son who played football. Twice I was in the car and almost to the field to see him play, but had to turn around and come back to the office. We finally sat down and watched a videotape of his playing football. I remember going to a basketball game. He played basketball. He was the only non-scholarship kid on the basketball team. I was sitting in the stands reading these black books, preparing for budget hearings. It was the same way with our daughters. I missed out on a lot of those things. One ought to have a better sense of proportion than I had.

Selling the budget was a frustrating exercise. President Reagan used to meet with us frequently. We'd complain that Congress wouldn't do this or that and he'd say, "Well, boys,"—he used the term "boys" generically—"if we can't make them see the light, we have to make them feel the

heat.” If you talk to people and make people understand what’s at stake, and they bring pressure to bear on members of Congress, then it’s easier to get things done.

Young: I don’t know of any Budget Directors who have gone out on the stump for the budget.

Miller: You go out on the stump by going on TV a lot. You go out on the stump by talking with reporters. You go out on the stump by an occasional foray into the Detroit Economics—

Young: Economic Club.

Miller: And stuff like that. Beryl and I did campaign a bit. We probably should have campaigned more.

Knott: You were a member of the National Security Council. Any recollections? You showed us a picture at lunch. You said you thought it might be from a [Muammar] Gaddafi raid. I don’t know how much of this you can talk about but—

Miller: I can tell you. First of all, let me say something about President Reagan. There are some people who said he was detached and rather removed and not observant. Frankly, I did see him at some meetings not paying a lot of attention. Some of these things were boring. The seventh time one hears about the relationship between this program and that program, it’s enough to put one to sleep. He didn’t pay much attention in some such cases. But when we met in National Security Council meetings to address life and death issues, he was in command. There was no question. Some people think the National Security Council people vote. No. He’s the guy. The council advises the President, gives him information. He’s the one who makes the decisions.

It was a great experience. I had more input than I expected to. I learned a lot. A lot of it was political judgment with a small “p.” It was common sense judgment. And it was balancing.

Take [Manuel] Noriega for example. Noriega was a problem for President Reagan as he was for President Bush. We were constantly monitoring what was going on and making what I would call benefit/cost calculations to decide whether or not we should go in. There were a bunch of Americans down there that he could take hostage. The conclusion was always, “He’s not sufficiently out of control to warrant the risk of going in and getting him.” Of course, later he became worse and worse. I think President Bush made the right decision to take him out.

I was impressed with the very high level of discussion and preparation on the part of the people that made presentations. I was impressed with the fact that the NSC could meet over and over on an issue and nothing would get out. But just let the President decide to take an initiative, and consistent with the War Powers Act alert, or have his Chief of Staff call members of, Congress, it would be in the major papers the next morning. Just could not tell Congress anything.

I remember being so frustrated about it one time. The President said, “We’ll have to alert Congress, consistent with the War Powers Act.” I said, “As I understand it, the Office of Legal Counsel for every President since President Ford, has agreed that this requirement is unconstitutional.” He said, “Yes, Jim, it’s unconstitutional.” I said, “Don’t tell them. Pick

something minor and don't tell them. Violate that provision of the War Powers Act and raise it to the level of a legal challenge, and let the Supreme Court decide. The only way the Supreme Court's going to decide is to have a case brought to them." He said, "I understand, Jim, it's unconstitutional but we're going to act consistent with the War Powers Act." And that was that.

Let me mention the thing about Gaddafi. We'd had several discussions about the fact that there was good evidence that the Libyans had been responsible for this hit on Americans in the Berlin nightclub. It was complicated, but the evidence was pretty clear. Gaddafi rattled his sword some more, engaging in other terrorist activities and promoting other terrorist activities. So, the President said, "We've got to put him back in his box."

The National Security Council met on a Thursday. The President decided to go ahead. I went home that night and my wife said, "Something's bothering you." I said, "No, no." Later that evening she said, "Something's bothering you, but you can't tell me what it is." And I said, "You're right."

The decision was on. We hit Gaddafi Sunday night. Early Monday afternoon the President called another National Security Council meeting. I went over early, which was unusual for me, and I saw these three young, but fairly senior, officers come in. One was carrying this aluminum or titanium case and was handcuffed to its handle. The two others were flanking him. He came in and put the briefcase down on the table. One fellow takes off the handcuffs and the other opens the case's locks. They open the briefcase and inside there's a videotape.

He put the videotape in a machine operating the video monitors in the situation room. Then were are briefed by an Air Force General. This general had not flown the mission, but he had been in charge of the expedition of F-111s out of Britain that hit Gaddafi. Keep in mind that we lost one crew in that mission. France had refused us permission to over-fly France so we had to fly all the way around the Rock of Gibraltar, with several mid-air refuelings. Rather than being a four and a half hour flight, it was twelve hours. If that crew hadn't been so tired, we might not have lost them.

But as the general was making his presentation, he said, "Now Mr. President, we have gun cameras showing..." They had this videotape showing all the destruction. This was long before the Gulf War and all the briefings to which we are now accustomed. We saw laser guided missiles hitting the so-called tent. The "tent" is a building, not a tent. The missiles are taking out planes on the tarmac. I'm sitting there saying, "Good night 'a living!" Just a boy from Conyers, Georgia, and I'm seeing something that probably not more than 20 people will ever see, certainly not in my lifetime. This is super secret. You could tell from the way they came in with the handcuffs. It was something else. The gravity was important, too. People were being killed.

This is around three or three-thirty. It was a long presentation. When it was over, I watched the three officers reverse the procedure, and I went back to my office. The White House TV cable had the evening news on at 6:30 out of Baltimore. I turned on CBS and heard, "We have the latest video..." It was the same thing! Maybe it was edited somewhat, but it looks to me to be from the same tape.

Knott: Since we're on this topic of national security, you mentioned earlier this morning that the defense budget was done differently. Did the same hold for the CIA? Were they separate or can you talk about this?

Miller: I can't talk much about it. I'll tell you one thing that's very interesting from the OMB standpoint. I was very interested in what are known as the "black programs"—the stealth bomber and such. One day I had on my calendar a presentation on black programs. One of the Department of Education branch chiefs called over and said he wanted to sit in on the black programs presentation. [laughter] He thought it was going to be about the HBCU program, or something like that. It was, in fact, a presentation on the stealth aircraft.

Wamsley: The CIA budget was buried in the regular budget when it went to Congress, was it not?

Miller: It's buried all over the place.

Wamsley: Presumably you saw it before it was buried. You buried it.

Miller: Yes, but I'll tell you, I never spent any time going over it. I didn't go over it. I trusted my people. In fact, if it's something you know you can't talk about it, it's better, in a sense.

Wamsley: Not to even know?

Miller: To pass off responsibility. Some of the things I've been told, if I even say those words, I can go to jail. So I'd better be careful.

Young: We don't want those words. We don't want a subpoena for the tapes. You were speaking a while ago about maybe working too hard at the job and not traveling enough, and at the end of the day you weren't what you were at the beginning of the day. How did Reagan cope with the workload?

Miller: He took time off.

Young: He went to Camp David.

Miller: Yes, he went to Camp David. He'd go out to the ranch and stay a month. He'd usually put in long days but he'd reserve some time for himself. He'd cope by setting his own pace. I perceived a conflict between Mrs. Reagan, the First Lady, and Don Regan. Don Regan wanted to make increasing demands on the President's time, especially leading up to the '86 election. He wanted the President to travel and campaign more, and the First Lady didn't want him to do that for a number of reasons. There was some tension there. But the President coped with it by pacing himself very carefully.

Young: Mrs. Reagan was a real protector.

Miller: She was, absolutely.

Young: A lot of fun was made of it, but if the President needs—

Miller: She was his protector in more than the dimension I was just talking about. Whenever she perceived that one of his aides wasn't serving him well, somehow that aide was gone. She was very protective in that way. For that reason a lot of people around the White House were terrified of her.

President Reagan found it difficult to discipline his troops. Even David said in his book when he went in to do the woodshed routine—What the President actually said was, "David, I understand why they're so critical of you. They're really critical of me, but they're taking it out on you."

There was one particular instance where we were discussing some development on the Hill that wasn't going our way. Congress was rejecting our proposal about this and pumping up some agency's budget. The President was musing, "I wonder why this is." I lost my temper and said, "The reason, Mr. President, is that you have a secretary of whatever that's up there running interference, undermining your position and working in collusion with the bureaucrats on the Hill." I could have bitten my lip after it was over because it was really a pretty nasty thing to say, even though it was true.

His response was, "Jim, surely you must be mistaken. Surely so-and-so isn't doing that." "Yes, sir, they are," I responded. But you could name names of the people for whom it was no question Nancy was responsible—

Young: If the President himself has a soft spot in his heart and isn't a disciplinarian, somebody has to watch out for his flank.

Miller: Somebody has to do it.

Wamsley: Can I ask you about Star Wars? Did that have any budget implications? It must have.

Miller: Oh, yes. It had big budget implications.

Wamsley: Did you—

Miller: You're talking about the Strategic Defense Initiative?

Wamsley: I happened to have known the fellow who headed it up on the Air Force side. He told me about how he and Weinberger sold it to the President. I wondered if you had a chance to really look at it or was it just something—

Miller: It was already in place.

Young: When you came back in?

Miller: It was a *fait accompli* when I came back in. From what I learned, it's both technically feasible and a worthwhile expenditure.

Wamsley: We have bad breaks when we test all the time, until recently.

Miller: There is some debate on what's the best strategy.

Young: Let me get back to Reagan again, Reagan inside the beltway, and Reagan as a person of the people and a communicator outside Washington. He had very good hearing about the outside world. Was he at home in the politics of Washington? He'd never been in Washington, he never had any experience. He was not one of them.

Miller: Right.

Young: How did he relate to the inside-the-beltway politics, Washington politics?

Miller: I never talked to him about it. This is just based on observation. Based on observation I'd say that he didn't particularly enjoy it. Keep in mind how often he took opportunities to get away, to go to the ranch. He kept telling us at the end, "I'm going back to the ranch." His circle of friends tended to be people from California. I met some of the First Lady's circle of friends, their old friends from the acting days and others from California. His interests tended to the rugged outdoors, not the metropolitan. They didn't go to a lot of so-called cultural events because that just wasn't his thing. He struck up relationships with people like Katherine Graham, but those were associations of mutual convenience.

I think he really felt that he was honored, that the American people had given him a great responsibility, and that he had a job to do. He carried that job out to the best of his ability, but it wasn't the most important thing in his life.

Wamsley: There's something I read that always struck me. I'm interested in your reaction to it. Someone said to him, "Mr. President, what do you think about an actor being President?" He was supposed to have replied, "I can't imagine how you could do this job unless you were an actor." What's your reaction to that?

Miller: My reaction is that being a great communicator is partly being a great actor. Some people have skills that are quite natural, an ability to communicate. President Clinton had very natural skills at communicating. But the inflections of President Reagan's voice, the pauses, those sorts of things weren't scripted. They were learned over a long period of time. His ability to be a great communicator was reflective of that. Moreover, the rugged demeanor—handsome and tall in the saddle—had quite substantial benefits to his administration for the effective transmission of his ideas.

Wamsley: Someone once said that his Irish heritage also helps. His ability to tell stories, imagery, and—

Miller: Right.

Young: His political career was his second vocation, maybe his third. I don't know it that well. In this series on the Reagan presidency, it's extremely important to get the pre-presidential testimony from people who knew him before and saw him make the decision to run for Governor and people who could say what he learned as Governor. What he was seeing on the rubber chicken circuit. He sensed a change at the time. His time had come. I don't think you can understand this President without understanding what happened before his presidency.

Miller: I think that's the case. Contrast him with Richard Nixon who came out of the service and immediately made politics a career, or even to some extent President Carter. He made politics a new part of his career.

Young: He was totally outside of Washington. That was his second career. Navy was his career choice.

Miller: Or take President [John F.] Kennedy. He was a naval officer in the second World War and then he had a political career. Bill Clinton has never been anything but a politician. It's quite different to have been a radio announcer, an actor, then president of the Screen Actors' Guild and then Governor. It's good. I wouldn't depend very much on Edmund Morris' book, though.

Young: I wanted to ask you about that. You'd have a lot of company in the room on that point. When Ed Meese was here, we asked him to review the literature on Ronald Reagan and give us his thoughts. He did, including Edmund Morris. It's strange. I never understood. Why was he brought on?

Miller: I think it was Mike Deaver's idea since he'd written such a widely acclaimed series on Teddy Roosevelt. Reagan is like Teddy Roosevelt—with an affinity for the West. Deaver thought it would be a big plus. Morris was around when I was there. He was never in the important meetings. He'd sit in a Cabinet meeting now and then, or an issues luncheon, but never the important meetings.

Here's my theory about it. What you saw in Ronald Reagan was very simple and straightforward. He was exactly what you saw. There was nothing devious about him. I think Morris couldn't figure out how someone so simple and straightforward could ever be President of the United States. All the previous Presidents he knew about were devious and Machiavellian in so many ways, with hidden agendas. It drove him to despair. He finally ended up with this—

Young: Fiction—

Miller: This fiction business about his being present at these scenes. I think it undermines the credibility of his work. I don't think he got his arms around the true Ronald Reagan for that reason.

Young: Do you know why he was brought on? Just to be the historian in residence?

Miller: Mike Deaver thought Morris would write a book about Ronald Reagan that would glorify Ronald Reagan and would give the man justice. At the time, before Iran-Contra, the hopes were high that he might receive a Nobel Prize. He took actions that eventually brought the wall down. He ended the cold war. He should have received the Nobel Peace Prize, but this whole debacle at the end nixed that.

Young: They don't give Nobel Prizes to American political leaders anymore. So Morris was around.

Miller: Yes, he was around. I'd see him once or twice a week, but he was never in a National Security Council meeting. He was very seldom in a Cabinet meeting, maybe one or more, but they weren't serious Cabinet meetings. He wasn't in the really important meetings. For good reason, I think. A lot of the stuff is super secret.

I'll tell you, I have to make an admission. I probably ought not to admit it. Admitting it might put me in some jeopardy. We were going to have a National Security Council meeting regarding the strategy in the last negotiations with the Soviets over missile defense. It was a round involving missile defense reductions. The question was what strategy to follow, what alternatives to proffer in our negotiations.

I had a loose-leaf notebook that I carried around with me every day. It was leather-bound. My mother gave it to me. It was this size and capacity. Every day somebody was assigned to put my whole book together for the next day with all the briefing papers, et cetera.

There happened to be some democratically elected Central American President coming to visit. George was having a luncheon for him at the State Department. I was invited over for that. I went over. I sat next to Lane Kirkland. I had this book there. This was top-secret code word stuff for the meeting, scheduled for two o'clock. I was carrying the book around with me because we were going from State directly to the NSC meeting. At some point I put it under my chair and was called out for a telephone call. I went on out and chatted a bit and came back. I had to leave the lunch before it was over. George and I both left. I grabbed my book and went out.

I actually walked in a few minutes late to the NSC meeting, and sat down. We are turning to the page outlining the options. I turn the page—it isn't there! I did a great job of covering up the fact, but sweat was coming down from every pore of my body. I was thinking, *do they allow conjugal visits at Leavenworth?* I was in torment until that meeting ended. I grabbed my book and went back to my office. I closed every door and told my assistant, "Don't interrupt me for any reason." I desperately looked through the book until I found it. It had occurred to me that while I was gone for the telephone call, somebody could have slipped that page out. This was really important stuff. We'd put that sort of thing in a burn bag after we'd used it.

Wamsley: In the history of budgeting there are all these different formats. There's line item, there's performance, there's program—

Miller: Right.

Wamsley: Did the Reagan administration ever consider anything like that? Or was the main aim just to hold down the spending?

Miller: It was more the latter than the former. Zero-based budgeting had been tried by President Carter and it didn't realize the potential that people expected of it. There was never really any attempt. We were trying to hold down spending by more or less freezing spending, recognizing that inflation might eat away real spending if nominal spending was kept down. They ended up agreeing on nominal spending growth rates that were above the rate of inflation, that allowed real spending to grow.

Wamsley: In Stockman's book he implies that the administration tried, but the political system is just what it is. It's too much and it can't be changed. Would you come to that conclusion?

Miller: The first year I was at OMB we disproved Stockman's hypothesis through Gramm-Rudman-Hollings. Gramm-Rudman-Hollings is public choice 101. It does what the so-called Budget Act of '74 was alleged to do; that is, force a budget resolution where everybody in Congress agrees on the basic numbers. Gramm-Rudman-Hollings says, "We're all going to agree that we're not going to have as big a deficit as before. In fact, we're going to get rid of the deficits by having stair-steps down. The way we're going to do that is by keeping spending under control. Spending is the problem, not revenues. Right, right, right?" Yes. Maybe. Right.

We advanced a bill that said that if the deficit somehow gets out of control, is higher than expected, or higher than the estimate by a certain amount, there will be across the board cuts in spending to keep the deficit within the limit. And Congress passed it.

Unfortunately the way they formally set it up, half the cuts would come out of defense and half would come out of so-called domestic spending—Social Security was excluded—which didn't satisfy the President very well. But we did have that mechanism. The first year the deficit dropped 71 billion dollars, which was then a record reduction in the deficit. It would have continued to fall except that some members of Congress lost their nerve, while others simply found the temptation to spend so great in an election year that they chose to abandon the Gramm-Rudman-Hollings discipline. They redrew the targets and the President ended up signing it. He wasn't very happy about signing it, but—

Wamsley: They kept missing the targets. They kept manipulating around the targets. We came very close the first year to hitting the target. That's when the deficit dropped so much. The deficit was 221 billion dollars. It fell to 150 billion dollars and then went to 155 and then something like 158. In real terms it continued to fall, but not to the zero it would have hit the following year if it had remained on the original glide path.

Young: Did you see a substantial difference in the way the Reagan White House worked at the end from what you saw in the few months at the very beginning?

Miller: In the beginning it was headier and faster paced. Much more important decisions were being made. Congress read that the President had a mandate. They were much more cooperative. There were the boll weevils in the House, and the Senate was controlled by the Republicans. And

once the President was shot, there was a lot of sympathy. It was a more aggressive and headier atmosphere than it was four years later.

Young: Uh-huh.

Miller: After four years, you probed and found the weak points and exploited those, and then you were up against the tougher nuts. It was more difficult. The quality of people was not quite as high. Some had left. Those who were very high quality had less energy than they'd had at the beginning of the administration

Young: Burned out?

Miller: There was a little bit of burn out. On the other hand, it was a very exciting, fast-paced environment. I remember being back at OMB for a week and I was walking down the hall with somebody and I said, "Is it my imagination or do people walk a lot faster over here?" You make five decisions a day of the import that I'd make once a month at the FTC. I used to say, "I make a decision every day that, as an academic writing about something, I'd just hope somebody like me would read."

Back to a point I was making earlier about how you had to use good judgment or you can abuse that kind of power. I'd be sitting up there testifying on something and someone would say, "What do you think about the X, Y and Z programs?" and I'd have an answer. That answer became policy. What Miller said was policy.

I was on ABC and asked, "Do you have money in the budget for the Contras?" I said, "Yes." "Why do you think that is?" I said, "We aren't going to abandon the Contras." That was a headline. "Miller today announced that the Contras would be protected." Sometimes you make news when you don't really mean to make news. It was a lot of responsibility.

Young: There is a saying amongst some of my colleagues that a President selects or arranges his staff like his own suit of clothes. You can't use one President's way of organizing or dealing with staff to suit another President's objectives. Do you think the fit between Reagan and his staff was a good fit? I'm talking mainly about his White House staff.

Miller: Let me say two things. I'd demur from that. For a President there's no single way of organizing White House staff, but there are consistent themes. You have an NSC. If you didn't have an NSC, you'd have something like an NSC.

Young: Correct.

Miller: If you didn't have an economic policy council, you'd have something like it. You have to have a congressional operation. You have a press operation. There are a number of things you can't do without. You'll wear a suit and a tie and a pair of pants. They may not measure the same dimensions but you have the same pieces of clothing. How well did it fit President Reagan? That's almost like asking me whether if I'd succeeded Don Regan, would I have reorganized things a bit. Probably so, but I can't tell you right now how I would have done it. Don made

some changes. In those kinds of circumstances, organization doesn't mean as much as really good people.

I have a friend who used to run an organization. It was a small group out at the National Bureau of Standards. He used to send me position statements for posting. Job descriptions with all this detail about what the position was and what backgrounds the person applying should have. I used to write back, "Jordan, there are probably no more than two people in America that meet these qualifications. Both of them have no interest in the job. Just get good people and put them to work." In part you just get good people and put them to work, whether it's in the White House or an independent agency or an executive branch agency, even congressional staff. You get good and talented people, divide up the jobs and put them to work.

Young: Presidents do differently, though it's by issue. It's not across the board, as you say.

Miller: But they don't differ all that much. Functionally the organization of the White House staff—

Young: There's a great deal of continuity.

Miller: Right. You may put the boxes in different places. For example, I don't think there's any question that the most important economic advisor today is Larry Lindsey and he's on the White House staff. He's not the chairman of the Council of Economic Advisers and he's not the Secretary of the Treasury, he is part of the White House staff. That's new. In a way, when Laura Tyson left the chairmanship of the CEA to go over to the White House to head the Economic Policy Council—or whatever they called it—that should have been a sign that it was a more prestigious and more important job than CEA chairman.

Young: Reagan started out by acquiring a reputation for delegation. He received a lot of credit for that as against the micromanager or intervener in decisions. Did he maintain that working style throughout?

Miller: I think so. He maintained it even more so toward the last. To his chagrin in the case of the Iran-Contra matter gone awry. Bear in mind that at the end of the previous [Carter] administration there were discussions by scholarly people that the presidency might be too much for one person, that it was just overwhelming. The whole notion needs to be restructured. We need co-Presidents or something like that. But Reagan, with great aplomb and great ease, showed that it could be done. That was a very important lesson. Maybe it was lucky early on that there were no really untoward events—not counting the shooting, of course—but it certainly changed public perception. I don't think it's too big for one person.

Young: Do you think his own priorities or focus or primary attention changed, starting out strong on domestic, ending up very strong on... or was that all there?

Miller: From the word *go* his focus was on the cold war. To him it was a moral issue as well as a survival issue. He thought MAD [Mutually Assured Destruction] was mad. He thought it was totally immoral, that it was just an awful thing. He wanted to reduce the ability of one country to

kill another, dramatically. It wasn't a pie in the sky kind of thing: if we all disarm, we'll have to be friends. It was, let's reduce the level of the ultimate terrible consequences as a step.

He thought the Soviet system was antithetical to the values Americans hold for freedom and the things that go with it. He also thought, very importantly, that it was inevitable that the Soviet system would falter and fall apart. I don't think the Soviet system would have collapsed so dramatically on its own. But the President made the price too high for them to go on waging the war. As we've learned in retrospect, in almost every period Americans have misjudged the strength of the Soviet forces and the Soviet economy. They just weren't able to compete, so they gave up. Thank God they did.

I think the world is much better off. There are many, many problems outstanding, not only terrorists but also reviving the economies of the old eastern bloc. I can't profess to understand why it's taken so long. People like me presume that once you take off the shackles and restraints, the economies would begin to blossom. What you have is a culture that doesn't understand enterprise and initiative. There is no recognition of property rights and no protection of property rights. A lot of things have to come about before those economies are really going to flourish.

Knott: We're entering the last few minutes of our interview. One of the questions we always like to ask is what misunderstandings may still be out there about this particular President—

Young: And should be corrected.

Knott: You may have even just touched on one. During Reagan's presidency there was the perception, fair or not, that he was a gunslinger and a warmonger. As the record comes out over time, it seems that he had a deep, almost religious abhorrence of nuclear weapons. Are there any other things that that you can think of that might surprise us about Ronald Reagan? Or his administration?

Young: Or that the press and the conventional system got wrong?

Miller: Blaming Reagan for the deficits. I see this over and over again. It wasn't Reagan's fault, if it was anyone's fault. Reagan played some role, but it was a minor role. I've told you that there was a dramatic recession in the '81-'82 period. That was a hangover from the previous administration. There was an enormous run-up in the money aggregates, a run-up in the rates of inflation and interest. Paul Volcker and his associates at the Fed were bound and determined to get inflation under control.

There's a long run rate of unemployment. But in the short run, there's a Phillips curve kind of thing. In the short run, if you make dramatic changes, contractions in monetary growth, it costs you some in terms of employment and economic activity. That was the cost we paid to get inflation under control very quickly and shake out things.

Unemployment was the first initial impetus for the deficit. There was a falling rate of inflation, which ended up making real appropriations higher than we meant for them to be. There was a shortfall in federal revenue because of the fall off in economic activity and the reduction in the

rate of inflation. That explains the deficit run up in the first couple of years. That really explains the run up toward the 200 billion dollar mark. There was a period when the opposition leadership in the House found its second wind and demanded a lot more of the President in terms of increases in domestic spending. He was bound and determined not to see his defense spending restrained any more than possible. The outcome of the impasse was that both sides achieved what they wanted and the deficit suffered. Had Congress passed the President's budget proposals in the past, the deficit wouldn't have been anywhere near what it ended up being.

Then we had Gramm-Rudman-Hollings, which had to be somewhat bipartisan. It was an effort to gather everybody together and hold hands and bring the deficit under control. We were successful in bringing it back down initially. Then the faith was lost on the part of those concerned. I see repeatedly references to Reagan's having been the cause of the deficit. I think that's—

Young: Presidents do get labeled in this way.

Miller: Right. I think that Reagan's label here is undeserved. That's something I'd like to see future historians or future writers put in perspective. The business of the greed is another thing that needs to be corrected. If you look back on the decade of greed, in virtually every category people were better off at the end of the decade than they were at the beginning. People do tend to be envious of those who progress at a more rapid rate.

There's something to be said about how a more equal income distribution [ceteris paribus] makes for a more stable society, but more equal income distribution makes for a more stagnant society as well. That makes some people unhappy. You can't have both, I guess. The amount of giving to charitable institutions went up dramatically during the Reagan years. We had a phenomenal growth in output and growth in per capita income. I think people ought to recognize that.

What does greed mean? Is the fact that you choose to have a ham sandwich instead of a bologna sandwich greed? That's your preference. Choosing to be a college professor instead of working on a Caterpillar tractor, that's a matter of personal preference. Is that greed? I don't know. Greed is a term that connotes some things that are bad. I don't think that necessarily applies.

I have a piece that I wrote and the Hoover Institute published on income distribution during the '80s I can leave with you. You might find it of interest along those lines. I would hope that this myth would be corrected.

Another thing would be to give George Shultz more credit, not just George Shultz, but the administration of President Reagan. If you go and look up the kinds of government that ruled in Central and South America at the beginning of the decade, you'll find that they were despotic regimes, by and large. At the end of the decade they were democratic regimes, by and large. Certainly the falling of the iron curtain has liberated those countries. They aren't perfect, there are still many, many problems, but they're freer today than they were when Reagan became President. President Reagan ought to get more credit for that.

He's getting a lot of credit for the fall of the communist empire, but what's neglected is what really went on in Central and South America. When you mention Central America you think of Nicaragua, but it was far more than that. There were a lot of changes there that deserve recognition.

There are probably some stalwarts in Congress that deserve more attention, not only his friends such as Paul Laxalt, who helped him immeasurably in his efforts in Congress, but people like Phil Gramm and others who facilitated the Reagan accomplishments with Congress. Congress isn't just a homogeneous group of people. It's a very heterogeneous group of people, and there are a lot of people who worked hard and made a lot of differences.

Young: More than fair weather friends.

Miller: You'll find many members of Congress today will tell you that Reagan inspired them to be members of Congress. He should get credit for that. Again, look at that Reagan alumni book. Increasingly people are coming out of the woodwork claiming to have been Reagan alumni one way or another. People want to be associated with him and what he accomplished.

Young: One of the things that always struck me at the time, based on completely subjective observation, was the way he attracted so many young people and enthused them, including his own staff. He was an old man by their standards. That was something I haven't seen for a long time and I'm pretty old.

Miller: Let me tell you something along the same lines. I was invited a couple of years ago to speak to the annual convention of college Republicans. The convention was in Washington. I gave a speech. At one point I said something like, "You remember when Governor Reagan and President Carter debated? At some point President Reagan said, 'Well, there you go again.'" The faces were blank and I realized those kids weren't even born then!

Wamsley: We face that every year.

Miller: But it's true that he inspired a lot of—

Young: I'm retired from teaching, but you people aren't, nor is Russell. We were talking at the end of our interview with Paul Laxalt about what the students they're now teaching remember. Reagan is already history to them. They don't remember at all. It allowed me to give him the plug for oral history. It's going to be studied again, and they'll have a better acquaintance with it because here are the people themselves talking.

Miller: As curious as some of the tapes are, aren't we glad we have these tapes from President Johnson and others, even from President Nixon?

Young: But they don't tape any more.

Miller: Or at least that we know of.

Wamsley: Do you know where these tapes about Johnson came from, the ones they were talking about?

Young: The tapes we're studying here?

Miller: No, Michael Beschloss.

Wamsley: They were talking about it last night on the news. I didn't see it, but they were talking as if there were some secret tapes—

Miller: They released them from the Johnson Library.

Young: The Johnson Library. We have a whole batch of the Johnson tapes now. We're listening to them very carefully. We've done that with the Kennedy tapes and we're also doing that with the Nixon tapes. We're trying to get them a lot clearer than they were. There are some significant misinterpretations of those tapes. The words weren't right, so people were quoted as saying things that, on closer inspection, are not what they really said on the tape. We're publishing most of these. We even have dictabelts from Roosevelt's time.

Miller: My goodness!

Young: And a few from Eisenhower. Then it stops except for certain foreign conversations that were monitored. Some people say, "I have colleagues over there that are studying old tapes." I say, "I'm making more tapes." It's been a long and very fruitful day.

Miller: Thank you, I appreciate this opportunity. I don't know whether I illuminated more by scattering around and observing than having—

Young: You illuminated a lot, including your wonderful stories, which tell us so much about life in the administration, about the humor and the spirit that we never hear from the outside.

Knott: You never told us about the bear. You said you were going to tell a story about—

Miller: Yes, I was invited to all these Cabinet meetings at the beginning of the administration. One time the issue on the table was whether the President would sign an executive order, which would allow some deterioration in the quality of air in wilderness areas—which would have allowed for more economic development in adjacent areas. People around the table had the opportunity to speak and to eat. You see, they passed around the jellybeans.

I wasn't sitting at the table. I was sitting behind, of course. Everybody had something to say and almost everybody was saying, "Mr. President, you ought to sign that. It would allow additional economic activity." But some things he'd said, in responding to people, made us draw the logical conclusion that he wasn't going to sign it.

Finally Jim Edwards, Secretary of Energy, made one last stab: "Mr. President, I still don't understand why bears need cleaner air to breathe than us humans."

With just a quick turn, the President said, “Jim, have you ever smelled a bear?”

Young: Well, thank you very much.

Miller: Thank you!