

RONALD REAGAN ORAL HISTORY PROJECT

FINAL EDITED TRANSCRIPT

INTERVIEW WITH PETER WALLISON

October 28-29, 2003
Charlottesville, Virginia

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Knott: I'd like to thank you very much, Mr. Wallison, for joining us today at this Ronald Reagan Oral History project. As we speak, the Ronald Reagan Library is threatened by those fires in California, which we hope doesn't come to pass. Let's all just go around the table and briefly identify ourselves. This helps the transcriber with voice identification. My name is Stephen Knott and I'm an Assistant Professor here at the Miller Center.

Chidester: My name is Jeff Chidester. I'm a project assistant for the Oral History Program.

Nemacheck: My name is Chris Nemacheck and I'm an Assistant Professor at William and Mary.

Morrisroe: Darby Morrisroe. I'm a chief researcher for the program.

Wallison: And I'm Peter Wallison.

Knott: Darby is also a doctoral candidate here at UVA.

Wallison: In political science?

Morrisroe: In political science.

Knott: Tell him what you're writing your dissertation on.

Morrisroe: The White House Counsel's Office.

Wallison: Oh, no.

Morrisroe: That's right. So I'm the exact audience for this oral history, as it were, the scholarly community.

Wallison: Well, I'll try to help out.

Knott: And you've said there's not a tremendous amount of work that has been done on this. In fact, Chris, you've worked in this area as well.

Nemacheck: Yes, as it relates to judicial selection, particularly. I would agree—there's just not a whole lot out there.

Morrisroe: There's no book on the development of the office, a few chapters of books on its roles and functions.

Wallison: Well, the chapters that you had in here, I thought, were reasonably accurate. As you know, I was only there for a year and when I got there a lot of the procedures had already been established. This was all brought to my attention just last week because a colleague at AEI [American Enterprise Institute], John Fortier, is working on a project having to do with what happens if the Congress is destroyed in some kind of terrorist attack—the “Continuity of Government” project. He had come across some material on Reagan and his various operations, his surgical procedures, while he was President. The question was whether the Twenty-fifth Amendment ought to be invoked. They didn't invoke the Twenty-fifth Amendment, precisely, but Reagan gave up his power for a little while and then took it back.

John said to me, “What was that all about? What can you add to that?” Frankly, I had very little recollection of anything relating to that, even though at least one of his surgical procedures occurred while I was there. Then I read through the stuff that John furnished to me, which was some published material about it, and I realized that what had happened was that under Fred Fielding the procedures had sort of been put in place. So when Reagan went in for—I forget what particular thing it was while I was there—it was already known what would happen, so I didn't pay a heck of a lot of attention to it. That's why I had very little recollection. There's not much to do, because everyone knew exactly what we would be doing.

That may happen as we talk about this, because there were a whole lot of things—judicial selection was one of them—where the procedures were already in place when I came into office and I just sort of carried them through.

Knott: I think probably we'll move chronologically today and tomorrow. I guess the best place to start would be for you to tell us how you first became involved in government service, your path to power, so to speak.

Wallison: Well, it's hard to know where to begin, exactly, but I suppose it really begins when I was in college. If I trace it all back, it was a number of friends I made in the Harvard Young Republican Club. I was the President of the Harvard Young Republican Club and one of my predecessors, a person who was somewhat older than I who is now a Congressman from Wisconsin, a person named Tom Petri. After he graduated from Harvard Law School he became involved with something called the President's Advisory Council on Executive Organization, known colloquially as the Ash Council. The Ash Council was studying a number of things having to do with how the government was organized for the Nixon administration.

Tom was tasked to find people to conduct some of the studies. He called me. This is really going back pretty far. I mean we're talking 1968 or 1969. I was interested in this. I was practicing law at that point. I wasn't involved in anything political at all, but I had been a Republican and I was

interested in the Republican Presidencies and interested in Richard Nixon's Presidency, which was the Presidency at the time. I decided to go down to Washington to work on a study of the independent regulatory agencies.

I completed that in about nine months and then went back to New York. But that became a very important little connection—I guess you'd call it the connection between politics and academics—because I soon got a call from Nelson Rockefeller's office. Someone there had heard that I had done some work, apparently good work, on this advisory council. I think Rockefeller may have heard it from a person named Walter Thayer, who was a member of the Ash Council. Thayer may have told Rockefeller that he ought to try to find me, and it happened that I was working in a law firm of which the senior partner was a very close associate of Nelson Rockefeller.

He got a call from Rockefeller's office. He called me in and said, "Rockefeller's office has called me. They're interested in whether you'd like to go and join them to work on a study that Nelson Rockefeller's doing." I'd been back about a year in the law firm and he said, "It's not the greatest thing for your career here, but Nelson Rockefeller is a pretty powerful guy and if you can get close to him that would be pretty good. They want you, so maybe you ought to consider it." That was probably late 1971. I decided to do it, and became a Special Assistant to the Governor of New York.

He was doing a study of something called the Modern State in a Changing World. Rockefeller loved to do studies to promote himself, because he would then look very serious and have a better résumé for presenting himself to the American people as a Presidential candidate. He asked me to organize the study for him. I did some of my work in Albany and some in New York. This is a very long story, but eventually I'll connect it all up.

At some point he decided that he no longer wanted to be Governor of New York, that this was taking too much of his time. He was getting old and it was time to focus all his attention on becoming President of the United States. So he resigned as Governor and formed something called the Commission on Critical Choices for Americans, which was basically a continuation of the Modern State in a Changing World. The Modern State in a Changing World was done by the good graces of the taxpayers and people of New York. The Critical Choices Commission was financed by Rockefeller and some wealthy friends.

I became, in effect, the chief operating officer of this project. I handled all the contracts, found the office space, hired the people, set up the procedures, and all the rest of that stuff. And I worked on some of the research projects. The Commission proceeded reasonably well, with about 45 people, including very prominent people. Gerald Ford, who later became President, was a member. Back then he was the minority leader of the House of Representatives. And a number of other people whose names were, and still are, very often in the press. Of course, something as big as that—we had meetings of this group—was highly unwieldy. But Rockefeller had wonderful convening powers. If you got a call from Nelson Rockefeller—I experienced this myself—you went.

The Commission worked for a year or so. Then it happened that Spiro Agnew resigned and Gerald Ford was appointed Vice President and confirmed by the Senate. Then Nixon resigned, Ford became President, and Ford had to choose a Vice President. He chose Rockefeller.

Here I am working on Rockefeller's staff, working on his Commission on Critical Choices for Americans, and suddenly he's Vice President. He asked me to go down to Washington with him and become his Counsel when he was Vice President.

I did this, of course—that is not something you would turn down at the age of 34—and I became the Vice President's Counsel. The Vice President's staff at that time was extremely thin. There were only two or three people with any substantive skill. Most of the rest of the staff were press people and the like. Even though I was Counsel, I came to be one of the few people who did most of the substantive work in the office. One of these things was attending the President's morning staff meeting.

Now, Ford did it differently from Reagan, in that Ford actually attended many of these staff meetings and presided over them. In these staff meetings there would be the heads of all the major offices in the Ford White House and their deputies, and representatives of the major other offices in the Executive Office of the President, including, of course, the Vice President. I was designated to attend on behalf of the Vice President. I met all of the people in the Ford White House and got to know them pretty well. That meant that when another Republican administration came about, populated by many of these same people, I would have an opportunity to participate in that. That's how I happened to join the Reagan administration.

When Ford was running for election, he chose Bob Dole to be his Vice Presidential nominee. Dole is—or was—a very suspicious person. He didn't really trust very many people, especially the White House staff. He was looking for someone to be a liaison between the White House staff and his own campaign. I happened to be the perfect person for that, because I knew all the White House staff people very well from having attended all these meetings. And yet I wasn't of the White House staff. I was on Rockefeller's staff. Dole took me on as the liaison between his campaign and the Ford campaign in 1976 and I traveled with Dole for four months, six months, whatever it was.

In the course of that, I met an awful lot of people who would also eventually be part of the Reagan administration. Ford lost, Carter came in, Reagan beat him in 1980, and I was then in a position—if I wanted—to go back into the government. Bob Dole, together with a number of other people from the Dole campaign, recommended me for the one job I was interested in—Treasury General Counsel.

That, I believe, got me the job as General Counsel of the Treasury in the Reagan administration. I was there for four years when Don Regan was Treasury Secretary. In early 1985 I went back to practice law. Then Regan switched places with [James] Baker, Fred Fielding left, and Regan called me and asked me to come back in as White House Counsel. So that's how I came to be White House Counsel. Real simple, actually.

Knott: I guess we're all set.

Wallison: It's really a straight line.

Knott: Can I get you to dial back a bit? First of all, how did you become a Republican? Was this in your family?

Wallison: No, my parents were Democrats.

Knott: Then, what caused your—

Wallison: I was a page in the House of Representatives. When I went down there—you don't want to hear how I got to be a page in the House of Representatives—

Morrisroe: Maybe we do.

Wallison: Well, my parents were interested in public affairs, and they—

Knott: You were living in?

Wallison: We were living in Rockaway Beach, New York, at that time, and they saw a program on television called *Youth Wants to Know*. Young people would come on and ask questions of politicians and others. There was a page on that program one day and apparently he asked some very sophisticated questions. My parents thought, *Gee, that's something that Peter ought to do*. I wasn't the least bit interested in this; I was interested in basketball and football and other healthy things.

But my parents went on a little campaign, which is interesting, because they were both New York City teachers, they were not people with any connections or influence. One day my father ran into our local Democratic assemblyman on the street. I don't think he even knew him. There was no way he would have.

My father must have said, "You know, my son would be interested in—" This was not true—"My son would be interested in being a page in the House of Representatives." And the assemblyman said, "Oh, sure. I'll write to Manny Celler." Emanuel Celler was a very senior Democratic Congressman at the time, Chairman of the Judiciary Committee. "I'll write to Manny Celler and he'll appoint your son." And he did. Manny Celler did appoint me. It was simply an amazing thing. At the age of 15—I might even have been 14. I think it was the second half of my freshman year in high school—I was suddenly on my way down to Washington as a page in the House of Representatives. I was there for four years and graduated from the Capitol Page School.

When I first arrived, all the pages who had come down for that session lined up, and the chief page, who is an adult, looked us over. I was just the runtiest kid you could imagine. He didn't think there were many prospects for me, so he sent me over to the Republican side. At the time, the Democrats had all the patronage. They appointed all the pages and all the elevator operators and so forth, and they gave a few to the Republicans to help them out. I looked pretty

unpromising, I think, and he said, “You go over and help the Republicans.” So I went over there and I met a lot of Republicans and, over time, I became a Republican. That’s it.

Knott: Did your parents regret their decision?

Wallison: No. Eventually, my parents became Republicans, too. Then when I graduated from high school and went to college I was already a Republican. I got involved in the Harvard Young Republican Club.

Knott: How big was that club?

Wallison: Actually, it was pretty big. We were bigger than the Young Democrats.

Knott: When was this?

Wallison: We had 350 members. I graduated in ’63, so it was between ’60 and ’63. You know, in all of these things it’s a question of who does more work recruiting and so forth. You can always identify Republicans, even though I’m sure that in the class most of the people at that point were Democrats. The Republicans were very active. If you looked around and tried to find enough people, you could assemble the 350-person club out of four years of college classes, about 4,800 people. So the number wasn’t that amazing. But we had a pretty active club. Eventually, I became President.

Knott: Even though you were at Harvard during the Kennedy years, you didn’t get caught up in the New Frontier?

Wallison: No. In fact, we all went down to Washington and put on a little show that there were Republicans at Harvard. We drove down, about a dozen of us. Ken Keating, who was the Senator from New York at the time, sponsored a lunch for the press and exhibited these Harvard Young Republicans, and I made a little speech. It was really quite silly but it was fun. The torch had been passed, I said, in a poor imitation of Kennedy, to a new generation of Republicans.

Knott: During your service on the Advisory Council, during the Nixon years, that was the Ash—

Wallison: Yes, that’s called the Ash Council.

Knott: Were there any figures from the Nixon Presidency that you came to know at that time? I’m trying to get your impressions of the Nixon Presidency.

Wallison: The only thing that I remember that was really remarkable was a moment that might have brought John Connally to the attention of Richard Nixon. The members of the Ash Council—it was headed by Roy Ash, who was head of Litton Industries—were Walter Thayer, who was in the communications field in New York. He was an associate of [John Hay] Jock Whitney who owned the *Herald Tribune*. Richard Paget of Cresap, McCormick and Paget, a

management consulting firm. Fred Kappel, who had been the chairman of AT&T, and John Connally, who was the Governor of Texas.

The Council studied a number of things, and was responsible, in fact, for creating the Environmental Protection Agency and the Office of Management and Budget, which were the two major Council initiatives. I didn't work on either of those. My area of study was the independent regulatory agencies—the SEC [Securities and Exchange Commission], the ICC [Interstate Commerce Commission], the CAB [Civil Aeronautics Board], and so forth. We did put out a report on the independent regulatory agencies and recommended a number of changes—changing most of them into single administrators reporting to the President, rather than independent commissions. I won't go into that.

The thing that I remember very well about this was that, at the time, there were two aspects of the Presidency that the Council believed needed some improvement—domestic policy formulation, for which the Ash Council recommended the Domestic Council; and management, for which the Ash Council recommended that the Bureau of the Budget be turned into the Office of Management and Budget. At the time these changes were proposed by the Ash Council, a meeting was set up for the members of the Cabinet to be briefed on the Ash Council's plans. Roy Ash was to describe to them how the Domestic Council and the Office of Management and Budget were to work.

The Cabinet members were very hostile; to them it looked like a group of staff people were going to be interposed between them and the President—not that they saw the President much anyway, but that's what they were worried about. Ash was stumbling all over the place and the questions were getting more and more hostile.

Nixon came in and was standing over in a corner of the room while all this was going on. Ash was losing control of this meeting, and John Connally, who was on the Commission, stood up and said, "Roy, let me try to explain all of this." In about six sentences he said, "This is a way for the President to actually run his office. There won't be anyone interposed between you and the President," that sort of thing. He understood exactly what these people were worried about, and put down the revolt.

I always thought that Nixon, seeing this, thought, *this guy is someone I should watch more carefully*. After that, Connally became Secretary of the Treasury, and eventually Nixon wanted Connally to be his Vice President.

Knott: That's right. He saw him as his successor in '76.

Wallison: Yes, that's right. So, that's the only thing I really remember that involved people who are now well known.

Knott: Could you tell us about Nelson Rockefeller? Give us a little more of your reflections of Rockefeller as Governor and Vice President.

Wallison: Rockefeller, I thought, was overrated. There were a number of things that made me less than an admirer of his. He was very good at convening people, as I suggested before. He had a tremendous personality—a very strong personality—and, of course, the Rockefeller name and the Rockefeller money and the Rockefeller cachet. He could bring together a lot of very capable people, but he was not an analytic thinker.

Rockefeller accepted ideas very quickly, but he didn't consider whether one idea fit together with another idea that he'd also accepted. He didn't seem to see the contradictions there or the tradeoffs between these things, and that troubled me. That was one of the problems with the Commission on Critical Choices for Americans, because Rockefeller had the idea that data was like a shoe store, with these racks and racks and racks of shoes, and you would just pull the data off that you wanted off the rack. There was no sense of relevancy. He didn't seem to realize that there's potentially, in reality, an infinite amount of data and it can be sliced in many different ways. You couldn't just assemble *all* the data and then pull out of that what you needed. You had to start out with an idea or a hypothesis for what it was you wanted to show, and collect the data that would enable you to test that hypothesis.

Rockefeller didn't seem to have that idea. He just wanted people to go out and collect data. The Commission was floundering just terribly for this reason. No one would say to him, "Well look, let's come down to a point where you tell us what it is you actually are trying to accomplish here." His view was always, "Let's find out more about this or that subject. I'd like to know more about that." And so forth. He'd send people out on what was essentially a wild goose chase, and that troubled me a lot.

Rockefeller, however, had a tremendous reputation in the press, because he was very powerful in New York politics. That gave the press the sense that he was a powerful figure all around.

I remember when we went down to Washington—there were four of us, I think—me and Hugh Morrow, his press secretary, and a couple of other people. At one point I was watching a program on television called *Agronsky & Company*, which was a predecessor of some of the talk programs that are common today. Peter Lisagor was—you may remember him—a well-respected reporter, a correspondent for the *Chicago Daily News*, and he was pretty sophisticated about what was happening.

I remember his saying, "Boy, the Rockefeller people have come to town and this is like" —referring to the Ford White House— "this is like the Green Bay Packers playing some high school." I thought to myself, *what is he talking about?* There are four of us and we know nothing. Here are [Donald] Rumsfeld and [Richard] Cheney and all the rest of these people who Ford had brought with him, who were, I concluded, pretty sharp people. Lisagor was acting as though we were going to take this whole operation over. That was because there was a great sense, because of Rockefeller's enormous reputation in New York, that he was really a powerful figure. But he was not, and when he got to Washington he failed completely to make any headway.

I always attributed this to a couple of things. One is that Rockefeller never had any real experience in court politics. He was always the emperor. He never really got a sense of what it's

like to be a courtier and play the politics of being a staff person. He completely missed many of the things that would have been obvious to anyone who'd ever been in that situation for any length of time.

One example of that was this question of who was going to be in charge of domestic policy. Rockefeller was very close to Henry Kissinger, who was then in charge of foreign policy for Ford. That was unquestioned. Rockefeller thought, *well, if Henry's in charge of foreign policy, I should be in charge of domestic policy as the Vice President. This Ford guy—he doesn't know diddly, and so I'll take all of this over and head up domestic policy.* I actually think the press thought he might succeed in doing that, because of all the things I mentioned before. But he failed to understand how the White House staff would feel about that and how they would address the problem. They didn't want to give up domestic policy, which was the only thing they had left, to Rockefeller.

The person who was then head of the Domestic Council staff was Phil Areeda, a Harvard Law professor—unfortunately he died a little while ago—a very smart guy. He was a Ford man, and the question was: How would Rockefeller relate to this domestic policy business—and what would be Areeda's role? Ford had given hints to Rockefeller that, yes, he'd have a major role in domestic policy. Rockefeller decided he wanted to be the Chairman of the Domestic Council, which was the Cabinet group, with a staff in the White House, that was to formulate domestic policy.

The Domestic Council was a staff that was supposed to be like the National Security staff, and continue on from administration to administration. This, in fact, was a dumb idea—that you could actually have a domestic policy staff that was not linked to the ideology or the philosophy of the President. You couldn't have the same domestic policy staff for a Republican as you did for a Democrat. But the notion was that you could create the same staff for both, and, like the National Security staff, they would continue on from administration to administration and retain an institutional memory.

Leaving that aside, the first use of the Domestic Council was in the Nixon administration, which created a very large domestic policy staff. The way it was supposed to work was that all the Cabinet members were members of the Domestic Council—that is, from all the domestic departments—and the Council staff would work for them. They, in turn, would help formulate domestic policy. Rockefeller wanted to be the Chairman of the Domestic Council. That way, he thought, he would be in charge of domestic policy.

What he didn't understand was that if he was outside the flow of paper to the President, he had no power. Presiding over an organization was not sufficient. In order to control domestic policy, Rockefeller wanted a person who had worked with him for many, many years—a guy named Jim Cannon, who's still alive, a wonderful guy, a former political reporter from *Newsweek* and a great friend of mine—he wanted Jim Cannon to be the Executive Director of the Domestic Council. The thought was that Jim would be the Executive Director of the Domestic Council and he would keep Rockefeller informed, so Rockefeller would, in effect, be in charge. If Cannon was the Executive Director of the Domestic Council and Cannon was his man, he's got it. In New York, when he appointed the banking commissioner, he was in control of banking policy.

However, this was not the way it worked in the White House. When you were appointed the Executive Director of the Domestic Council, you reported to the President, not to the Vice President. He never understood that these reporting lines were what really was important, and not who was his man. After much argument, he got Jim Cannon appointed as the Executive Director of the Domestic Council, replacing Phil Areeda. Then he thought he would be in control of domestic policy. But, in fact, all domestic policy issues that went through the Domestic Council staff were embodied in a memorandum from Cannon that was signed off on by all of the senior people in the White House—Bill Seidman, Phil Buchen, Jim Lyon, and a whole lot of other people who were then the key domestic policy advisors to Ford. Then it went to Rumsfeld, and then it went to the President. It never got to Nelson Rockefeller because he was outside that loop. He was really left out of domestic policy entirely.

His other mistake, and maybe even a more serious mistake, was that he never understood that people in politics want to be cajoled; they want to be dealt with; they want to be made to feel important. As Vice President he refused to do the things that Vice Presidents have always done, and that is to go out to the chicken dinners and raise funds for all these people, campaign for them and their candidates, and so on and so forth. He had the perfect seat to make friends in the Republican Party, which he desperately needed, because he was not trusted by Republicans. He could have shown himself to be in sympathy with many of the things Republicans and the rest of the country were interested in. He never did that. He thought if he stayed in Washington he would control domestic policy. That was all he needed to do.

When the time came that Ford was under pressure from Reagan in 1976, the obvious thing was to jettison Rockefeller because he never made any friends in the party anyway, and people still distrusted him. His whole time in Washington was a huge failure because of his own inability to understand his real position and what he had to do about it. Rockefeller became kind of a lost soul in that whole process because of his inability to understand his true position in the White House and in the party, and what he had to do to improve his position.

Knott: Was he somebody who would listen to advice—

Wallison: He listened to a lot of advice, but he adopted a lot of useless ideas. He would accept an idea and he would proceed down that road but he hadn't really coordinated that idea with a whole lot of other things that he wanted to achieve. So he ran off into dead ends a lot. At least, that's how it appeared to me.

He also had some very unappealing ways of dealing with people. If he was disappointed with what you did, or he was unhappy about something you did, he would cut you off, send you to the outer darkness. Quite amazing. You'd never hear from him. You were just gone from his world. Eventually you'd come back—he'd forget, maybe, that you'd done something that disappointed him.

Dick Parsons, who is now the chairman of AOL/Time Warner, was my deputy when I was Counsel to Rockefeller, and then went over to be counsel to the Domestic Council. We had a running joke about Rockefeller—that there were two things you could do that would get you

thrown into the outer darkness. One was not doing exactly as you were told. The other was doing exactly what you were told. It was an irrational process. Out of all of that, although I did like Rockefeller at the beginning, as I observed him more and more, I concluded he would not have made a good President and he was not a good executive.

Knott: That was his goal—to be President?

Wallison: I think so. More than anything else, he wanted to be President, and why not? But he didn't have it. He didn't have it, and he didn't get it because he didn't have it.

Knott: Did he respect President Ford or did he have a kind of—

Wallison: Let me put it this way. I think he respected President Ford in all open and superficial ways, that is to say he always talked about Ford in a way that respected him. The idea that Rockefeller would be in charge of domestic policy, however, was implicitly based on the idea that Ford didn't have the intellectual horsepower to be President, so he needed someone like Rockefeller to run the domestic policy side, just as he needed someone like Kissinger to run the foreign policy side.

Interestingly, as you remember, when Reagan was nominated there was exactly the same thought about Reagan from the Ford people, who thought that Ford should be Vice President and from that position would run the government. Reagan in this view would be kind of a figurehead, because they didn't think Reagan had the ability to be President. There's actually a lot of irony in that.

I must say that Rumsfeld, who is in the press a lot today, is a very smart guy and knows exactly how to operate in a court environment. He understood Rockefeller perfectly and he set up this wonderful choice for Rockefeller when Rockefeller wanted to be head of the Domestic Council. He said, "Well, you know, you could be head of the Domestic Council, but then we'll have to decide how Jim Cannon will report. We can do it one of two ways. We can have Phil Areeda report to you as Chairman of the Domestic Council, or we can put Jim Cannon in as the head of the Domestic Council staff, the Executive Director of the Domestic Council, but he'll report to Ford and you'll still be Chairman of the Domestic Council."

Rockefeller thought about that for a while and he said, "Yes, put my man in." He was thinking, *I'll put my man in as Executive Director and I'll have both. I'll be Chairman and my guy will keep me informed.* But Rumsfeld knew perfectly well how the government works and that if a person reports to the President, his reports and memos will bypass all these guys who are off on the sidelines, and that's exactly what happened. That is the story.

Morrisroe: What types of activities were you involved in when you were Counsel for Rockefeller?

Wallison: A lot of projects—nothing very major, except for—I mean, the Vice President doesn't have anything to do—at least he didn't then. Now, Vice Presidents have become much more active, but then, Rockefeller didn't have much except for the commission on CIA [Central

Intelligence Agency] activities in the United States. That, I think, was a major thing that Rockefeller did. That's where I met Reagan. I did a lot of work organizing that, working with Rockefeller, and writing the report. I can't think of anything else that I did in the time that I was there that was really of major substance.

There were lots of little projects. Every day I went to the President's senior staff meeting and after that I would write a memo to Rockefeller about what happened there—who said what to whom and what's going on. Out of that there would be various assignments. I would have to investigate something or look into something for him that was going on in the government and report to him.

One more thing about Rockefeller, because he did live in a strange kind of world for a guy who had as wide a circle as he had. This illustrated it for me very well. As I said, I did a lot of substantive work with him, because there weren't many people on the staff who did any substantive work. One day he had a meeting with [Guyford] Guy Stever, who was the Chairman of the National Science Foundation. Stever came over to tell him about various things that the National Science Foundation was working on. I was invited to sit in.

They talked about the fact that the ozone layer was being depleted by the propellants in spray cans. Stever told him all about this, and Rockefeller absorbed it all and nodded his head—this was really a very serious problem, what would they do about this, and so forth. Then, Stever leaves and Rockefeller turns to me and says, "Peter, how did all those spray cans get up there in the first place?" I looked at his face to see if he was kidding, and he wasn't.

Morrisroe: That would be a hopeful reaction.

Wallison: I said, "No, Governor, it's not the cans. It's the chemicals."

Knott: The Commission on CIA activities within the United States. You said that was your first occasion to meet Ronald Reagan and I think you recount in your book a story where you felt you caught a glimpse of Reagan's intelligence and his ability to take complex matters and boil them down into simple terms. I don't know if there's anything more to add there, but if you could just think about your first impressions of Ronald Reagan, seeing him at work on that Commission, if you want to add to that, or if you feel like you've exhausted that then let's just move on.

Wallison: I can't actually remember everything I said about it so I'll just go back over it a little bit. Reagan only attended about half the meetings. He would go to an Air Force Base in California, allegedly, and read the materials. They were all highly classified so they had to be secure in U.S. facilities. It was said that he went there. We don't know for sure. Rockefeller, who saw Reagan as a rival, was always very dismissive of what Reagan was doing. Reagan wasn't serious. Reagan wasn't really doing this. Reagan didn't understand the gravity of this whole thing.

Reagan attended about half the meetings and he would come in each time with Mike Deaver, his only aide, as far as I could tell. The two of them would arrive in town and Reagan would come to the meetings of the Commission. When he attended them, he never asked many questions. Until

they got to the writing of the report, he did not participate very much. We interviewed a lot of witnesses—people from the CIA, people from the Defense Department, and so forth. They were questioned by counsel and they were questioned by the members of the Commission in a very private, closed environment. He never said very much even when he attended. I don't even remember his making much of an impression on me until we started working on the report.

It was only when we got to drafting the report that suddenly he became a factor in the Commission's work. That was actually pretty impressive, because he was really able to digest a lot of very complicated stuff that the Commission staff was talking about. Then he was able to write it all down and he was able to write it down in a logical order, in a smoothly flowing set of paragraphs that he then read off to the Commission members. It summarized for them and for all of the rest of us what we had heard. That was pretty impressive. Rockefeller couldn't have done anything like that. I was much taken with Reagan at that point. I realized that he had much more intellectual firepower than people were giving him credit for.

Knott: Is this an example where, if you can get decent media coverage—I mean, I'm trying to figure out how—Rockefeller always had a good image, that I can recall—being a competent Governor and surrounding himself with smart people. The impression was that he was a sharp guy. The impression of Reagan always was that he was lazy, an ideologue. You talk about this to some extent in your book. Why do you think those two different impressions emerged?

Wallison: I think a lot of things contributed to that. First of all, Reagan, of course, was an actor and the political class is very dismissive of that. They're suspicious of someone who didn't come up through the political environment. That's perfectly normal. They've devoted their lives to it. Why should anyone from outside who has really never paid his dues or been hazed the way they have become President of the club? There's a natural suspicion there.

Secondly, he was from California, which, in those years, back in the '60s when he emerged, '60s and early '70s, California was the land of fruits and nuts—

Knott: Darby is from California.

Wallison: I said *then*. Darby is so young. She wasn't even born. People didn't pay a lot of attention to what happened there. Sure, they all liked the actor, but Californians didn't know anything. *They're all superficial out there, anyway*. The press, which is largely an Eastern establishment made up of people from Ivy League colleges, thought the same thing about California and about Reagan for that reason. There wasn't a lot of coverage either. People read the *New York Times*. There was a guy out in California who was their reporter from California—Gladwin Hill. Every week or so there might be an article about some other crazy thing that was happening in California. But the newspapers, otherwise—*Washington Post*, *New York Times*, *Wall Street Journal*—were all full of things that were happening in New York and on the eastern seaboard. Rockefeller got a lot more attention from that point of view.

All of those things fed the general idea that Reagan was a peculiar outsider, the kind of phenomenon that happens in California, but Rockefeller was a serious man. That's my explanation for it, at least. Reagan also never cared. He really didn't care what people thought.

There were a few moments that I record in the book where he did look as though he was somewhat sensitive to being considered stupid by people he cared about from that point of view, his staff, maybe. But he didn't try to create an aura or an impression about himself other than what the press was saying about him. He had much less interest in his own image than most politicians do.

Nemacheck: Do you think that was intentional, that he intentionally allowed the image of him as being not as on top of things as Rockefeller's image was able to portray? In some ways you could think that might actually be helpful, politically, towards policy goals.

Wallison: I never have been able to see that it was particularly helpful. A lot of people say, "Oh well, Reagan was underestimated and that was the secret of his success. He was always underestimated. He always overachieved based on what people thought he could do before." They said the same thing about [George] Bush 43—that he's always underestimated and always does better than people expected. I can see there's some advantage there, but the downside of that is really much more substantial. That is that people don't give you the credit you deserve. They don't listen to what you say with the same interest if they don't think that you are a person of substance.

In Reagan's case, I concluded after watching him and reading things by and about him that he was really a person who loved ideas. He respected ideas. He believed in the power of ideas. He was very idealistic in several senses—not only because he believed he could change the world, but also because he believed that ideas would do this by influencing other people. He paid much more attention to ideas than he did to his own image. He just didn't seem to be that interested in his image, which was interesting for a person who grew up in an environment that is all image. That's certainly true today. I'm sure it was true when he was an actor in Hollywood—that everything was image.

The actual people were really pretty terrible. The image that was created by their publicists around them and about them was really all they were. If you met them, probably, you wouldn't be particularly impressed, but the image was great.

Knott: Were you at the 1976 convention in Kansas City?

Wallison: Yes, I was.

Knott: Did you witness the speech that Reagan gave, the concession where Ford called him—

Wallison: Yes.

Knott: Do you have impressions of that?

Wallison: Not much, actually. It's odd.

Knott: The word is that it made quite an impact.

Wallison: Yes, it did. It made a tremendous impact in the hall, but I can't remember anything about it. What I remember about that was how Rockefeller behaved.

Knott: How was that?

Wallison: He got into a fight with another delegate.

Knott: An actual—

Wallison: Yes. The guy had a Reagan sign, maybe, or something. Rockefeller tore down his sign and there was a big altercation on the floor. Rockefeller was arguing—he was the Vice President of the United States at that point. It was just terrible. He'd begun to unravel, as I saw it, after he wasn't chosen to be Vice President again.

Knott: He did not take that well?

Wallison: No, he did not take that well.

Knott: Did he feel that Ford had betrayed him?

Wallison: Yes, I think he did. He never expressed this to me, but I certainly had the sense that he felt that he had been betrayed by Ford. It was his own fault. It was politics. He never did anything to ingratiate himself with people who were going to make the decision about Ford. Ford was under tremendous pressure from Reagan. Rockefeller never seemed to understand. Why would Ford walk the plank for Rockefeller? Rockefeller had the perfect opportunity as Vice President to make himself very valuable to the Republican Party and make a lot of friends. Despite what many of us told him, he never paid any attention to it. He stayed in Washington trying to control domestic policy, which never worked, either.

Knott: Did he feel that you betrayed him when you went to work for Dole?

Wallison: No, he encouraged me to do that. He felt that would be a good thing for me to do and he kind of liked Dole. Dole called him and—Dole was a very charming guy in private and Rockefeller liked people who were very manly and strong. Dole had that image, too. I think Rockefeller liked him for that reason. My working for Dole was fine with Rockefeller.

Rockefeller campaigned once with Dole and I was on the campaign plane, of course, at that time. That campaign was so disastrous it was humorous. We had one event in an airplane hangar. Rockefeller was giving a speech in favor of Dole and there were people out in the audience going like that—

Knott: Giving an obscene gesture.

Wallison: Giving an obscene gesture. Rockefeller started doing the same thing to them, and he's Vice President of the United States. After it's all over, the press says, "Why did you do that?"

and he said, "I never did that." Of course, there were photos of him doing it so he had to admit that he did it.

Meanwhile, I go off with Dole for the rest of the week. I come back into the Vice President's office and he's signing copies of these pictures. People have been sending copies and he's been signing them. I said, "You can't do that! You're the Vice President of the United States. You can't have photos of yourself making obscene gestures."

Knott: Maybe he was saying, "We're number one."

Wallison: Yes, maybe he was. In any event, that just showed, to me, how he began to unravel.

Morrisroe: To what degree did he go on these things with you and Dole?

Wallison: That was the only time he campaigned with Dole, that I am aware of.

Morrisroe: Given what you're discussing, you wouldn't think that that would be seen as a big advantage.

Wallison: No. Rockefeller was a draw, however. People were curious to see him. I can't actually remember where we campaigned, whether it was in the areas of the country where Rockefeller would be popular, in the suburbs, maybe in some of the major cities. We hopped around as you did at that time, making three or four stops during the day. I guess Dole thought—that was the only time that Rockefeller campaigned with him, so I guess Dole learned a lesson. But Dole was no major campaigner himself. He was really pretty dreadful.

Knott: Yes, you said that this was an awful campaign. You were referring to the Ford–Dole campaign?

Wallison: Just Dole. Dole was, I don't know—

Knott: So you were probably not surprised in '96 when his Presidential campaign—

Wallison: He'd changed a lot by 1996. He was a very bitter, bitter person in 1976. I don't know exactly why. I think his marriage to Elizabeth really kind of calmed him down and made him more human. But he was bitter about his war wound in 1976, and that was never very far below the surface.

Knott: That's when he made some remark about "Democrat wars."

Wallison: "Democrat wars," which was just terrible. Actually, I was involved in that a little bit, in that I had a role in briefing him for the debate with [Walter] Mondale. I had traveled with him for three or four months. In these little sessions that we would have in people's living rooms and things like that—Republicans—he would occasionally say that "These are 'Democrat wars' and I sustained a wound," and so forth. Before the debate with Mondale, I wrote down on my yellow pad—I had a long list of things I wanted to talk to him about—I wrote down "Democrat wars,"

because although I couldn't believe he'd really say it in a wider environment, it was one of the things I wanted to talk to him about. There were a lot of things going on at that time. The country was in kind of a recession and there were many problems in Eastern Europe. There were lots of things to talk to him about that were of real substance.

He was having his makeup put on just before he was to go out. I had my list of things and I was checking them off and saying, "Now Senator, this is what Alan Greenspan says you should say when they talk about the economy, and this is what Henry says you should say when—" Then I had something about "Democrat wars," and I thought, *no, no, no*. I skipped over that and went to the next thing, because I just didn't think he would say anything like that. When he did, in the debate with Mondale, I just felt like crawling under the table. It was so embarrassing. It was so terrible. And it was my fault in a way, because maybe if I had said something to him—warned him about it—

It's surprising. Politicians live in kind of a cocoon, because nobody ever says anything negative to them. That's why all these guys are running for President on the Democratic side right now. They all think they can win, because everybody who comes up to them says, "Gosh, you're great. What a great speech. You said exactly the right thing. I'm all for you." You hear that ten, fifteen, twenty times a day. You kind of internalize it, I think, and you think that everyone is for you and you can't understand why you're not doing so well in the polls when everyone is for you. And you think you're really great. You're saying all the right things.

So here's Dole—he's going to these meetings with all these people who are all very sympathetic to him, and he's referring to "Democrat wars" and he's getting positive feedback. He doesn't really recognize that he's only getting positive feedback from a limited group of people and that the world at large is not like this at all. That's what I think happened with "Democrat wars." He got positive feedback from people who said, "You give it to 'em, Bob," after the meetings. Now he's on national television and he says the same thing and it's a disaster. Politicians occasionally do this because an unreal world has been created in their minds. That's why, if I had said something to him while he was getting the makeup put on, it might have opened up a door so he could say, "Ah, yes. That wouldn't be something to say, would it?"

Knott: Would you consider yourself—at this time you're a Rockefeller-Ford Republican. You're not a Reagan Republican. I mean, what do you think of Ronald Reagan at this point in your life?

Wallison: I am a Rockefeller-Ford Republican at that point, with a lot of sympathy, or admiration, for what I saw in Ronald Reagan. I had already gone through that experience with Reagan in the CIA Commission, and in the course of the Ford campaign I ran across a couple of people who had been in the Reagan campaign earlier and were then hired into the Ford campaign because of their particular skills. They would say, "This guy Reagan is really great."

Charlie Black is one I remember very distinctly. I got to be quite friendly with Charlie. I don't know exactly what he was doing on the Dole campaign but I think he'd been a long-time friend of Dole's and Dole brought a lot of his friends onto the campaign. Charlie had been in the Reagan campaign. He kept saying to me, "Reagan is a terrific campaigner. You Rockefeller

people should look at him carefully.” I said, “I’ve been impressed with Reagan.” That was as far as we went in discussing it. But I considered myself at that point still what you might call a moderate Republican.

Knott: Did you think of Reagan at this time, at least ideologically, as being perhaps a little too extreme?

Wallison: Probably, although I don’t recall, exactly, but I probably did.

[BREAK]

Wallison: It is said by all of the sophisticates in Washington that no one should keep a diary if he’s in the government. I dissent from that. I think it’s very valuable, not just for the history. It’s very valuable to the person who is keeping the diary to have one. The reason is you are making decisions every day on the basis of facts that are before you.

Later on—a year later, two years, five years later—when the question comes up why you made a particular decision, it is extremely hard to reconstruct why you did that. Not only is it a problem with memory, but it is simply a problem of perspective. You really have lost that sense of involvement that was very important at the time. The things that were important to you, the pressures which were brought upon you at the time, are lost to your recollection.

If you have kept a diary you can say, “This is what I knew at the time. This is who was telling me this, this is who was telling me that, and I made the decision on that basis.” It is going to be invaluable to you. I can’t frankly understand why people who are in the government are afraid of keeping diaries, because it seems to me that the worst thing for anyone is to be questioned later and not be able to explain very clearly why he or she made a particular decision. That’s where most people get into trouble. It allows a lot of people to speculate about the worst possible motives you might have had in making a decision. And they do, indeed. That is what people are most interested in. *What is the worst possible motive he could have for having done that?* That becomes the reason he did it.

In fact, most of these motives—people do things for very benign reasons they think are right at the time. But we are living in a time right now when the motives of people in government are widely distrusted. These people are in there to make money, to press some sort of ideological cause—any number of other invidious explanations. However, most of the people are there because they want to serve the country and they get caught up in the toils of these controversies and they get destroyed. So I would say to anyone who goes into government, “Keep a diary. Keep a careful diary, as careful as you possibly can, because it will be invaluable to you in the future.”

It was to me. In the Iran-Contra matter it actually may have saved me, even from indictment, because it became clear when [E. Lawrence] Walsh’s people read through my diary that I did not intend, in any way, to manipulate the President’s testimony. The diary makes that very clear,

because, step by step, I recorded what the problems were and what I was doing and why I was doing it, for weeks on end. When they read that, it became very clear my motives were completely benign. Although, looked at from outside, you might say I was attempting to influence the President. For that reason alone, I would say one should make sure that he or she keeps a diary in government.

Knott: We were moving chronologically and I guess now, unless there are any more questions about the Ford years or the CIA Commission, we'll move closer to the Reagan era. Were you involved in the 1980 Presidential campaign, in the transition at all—anything?

Wallison: No.

Knott: Were you supporting anyone in particular?

Wallison: I was supporting Reagan, but I was just a lawyer in New York. I don't think I even made a political contribution. I don't think anyone even approached me about it.

Knott: How did you become General Counsel of the Treasury Department?

Wallison: When Reagan got elected, I was then interested in that job. I had a number of friends in Washington who put my name forward.

Knott: Do you know who those people were? Do you mind?

Wallison: I'm not entirely sure. Bob Dole was one who, I'm told, recommended me. That was very important because Dole was the Chairman of the Senate Finance Committee and that was the committee that had the most influence over the Treasury Department because Finance handles taxes. The Secretary wants to keep the Finance Committee happy. That was very important.

But I had other friends who were lower down, or not even in government at all. A guy named Richard Rahn, who was the chief economist for the Chamber of Commerce and was a strong supply-sider, had been one of the early supply-siders, and was one of the people who recommended many of the economists who eventually joined the Treasury Department as part of the economic team for Reagan. He recommended me. He's been a long-time friend of mine and a colleague in the Ripon Society, of which we both were members. Those things got me an interview with Regan.

Knott: Whom you had met before?

Wallison: Never. I never had met Regan. I knew of Regan, because I'd done some work for Merrill Lynch. Anyway, I already knew of Regan just from reading the business pages. But I never had met him until I went for the interview with him. Anyway, no decision, no decision. I kept reading in the paper someone was appointed to Assistant Secretary for Economics, and Assistant Secretary for Tax Policy, and then the Deputy Assistant Secretaries were all appointed, and still no decision on the General Counsel.

It happened that they'd chosen someone else to be General Counsel, a fellow who is the managing partner of one of the largest firms, the largest firm, I guess, in Philadelphia. I don't remember his name. Drew Lewis, after his name circulated, apparently said to them, "This guy supported Carter." They quickly retreated and Regan said something like, "Get me another name." Someone said, "What about this guy, Wallison? He's at the bottom of the pile here." And Regan said, "Okay. All right, Wallison." So they chose me.

Knott: You weren't brought in to meet him first?

Wallison: I'd met him already. There'd been an interview process in February and I had been interviewed, but apparently I had not blown him away. They chose someone else. But for some reason, then, in this welter of confusion when the candidate they wanted was found to be unqualified by reason of having supported Carter, I was selected. Regan had to move quickly, because the President was attacked in an attempted assassination on March 30th, I think. He wanted a report on the performance of the Secret Service by the General Counsel of the Treasury, so they had to have a General Counsel. Once they decided on me, they rushed me through and I started shortly after that.

I left for Washington on April 15th. I mailed in my tax return and got on the plane. That was the beginning of it. But I'd only met Regan once at that point.

Knott: Were you able to joke with him later about the process by which you—was he somebody you could joke with?

Wallison: Oh yes, you could certainly joke with Regan, but I never raised that subject with him, not because I was concerned about it; it just never seemed to be the right time to joke about it. But other people told me about the mess that had occurred just before my nomination.

Knott: Could you tell us about this post-assassination-attempt performance review?

Wallison: Sure, I can tell you what I recall about it. It was really fascinating. Most of the work was done by my staff. I did a lot of the writing on the final report after consulting with the staff. They did the investigation—talking to ATF [Bureau of Alcohol, Tobacco and Firearms], talking to the Secret Service, taking to Customs—and I thought did a very good, workman-like job. The lawyers in the Treasury Department were really top level professionals. They were terrific. They worked very hard on this. This was one of the more high profile things that the General Counsel's Office had ever had to do, and they did a very good job.

It was somewhat regrettable that on the day we finally published the report, which would have been quite important and gotten a lot of attention, the United States shot down two Libyan fighter planes and that became the story—that, and the fact that Reagan wasn't awakened with the news, which of course just fed the whole idea that Reagan was disengaged and not really President, and all the rest of that.

The report itself drew a number of very interesting conclusions that people didn't know about. They didn't know, for example—and lots of people still don't know, as a matter of fact—that Reagan was hit by this bullet in a most peculiar way—when he was being pushed into the limousine by Jerry Parr, the Secret Service agent who leaped on his back and pushed him through the open door as the shots were being fired.

As they fell toward the seat in the back of the limousine, the bullet hit the side of the limousine and ricocheted through the space between the door and the side of the limousine—that little space when the door opens. The bullet went through that space and hit Reagan in the chest as he was falling onto the seat. It was just a completely freak accident.

That was reported for the first time in our report. I haven't really seen it in many other places, because I don't think a lot of people have really spent much time with the report. As far as they know, that report was simply sort of a management report about what the various agencies could do to improve things for the future and have plans for what happens when a similar thing occurs. But that fact was the most interesting thing in the report.

Knott: There was some criticism, or at least some suggestions, that the intelligence sharing needed to be improved between agencies—a very relevant issue these days, as well.

Wallison: That's right, and it didn't get very much improved, as you can see. You can't do anything about that in the government. I mean, if the President calls in the head of the FBI [Federal Bureau of Investigation] and the head of the CIA and has them meet with him every morning, intelligence will be shared. But Presidents can't do that all the time; they have other things to do. So the agencies fall back to their regular way of proceeding and that is to hold on to the information they have and not share it with others, because information in Washington is the currency of choice. That is what makes you powerful—to have information.

If you give it away, if you're the FBI and you give your information to the CIA, the CIA gets to use your currency, your power. If you hold it for yourself and wait to give out the news to the President or someone else yourself, the FBI is more important. There's a natural tendency on the part of these institutions to hold on to their information. I don't think there's much you can do about that.

Knott: Was part of the problem perhaps attributable to some of the restrictions that had been put in place in the mid-'70s to restrict intelligence activities?

Wallison: That just made it worse. But the basic problem is there, always, and will really never change. It won't change as long as information is important and people have some kind of institutional loyalty. If you are loyal to your institution rather than to something larger, then that's the way you're going to behave, and I don't see any way that is going to change.

Knott: Could you give us some other sense about the kinds of issues you dealt with as Treasury Counsel?

Wallison: My main role as Treasury Counsel—here's where this is generally true. The lawyers tend to do the things that involve new structuring, new thinking about how the government should be structured. I think people tend to see the lawyers as the right ones to do that, because it has to be fit into some kind of structure that already exists. Nobody wants to try to learn what the structure is as it already exists. So they hand it over to the lawyers. Lawyers also tend to do the things that involve scandals and ethical questions and matters of that kind.

So I got involved with the effort by the Treasury Department to deregulate the banking industry. That was something we took as kind of a goal for the Treasury Department in the Reagan administration, because the Reagan administration had the view that market forces should be more important, more powerful, more influential. There was too much regulation in the economy. We ought to reduce the regulation. Treasury is not a regulatory agency. It doesn't have any programs that it runs, especially from the Secretary's office, unlike HUD [Housing and Urban Development] or Agriculture, or many, many other agencies.

Treasury as a whole just administers only a few programs—and even fewer, now that Homeland Security has been set up. Treasury includes the Internal Revenue Service, the Comptroller of the Currency, and a few of the other activities, but these generally are not regulatory programs, and to the extent they are, they don't get to the Secretary's office. The Comptroller of the Currency really runs his own operation, regulating banks. The Treasury has overall responsibility for the health of the financial system and the structure of the financial system, and advises the President on whether changes should occur in that area.

When we came in, one of the things we wanted to do was to eliminate a lot of the regulation in those areas. The Glass-Steagall Act, which separated banking and securities underwriting activities—that is, commercial banking and investment banking were thought of as separated by Glass-Steagall—was something we wanted to change. It was put on my plate. There was an Assistant Secretary for Domestic Finance, Roger Mehle, who is one of my dearest friends now, and we worked together. He was responsible for thinking about the policy and I was responsible for creating the structure for how this would be done.

I started out doing that and developed an idea for how it would be done that was adopted by the Secretary—by the Treasury. Roger left after a couple of years and I stayed on, and became the sole person at Treasury who was responsible for this subject. I made a tremendous number of speeches all over the country—to banking groups, securities groups, financial services groups, and lawyers groups. I did a lot of speaking. That was my portfolio.

That was really what absorbed me—what absorbed most of my time—the whole bank deregulation idea, which developed in the Reagan administration and was finally adopted, as I said in the book, in 1999. The structure that we came up with in 1981 for Regan's first testimony was really finally adopted, with some relatively minor tweaking, in 1999. It became the way that most people thought about how this whole thing would be done.

There were other things that would come up from time to time. Again, it was much like being Counsel to the Vice President, in the sense that, mostly, things just ran on their own. Treasury had things in place to issue the debt and to collect the taxes. The coins got stamped out at the

Mint, and the money came rolling off the presses at the Bureau of Engraving and Printing. There wasn't all that much to do in other areas, but bank deregulation kept me very busy.

The Secretary was an economic advisor to the President. There was a lot of fighting about who would ultimately be the spokesman for the administration. Regan did a lot of that, but I wasn't involved with it, because you didn't really need a Counsel for that sort of thing. I would continue to do my work on this deregulation stuff, and I was called in from time to time when there was a legal issue. It wasn't that often.

Knott: So you would not see the Secretary on a regular basis?

Wallison: No, I didn't. You could force your way into the meetings if you really insisted on being in those meetings, but I wasn't willing to do that. At one point I remember Regan—we were talking about something—I forget why I was there. Regan said, "You're always hiding your light under a bushel, Peter. Why don't you come to some of these meetings?" I said to him, "I'm not invited to these meetings. If you want me in these meeting, why don't you just say to someone, 'Have Peter Wallison in here.'" He said, "Oh, okay. I'll do that." Of course, he never did. So I still didn't get to the meetings.

But I had plenty to do. I enjoyed my time there, because the bank deregulation issue was really fascinating and gave me a lot of visibility, a lot of things to think about. For me, it was a very rewarding and enjoyable time. I stayed at Treasury for four years, about as long as it made sense.

Knott: From what you saw of Regan, can you give us some sense of his management style?

Wallison: Well, Regan—I loved Regan. I was just crazy about Regan. He was a great manager, a great person, and a wonderful boss. Now, I said I didn't see him very much. I actually saw him virtually every day, but in a staff meeting, and that was an extremely important part of Regan's management style. He was very open with the top staff in the Treasury. The Assistant Secretaries, in many cases the Deputy Assistant Secretaries, the Under Secretaries, the General Counsel, and I guess the head of Customs may have been there, and IRS. The heads of the major agencies would come in every day that Regan was in town and we'd have a staff meeting.

It was full of humor. Regan would report on what he had done, who he had seen, the foreign trips and meetings with the President, and the Cabinet meetings. He would talk about that with a certain amount of humor. Then he'd go around the table. "What are you doing?" Then he'd report on what he was doing. Of course, there was a lot of joking and kidding around. He was really great at this. We formed a bond.

I just gave the eulogy at a memorial service for him at the Treasury Department, because he died back in June. I started out by quoting from *Henry V*, "We few, we happy few, we band of brothers." That's really how we all felt about Regan and one another. We've remained friends ever since. Every couple of years we would come down to Williamsburg where he was living with his wife, Ann, and we would have dinner and then breakfast the following morning—all of us together, and Ann. This was really very special. That's because of Regan. He really bonded everyone together.

One of the very interesting things is that at Merrill Lynch he was known as a tyrant. Of course, that spread to the press in Washington. Just like when Rockefeller came down from New York, this aura of Rockefeller being this powerful figure came with him, Regan came down from New York with his own kind of aura, that came from rumors that had spread about him. The “book” on him was that he was arrogant and mean. I never understood this at all. I just couldn’t understand how this view could have taken hold, because he was the most open, the most easy to talk to, person. Yes, he had a temper of sorts. It flashed like that [snapping fingers] and then it went away.

He might throw down his glasses on the desk, or something like that, when he was really angry about something that you had said or what someone had done that you had just reported to him. But he never retained a grudge the way Rockefeller did, when for weeks, you would never hear a thing from Rockefeller, until, for some reason, you had to be brought back into the sacred cloud. In Regan’s case, it was over and you were back as a member of the team. We all admired that about him. The important thing is that he welded everyone together into a group. We all felt we had an important role, that we were with him and we helped him and that he recognized us and appreciated what we did. That’s great management, as far as I’m concerned. In addition to that, he was just a terrific person.

I was told once by a person at Merrill Lynch that when they got everyone together—all the top officials at Merrill Lynch—I think they do this once a year for a retreat of some kind. All the past chairmen attend, and they are “Bob,” and “Dick,” and “Fred,” and “Al.” But it’s “*Mr. Regan.*” He was held in tremendous respect at Merrill Lynch. This all came as a big surprise to me, because we all called him “Don” and he seemed fine with that. I couldn’t understand why it was that when he was in New York he was put on a pedestal and regarded as this remote, unreachable figure, and yet to us he was “Don.” You could joke with him and he was just a pal. These are odd things.

Maybe when he came to Washington he felt uncertain of himself, as well he might, because he’d never had any real Washington experience. He may have felt that he had to kind of open up to everybody to make sure he got the information that he needed in order to operate. If he did, that was very sophisticated on his part—very sensible on his part. That’s my hypothesis.

Morrisroe: Do you have a sense of his relationship during his tenure as Secretary with Reagan or with White House staff?

Wallison: Two different, very different things. Reagan, as you might know, had a very odd relationship with his own staff. While we were at the Treasury, his staff and he were kind of at sword’s point about a lot of the things that Reagan wanted to do. He called them his “team,” but they didn’t look like a team to me. They looked like the *opposing* team. They were telling the press about how Reagan was stubborn and didn’t know what was going on in the economy. They were working on him but he couldn’t be moved. There was [David] Stockman, and there was Baker, and [Richard] Darman, and they were all giving source stories to the press.

Regan, on the other hand—I don't know what his original views were about supply-side economics or Reagan's economic plan—but loyalty and team play were very important. He knew from reading Reagan's speeches and listening to what Reagan said at Cabinet meetings—he knew what Reagan wanted, and as far as Regan was concerned, that's what Regan wanted, too. So his relationship with Reagan was very good, when he got a chance to see Reagan. I don't know how many times that was but it was apparently enough so that he was known to Reagan as a supporter of Reagan's position, whereas a lot of the other people around Reagan were not. I think Reagan gradually understood that was true. He had to persuade his own staff, and not very effectively, about what he wanted to do. But Regan supported Reagan. His relationship with Reagan was excellent, and I think that's why he ultimately became Chief of Staff. I think Regan was quite happy with that.

Regan's relationship with the White House staff was much more turbulent, for the same reason—that is, that he did not think that they were serving Reagan. He was constantly complaining, at least to us, about these stories that we were all seeing in the newspapers. He was trying to identify who might have said this, and who might have said that, because, of course, there are no names attached to these things. He was obviously upset by what he was seeing, because to him, this wasn't loyal. He was a Marine, and *Semper Fidelis*, from his point of view, was his motto. That was extremely important to him. He couldn't understand why the White House staff would behave the way it was. He was hostile to them and they were hostile to him. They tried to keep him out of meetings and things like that. He eventually prevailed, because Reagan liked the cut of his jib and it's very hard to keep the Secretary of the Treasury from seeing the President.

Knott: Do you recall Regan's assessment of Stockman?

Wallison: No. I know that he disfavored Stockman because of this loyalty question. There was also a rivalry, obviously, between them. At the very outset of the administration Stockman had constituted himself as sort of the economic spokesman. Even before I went to the Treasury, I heard from people who knew Regan—Bill Casey was one and Bill Rogers was another—who were both at the law firm I was with, who had said that Regan was trying to establish his dominance in economic policy over Stockman. And eventually he did. But that's because of many missteps that Stockman made that brought him down, so to speak. But as to the relationship between them—it would be hard to assess, because there was a power rivalry, and the relationship would be colored by that rivalry. I don't know what he thought of Stockman, whether he thought Stockman was smart, or whether he thought Stockman was manipulative. He never expressed any of that to me.

Knott: Do you recall any comments or observations of his about either James Baker or Richard Darman?

Wallison: Only what I just was mentioning, and that is that he was very suspicious of Darman and Baker because of the stories that were coming out of the White House. He regarded them as not loyal to the President, as serving themselves, and he didn't like that.

Knott: One of the issues you dealt with, and you talk about it in your book, was this tax-exempt policy—

Wallison: Oh, Bob Jones [University]?

Knott: Yes, right. Can you talk a little bit about that?

Wallison: This was interesting. Reagan avidly read *Human Events*, which is a very conservative, socially conservative, newsletter or newspaper. He would read *Human Events* and make little notes in the margins. There was a note in a *Human Events* piece about the fact that the Court of Appeals had upheld the Internal Revenue Service's position that Bob Jones University, which restricted dating between blacks and whites, would be deprived of its educational tax exemption. In other words, the IRS had determined that it was against national policy that such a restriction existed and since it was against national policy, even though the school was otherwise an educational institution, unchallenged, and was otherwise a charitable organization, unchallenged, the school was not entitled to a tax exemption, even though the statute said nothing about national policy.

Reagan read that in *Human Events* and made a note in the margin—"I don't like this," or "look into this," or "this is not good." Those little notes were circulated through the administration to the appropriate agency, and in this case the note went to the Department of Justice. Because Treasury obviously was in charge of the IRS, Justice then approached us and said, "We think we ought to appeal this to the Supreme Court, this decision by the D.C. Circuit Court of Appeals. The court should have overturned the IRS's decision, which gives the IRS too much discretion. Who are they to determine what is national policy and to decide, on the basis of what they view as national policy, who is entitled to a tax exemption? That was the argument.

That was an appealing argument, actually, to me, and it was certainly appealing to many people at the Justice Department; however, it was not a politically sensible thing to do. Yes, it wasn't good to let the IRS have all that power. On the other hand, it would be very difficult to explain why the administration would seek to overturn a court decision supporting an IRS position that a school that engaged in discrimination between whites and blacks—discriminating against blacks—was entitled to a tax exemption. This is really hard to do.

Actually, I had two levels on this. I agreed with the theory that the Justice Department was developing and helped them develop it. On the other hand, all senior government lawyers carry a certain portfolio for making political decisions, too. When you make a recommendation to your client, the best lawyers in the government will say, "Here's what the statute says. Under that language and the legislative history, you can do the following three things, four things, five things." That's what a lawyer should say to his client. "You have a choice." Presumably, there is a choice.

But there's also one other thing: there are probably six, seven, and eight possibly authorized things, but they are politically so unsound that they shouldn't even be in your memo. Or, if you feel they're highly controversial and talked about, then you put them in the memo and you say, "But the politics of this are not good, so my view is you should keep away from this, even

though, if you chose it, you would be on legally sound ground.” It’s important for you to give your client a sense of the politics of the situation.

I was torn here. I understood that we couldn’t really allow the IRS to have so much discretion that it could decide what national policy is. On the other hand, this was going to hurt the President a lot if we tried to overturn this decision.

I wrote a memo to the Secretary and the Deputy Secretary, who was really leading the charge. The Deputy Secretary, Tim McNamar, was really the person who had this bit in his teeth. Regan really had almost nothing to do with it. McNamar was handling the whole thing and I was working with him. I wrote a memo to Regan and McNamar and I said, “Yes, I understand the theory. The theory works. It’s right, in terms of what Reagan wanted to accomplish in office. On the other hand, we shouldn’t do it, because the politics are going to make everything else Reagan wants to do much harder. So in this case, I was doing both those things.

The Justice Department was much stronger on this than we were. Two other things were happening in the Justice Department at the same time. They had the IBM case and the AT&T case, both of which were very important anti-trust cases that had been started during the Carter administration and carried over to Reagan. We were continuing discussions with Justice on what we ought to do about the Bob Jones case. I was at a conference on banking in Santo Domingo when I got a call, “Come back to Washington. We’re going to make a decision on Bob Jones. We’re going to announce it on Friday.” I said, “Okay, I’ll come back to Washington.”

I got all kinds of wonderful treatment that I’d never gotten before. I arrived in Miami from Santo Domingo and there was a Customs official there who gave me an envelope with all the statements that were going to be made. Then they conducted me to the plane, and they put me on the plane to Washington. When I got to Washington, there was a car waiting to take me to the Treasury Department. I couldn’t figure out why I was getting all this VIP treatment until I got to the Treasury Department and found that everyone else had left. I was the only one who would be presenting the administration’s position. The Deputy Secretary was on his way to California. Regan was away for the weekend. The Assistant Secretary for Tax Policy had gone to his summer home, or something like that.

I was the only one there, so I had to make the announcement of the position that the administration was taking, which was to overturn the Court of Appeals’ decision. Because I made that announcement, I was then on television, quoted in the newspapers and all the rest of those things as though I’d been a key supporter of this decision, which, actually, I didn’t think we should have made. But I did it. It was my job.

It came to be a very difficult time. There was an explosion of opposition. It was the first real press frenzy of the Reagan administration and Reagan really felt that he had been blindsided, because he’d made a little note in the margin of his *Human Events* issue and his administration had turned it into a gigantic scandal. Not smart.

This happens all the time at the beginning of administrations, because people come in and suddenly they feel a rush of power. They think they can do just about anything. That’s what they

thought in the Reagan administration. *Sure, this is what Reagan stands for, so we're going to go right ahead and do it*, without thinking very much about the politics of it. And so we got ourselves into really big trouble. Reagan pulled back from this and he was really, I think, quite horrified, because the man never wanted to be considered racially insensitive, let alone a racist. And yet, that was how he was being presented in the press.

We rushed out some legislation that would have supported what the IRS did, so that at least they were channeled through legislation instead of having the broad power to decide what national policy was. But by then it was really too late. The public relations battle was over. We were slaughtered.

They held hearings in Congress and I was up there with McNamar and two guys from the Justice Department. The lights were on. It was national television, live. It was one of these things like Army McCarthy hearings, like Watergate. They lashed us and lashed us, Republicans and Democrats. Some of these guys got up, shook their fingers at us and then stalked out because they were allegedly so angry at this horrible thing that we'd done. I felt pretty terrible about it, actually.

But we survived it. The lesson to me is that when you're a lawyer—yes, what I said before—you have to be able to tell your client what he can do as a legal matter, but you also have to add to it your sense of the politics, because frequently you have a better sense of the politics than the person at the top, for a variety of reasons. You've been studying the issue longer and he/she is heavily involved in other things and may have compartmentalized this whole thing—doesn't understand where the issues really are and where the groups are.

We got badly burned on that, but it was a lesson to me and I think it was a lesson to all of us. After that point I think the administration was a lot more careful about the things they did.

Knott: It is kind of incredible that it got as far as it did without somebody in that immediate circle not—

Wallison: I know. When you have two agencies involved, Justice and Treasury—I don't know this for a fact—I think each agency may have thought the other one was checking with the White House and neither did it.

Oh, I mentioned IBM and AT&T and I forgot to close that loop. Justice was going to settle these cases, and the reason that we announced the Bob Jones case decision on that particular day—which was a Friday, of course, because in theory few people read the Saturday papers, so you announce your bad news on a Friday night. The reason we made the announcement on that particular Friday was that the Justice settlements with AT&T and IBM could be interpreted to be favorable to the companies. The Justice Department knew that if we also announced Bob Jones, that would take over the press, all the coverage, and no one would pay very much attention to IBM and AT&T. They were right.

In fact, William French Smith, the Attorney General, got the Bob Jones decision announced on that Friday by going to Regan after a Cabinet meeting and telling him, "You know, Don, we

really ought to get this Bob Jones thing settled. We've gone through it all. We've done all our analysis here. We think it's time to do it. How about Friday?" Regan, knowing nothing about it and having had nothing to do with it, really, said, "Fine, Bill. You want to announce it on Friday? We're ready." They started preparing all the papers and then they all got on planes and left. They brought me in, rolled me out, put me in front of the cameras. It was great.

Nemacheck: What would have been the correct procedure? I mean, where would this have gone in the White House if, in fact, there was consultation?

Wallison: First of all, it would have gone to Baker. It would have gone to Deaver. They would have said, "What? Are you guys out of your mind?" or something like that. It might have gone as far as the President, but probably it wouldn't have. Probably it would have just gone as far as the White House political people, who would have said, "Hey, we don't want to do this," but it didn't happen. As far as I could tell, it didn't happen.

Knott: I think Lou Cannon talks about Deaver eventually swinging into action once the firestorm hit to try to straighten out the President's image—I think even bringing in some black members of the White House staff.

Wallison: Yes, they called in Thaddeus Garrett [Jr.]

Knott: Right.

Wallison: I knew Thaddeus. It was really a terrible, terrible time. It wasn't as bad as Iran-Contra, because it didn't last as long, but in terms of what it did to Reagan's image it was pretty bad, because he really looked as though he wasn't in control of his own administration. What's more, because many people think of conservatives as closet racists, a conservative has to be very careful about that sort of thing.

Knott: This event—did it alter your view of the press at all or were you already fairly jaded?

Wallison: No, actually, it didn't. I don't recall that it did. I thought they were doing what they would do under the circumstances. I didn't think this was an example of the press behaving badly. This was really a legitimate news story and they had people to quote who went on the record. They were right. But it was still a press frenzy in the sense that everything was dropped for maybe a week and they did all these tick-tocks—stories about how this decision was made, every step of the way, who talked to whom, and when. There was a great deal of attention paid to it and the Democrats reveled in it. They had just a wonderful time with this, as well they might.

We really shot ourselves in the foot, both feet, on that one. But it ended and people forgot about it. It didn't help Reagan's image at all. It made it much tougher for him when he had other controversial things to propose. That's what happens—it weakens you.

Knott: You talk in your book about this incident with the IMF [International Monetary Fund] replenishment. Do I have that correct?

Wallison: Yes.

Knott: You deal with it fairly extensively, and we're trying to discover new material here, but why don't you, if you could, if you don't mind walking us through that and what you saw in Regan from that event.

Wallison: Treasury is the agency that deals with the multilateral development banks—the World Bank and the International Monetary Fund, as well as all the others. We had the lead in the replenishment of the capital of the International Monetary Fund. Now that you mention this, I do remember one other thing that I did that took a lot of my time, having to do with the financial problems of Mexico, Argentina, and Brazil, and we can talk about that. I just had forgotten about it but it is important and it's part of the same story.

The International Monetary Fund has commitments from the countries that are members, and those commitments are like letters of credit. You don't actually give the Fund any money but you give it a letter of credit that says, "When you need to draw on my dollars, you come to me and I will provide you with the dollars." On the basis of those letters of credit, the International Monetary Fund can borrow money from the private capital markets. It leverages the credit that it gets from the countries that are members. The United States, of course, is the largest contributor to the International Monetary Fund. I think we supply about 20 percent—or did at the time—of all its capital.

When it has used up a lot of its capital for a variety of reasons, or because the needs are just larger because the economies are growing, it is necessary to replenish the capital. All the capital has been called and now you have to replenish it again so that it can continue to do what it's doing. This meant we had to get an actual appropriation from Congress in order to promise the International Monetary Fund that when they drew on our letter of credit, we would have the money to pay them.

We started going to Congress, and I actually did participate in this. I went to talk to a number of Congressmen whom I knew, and tried to sell the idea. Congress was very hostile to this because, first of all, it's the International Monetary Fund, which they don't understand. It's just a bunch of international civil servants, foreigners and things like that. Why should we give them any money? Secondly, there was another thing that was very important here: because of the insolvency of Mexico, Argentina, and Brazil, the major New York banks in many cases were, you might say, technically insolvent themselves, because they had so many loans to these countries that it exceeded their capital. To the extent that these countries failed and couldn't pay their debts—repudiated their debts—then that capital, those losses, would have to be taken against the capital of the major New York banks: Chase, Citibank, Manufacturer's Hanover, Chemical—all of them—the great big New York banks.

That was another thing that made this whole thing very controversial, especially with Republicans. Nobody likes big banks, especially big New York banks, and out in the United States in general there's a tremendous amount of suspicion of these Wall Street types. A lot of people, in Congress particularly, and particularly the Republicans, thought that all this effort by the Treasury Department to replenish the IMF was really to provide money from U.S. taxpayers

to bail out Argentina, Brazil, and Mexico so that they, in turn, could pay their debts to the big New York banks—that the whole thing was really an effort to bail out the big New York banks. And who could be less sympathetic recipients of the largesse of the American taxpayer than the big New York banks?

We were having big trouble with Republicans. Reagan had said nothing about replenishment. Some people didn't think that this was Reagan's policy. Reagan really didn't even know anything about it as far as they knew, because, obviously, Reagan had said he didn't know anything about the Bob Jones thing, either. Maybe, in fact, Reagan was not a supporter and the Treasury was off on a toot of its own. So you can have some sympathy for the views of these people.

I went up there and I talked to them, but, "Well, have you ever talked to Reagan himself?" "Did Reagan tell you?" "No, he didn't, but," didn't work. Reagan was trying to get Reagan to say something about this subject and he went to the White House several times. I don't know that he ever spoke directly with Reagan but he certainly spoke to the White House staff. He asked them to put a couple of paragraphs in the President's Saturday radio address, which seemed to be the most appropriate place, which would put Reagan on the record in favor of the IMF replenishment. And nothing happened, nothing happened, nothing happened. We were having big trouble on the Hill, mostly with the Republicans. The Democrats probably would have gone along with it, but the Republicans would not.

Finally, we got word that the President would say something about the IMF replenishment in his Saturday radio address, and we were very happy about that. Then we got word that the President had written it himself and we were going to get a draft, so we shouldn't change the arguments but we should correct the facts if they're wrong. I think it was a Friday. Over from the White House came this yellow foolscap piece of paper—like this, but longer, thirteen inches long—and it's three or four paragraphs in Reagan's handwriting. It wasn't typed up; it was just Reagan's own handwriting. Someone made a copy of it and circulated it among all of us in the top staff. We read it, and it was really great.

It was just beautifully written. It was a great argument. It talked about how the IMF, by facilitating this move, a process of international trade, was going to produce jobs in the United States. And, X number of jobs in the United States are dependent on foreign trade. If there's a collapse in the international financial system because of the IMF's inability to assist in countries with currency problems, then trade would come to a halt and the U.S. economy would be impaired. Great argument, written by Reagan.

There were only a couple of places in it where he'd crossed out a word and inserted a new word. It just read very smoothly all the way down. It's amazing. I saved a copy of it. Unfortunately, I gave it to Edmund Morris, and like so many other things I gave to Edmund Morris, it disappeared. He's got it somewhere in his files, I guess. I hope he didn't throw it out. It was really brilliant.

By that point, everyone in Treasury was very surprised. I was probably least surprised, because I'd seen what he had done at the Commission on CIA Activities in the United States. A lot of

people were really shocked when they looked at it. It was an early example for a lot of people of the fact that we were dealing with a pretty extraordinary fellow. He wasn't what we had been reading in the paper about. That was why the whole IMF thing had some significance.

Now, let me just mention this—the failure of, or the problems of Mexico, Argentina, and Brazil—because I did have some involvement in that and I'd forgotten about it. One of the things we did was arrange for what were called “bridge loans,” where the United States, the U.S. Treasury, used the Exchange Stabilization Fund, a fund of several billion dollars that was held by the Treasury for use in helping to stabilize currency valuations around the world. We would use the Exchange Stabilization Fund to buy dollars, or buy yen, or buy francs, or something like that, in order to adjust currencies. That was what it was supposed to be for. It was much smaller than what the Federal Reserve had to use for this purpose and they did most of the heavy lifting when anyone did it. We didn't do it much in the Reagan administration.

Anyway, that's what the fund was for. In this case, however, we made bridge loans to the IMF or to the country involved until the replenishment came through and the IMF was able to make its own loans, or until they had succeeded in negotiating an agreement with the IMF, because each country, to get an advance from the IMF, had to negotiate an agreement concerning fiscal matters. They will cut their budget deficit to a certain level. They will raise taxes to a certain amount. They will improve trade to a certain degree. All these things are agreements they make with the IMF before the IMF gives them any money. The countries were in very bad shape and it takes a while to negotiate these agreements, so we would make bridge loans to the countries. I participated as a lawyer in the drafting of the agreements for these bridge loans and also worked on some other kinds of unique things.

The Mexicans, for example, sold us some futures in their oil. We paid them \$30 a barrel, as I recall, for a large quantity of oil that would be delivered in the future—Mexican crude, which eventually went into the strategic petroleum reserve here in the United States. That way, we in effect provided Mexico with enough money to meet its obligations over the short term. I worked on negotiating those documents with the Mexican government. That's another thing I did while in Treasury.

Knott: Did you have a lot of interaction with other counsels in the Executive Branch?

Wallison: Yes, a fair amount.

Knott: Could you tell us about that?

Wallison: There wasn't a tremendous amount of that, but there were some occasions where the counsels would get together, where there was an interagency matter. The one thing I remember pretty clearly was we, that is, the Reagan administration, strongly objected to the Europeans' idea for a pipeline that would have brought Russian gas into Europe. We didn't want the Russians to have that kind of economic power over the Europeans as a supplier of the gas. We had a number of different agencies that were involved in keeping that from happening—Commerce, State Department, Defense Department, Treasury—all the agencies that had something they could do to prevent that from happening.

I remember the lawyers all got together to talk about what the legal options were in that area. At that meeting in particular there were lawyers from all of the affected agencies and we went through all the possible legal options that the administration had to stop the pipeline.

There were a few other examples. We did have dealings regularly with the Justice Department, because, if you had a decision that was challenged in court, there was frequently a decision at the District Court, and then, if you wanted to appeal it, you had to get the approval of the Justice Department. You would have to go to the Solicitor General to appeal these cases.

We had one case involving the DIDC, the Depository Institutions Deregulation Committee, which was set up by the Monetary Control Act of 1980. Regan was the Chairman; I was Counsel. It consisted of the Secretary of the Treasury, the Chairman of the FDIC [Federal Deposit Insurance Corporation], the Chairman of the Federal Reserve Board, the Comptroller of the Currency, and the Chairman of the Home Loan Bank board. The purpose of the DIDC was to eliminate interest rate ceilings that existed in banks. When we came into office, all banks and thrifts—S&Ls—could not pay more than a certain amount of interest for their deposits. In effect, banks had a ceiling of 5% and thrifts had a ceiling of 5¼%. That gave thrifts a real advantage over banks. People tended to deposit money in thrifts because they got an extra quarter percent and it was still federally insured, it was thought.

When you eliminated all ceilings, you were also eliminating this thrift advantage, and the thrifts challenged that action with a lawsuit. The Justice Department defended the DIDC. We lost at the trial court level and we wanted to appeal to the Court of Appeals for the D.C. Circuit. I went with my staff to talk to the Solicitor General, Rex Lee, a terrific guy. He had his entire staff lined up in a semi-circle, all sitting in chairs—maybe twelve of them—and I'm sitting in the middle. They want to know what we're going to argue to the Court of Appeals.

I made my pitch about what we're going to argue, why we think that this thing can be overturned, or should be overturned, and so forth. After I got through with all of this, he looked at me and he said, "Well, weak, but not frivolous. I know what we'll do—you can argue." Because he didn't want his office to argue this case, I got to argue it. We lost, as a matter of fact. "Weak but not frivolous."

Knott: You've never forgotten that.

Wallison: Never forgotten it.

Morrisroe: On those occasions when you'd work with counsels from other agencies, the Soviet gas pipe line for example—is that the type of thing that would have been coordinated through the White House Counsel's Office?

Wallison: No, the White House Counsel had very little to do with those things. These were just inter-agency matters.

Morrisroe: And they were just arranged *ad hoc* as needed by the various agencies.

Wallison: It could well be that that has changed. But the White House Counsel's Office under Fred Fielding was really—at least my impression of it was that it was rather narrowly focused. Fred's attention was on ethics and conflict-of-interests questions, and appointments, and things like that. He did not seem to want to get involved in major policy issues. Now, I don't know what he was actually advising the President. He may have been getting involved in policy. When I got in there, I got much more involved in policy than Fred had been.

If I had been the White House Counsel at the time, I probably would have assembled this group in the White House and taken charge of it, because it was a widespread administration policy and it would seem—certainly, the President's policy was strongly involved in it. And the White House has a convening function that is very helpful in a case like that. There might have been an observer there from Fred's office, but we didn't meet in the White House.

Morrisroe: You talked before—with the Bob Jones case, in particular—about a sort of tension, and I don't know that it's always a tension between legal advice and political advice. Did you feel that during your time from being counsel at Treasury to being White House Counsel—the politics, the divisiveness of politics? Is that something that's more difficult to deal with, do you think, as a Counsel, from a Counsel's perspective?

Wallison: Well, no. I mean, I just don't think it's more difficult to deal with. In many ways it's easier to deal with. Politics is pretty easy to deal with, even though it's controversial, because it's gut. You feel it in your gut. There's not much you can say about it rationally. It's a very emotional process. You're saying, "This will not look right. The optics of this are wrong." It's a kind of an intuition.

Now, when you get to the law, then you have to—you can't say, "Well, this doesn't seem right." You actually have to have rational arguments and they are detailed and hard to formulate. Politics is somewhat easier, but it's not "bean bag," as they say. There's a lot at stake, and so in that sense it can be more controversial, but it isn't harder, conceptually.

Morrisroe: Do you think it appears more frequently now than it used to, over your time? I guess I'm wondering if there's movement toward—if we're looking at advisors to the White House, and maybe we'll talk about this when we talk about the difference between the White House Counsel and the Justice Department and so forth, and the Office of Legal Counsel there, but had you become more of a political advisor, as opposed to strictly legal?

Wallison: Well, I really think it depends on the President and what he wants from his Counsel. Boyden Gray was a political advisor to [George H. W.] Bush 41 in a way that none of us were political advisors of Reagan. That's what Bush wanted. I guess he liked Gray's counsel and he felt comfortable with it. I think it will continue to be that way. There are certain things that are bound to occur over and over again, and bound to become more significant because of the centralization of things in the White House.

The conflict between the White House Counsel's Office and the Office of Legal Counsel at the Justice Department is going to go on indefinitely and get more and more serious, because the

White House Counsel is eventually going to take over more and more of that turf. He or she is going to get more and more people on the White House Counsel's staff who will have the resources to take over more policy and legal work that is important to the President.

That will happen, irrespective of the President, unless the President is a really unusual person and goes to the Attorney General instead of to the person down the hall who is the White House Counsel. If he goes to the Attorney General, it would change everything. But when he's going to his own White House Counsel when he has a legal issue, or when the White House staff has a legal issue, taking that issue to the White House Counsel will gradually build up the power of the White House Counsel staff.

Then again, it depends. You always have the legal portfolio. No one else on the White House staff or anywhere else is going to challenge your legal judgments, but whether you get involved in the political stuff will always depend on whether the President says, "Let's get Charlie lawyer in here at this meeting." Or the Chief of Staff says the same thing: "Mr. President, we have this meeting on such and such a problem. We should have a White House Counsel in here." That would probably be the way that the White House Counsel would get involved, but it has a lot to do with whether the President is comfortable with that and whether the Chief of Staff is comfortable. Does that answer your question?

Morrisroe: Yes. I'm sure I'll follow up more later.

Wallison: Okay.

Knott: You mentioned earlier, when you talked about the IMF replenishment fund and the memo, the piece that President Reagan wrote and how some people were surprised—not you, because you'd had that earlier experience—

Wallison: I was a little surprised, because I couldn't figure out how he had gotten all this information about the IMF. Reagan hadn't briefed him. It hadn't come up at Cabinet meetings. How did he know all this stuff? I never did find out.

Knott: I wanted to ask, and this is probably more related to Regan's tenure as Chief of Staff than as Treasury Secretary, but there are a number of accounts that say Regan was one of those people who did not have a lot of faith in Reagan's intelligence, that Reagan sort of had to be protected. He didn't want to let Reagan be Reagan. Darman often falls into that category, and Baker, to some extent, and maybe even Michael Deaver. I wonder if you have any comments on that—about Regan's attitude regarding Reagan's intellect and capacity.

Wallison: I never saw anything like that. Regan never passed a comment in my presence that would endorse that. As I said in the book, I saw Regan being loyal to the Presidency, as well as to the President. Regan had a tremendously broad portfolio, because that is the way Reagan ran his White House—he delegated a lot of responsibility. But in my presence at least, Regan never went outside his legitimate role. When he made a deal of some kind, or decided to do something, he would call the President and check it out, instead of just acting as though his decision was the

decision. I thought that that was the right thing to do. He was doing it right. I never heard him say anything that would suggest what you're suggesting.

Knott: Would you hear this from others? Treasury officials?

Wallison: Nope. I never heard—not about Regan. I've certainly heard it about other people like Baker and Darman. It would surprise me if it were true of Deaver—you mentioned Deaver—because Deaver was one of the—Deaver and Mrs. Reagan were the ones who recommended that Edmund Morris be brought into the White House. That was such an extraordinary thing to do. You'd have to have a lot of confidence in Reagan in order to do that. I think Deaver must have believed that Reagan was capable.

Knott: We have heard this from some of the people who would be classified more as ideologues or true believers—that Deaver was one who made a kind of a deal with Baker, in a sense to try to moderate Reagan's views.

Wallison: Oh, well. That's—oh, yes.

Knott: I guess that is different from—

Wallison: Oh, yes. Deaver was not a true believer. Neither was Nancy Reagan. And Deaver and Nancy Reagan were allies. But I don't think Deaver ever had any sense that Reagan was not fully capable of doing the job.

Knott: Why did you decide to leave Treasury?

Wallison: I'd been there four years. I had three children, and it was time to get back and earn some money, and also just have a more private life, to be a little bit more my own boss. In fact, I had planned to leave early. When I came, when I first joined the Treasury in 1981, I said to Regan and McNamar, "In the summer of 1984, I will not be here." In the summer of 1984 I was planning to leave the Treasury and take the children across the country in a motor home. We were also going to go to the Olympics in California, and then I was going to go back and practice law. As the summer approached, I was prevailed upon not to resign, but to stay on through the end of the term.

Knott: Who asked you to do that?

Wallison: I think McNamar probably did. It could have been Regan, but I think it was McNamar. I took the entire summer off. I left in mid-June and for seven weeks I drove a motor home across the country.

Knott: Was this a mid-life crisis?

Wallison: This was for the kids. It was almost a mid-life crisis for other people. My wife was too smart to do this. She flew out and met us in Seattle. We were already four weeks into the trip. I had just resolved that the kids were going to see the country. They were going to see it at ground

level and the way to do it was to get a motor home. First of all, it was affordable, and secondly, it is a fantastic way to travel in this country. It's great. You meet all kinds of wonderful people in these little stop-off places where the motor homes gather—great people, really. American people are wonderful and they're friendly and the kids met a lot of people they never would have met in our suburb of Washington.

It was a great time, I thought, although the kids hated it. I was completely away from the Treasury. This was the time that Continental Illinois went belly-up and my deputy, Margery Waxman, handled the whole thing. She did a great job. She didn't need me. I'd call in. There were no cell phones at the time, so I'd have to stop at a gas station and put some coins in the pay phone and call in to Margery. "Hey Margery, what's going on?" "Well, you can't imagine—the place is collapsing. The entire financial system is coming to a halt." I'd say, "Sorry, kid. I'm here in Nebraska. Go ahead."

One of the really interesting things about this is—it's not the most interesting, but one of the interesting things—I could not stop my checks from coming. The government runs in a very peculiar way. If you're appointed to a job, a Presidential appointment, you get paid whether you work or not, and there's no way to stop the checks from coming in. I was paid for this summer of driving around the country. When I got back to Washington I contributed everything I was paid to the government. You actually get a tax deduction for that, but I didn't take it. I contributed the full amount that I was paid, because there was no way to stop the checks. They just don't have a mechanism. If you're still in office, the checks keep coming whether you work or not. Strange.

Knott: So your kids really didn't enjoy the trip? Seven weeks you were on the road with disgruntled children?

Wallison: Well, two of them. Our oldest son was 15 and he didn't want to be with his father, let alone any adult. The only people worth talking to in his life were also 15 and there were none of those around. The other ones were 13 and 10, and so it was a little tough for Dad with just those three kids.

Knott: Have they since come around to say that it was a cherished summer?

Wallison: That would be too much. They won't give me the satisfaction of that, but I think they enjoyed it in their heart of hearts. They remember it. We speak about it from time to time.

Knott: You went off to a law firm where, I believe, William French Smith was one of the principal partners.

Wallison: Yes.

Knott: Could you tell us a little bit about him? Did you get to know him at all?

Wallison: No, I never did know him, even when he was at the law firm. I didn't go to that law firm because of William French Smith. I actually went for two reasons: One was one of the partners there was involved in a lot of the banking stuff, which I had been doing at Treasury, and

he was very good at recruiting me. He just kept up with me all the time and convinced me to come to that firm. Also, Ted Olson, who became a very good friend when he was at the Office of Legal Counsel, was from that firm. He had been a long-term partner at that firm and he suggested I come there. Also, after he left government he kept up with me and recruited me. So that's why I went to that particular firm, and I was very happy that I did.

Knott: Did you, in your mind, think that this was it for you as far as government service? That you had done your part?

Wallison: In fact, my reaction to Regan's invitation to come into the White House was really—I was very ambivalent about it. My wife convinced me to do it and I think that she was right.

Knott: What did she say to you?

Wallison: She said, "Nobody turns down the opportunity to be Counsel to the President. We'll get along. Whatever it is, we'll get along. The financial stuff just can't matter that much."

Knott: The biggest thing was the financial—

Wallison: Yes. I was earning some money, finally. I was enjoying that. We could see how we could put the kids through college and all the rest, and then all of a sudden, I'm now not going to be earning anything and we had a big mortgage on our house. I didn't know how that would get done. But my wife said, "We'll do it," and we did it. She did it.

Knott: Any other comments from your Treasury service—anything that we neglected that we should have—

Wallison: There probably are, but I can't think of them. This thing will be kind of out of order, but maybe some of the things we'll talk about when we get to the White House will trigger things in my mind about Treasury.

Knott: Could you tell us, then, the circumstances about how you did return to the White House? You just touched on it, but what prompted Don Regan—

Wallison: Well, he came over to the White House with several people from Treasury who were my pals—Tom Dawson, David Chew, Al Kingon, and Dennis Thomas. All of them were good friends of mine, and when Fielding said he was going to leave, I think their natural reaction—and I hope Regan's was— "Gee, let's get Peter back in here, because we like working with him as a friend." That was it.

In fact, I started to hear—it's kind of interesting in Washington. I didn't even know that I was being considered for this job, except I was over at Treasury having lunch with a friend at the Treasury Department in the Secretary's dining room, and Dick Darman walked in. He was then the Deputy Secretary. He walked in, he looked across the room and he saw me. He came over, sat down at the table and just started to chat. I knew Darman, but I didn't know him that well and

I thought, *What the hell? Why is he bothering to come over and chat with me?* I mean, I'm out in private practice.

Now I realize why he came over to chat with me. He'd heard that I was going to be appointed Counsel to the President, which was not something I knew at the time. That was one of Darman's really good habits—to keep on top of who was important, or could be important, or important to the Treasury, or important to him.

We chatted for a while and then, later that week or shortly thereafter, there was actually something published in the newspaper saying I was under consideration. I spoke to Tom Dawson and he said, "Yes, Fielding's going to leave and I think Don would like you to come in." Then Regan did, in fact, invite me to come in and talk with him, and I tried to get as many commitments from him at that point as I could about what my role would be. He was very forthcoming and said I would go on the trips with the President, and I would have the same office that Fred had—various things that you want to get as part of the package of being Counsel to the President. So it was done.

Then I went to meet the President—I guess it was in February. That was a very pleasant meeting. He was very charming. I think I have a little bit in the book about that. He was just—his head bobbed. He was really happy to meet me, it seemed.

Knott: You say something to the effect that when you said what a pleasure it was to meet—

Wallison: An honor. I said it was an honor, and he got very embarrassed when I said it was an honor to meet him. Right away I got a signal that he wasn't comfortable with people being honored to be working for him or in his presence. I thought, *Gee, that's interesting.* I mean, I don't know how you get that sense, but you get a sense in the person's eyes and his body language and that sort of thing. He's really very uncomfortable with that. It turned out, I think, that everyone else who has written about him, who knew him well, even Deaver, has said he's shy.

Knott: I know you weren't on the scene when the Baker–Regan swap was engineered, but can you tell us what you heard about that? Some people have criticized the President for being almost a passive observer.

Wallison: I cover this a little bit in the book. I think I'm right, and that is—it's strange that no one has noticed this. It was in Regan's book where he said that he had discussed this with Deaver about a week before. Anyone who knows the way the White House works—Deaver went to Mrs. Reagan and told Mrs. Reagan about this, and she went to the President, told him, and he said, "That sounds all right to me," or whatever he said. Of course, when the swap actually occurred he wasn't at all surprised. He'd known about it in advance.

Knott: So the idea it was just dropped in his lap—

Wallison: And that he was completely passive, was not right. We don't know what discussions went on at the time between them—that is, between Mrs. Reagan and the President. He could

have given a lot of thought to it before he said it was okay. We just don't know. In any event, it seemed natural to him that Regan would switch with Baker and tell him about it at that point.

Regan was very loyal and they had really come to a point in the administration where Reagan wanted to consolidate his gains rather than reach out for new fields to conquer. I think he felt he really had accomplished a lot in his first term and this was a time to preserve what he had rather than to try to get more. I'm not sure he even saw that there was much more to get.

In fact, the second term was remarkable for its lack of any great domestic activity; it was all foreign policy. I think what he may have been thinking is, *Regan's loyal. I don't have to worry about Regan. He's going to be on my side. He's going to be in charge of all the stuff that goes on in the government over here, while I am going to try and focus on improving relations with the Soviets, on growing our military capacity, and seeing what I can do to improve security for the American people*—in the way he wanted to do it, which was through greater military expenditure and greater military power.

Knott: This probably came out later—I don't know what the press coverage was saying at the time, but Regan's gruff reputation, deserved or not, was still in the air, in particular up on Capitol Hill after Iran-Contra, after the word came out that this did not treat members of Congress well. I guess I'm jumping ahead here and I shouldn't be doing this. But when you saw him, for instance, as Treasury Secretary, did you ever see or hear any indications that this was a guy who had problems on the Hill?

Wallison: No. In fact he didn't have any problems on the Hill when he was Treasury Secretary, as far as I could tell—I don't know if you've talked to Dennis Thomas but—

Knott: No.

Wallison: Dennis was with him all the time on his legislative activities when he was Treasury Secretary. Dennis was a very capable, very smart guy. I never heard anything, at least while I was in Treasury, that Regan was anything other than a smash hit on the Hill. He would be, because if he behaved the same way on the Hill as he was behaving with us, he was perfect for that kind of thing. He's open, he's direct, he's very masculine. You know—they love that stuff on the Hill. It's like Bush 43. He gets along very well with men. He didn't get along very well with women, but the Hill is not a woman's place. It's still pretty much a man's place and was more so then.

He would have fit in very well in that environment and he was quite successful in the things he did on the Hill. So I would be surprised to find that he had problems on the Hill. I think when he got to the White House it was a completely different situation. It was in many ways like Rockefeller and getting to the White House where the intensity of the glare was so great. In Rockefeller's case he just kind of wilted under it. There was nothing there. When the glare was focused on him, when the attention you get from the media was focused on him, it became clear that there wasn't anything there.

In Regan's case there was so much attention to what was going on in the White House that the way he had behaved in Treasury just didn't work. You have to be out and about among the people in Washington in order to succeed as White House Chief of Staff, or as even a top White House person. You have to go to the dinner parties—that kind of thing—and he was just not particularly interested in that. It didn't matter when you were Treasury Secretary. When you're White House Chief of Staff and a Senator calls you—you're meeting with the President. You're not at your desk. You come back. You have a list of a dozen calls from the Hill. Whose call do you return? And whoever's calls you returned, the people whose calls you didn't return are very unhappy.

That didn't happen when he was Treasury Secretary. He was at his desk when he was in Washington; otherwise he was out of town. It was understandable when he wouldn't call. When he got back he had plenty of time to call people. White House Chief of Staff was a completely different thing. He was a staff person, not the head of an organization. He was overwhelmed, I think, by the number of calls he would get and the chaotic situation that confronted him every day.

Knott: Did you ever get the sense that some of the old Reagan hands, who might have still been in the White House—I realize by this point that a lot of them are either—Ed Meese is over at Justice, or at least about to be, I think—

Wallison: Meese was at Justice. He was when I was there, certainly.

Knott: Did you ever get the sense that there was any resentment from some of the older crowd, that this was an entirely—that Regan was bringing in his team?

Wallison: Oh, yes. Did I get the sense of it personally? No. But you could see it in the newspapers. There was a lot of conflict with the speechwriting staff, who were much more hard line than the people Regan brought in. This is pretty understandable. Remember, when you're a speechwriter you can afford to be pretty pure, pure of soul. When you're a Cabinet Secretary, or the Chief of Staff, or the Deputy Chief of Staff, or whatever, you have to consider the politics much more and what image you're putting out. There was a lot of conflict between the Regan people and that staff.

Dick Darman, judging by what Peggy Noonan says about him in her book, had a real skill at dealing with the speechwriters, probably because he is so intellectual and so smart. So he could talk to them at their level, in their terms, with their words and they would take it from him in a way they wouldn't take it from David Chew, who was the Staff Secretary at the time, or Dennis Thomas, or maybe—I don't know. I never had a conflict with them.

Darman, by dealing with them, avoided a lot of that same problem that the Regan people had. When the speeches came up, David Chew would look at them and say, "This isn't going to work." I have the sense that Darman, in a similar situation, would call them in and talk with them and come out the same way, but he managed them better. In David's case he didn't manage their egos well enough, so he got the reputation—as did Dennis and Al Kingon and the rest of the people around Regan—they got very bad reputations with the speechwriting staff, which

communicates very easily to the press because they are of the same class. They're intellectual elites, by and large, and they get together. They get along very well.

These poor guys became the "mice." This was the word that Peggy had coined for them. That filtered into the press. It was just so nasty. But it was part of this problem of trying to balance the politics against the ideology. Yes, a lot of people thought—then, the sense got around that these people were all moderate Republicans. They didn't know them—Dennis Thomas and Chew and Kingon and so forth—and the thought was that they were not letting Reagan be Reagan. In fact, I think Regan did a lot more to let Reagan be Reagan than Baker did. He just didn't do it with quite the finesse that Baker managed and he didn't have the press that Baker had. Baker was so good with the press that the impression really never got around that he was managing Reagan.

[BREAK]

Chidester: I'd like to clarify something from the first part of the interview. This was back at the radio address for the IMF, the radio address that Reagan had written. You said that some of the people in Treasury said, "The President wrote this?" Does that mean they were surprised at the *President* writing it, or that *Regan* had written this?

Wallison: I think they were referring to Reagan. They were surprised that Reagan had written it. We were surprised that we got something in his own handwriting, for one thing, which really was amazing. Then, people were surprised by the content, the substance of it. It was hard to believe that the guy could have written this when we didn't know where he got all this detail. We didn't understand how anyone could know all of this detail when most of us were completely ignorant about it when we first arrived at the Treasury. He apparently knew quite a bit about the IMF—what it was for, how it worked.

Knott: You became Counsel to the President—this was March '86, is that correct?

Wallison: End of March.

Knott: When you talked to Regan or Reagan, what were the responsibilities that you were given? Did you get into any detail about what you would be doing?

Wallison: I think it was pretty well understood, or not understood, what the Counsel did. I mean, neither Regan nor Reagan would have any real sense of what the Counsel did.

Knott: Okay.

Wallison: Only as they encountered the Counsel on various things. For example, appointments consumed a tremendous amount of time in our office. We had to vet everybody who was appointed by the President. Yet, when those recommendations went up to the President they went from the Assistant to the President for Personnel or Appointments, or whatever it was called, and the fact that the Counsel's Office had spent a lot of time on that would not even be

known. It would be assumed that it had been vetted by everyone who would be involved in this, but there wasn't a sign-off on the sheet for various appointments.

I'm not even sure that Regan or Reagan actually knew what the Counsel's Office did, in full. They never made the assignments. They just said, "You take over, and welcome. You're the Counsel." I had a pretty good idea what the Counsel did.

Nemacheck: Did Fred Fielding—was there a transition period?

Wallison: No. I went in and spoke to Fred. I knew Fred. We just spent maybe an hour together and he told me about the various things that were problems, the various people who were problems, and just sort of laid out where it was that I was likely to encounter the first difficulties. At that point the Deaver thing was pretty hot, but I knew that, too, because I was reading it in the newspapers.

Knott: You flew out to the Reagan ranch the same month, I believe—

Wallison: Yes. In fact, it was almost the first thing I did, if I recall correctly.

Knott: So you were the—

Wallison: I was then the Counsel.

Knott: I'm not asking you to tell us what you talked to them about their tax returns, but do you have any recollection or anything that stands out from your visit?

Wallison: Sure. There were a number of things. First of all, the ranch was very remote. In terms of crow flying, it was near Santa Barbara, but in terms of getting to it, it was quite something. I have a lot of trouble imagining that these two people drove up to this ranch because of the hairpin turns—there must have been two dozen hairpin turns on the way up. I wouldn't call it treacherous, exactly, but it was quite an adventure. I couldn't picture Ronald Reagan behind the wheel driving his car up this road, but I guess—

Knott: Maybe Nancy drove.

Wallison: When you get up to the top, it's quite lovely, in the sense it was a big, wide open space. It really is open to the sky. There's a lot of cleared space around the ranch house, some woods off in the background, a pond, a couple of out-buildings. The ranch house was extremely modest, very modest—I'd say maybe 2,000 square feet, maybe 1,500 square feet.

Inside—one story, painted white, painted boards between beams in the ceiling, a cathedral type of ceiling—but again, just one story, furnished very comfortably but far, far from elegantly. It was not really what you would expect. I would say that it was the same furniture that was in the house when they bought it. It had no particular distinction to it. It was just old, padded furniture, if I remember correctly. There were wooden arms on the chairs, plus cushions, and a couch.

When we drove up to the house, Reagan came right out in his cowboy boots and his jeans, welcomed us, and brought us inside. It was cold and windy that day up there. He was just wearing a regular western shirt; he wasn't wearing a jacket. We came in and sat down in the living room area, which was sort of part of the kitchen. It was all part of the same piece. We just started to talk about things in general, passing the time. "How was the trip up? What's it like down in Santa Barbara now?" Small talk.

Then we got into the tax return side. Really, all we did—I didn't have much to do with this, because I didn't prepare the returns. I was just there to get enough information to brief the press about the returns. This partner of Gibson Dunn [& Crutcher, LLP]—it happened to be Gibson Dunn that did Reagan's work—went through the tax returns page by page. There were no dissents. There were no comments about it. "Shouldn't we have been able to deduct such-and-such?" No one said anything like that. That was it.

We got to the end and Reagan said, "You know, next year I'm not going to release my tax returns. No one else has to release his tax returns, why do I?" I was confronted with my first political problem. He said, "I'm going to do this for Presidents in the future, because if I don't do it, then the Presidents in the future won't have to do it. I think it is really very intrusive."

I was going to say, "I don't think that would be a good idea." I was thinking what I was going to say to this guy that I just met. Fortunately, Nancy Reagan jumped in and said, "I don't think I could stand going through what we'd have to go through if you did that, Ronnie." He backed off. I think she was right about that. It wouldn't have done him any good, because Presidents in the future would then voluntarily make their tax returns available to get the political benefit of it, so he wouldn't really be doing them any good. He'd be doing himself all the harm in the world by looking as though he was afraid to show something that was hidden in these tax returns. But that was an episode that showed me that he was a very idealistic man and not really attuned to politics.

He wasn't a politician. He just didn't think like politicians think. He didn't think about groups—what the press would say and all the rest of that stuff—it just wasn't in his way of thinking. He was up there. I didn't recognize it as clearly. I sort of filed it away and thought, *This is interesting*. I'd worked with a lot of politicians and I knew what their little lizard brains were thinking about all the time and it was always, *me, me, me, me, me, and how people are going to perceive me*, and so forth. This was really very interesting. He was going to take something on himself for Presidents in the future, but he didn't really recognize how narrowly that would be perceived by Presidents in the future—that they would take it as an opportunity to make a point themselves with his sacrifice.

That was it. That was the most memorable stuff about that first trip. Then we came down and I did, in fact, brief the press. I cannot remember whether there was any particular issue that year, whether anything came up in the course of that briefing.

Knott: You talked in your book about the Deaver case as well, but could you add to that? That was something that was thrown right in your lap.

Wallison: Yes, that was my first real contact with the press, in a way. We talked about Bob Jones before, and I said I understood what the press did in that case. The Deaver case was my first indication of how mean and how uncharitable the press can be. The Deaver case was really a trumped up thing as far as I could tell, and they were just out after him. They wanted everything they could get about Deaver. They just wanted to tear him to pieces.

Knott: Why?

Wallison: I don't know, exactly. I think maybe one of the reasons was that he got out of the White House and he became tremendously successful as a public relations person; he was making a fortune. That was the rumor in Washington. Right away, anybody who makes a fortune is suspect with the press, which is woefully underpaid for their services to this country. So he was on the cover of *Time*. For a guy who was a public relations person, you would have thought that he would have realized that was not such a good idea. Then again, it probably would have been good for his business.

Knott: Standing next to his Jaguar?

Wallison: He was in his Jaguar. The door was open. He was on his cell phone, and behind him was the Capitol. Well, the press just went crazy about this. Of course, he had a lot of rivals. Every time Deaver got business he was taking the business away from someone else. It's a zero-sum game in Washington. There were a lot of people who were out to get him and they fed a lot of stuff to the press. It really was terrible. I had a responsibility to Reagan and I couldn't help Deaver. I couldn't talk to Deaver. I couldn't say any of these things, but that's how I felt. I felt very bad for him.

Under Fielding, the Counsel staff had begun a review of the facts concerning the Deaver matter. We finished it up and I sent it over to the GAO, the General Accounting Office. It was really only a statement of facts about what Deaver was involved in, was not involved in, what he had said, what he had not said, which was part and parcel of this question of whether he had violated the ethics rules.

Well, we sent this facts statement over and then there were all sorts of rumors about what was in the facts statement. Again, I felt really terrible, because I had nothing against Deaver. I liked Deaver, and here my name was splashed all over the newspapers as saying, "The White House Counsel Has Written an Indictment of Deaver," or something like that—blamed Deaver for this and that, or confirmed that Deaver had violated the law. I had done none of those things, at least in my recollection. I had to send the report. It was just part of my responsibilities. Then, I couldn't call Deaver. I didn't think that would be right either—to call him and say, "Look, this isn't what these things say."

No one from the press, or not many people—I guess one or two people called me, and I said, "This is just a statement of facts. There is nothing in here that indicts Deaver or says anything about whether or not he actually violated any of the ethics laws." But most of that stuff didn't get into the commentary.

The interesting thing about the Deaver thing, to me, was Reagan's reaction to it—again, part of this business of not being concerned particularly about himself. Most politicians, if a former staffer is causing trouble, cut that cord and float him away. Reagan refused to do that. He just kept coming back despite my advice to him, which was, "Don't say anything about Deaver except that it is being investigated. That's all you should say."

I explained to him why that's all he should say, and that was, "The press will say you're influencing the Justice Department's investigation. If the Justice Department should conclude that Deaver didn't do anything wrong, it would be tainted, because people will say you influenced the Justice Department by sending messages to them." He said, "Ah, yes, I understand." Then some person would yell a question at him and he would say, "This is a real railroad job on Deaver." It was hopeless.

Knott: Must have caused you fits.

Wallison: It did, but you had to feel a certain amount of sympathy for the guy who really felt that. Not only did he like Deaver, but he had the same sense about what the press was doing that I had, which is that it really was a railroad job. They were really trying to get Deaver. It was very hard to convince him to be circumspect about Deaver. Sometimes I succeeded, but many times it just got the best of him and he went ahead and stated what he really thought. That was what was most memorable to me about the Deaver matter.

Knott: So the common notion that Reagan was indifferent to his staff?

Wallison: I never saw anything like that. In fact, as I tried to say in the book, with respect to me, and with respect to the others I saw in relation to Reagan, he was tremendously interested in our feelings and in preserving our dignity. The guy was just a good human being. He's not like a politician. Politicians are not good human beings, by and large. They can be intelligent people. They can be well-motivated people. But when you get to be President, you've normally gotten to be President because you really walked over a whole lot of other people to get there. And you really had the drive and ambition to get there, and there's nothing wrong with that. That can sometimes make you a very good President. But this guy—he just got there some other way.

Knott: Just by chance, have you read Elliot Abrams' account of his ordeal?

Wallison: No.

Knott: He's very bitter about President Reagan not intervening on his behalf with a pardon, I guess, or at least some statement of defense. He's got very much the opposite view of Reagan's loyalty to his—

Wallison: That's interesting. That could be right, too. From my personal experience I didn't see it.

Knott: That's what I'm looking for.

Wallison: Elliot Abrams—he was off somewhere. He wasn't in the White House, someone Reagan got to see very often. My experience with Reagan was completely different.

Knott: Either Christine or Darby, why don't we start asking some specific questions about the White House Counsel's Office? Since I'm not an expert on this, I'm going to hand it over to you two for a while. You can be esoteric, don't worry.

Nemacheck: I have a question just in terms of organizational structure. Was it a situation where you really reported directly to Reagan and you didn't go through Regan?

Wallison: Mostly, I went through Regan, except for special things. There were several episodes having to do with executive privilege, having to do with Iran-Contra, where Regan wasn't present. Regan made the appointment. Regan did control his calendar—Reagan's calendar. Everyone, with the exception of [John] Poindexter, funneled through Regan when Regan was the Chief of Staff, and I did that myself.

I did see Reagan a lot because we had what we called "issues lunches" every Monday. The top staff would have lunch with Reagan in the Cabinet room on Mondays. You got to see him at least every week, apart from the things that you were working on for or with him. I saw him a lot and had a chance in that environment to talk to him, because we would go around the table and I would talk about the things I was working on, and he would occasionally ask a question or pass a remark.

Nemacheck: And the White House Staff was—

Wallison: Just the top White House Staff, that's right.

Morrisroe: I have a general question. Could you just paint a picture for us about your expectation about what your role and responsibilities would be. You said they seemed fairly straightforward and clear to you when you came in, but if you could just share with us, either on the basis of your conversations with Fielding, or your understanding of the office—

Wallison: I understood the office, because I had been at the Treasury for a while. First of all, I understood what a government lawyer did. That's the basic idea. I mean, I did understand that process. I'd also been in the Vice President's office as the Vice President's Counsel and in that capacity I'd worked with the Counsel to the President, who was Phil Buchen.

Actually, there's an interesting—if you really want to hear about something concerning Rockefeller, I have another story I just remembered.

Knott: Please do.

Wallison: The head of the Commission on CIA activities in the United States, the staff head, was a guy named David Belin. Belin was one of the authors of the Warren Commission report, and he was well known to Ford, who was on the Warren Commission. Ford recommended him to

Rockefeller. Rockefeller hired him to be the head of his staff, which consisted of about six lawyers. I was working for Rockefeller, so I had access to everything they did.

At some point, someone wrote, or talked to Rockefeller and said, "David Belin has written a book about the Warren Commission and he's going to write a book about the CIA Commission." Rockefeller got very upset about that idea. He called in Belin and he said, "I want you—" Belin was already hired. He was already working— "I want you to promise that you won't write a book about this." I was not in the meeting so I don't know how he said it. I don't know a lot of things about it. Belin said, "I won't make that promise. I might write a book. I have no plans to write a book, but I might write a book, and I won't promise you that I won't write a book."

Rockefeller got very angry about that. First of all, he was Rockefeller and people didn't say no to Rockefeller an awful lot, especially people he'd already hired and were on his staff. Secondly, I think he was legitimately worried about whether someone would write about something as sensitive as the inquiry that was then going to go forward into the CIA. As usual in such cases, things escalate. Rockefeller takes the issue to the Commission. He tells them that Belin might write a book. They say, "Belin shouldn't write a book."

Belin, meanwhile, says he's no longer working for the Commission, really. He's the counsel for the American people. It's not just the Commission that's hired him; he has the mantle of all the American people. He's trying to discover the facts for them and no one is really going to tell him that he can't write a book. Things really got very hot and nobody knew about this in the press. Nothing had gotten out yet, but it was really getting to be bad. You have to remember the time. This was right after Watergate. The Commission was established because there was this sense that the government was out of control and was interfering with the rights of the American people and with Watergate there were all these black bag jobs, and all that stuff that the Nixon administration did.

When it was announced—when it became clear that the CIA had spied on the American people—it was a big issue. Here was Rockefeller, head of this Commission that was supposed to look into this issue, now posturing himself so that he was going to fire David Belin. Or it looked as though that's where it was headed, while Belin was saying he's just trying to get at the truth and Rockefeller was trying to suppress the facts by refusing to allow Belin to write a book about it, or whatever else Belin was going to say. It was going to get very bad. Right in the middle of a situation where the American people were already quite hostile to their government because of what they learned about Watergate, and there was a Senate hearing going on under Senator [Frank] Church, and they were pounding on the CIA. It really was a very dicey time.

I walked into Rockefeller's Chief of Staff's office, which was a little office off his office in the Executive Office Building. Rockefeller was signing letters. He's on his way to New York for the weekend. Things have really gotten very dicey at this point, and he and Belin were not talking. Belin was hibernating over in the office of the Commission staff. Rockefeller was boiling mad and he's signing letters prior to getting on his helicopter, going to the airport and going to New York. He says to me, "I'm going to fire Belin before I leave." He had a letter there that he was going to sign that was to be used to dismiss Belin.

I said, "Governor, wait." (Rockefeller, although he was Vice President, preferred to be called Governor. He thought being Governor of New York was his singular achievement.) I said, "Give me the weekend to see what I can do, because I don't think it would be a good idea for you to fire Belin." And he said, "All right, Peter, you're my counsel. If you don't solve this problem, I'm going to fire Belin on Monday." Then he left. He went home to New York. Belin had already left, too. He'd gone back to—I think he's from Kansas City. I didn't know what to do. I called Belin and I said, "Look, things are really bad here. You're a friend of Ford's and this will do great harm to Ford if you are fired, but Rockefeller would like to fire you. I'm trying to work out something so this doesn't happen. Would you come into town early on Sunday so we can meet with Phil Buchen?" Phil was the President's Counsel. I wonder if Phil is still alive. Phil was a very senior, very well-respected person who'd been a long-time friend of Ford's and a former law partner of Ford's when Ford practiced law in Grand Rapids—a man of great dignity, white hair, who looked like a really great corporate lawyer.

I called Phil and I said, "Look, we really have a big problem here with Belin," whom he knew too. I said, "We've got to solve this problem." Belin did fly in early on Sunday and we met with Buchen. I guess Buchen and I had developed a way of approaching him. We said, "You say you are counsel for the American people, but you're also serving as executive director and, in effect, counsel to this Commission. As a lawyer you're going to be subject to certain restrictions—privileges—because your client Commission is going to be divulging things to you. You are bound by some kind of canon of ethics having to do with attorney-client privilege."

He had to agree that there was something like that. We said, "Now, if you were to write a book, you would have to agree that there's a privilege on the part of the Commission as to what you were publishing." He said, "Well, yes, maybe there is." We said, "Why don't we just agree that you will behave as the counsel for the Commission as though you were counsel for any other client?" He said, "Well, maybe I could do that." That kind of got us out of the issue.

Then I went to Rockefeller and I said to him, "Belin has agreed that the Commission has some kind of privilege, an attorney-client type of privilege about what he would disclose." And Rockefeller said, "What does that mean?" I explained that without the client's permission a lawyer can't disclose facts that his client has disclosed to him as part of a litigation or any kind of controversy. Rockefeller said, "Does that mean that he won't publish a book?"

I said, "No, he won't promise not to publish a book, but he did say that he would abide by the restrictions that a lawyer would abide by in a privilege situation, and that's pretty good." I don't know if Rockefeller understood fully. It wasn't a very good argument because, in fact, it's not clear to me that there really is a privilege. But Belin seemed to think there was a privilege in this case, so Rockefeller said, "All right, let's go on that basis," and he explained that to the Commission—why he wasn't firing Belin. They went on from that and Belin never wrote a book.

That was actually a very serious problem, because if Rockefeller had fired Belin—and he could well have done it; he was that impulsive—it would have been catastrophic under the circumstances we were in at the time. The way the American people felt about the government

after Watergate, it would have looked terrible. But we avoided it. It's actually one of the things I'm happy I did. I just forgot about it.

Knott: I'm glad you remembered that.

Wallison: A very interesting episode. Okay, let's go back to where we were. We were talking about—oh yes—I knew what the Counsel to the President did because I'd seen it during the Rockefeller period and then I got a sense of it when I was in the Treasury. I was pretty well informed about this. I figured that the Counsel probably advised the President on legal issues and vetted the nominees and was involved in judicial appointments and probably handled any kinds of crises that came along. I didn't understand the full scope of things, but that was basically what it was anyway, plus advising the President on legislation.

And, in our case, dealing with a rather rambunctious Justice Department, which was—this was a really unusual thing. I'm not sure anyone else ever faced this, but the Justice Department when I was there was very assertive about a number of things. They had in their minds—and I'm not sure they're wrong about this—that the President could, in some way, influence the way that legislation was interpreted by issuing a signing statement at the time that he signed legislation. I don't know whether they came up with this idea but they were well along the track when I came there.

These signing statements that came over from the Justice Department were just terrible. I didn't think they were particularly well written or reasoned, but they also kind of contradicted the positions that the administration had taken in negotiating some of this legislation. They advanced legal theories that didn't seem to me to be very sound. Reagan had to put his signature on these things, which I thought was my responsibility. I was not going to let him sign something that people were going to ridicule, even if it was prepared by the Attorney General.

I ran into this problem again and again with the Justice Department. They would call me, "A signing statement is coming over to go with such-and-such a bill that the President is going to sign, and the Attorney General has reviewed it himself." [T. Kenneth] Ken Cribb was his assistant. He would call me and say, "The Attorney General has reviewed this himself, and he doesn't expect any changes to be made in it." The "AG" is what they called him. I said, "Okay. Well, thanks Ken, I understand."

Then we'd get the thing over and we'd either throw it out or we'd re-write it so it sounded like something we thought Reagan should sign. And this enraged them. They kept saying the Attorney General was going to go to the President and complain about us and so forth. If he did, I never heard anything about it. Regan agreed with me and Regan was really the one who they'd have to get through to get to the President to talk about this stuff. If Meese did it or attempted to do it—I don't know that it happened. In any event, that was something that I hadn't realized even was occurring when I went in. That was a complete surprise to me, and the fact that I got into such an adversarial situation with the Justice Department was a bit of a surprise.

Morrisroe: Was it OLC [Office of Legal Counsel], do you think, that was fashioning these?

Wallison: No, it was the agency within the Justice Department that had the interest. For example, if it was an environmental issue, the environmental group seemed to be writing these things. I never had any trouble with OLC. [Charles J.] Chuck Cooper was the Assistant Attorney General in charge of OLC, a very straight guy who played it right down the middle, a real lawyer's lawyer. We had no problems. He was not an ideologue. He wasn't trying to make some sort of political point. Everything was right down the middle. I never had any trouble with him on this. It was all these other people who were over there.

Morrisroe: They clearly had the AG's backing for this role.

Wallison: Oh yes, I don't think they were making this stuff up. Meese was certainly behind this, and so we had a lot of controversy. It was kind of unpleasant for that reason. I don't think I'd recognized that signing off on recommendations to the President concerning legislation was part of my job. I just never thought about it. I guess if he's got to sign legislation, it goes through OMB [Office of Management and Budget]. OMB does an analysis of it. The agency that sponsored the legislation, that worked it through Congress, did an analysis of it. The other agencies would weigh in, to the extent they had an interest, and then it went to the President. It really never occurred to me that I had something to say about it, but in fact, we did an independent analysis of it in my office. We had our own view on the legislation.

In one case—I can't actually remember what it was specifically—having something to do with a bill concerning vaccinations or something of this kind, the Justice Department had worked up a piece of legislation that passed Congress. This was Justice Department's legislation. It was coming down the track. It was endorsed by OMB and it got to us as a kind of final step. There was something about it I just didn't agree with, although I can't remember what it was. It didn't make any sense to me what they were proposing.

I remember a lot of people from the Justice Department coming over and arguing with me about it, explaining that I hadn't been involved in it, that I should keep out of it, and that it wasn't any of my business. They were right. But, I thought, the President is supposed to sign these things. He's at least entitled to the view of his Counsel. Ultimately, the President didn't sign it. I think he vetoed the legislation.

I wasn't the only one who was concerned about it. HHS [Health and Human Services] was concerned about it, and maybe one other agency was concerned about it, and I took their side. It got very hot. Again, commenting on legislation was not something that was part of the job I'd envisioned, and maybe I was stepping a little bit out of bounds, but I kept considering myself as having a legal role. This was a law. I thought at least I had some jurisdiction when the President was supposed to sign a law.

Morrisroe: So you would review it not only for legal soundness and phrasing, but also from a policy and substantive standpoint?

Wallison: We didn't do it a lot, but in this one case—this is the one that really jumps out at me when I try to remember the controversies that I was engaged in, and things that I hadn't really thought were going to be part of my job until I got there. That was certainly one of them.

Morrisroe: Did you ever consult with the counsels in the agencies early on when they were drafting or fashioning legislation?

Wallison: No. It would be a very rare event that I would even know about legislation that was coming along. I did consult with the counsels of the various agencies on things that were legal problems from their point of view. I don't remember what these things were, specifically, but it was interesting to me, because they came to me, rather than to the Office of Legal Counsel at the Justice Department. They'd come in and they'd want to talk about—should the Secretary do this or not do that? They'd want the judgment of the President's Counsel. And that makes sense. Again, it is part of this whole problem of allocating responsibility between the Justice Department and the White House.

If I were the general counsel of an agency—and this did happen to me once—I would go to the President's Counsel, because it is really the President's reputation that's on the line when a Cabinet officer does something. Who wants the view of the Justice Department about that? They're no better at it than anybody else. You want someone who at least has a better sense of what the President's interest is, or what the President may know or not know about it. The Counsel to the President is more likely to be that person than anybody else.

I have often been asked, "Why does the President need a Counsel? He's got the Attorney General." Most Attorney Generals ask that question. The answer is that every department in the government has its institutional interest. They can't help it. They exist. They've existed for two hundred years. Hopefully, they will exist for another two hundred years. And they have developed institutional positions on various subjects. That is not always what is best for the President who is then in office, because of the twists and turns of politics.

The Justice Department is always going to say, when asked, that a federal agency has the power to do something, even if it is not that clear, because what the Justice Department has to do is defend the authority of government agencies in court when they've taken some action. Over the years, they have developed the institutional view that—if you ask them whether an agency has the authority to do something—yes, the agency can do it. Maybe it wouldn't be the best thing in the world for the agency to do it, from the standpoint of the White House and the President. So the President needs his own Counsel, who has only the President's perspective in mind, not the institutional interests of the department or agency.

That's what I thought I was bringing to this whole process, and that's what I think that Counsel to the President brings, and that's why I think the President needs his own Counsel. Someone has to be representing his interests and not the interests of the department.

Morrisroe: You mentioned litigation where the government is a party. As Counsel, did you have regular contact with the Solicitor General or any involvement in decision making about whether to appeal or proceed with litigation?

Wallison: I can't think of a time that I did. I might have, but I can't think of an example. I knew the Solicitor General at the time and we had lunch together and talked about things, but I don't remember ever being in touch with him about a legal issue that he was involved in.

Nemacheck: Can you talk a little bit about the distribution of workload on your staff as the Counsel? And then, also, if there were—I imagine on issues of appointments, you've worked with the Office of Legal Counsel with that, as well. So—how tasks were distributed, and so forth.

Wallison: When I first started out, when I hired my staff—it didn't seem to me that it was good fortune at the time, but it turned out to be good fortune—all the lawyers in the Counsel's office left when Fred Fielding left. They all went off to do their own things. I was disappointed, because I thought I needed someone on staff who had some institutional knowledge, but it turned out that the people I hired were really very good. Because I was able to hire them, I was able to find people with the particular skills I thought I needed. I needed someone with litigation skills—that is, someone who had done litigation—because even if the White House doesn't do litigation, you have to understand the litigation process in order to properly advise the President and the White House staff. I wanted someone who had something of a business background also. I wanted someone who had a government and executive privilege kind of background.

I knew that these issues were coming up and I wanted staff with a background in defense and foreign policy, and then someone who knew about the administrative aspects of government, the laws relating to how the government runs itself—personnel laws and things like that. I was able to find all these people because I had a lot of résumés cross my desk. I interviewed a lot of people, and I was able to pick out the right people to fill these slots. Then, when we started out, I said, “Now you're going to handle all the matters that have to do with litigation, and you will handle all the foreign policy matters—” so all the lawyers in the office knew what their assigned roles were. It became pretty easy to allocate the responsibilities among them.

It didn't seem to me—or maybe I didn't hear about it—that there was much turf fighting among my staff. They all seemed to get along very well. In fact, just recently after my book was published, they organized a little dinner and everyone was there, coming from all over the country. They're all scattered in various places, and they're all pals, friends. I felt that I may have been partially successful—as Regan was with the staff from the Treasury—because they all seemed to like one another and felt very comfortable with one another. That worked out very well. They were a great bunch and they worked very hard. And they were very loyal to the President, so that we could have a Supreme Court nomination underway, they would all be working on it, and not a word of it got out.

Morrisroe: That's pretty amazing.

Wallison: That is pretty amazing in Washington. I don't think, historically, it's ever happened.

Morrisroe: Can you talk a little bit about that?

Wallison: Sure, of course.

Morrisroe: I guess part of it might be just leadership in terms of how you secured that loyalty.

Wallison: I think they were basically the right people. Lawyers are really special people in several senses. One is they have a very clear sense of the client. If they practiced at all, they've imbibed the idea that they are loyal to the client. That's what happened with Belin, actually.

Nemacheck: Fiduciary obligation.

Wallison: Their fiduciary obligation. And if you call that to their attention, that is very persuasive to them, as it isn't to other people. Right away, these were people who knew that they were very responsible to Ronald Reagan. He was the client. No one else was the client. I started off with a big advantage in terms of having loyal people, because they were lawyers. As things developed it went very well.

We'd have a staff meeting every morning after I came back—oh, you want to talk about the Supreme Court, but I'll just tell you how the office ran.

Nemacheck: Yes.

Wallison: After I came back from the morning staff meeting of the senior staff, I would come back to my office and all the lawyers would be there. We'd sit down and I would go through everything that happened at the senior staff meeting—who said what and why, and what issues are coming up, and what we have to be prepared for, or look for, or write about, or, who needs advice on what matter.

Most of the lawyers had their own clients on the staff, so that the lawyer who was handling the vetting of personnel viewed Bob Tuttle, who was the Chief of Personnel, as his client. If Tuttle said something in the staff meeting about a problem with such-and-such a nomination, I would tell the lawyer who was working with Tuttle. He would then be up to speed, and then he could go in and say, "Bob, is there something going on with such-and-such a thing? Maybe we ought to talk about that. I'll do some research." Or whatever it is that had to be done. That worked pretty smoothly.

Giving the lawyers assignments to a particular person helped a lot. Their respective clients called them directly. They didn't have to go through me all the time. It formed the kind of bond that seemed to work very well. I would brief them on what happened, they would tell me what they're working on and what the problems were, and we talked about these things in terms of principles, which lawyers are very interested in. That gets them intellectually, conceptually involved.

Someone might raise a question that arose while vetting a nomination. I would ask, "Okay, what's the principle? What's the principle that we want to impose in this case? We don't want to be arbitrary. We don't want to just say, 'Well, this is the answer in this case, but it's not the answer in another case.' We want to be completely consistent, so that when our clients come to us we are giving consistent answers. What's the principle?" We'd talk about this for an extended

period of time. “Let’s articulate that principle so we all understand what it is we’re doing here.” They loved that, as they should, because it was really, intellectually, very interesting. It helped them a lot in what they were doing on a daily basis. That’s what we did.

Now, on the Supreme Court. I heard about it after it had been brought to the President’s attention that [Warren] Burger was going to resign. Regan and Dawson and I were the only ones within the White House who knew. Burger and Fielding, who accompanied Burger in his visit with the President, also knew. As far as I knew, that was all.

Knott: Meese didn’t know?

Wallison: Meese did not know. It was only a day or two later when Meese was brought in to meet with the President, and Regan and I were at that meeting, and Meese was told. I must say I can’t be absolutely sure that Meese didn’t know. He acted as though he didn’t know. Maybe he knew, but it didn’t seem to me that he did. He wasn’t floored. He acted a little surprised and right away he was ready to move. The Justice Department had a group of people who were already working on trying to find Supreme Court justices, because they figured that something like this was going to happen during Reagan’s term. They’d already appointed Sandra Day O’Connor, so they already had a group that was looking at people. In this case, the Justice Department group was headed by Brad Reynolds.

Time went on—a couple of weeks—and we didn’t hear anything. I went over to the Justice Department to talk to Brad Reynolds and he wasn’t all that forthcoming about what was going on in the Justice Department. So I went back to the office and I said, “We’re going to do this ourselves.” I asked Alan Raul and Chris Cox, who were two of the senior people in the office, to handle it. We knew the ground rules. The ground rules were that we were going to be looking for judges of the Court of Appeals, not District judges and certainly not anyone who did not have some substantial record of decisions already. There weren’t all that many. I think we looked at five or six.

Nemacheck: Were those Reagan’s ground rules—looking at Appeals Courts?

Wallison: I think that, at the time that we met with Reagan, that was agreed, but I don’t think it was anything new. I think that’s how they had acted when they appointed Sandra Day O’Connor. I think she had been an Appeals Court judge. I don’t actually remember. That was the policy the administration followed, because they were very cautious about wanting people who had the right kind of judicial philosophy.

I started Cox and Raul on this and they came back in a week or so, with a pretty good analysis of these judges. I had a memo prepared. I think it was my memo that went to the President. I’m not sure we ever got anything from the Justice Department. Meese was fully familiar with all of these people when we met with the President, because Meese was in the room—Regan, me, Meese—with the President—on what we do now. There were a lot of choices. The President could appoint a new Chief or he could advance one of the Associate Justices to Chief, and then choose another Associate Justice. In the second case, the President would have to select a new Associate Justice to replace the one advanced to Chief.

We talked about it. Meese was quite interested in advancing [William] Rehnquist, and he made that very clear and we discussed it. I remember this partiality for Rehnquist also being the view of Brad Reynolds. I had no problem with that. Although I didn't know Rehnquist, by reputation I thought he was good. I don't think Reagan had a view. The President said, "I'd like to see Rehnquist." So we arranged a meeting for Rehnquist to come in. That took a little doing, because you can't have Rehnquist coming to see the President—someone in the press would figure out that if Rehnquist was visiting the President some change was being considered at the Supreme Court. So we snuck Rehnquist in. There is a tunnel from the Treasury Department over to the White House. Tom Dawson knew about it and he snuck Rehnquist in through that way so the press never saw him.

He met with the President. It was a funny meeting, because Rehnquist is very reticent. I mean, he's as shy as anyone I've ever met in public life. He's just very awkward in these kinds of meetings. He looks at his shoes. He's really something. As happened very frequently in these meetings, someone else had to carry the conversation, so Reagan did so. The President watched Rehnquist responding to some of Reagan's remarks, these early conversations, and then told Rehnquist that Burger was leaving. But Rehnquist must have understood this, because otherwise he wouldn't be there. No one was going to offer him Secretary of State—he could only be there for one thing.

However, to our surprise, the President offered Rehnquist the job right then and there. I think I expected that he would listen to Rehnquist, Rehnquist would leave, we'd all talk about it, and then Reagan, in the usual way, would tell Reagan to give Rehnquist a call and say the President would like him to take the Chief Justice-ship. I can't remember whether Rehnquist said he wanted to talk to his wife or whether he accepted on the spot. In any event, I think I assumed it was going to be Rehnquist for Chief. At that point, we had to find an Associate Justice.

In the course of our discussion with Reagan the first time we were talking about the candidates, before he invited Rehnquist in, we had talked about [Antonin] Scalia. Reagan had asked me whether Scalia was of Italian extraction. I think he used the word "extraction," and I said, "Yes, he's of Italian extraction." Reagan said, "That's the man I want to nominate, so I want to meet him." At that point, I think I thought it was possible that the President might select Scalia for Chief, but since he'd offered the job to Rehnquist, Scalia was now the candidate for the Associate Justice vacancy. We brought Scalia in. I don't remember how we got Scalia in, probably the same way that we used for Rehnquist. The President met Scalia and he offered Scalia the job right on the spot, in about fifteen minutes, very little ceremony here. Scalia accepted on the spot. He was delighted. That was it.

Then, I don't remember what date all of this was, but only a few days later—we didn't want to wait any longer because it was going to leak—on June 17th, we decided to make the announcement. Scalia, Rehnquist, and Burger were there, I was there, Meese, Reagan, Reagan. But just before that, we thought it was best to tell the White House staff, because nobody knew except Raul, Cox, me, Reagan and Dawson. That was it.

So we brought in the top staff, Chew, [Pat] Buchanan, Larry Speakes, and Dennis Thomas, Al Kingon—the top people, because it was a courtesy to them. It was about eleven o'clock in the morning. Regan told them at that point, and everyone seemed very happy about it. Everyone was amazed that it could possibly have been done without anybody knowing about it. I had been concerned that the other members of the top staff would be unhappy that they weren't involved, but they all seemed very pleased and not concerned that they weren't involved. At this point, of course, no one in the press knew anything about it.

Speakes was told to call a press briefing—maybe it was noon, or maybe it was two o'clock. I can't remember exactly. He went to the press room and announced that there would be a special press briefing. According to a lot of people—this did not happen to me, but to a lot of people—the phones lit up all over the White House as the press started calling their sources. "What's going on?" "What's this briefing?" Fortunately, nothing leaked. In the earlier staff meeting, we had told people, "We've gone this far, folks. Please don't tell anyone in the press, because this is really going to be a surprise and we'd like to keep it that way."

They kept it, as far as I could tell. At the appointed hour we all trooped over to the pressroom. There had been wild speculation about what this announcement might be. Then in we walk. The President goes in first, then Regan, then Warren Burger. Some of the brighter people in the press knew immediately what had happened. When they saw Burger, they said, "Aha!" Rehnquist, Scalia, and I took up the rear. The President made a little statement. This I record in the book, because again, it was so emblematic of Reagan. What was agreed is that he would make a statement and would not take questions. Burger would handle all of the questions, and I would brief about how this all came about in the White House.

Reagan made his statement and as soon as he finished, a thousand shouted questions come up from the press. They all had questions, of course. Reagan was trying to extract himself from the briefing. He doesn't want to just walk out on these people who are yelling questions at him. He hesitates, he leans toward the lectern, and then he remembers he's not supposed to answer any questions, and he turns to me and he says, "Can I go now?" I said, "Yes, you can go," and the President left the briefing room. Then Burger strode up to the lectern and started to answer the questions, which he did very well. That was the story of how this whole thing came about.

Morrisroe: In terms of your going over to see Reynolds and then starting up the process, how did that play out? When you went to the meetings then, was Meese upset that they were sort of knocked out of the process?

Wallison: I don't remember that he was. I'm not sure that he ever—it's entirely possible he didn't know of my memo, and it's entirely possible he had submitted a memo, also, that I never saw. He may have felt that Reagan was working from his memo. I didn't see any pieces of paper in front of Reagan when we talked about it. I don't think there would have been any significant difference between our analysis and the Justice Department's analysis. I had an analysis prepared by Cox and Raul as a fallback, in case the President wanted something before Justice was ready.

Knott: There was some criticism, long after the fact, mostly from conservatives, that the President should have gone with [Robert] Bork that first time around, because you knew you had

the Senate, you were facing an election that fall where there was already some discussion that you might lose the Senate. Let's put the guy who's going to have the tougher problem—can you just comment on that?

Wallison: Yes, I agree with that. I think that was the right analysis. As a matter of *realpolitik*, it was certainly right, and I argued that.

Knott: You did?

Wallison: Yes, I argued that to the President. However, he wanted to be sure that he could appoint the first Italian-American. I think he understood the argument, to the extent he credited most of these political arguments, but he wanted to appoint Scalia.

Knott: This might have been another case where, “Politics be damned. I’m going to do what I think is—”

Wallison: From his point of view, I don’t know that this was a matter of principle. I think he felt that it would be great to put an Italian-American on the Supreme Court. He had all the usual American instincts. We don’t have an Italian-American on the Court, so we ought to have one. He really felt good about doing that. It wasn’t principle so much as that kind of emotional commitment.

Nemacheck: Did you get any complaints from members of Congress about not being involved in the process or leadership?

Wallison: I don’t think so. I don’t recall. It’s possible, but I never heard any complaints.

Morrisroe: After the announcement was made, was the Counsel’s office responsible for prepping the nominees for the hearings?

Wallison: Oh, yes. I did it with Rehnquist and some of my staff did it for Scalia.

Morrisroe: Can you talk a little bit about that process?

Wallison: It was actually very interesting, in light of what happened to Bork later on. I went over to talk to Rehnquist. Someone may have gone with me from the staff, but I can’t remember exactly who it was. It may have been Peter Keisler. We went over and spoke to Rehnquist about the upcoming hearings. We didn’t do what is called a “murder board,” a mock questioning as in a Senate hearing—I don’t know why it’s called a murder board—for Rehnquist. Perhaps we felt that that would be too undignified for an Associate Justice of the Supreme Court.

But I did go to talk to him. At the time, once again in his career, a whole series of issues were likely to arise surrounding a memo he had written when he was been a Supreme Court clerk, having to do with *Plessy v. Ferguson*, on the one hand, and *Brown v. Board of Education*, on the other. He had argued that *Plessy* was correctly decided, which is not the best position to be in. This was obviously going to come up in his nomination again, as it did in his Associate Justice

nomination. I warned him about this and he clearly understood. And I said, “Well, what are you going to say in that situation?” He started making what was probably the legal argument that he had made in the memo that he wrote on *Plessy v. Ferguson*, a very dry legal analysis of this issue, but ending with a conclusion that he now accepted *Brown* as the law of the land.

I said, “This is not going to work, because the people who are going to be hearing you aren’t lawyers and they’re not going to be persuaded by that.” I was referring to the American public. “The thing to keep in mind about *Brown v. Board of Education*,” I said, “is that it’s got some moral content to it—moral and emotional content. If you’re saying now that you accept *Brown v. Board of Education*, irrespective of your analysis in *Plessy*, that’s no big deal.” This was basically what I was saying to him. “Everybody accepts it as the law of the land. You have got to make clear that you think it is morally right. It is not just the law of the land. It is not just something that you believe is sanctioned by the Constitution. You’ve got to say this is a morally correct position. That’s what will get you over this problem. Up to now, you have not been willing to say this. You’ve answered this as a lawyer, and that’s not how people think about this decision, especially the people who are most interested in it.”

That was really the thing we talked about most. I was happy to see that when he got into the hearings, although he didn’t quite say he thought it was morally right, he invested some real emotion in it, saying how wonderful this had been for the country and its citizens, and things like that. He accepted the point I’d made. I think then the issue went away. There were lots of other problems at his hearing, but this whole business with *Plessy v. Ferguson*, and *Brown v. Board of Education* was not a major factor. So, that was my involvement in the process of preparing the Justices.

We then had a murder board for Scalia, but now that you mention it, I don’t think I attended that. At least, I have no distinct recollection of having been in the murder board with Scalia. But he’s so skillful anyway, and so attuned to politics, and he’d been around in politics, he’d been in the government, he didn’t need it.

I was out of the administration, out of the government, when Bork came up. The problem with Bork is he didn’t want a murder board. I’m afraid he didn’t think that anyone could tell him anything about how to answer these questions. That’s just so typical of so many people in Washington. He felt that he’d been around enough so he knew how to answer the questions. Yet when the privacy question came up, he talked about it in terms of the legal issues. That’s not how people think about privacy. People think about privacy as relating to their bedrooms—that’s privacy. They don’t care about all this other stuff. That’s what they think about. And he was unable to say that he believed that people had that kind of privacy.

It’s not in the Constitution. Now, he could have used the Fourth Amendment and search and seizure, and all kinds of things like that. He could have said all sorts of things that would have suggested yes, there is a zone of privacy that every citizen is entitled to. But he couldn’t get himself to say that. He was talking in lawyers’ terms about it and that did him in. People looked at this guy and said, “He doesn’t understand the first thing about what I’m thinking, and he never will.” I think that’s why Bork ultimately lost.

Morrisroe: Did Justice have any involvement in prepping either Scalia or Rehnquist?

Wallison: They were probably at the Scalia murder board.

Morrisroe: So collaboration, probably, with your office—

Wallison: Oh yes,

Morrisroe: And Justice?

Wallison: Oh, I know who went over to see Rehnquist with me. Perhaps it was Peter Keisler, who was on my staff. Peter, I think, had been a clerk for Rehnquist. That was a way of introducing me, with someone familiar in the room. But I don't know whether Justice then went to see Rehnquist after I did, and talked to him. I kind of doubt it. I think I was the only one who talked to Rehnquist. I think I did it twice, but I can't remember. I can't separate the meetings in my mind.

Morrisroe: Did you or anyone on your staff get involved at all in talking with members of the Judiciary Committee, or lobbying or meeting with members of the Senate on behalf of the nominations?

Wallison: No. I can't speak for members of the staff, because I'm not sure. I don't have a distinct recollection. I did not talk to anyone about the Supreme Court nominations. I did get calls about other nominations from Senators, pro and con, but I don't recall any conversations about the Supreme Court.

Morrisroe: Other nominations in terms of lower judicial appointments? Can you compare that process for the lower federal nominations and your level of involvement, versus Justice's?

Wallison: We had a committee. There was someone from my staff and me. It was Alan Raul and me, and a couple of people from Justice—Steve Markman—

Morrisroe: This was an inherited arrangement, or a new one?

Wallison: It was inherited, I think. I don't remember establishing anything specific on this. I think they always had a Committee of the White House Counsel and the Justice Department. Justice would present nominations, and we'd discuss them, and we'd either approve them or not.

I was interested to read in some of the material you supplied that some people said they had been asked about the abortion issue. The people from Justice assured me again and again that they never asked that question. I briefed on that when it came to that issue on the Supreme Court nomination—whether there had been a litmus test. I said, "No, we don't ask that question. We ask about judicial philosophy. No one is asked how he or she would have voted on a strict abortion issue." I hope I was not being misled. It might be that some people got off the reservation at Justice and asked that question. Apparently, only one or two people said that, and I

guess one of them didn't get a nomination. So there might have been some kind of incentive to say that that was the reason.

I was told that we never did that, and when we had these meetings it never came up. No one ever raised it. All discussion was in terms of judicial philosophy. If the nominee was to be a district judge, we very seldom had decisions to read. Sometimes the nominee was a state court judge who had written some opinions which could have been looked at, but most of the time the nominee was simply a lawyer, so we did our best to find out what that person's judicial philosophy was before he or she was appointed to the Court. We were looking for people who were young, people who were dynamic and smart, who'd done very well in law school, and who had the right judicial philosophy, as described. Again, never did the so-called litmus test question come up in my presence.

When we got to the Court of Appeals, we always favored district court judges, because then we had opinions that could be reviewed. The Justice Department would have gone through the opinions and they would refer to specific cases. "In this case, he/she said this." Occasionally, this worried us a bit, but after extended discussion about the decision, our concerns were frequently allayed.

Sometimes there were things in the FBI reports that were troublesome, and we discussed those. I'd say, "This is something we can handle, politically, with the Senate." Other times, I'd say, "This is not something that Ronald Reagan would like us to be doing. This guy has done some things in his past that we wouldn't want Reagan associated with. Even though he looks good from the standpoint of judicial philosophy, I don't think that we can go for him." And he'd be gone.

Morrisroe: Did the Counsel's office run a kind of parallel background vetting operation, or did you rely upon the work of the Justice Department staff?

Wallison: For all those things, we relied on the Justice Department, with the exception of the FBI stuff, which we saw. Well, I'm pretty sure we saw. We saw it for a lot of the other nominations. I'm trying to remember whether we actually saw it for the judicial nominations or whether we relied on the Justice Department to tell us about it. I can't be absolutely sure of that. But we did see the raw FBI data for other nominations and decided, on the basis of that, whether to go forward with these nominations or not. However, my impression was that Justice was very forthcoming about the possible problems associated with the nominees they put forward.

Morrisroe: The decisions that were made in the judicial selection committee—were these consensus-based decisions, typically?

Wallison: Yes.

Morrisroe: Would you characterize the discussions that you had? Were you usually in agreement on nominees?

Wallison: Yes, I would guess that nine-tenths of the nominees went right through, because we said, “Sounds good. Thumbs up.” If I objected, it was usually the end of the nomination. Sometimes they would come back again. Sometimes neither of us liked the nominations—neither the Justice Department nor we—because these were people who were proposed by a Senator and either the President had given his word or there was some other thing that had been traded for this that put us in a position where we felt we had to approve it. Later on I’ve seen some of these names on court decisions, and I realized why we didn’t like these nominees.

There’s a guy out in Seattle like that—and the Senator involved would not let it go. He would just not let it go. Whenever we needed his vote for something, that’s what he wanted—he wanted us to appoint this guy. We resisted and resisted. Finally, we appointed him and then, years later, here he was doing exactly what we thought he would do in these cases.

Nemacheck: When you looked at the lower court—the district judges—and put together district candidates, what kinds of things would you look at to try to get at judicial philosophy, if you don’t have opinions?

Wallison: Occasionally, they had written law review articles, many of them. They had friends—

Nemacheck: Interviews.

Wallison: Yes. The FBI did investigations that asked, “What do you know about his views?” on various subjects. Everyone gives a list of people who know them, and the FBI asks questions of those people. Part of the questioning is about things would have to do with their judicial philosophies. If they were Republicans, things like that would give us a clue. If they worked for Ronald Reagan, that was a pretty good clue—things like that.

Knott: You had an executive privilege battle, a brief one during the Rehnquist nomination. Could you just share some recollections about that? I think there were some differences of opinion—

Wallison: This was a case where—again, we talked earlier about the legal issues and the political issues and how you have to balance those two. Looking back at it, I don’t know why I felt so strongly about this, but when the Senate committee asked to see Rehnquist’s memoranda when he was head of the Office of Legal Counsel, it got my back up. I just had had enough.

It seemed to me that executive privilege is one thing, but attorney-client privilege in the government, from my experience with it, is pretty damned important, because when you ask for an opinion from the Office of Legal Counsel at the Justice Department—and I did this many times when I was at Treasury—you disclosed everything to the Justice Department. You disclosed—“Here’s what the legislative history says.” And, “Here’s what Senator So-and-So said during the course of the debate and that really weakens our case.” “We think, for a variety of reasons, it should come out this way rather than another way.” In other words, you’ve given them everything.

If they were ultimately to disclose that, it would weaken decisions that not only this President, but other Presidents, have made in the past about administrative decisions and regulations, and that sort of thing. Everything would be on the table again. Because then you'd have from the Counsel to the various departments, on paper, statements about how weak their position is on regulations that were currently being enforced. It's a road map for people who want to challenge government regulations. I thought this was really going to be an awful precedent.

I talked to Chuck Cooper and we both agreed that this is where the President should claim executive privilege. Rehnquist's memoranda when he was at the Justice Department shouldn't be relevant. It was years and years before. He'd already been confirmed to be an Associate Justice. It couldn't have anything to do with anything he's doing right now, and it raises tremendous privilege questions—executive privilege questions. Attorney-client privilege is just a category of executive privilege. Chuck agreed.

This was one of the times when I went to see the President by myself. We talked it over and I gave him the arguments as I saw it, and he said, "I agree." Okay, we decided to claim executive privilege. The Justice Department was continuing to try to negotiate with Congress and they worked out some kind of partial agreement, which I didn't think was satisfactory.

Meese wanted to see the President and have him waive executive privilege in this case. I objected. Reagan set up a meeting with Reagan between me and Meese to talk with Reagan about our differing views on the subject. We had a little debate in front of Reagan. Meese's argument basically was, "It's just not that important. We need Rehnquist on the Supreme Court. My best information from the Hill is that if we don't give the Hill this, this nomination is not going to get out of committee."

There were not only all the Democrats, but two or three Republicans who agreed. In fact, partisan politics is not always a good guide to how Senators will vote when you come to questions of disputes between the branches. The Congress, especially since it is in such a weak position relative to the President, really does stand up on its hind legs once in a while and say, "No. As a coordinate branch we're entitled to this." Two, three, or four Republicans on the Judiciary Committee in the Senate said they wanted this material and they went along with the Democrats. They might not have voted out the nomination, even though at that point Republicans still controlled the committee.

Reagan listened to these things, to these arguments, and he said, "I think I'm going to go with Ed on this." He said it to me as though my feelings would be hurt. "Peter, you've made really powerful arguments here"—things like that—"You did such a good job. But I think I'll go with Ed." I remember thinking, *Gee, I hope you never make a decision based on whether my, or anyone else's, feelings are hurt, since you're the President of the United States and this has got nothing to do with personal matters.* I remember that thought ran through my head but I said, "Oh, fine, okay." That was the end of that.

The President did waive executive privilege. There was some kind of agreement worked out with the Justice Department so that some people got to see these documents. Nothing turned out to be in the documents that was harmful to the Rehnquist nomination and it went through.

That was the only time that I recommended that the President claim executive privilege. In the Iran-Contra matter, I recommended just the opposite, that he not claim it, that he waive executive privilege and let everything out. That was based on my judgment of the man. It was early in the controversy. I had no idea if he'd actually done any of the things that were said to have been done. I didn't even actually know where he was on all of these things. I'd never talked with him about it.

My theory was that this is not something you want to cover up. You don't ever want the allegation made that you're covering this up, because no matter what has happened here, it's just a policy decision. So what? Maybe you made some kind of bonehead play here. Who cares? The real problem would be if it looks as though you're covering up—that's going to be much worse than if you've made a mistake or have done some dumb thing." I still believe that.

Actually, I think the American people—if Reagan had said at the time, "Boy, did I blow this one! This was really stupid. I really made a mistake"—the American people would have forgiven that. They don't expect the President to be perfect every time. All they want is honesty. It would have been all over, and he wouldn't have had the Iran-Contra matter hanging over his head for four months. That isn't the way it worked out. In any event, he did waive executive privilege and we disclosed everything that we had, and ultimately it worked out well from his point of view.

Knott: Could I get you to comment on Ed Meese—your assessment of Meese?

Wallison: Very loyal to the President, very ideological—strongly ideological. A very intelligent man, I think, but very rigid in his attitudes, not particularly politically adept. But a person I liked, even though we had some disagreements. I admired his substance. He was serious about what he was doing. He wasn't manipulative in any way. He was doing what he thought was right, even though I didn't always agree with him.

Knott: He sort of always had this cloud around him—

Wallison: Ethical cloud?

Knott: Yes.

Wallison: I don't think he was particularly sensitive to these things for himself. I think he was sensitive for other people, but I don't think he actually looked at all the ramifications. I think he got into this trouble with some people he had sponsored for various jobs who may have given him some financial support. It was very little financial support, but it was some, and I guess it never occurred to him that this could get him into trouble. I don't see that as a major problem with him.

Knott: I remember a couple of his Deputies resigned at one point, [William] Weld and [Arnold] Burns. I don't know if that occurred under your—

Wallison: It did. I was there at the time. They didn't think much of his administrative skills. That is something I probably should have mentioned, except it was not my observation. It was known that he was completely disorganized, and that it was said that he would put things in his briefcase and that was the end of them. They never got out of the briefcase, as far as anyone could tell. At some point he just turned his briefcase upside down and dumped everything out.

But he was not an organized person. He was not able to run anything. There are a lot of people like this. He was not able to develop a way of making sure that everything that came across his desk got reviewed and got acted on. Sometimes it's a problem with delegating. You don't think of giving it to someone first. You think you'll read it first and then you get involved in so many other things. You pick it up and it's two months later and you never actually did read that memo.

Knott: That happens to me all the time. Darby can attest to that. She's always coming down to my office looking for missing books.

Wallison: I think that was true of him when he was in the White House, and when he got to the Justice Department it was even worse. Weld and Burns got just tired of it, sick and tired of it. There might have been some other stuff in there, but I don't remember.

Knott: We'll stop in a few minutes. Tomorrow I think we'll get into Iran-Contra and also just your general views on Ronald Reagan.

Wallison: Good.

Knott: Darby, in the briefing book, talked about this issue of drug testing of federal employees. There was a disagreement—I guess a fairly heated one at times. Could you just tell us a little bit about that? Any observations from that event?

Wallison: That was quite interesting because of what it said about Ronald Reagan. It was one of those things that I was heavily involved in, because I did not think that we could win on the subject of testing everybody. I thought that was unreasonable, that the courts were going to say, "Yes, testing makes some sense, but only for the people for whom it is relevant. Testing everyone goes too far." I said that in meetings.

Meese was on the other side and the Justice Department was on the other side. We got into some pretty heated discussions of it. Mostly, the thing that people remember from those meetings was this conflict between me and Meese. We're lawyers, so we're talking about things that other people, theoretically, don't understand. We're talking in a language that they don't understand and so they don't interfere. They just listen to what is being said and try to understand the ratiocinations that are going on here.

I lost these fights, because, first of all, Regan was not really interested. I kept raising things with him that he felt were just technical issues, and so he didn't really pay much attention to my memoranda on this subject. I thought these were pretty important issues. Then again, I came at these issues with a lawyer's perspective, a constitutional perspective.

Meanwhile, Meese seemed to understand something I had not understood at the time—that Reagan was not really going to be involved in this. The White House staff wanted a drug policy. Reagan wanted a drug policy. He didn't really care much about what the policy was exactly. When it came time for him to articulate a drug policy in a Cabinet meeting—somehow it came up—maybe it was a Cabinet council meeting, he said this very liberal thing: “Well, we shouldn't fire anyone. We ought to send them for counseling. I don't want this to be punitive. What we want to do is just make sure that everybody understands the problem and gets over their addiction. That's the way it ought to be.”

I thought, *Wow, this is amazing*. That was not the position of the Justice Department. They wanted to test everybody and they were really wrong on the law, I think, but they continued to press for this. Since they were the agency in charge, they had the baton. They pressed their view through the Cabinet council, even though it was different from what Reagan said in an open meeting with people from Justice there. Reagan seemed to go along. “Well, whatever it is, it's gone through the Cabinet council, let's do it.”

A couple of times I got it stalled. I finally got Reagan's attention and Reagan explained to Reagan why this was such an important thing. When you were giving a urine sample someone had to be in the room with you, because otherwise it could be faked. Suddenly, Reagan began to get the idea about why there might be a privacy issue here. It's things like that of which government policy is made. People don't really think about what these things actually mean when they're trying to structure the policy. Each time I got it stalled, it kept coming back, because the Justice Department really wanted it, and they were a powerful agency. Meese was very powerful. He had plenty of staff and he had public opinion with him. That is, the Republicans wanted a strong drug policy and they wanted it now.

In my book, I drew it out into an example of Reagan's peculiar diffidence about things that weren't part of his four central issues. Okay, you guys negotiate it out; whatever it is, it's going to be all right. From his perspective, that was true. Okay, so it's this rather than that. It's not going to be that big a deal. So that's how it came out. The Justice Department finally drew up something that was really sort of a compromise—it wasn't too bad—and it left a lot of it in the hands of the individual Cabinet members, Cabinet Secretaries, to decide which of the people within their organizations were going to be tested. That came out all right.

From a litigation point of view it was quite good, because no one would have standing to challenge unless it had actually been applied to him or her. I don't know if it ever got applied to anybody. But it was a good strong statement, which was what the White House political people wanted. It talked about drug testing, which was what the Justice Department wanted. It talked about testing people in sensitive positions, but it didn't specify what they were, and it left everything to the Cabinet members to make the decision. As far as I was concerned, it was okay. But it wasn't what Ronald Reagan wanted, yet he signed it. That's my recollection.

Morrisroe: I have one very short question, since we're not likely to return to judicial selection, and that's something that has taken on increased, I don't know if importance, but certainly controversy. That's the role of the ABA [American Bar Association] Standing Committee on the

Federal Judiciary's review and recommendations of qualifications of nominees. Was there ever any issue with them during the Reagan administration?

Wallison: There was a general issue about whether we ought to pay any attention to the ABA. There were a lot of people who wanted us not to ask the ABA for a review of judicial appointments. I frankly can't remember where I was on that subject. I probably thought it made sense to ask the ABA. I've gotten a lot less sympathetic to that position since then, because the ABA has changed.

At the time that it came up to me, I still regarded them primarily as an organization that was concerned about legal policy. I think now they've gotten into all kinds of social policy and so I would be less sympathetic to their taking part in it. But there was a lot of controversy at the time. I can be pretty sure that the Justice Department would have been against it, but I didn't know where I was, and I don't remember where everybody else was.

Morrisroe: Was it in terms of asking the ABA—in the vetting process itself, right?

Wallison: Yes, to give a view—

Morrisroe: —in the evaluation of potential candidates.

Wallison: Maybe it was the Bork thing that finally put a nail in the coffin.

Morrisroe: The damning qualified, as opposed to well qualified.

Wallison: Most people would never imagine that one could say honestly Bork was not well qualified as a judge.

Knott: Okay, I think that will do it for today.

October 29, 2003

Knott: Darby, you had some more questions you wanted to ask about the White House Counsel's office, so I'll defer to you and to Chris as well.

Morrisroe: I thought we'd start off picking up on some of the other tasks that might not have been so traditional for Counsel. Maybe you could talk a little bit about the goals of the White House budget task force and how that came about.

Wallison: Okay, this was an idea of Don Regan's. The President had had some experience with what was called "capital budgeting" in California. I guess he would have, because most states have constitutional limitations on deficits and one of the ways they avoid that is to have an

expense budget and a capital budget. Most Governors are pretty well familiar with that idea. The state's expense budget is the only thing in which there is a deficit. The capital budget, which is financed by borrowing, is not included.

Regan had thought for a long time, even at Treasury, that the U.S. budget, which is a completely cash budget—in other words, investments and expenses are mixed together in the same budget—should be revised so that it was both a capital budget and an expense budget. In that sense he felt we could get a better picture of what is really happening in the United States. It is a little unfair, if you're borrowing a lot of money to build things and create infrastructure and so forth, to treat that as part of the budget deficit in each year. The budget is really an effort to find out whether your input is matching your outflow and should have nothing to do with the long-term investments you make.

Regan raised that subject from time to time, and I understood enough about accounting and finance that we got to talking about it in meetings. He talked to the President, and the President said he'd be interested in pursuing the idea. Regan asked me to set up a committee of some kind that would review this idea. I called some people I knew throughout the administration, people from OMB, from Treasury, and from the General Accounting Office. I don't think we had anyone from any of the other departments. Treasury and OMB were the departments particularly concerned. Those were the three other agencies involved, with two or three people from each of the agencies, as well as one or two people from my staff. It was a committee of about eight or ten.

We began to study the concept of a capital budget for the U.S. government. We might have gone pretty far with it. I wrote a preliminary memorandum to Regan and the President saying we'd looked at it and here are the major problems. The problems were really political problems—political at a rather high level. The accounting industry was very favorable to the idea. Their notion of a budget is an accounting kind of budget so that you can use it for decision making. That's how Regan and the President had always looked at it and that's frankly how I looked at it.

However, the economists have a completely different idea of what purpose the budget served. They view the budget as a political document. To them it's very important to show a deficit, because that cuts down on government spending. If you take off the budget the things that are investments, two things are going to happen: First of all, the deficit will decrease and Congress will spend more, which the economists don't like; and second, Congress will designate items as investments that are, in fact, expenses, so the actual expenses by the government and its share of the economy will rise.

I put both of those points in the memo. I guess my thought was that I'd get some feedback. Do we want to continue even though these problems will have to be overcome? These would be the major, the meta-political issues, the meta-policy issues, what we're going to have to face. I don't remember when I sent the memo. It was probably some time in October, mid-October of 1986. Then on November 4th, Iran-Contra struck and that was the end of any policy making that I was involved in. I just had to play defense at that point. That's the capital budget project.

Morrisroe: Were there other projects that you were involved in that were discussed in the book?

Wallison: I can't remember any others, but as we go along, maybe things will occur to me this morning. I don't think there is anything else, at least right now.

Morrisroe: Did you participate in the Domestic Policy Council or any of the Cabinet councils?

Wallison: Yes, when we discussed the drug issue yesterday, that was all participation through the Domestic Policy Council. That's where it was being discussed. The other one was the Economic Policy Council. I can't remember going to any of those meetings but I'm sure I did. I was invited to all of them and I would go when I thought there was an issue on the table that was going to be of interest to the Counsel's office.

Morrisroe: Can you talk a little bit about the role of the Counsel in reviewing executive orders? You talked a little bit yesterday about legislation. I'm wondering if there are any instances of review that stand out, and if it was typical for you to review all of the executive orders for the President's signature.

Wallison: I should mention, when we're talking about what the Counsel's office does—we reviewed all statements by the President. Not only executive orders, and not only legislation, and not only proclamations—you know, "This is National Cystic Fibrosis week," and that sort of thing. The "disease of the week," we called it. We reviewed not only all of those, but we also reviewed all the President's statements and speeches.

The reason I thought we did that—most of them have no legal content, whatever—as I may have mentioned yesterday, is that lawyers are particularly good at understanding principles and what idea fits in what category. When my staff would read a statement by the President, they would frequently find inconsistencies between what the President was saying in one area and what he had said in another area, because they might have been based on the inconsistent principles.

We would bring these to the attention of the Staff Secretary, who was the person who was staffing these things out, as we called it. Sometimes there were modifications made in order to fit it within the general policy the President had articulated before. That was another one of the roles that we played that wasn't really a legal role *per se*, but had much more to do with using lawyers' sensitivity to principle in order to establish some sort of consistency for the administration.

Morrisroe: Do any particular instances of review and other statements by the President or executive order stand out in your memory?

Wallison: No, not now. It's been a while.

Morrisroe: Understandable.

Wallison: There probably were instances, but I just can't call back any of the details. There were times when executive orders raised questions. In fact, executive orders are very serious things and got a very serious going over, but I just can't remember any specific ones.

Morrisroe: What about the role of the Counsel in pardons and clemency? How did that work with the Justice Department?

Wallison: The Justice Department sent over recommendations for pardons and clemency. I looked them over. I think someone on my staff looked them over first. I didn't feel that I had any way of making a judgment about them. There could have been some political judgment. If a pardon for Marc Rich had come to my desk I probably would have said, "Wait a minute," as Clinton's Counsel did. Most of these were not people I'd ever heard of. They didn't seem to have any political significance. The Justice Department, from the packages that came to me, had done a tremendous amount of work on these things, and it just didn't seem to me that I should have anything to do with it—questioning it—because I had no basis for that. These things just went right through to the President. I think he also took the Justice Department's recommendations. There weren't many pardons during the Reagan administration. While I was there I may have seen ten, or something like that, if that many. It was really few.

Another thing I should mention about the organization of the office is that my Deputy, Jay Stephens, really had a pretty strong management role. He reviewed everything before it got to me, and hopefully he stopped all those things that weren't necessary for me to participate in. It might well have been that on many of the things you're talking about—executive orders and proclamations and things like that—he didn't even bother to send them to me, because they were fairly routine. There was nothing of significance in it. I had a great deal of confidence in Jay's judgment and for that reason I never would have questioned any of these decisions that he made. It may well be that lots of these things never reached my desk.

Morrisroe: One of the observations that's been made about the Counsel's office is that the functions of the Counsel's office—there was a fairly dramatic shift after the conflict of interest and ethics law reforms for government service in the early '70s in that the Counsel's office took on a much more prominent role in ethics management issues for the White House. I'm not sure how to ask this—not necessarily what proportion of the office's activities were occupied with issues related to ethics, vetting, or conflict of interest management, but how important was that to the Counsel's office?

Wallison: That was really important because those were areas where the President could get himself into real trouble. One of the things that was said about the Reagan administration before I got there—I don't think it's at all true—is that there was a lot of "sleaze" in the Reagan administration. That was an area that really was committed to the care of the White House Counsel, at least with respect to the White House. I took it very seriously because it had a lot of political significance.

I used to get called in by the Personnel Office, after they had assembled a new batch of people appointed to the departments and agencies. They would bring them in—maybe 25 or 30 of them—and I would give them a little lecture about the importance of ethical considerations. They were the appointees of the President, and everything they did was going to be laid at the door of the President. Therefore, we expected them, the President expected them, to be especially cautious about anything they might do that might raise that kind of question. If anything occurred

to them about what they were doing, or being asked to do, that raised questions, I told them to discuss it with their agency's counsel, and ask their counsel to talk to us, or they could call us directly.

I really put them on notice, in effect, that if they did something that raised questions that were embarrassing to the President, they had been told that they were not to do that sort of thing. There was a certain amount of guilt that I was creating for these people, but I just didn't want them to think that they were out there acting on their own. They were acting as surrogates, in a way, for the President of the United States, and we expected them to behave as he would want them to behave.

That was something we took very seriously. I would say that my office probably spent a quarter of its time on ethics issues that would arise in various ways. I'm including in that the vetting of all the nominees, because all of that involved a lot of ethics judgments.

Let me raise one other point that just occurs to me right now, because if I don't raise it I will lose it. That is, at some point during the last few months I was there, somehow there came across my desk a ruling by the Office of Government Ethics that a group of the President's friends in California could buy a house for him that he would occupy when he left the Presidency. I don't know how this exactly happened and I don't remember quite the chronology of it. There was a press story, a CNN story about that, and I don't remember whether that occurred before or after the stuff came to my desk, or whether it came to my desk because of the story. But in any event, the Office of Government Ethics had been asked for a ruling on the subject and said it was okay.

When I heard about it, I called in the head of the Office of Government Ethics and I said, "Why would this be okay? I don't understand this." He had all kinds of rulings that had been made over the years and this was the sort of thing that was done for the President. I said, "I really don't care what you've ruled on this subject. I don't like the smell of this and it's going to get the President into trouble."

Somehow, someone got the person who was head of this group that was buying the house for the President to come in. I said, "I don't like the way this thing is structured. I don't like the idea that someone is giving him a house. I think the way it should work is that you guys should own the house and rent it to the Reagans at a fair market rent. That's some advantage to them. They won't have to come up with a lot of money, but it will look better to the public." I think that's what they did.

That also brought me into my first real—not my first, but one of my conflicts with Nancy Reagan, because the story about this group buying the house for the Reagans appeared on CNN. She called me and said, "I think your office leaked that story." I had a lot of confidence in the people in my office and I didn't believe they leaked anything. I knew that from what we went through with the Supreme Court.

I said, "Mrs. Reagan, my office does not leak. That story did not come from my office." She said, "Oh yes, the people in California said it was leaked by your office." I said, "I'll look into it." I called the White House correspondent for CNN and I said, "You don't have to tell me who

gave you the story, but can you tell me where it came from? Did it come from the White House or did it come from California?" He said it came from California. Not wanting to let sleeping dogs lie, I called her back and said, "I've talked to the person from CNN. That story came out of California." She sort of grumped and hung up.

Knott: Hung up?

Wallison: She didn't slam the phone. She said, "Okay. Well, thank you very much." I didn't want my people, who worked so hard and were so good, to get any blame for something like this.

Morrisroe: Definitely feel free to put in recollections any time.

Wallison: Yes, we'll have to reorganize this thing so it—

Morrisroe: This is more cogent an interview than you might think. There are some that jump back and forth, five years and back again.

You mentioned it a bit when you were talking about ethics considerations—the role of the Counsel's office in vetting non-judicial appointees. If you could talk a little bit about what types of activities the Counsel engaged in, in that capacity. Who did you work with—obviously the Office of Presidential Personnel—but how were those responsibilities divided up in the White House?

Wallison: Well, the Office of Presidential Personnel would do the initial vetting. They would find the candidate, or candidates, and then they would turn the stuff over to us. We would then use a standard form of questionnaire, which we gave to all the candidates. They would fill it out and then we'd interview them. I say "we." *I* never did that; it was the staff that did it. The problems would come up the line eventually to me if they were significant enough.

Morrisroe: If I could interrupt—what were the types of questions that would be asked on the questionnaire?

Wallison: There were a lot of ethical questions—whether they'd been involved in lawsuits, and what the nature of these lawsuits was. Did these raise any question of personal probity? What was their family life like? Were they divorced? All kinds of things like that. Things that can be embarrassing in the course of a confirmation process. Obviously, we wanted to know about some odd things, such as, were there any restrictive covenants in their deeds to their homes? Things like that—where they lived, what clubs they belonged to, what the policies of those clubs were. All of these things had political significance. We'd try to find these things out from them.

Then we got the FBI reports that were done. The FBI is not all that good, but they do, by accident, stumble across some things from time to time, because they do get to talk to people who are not friends of these people. That's why the information in FBI reports should never get out, because a lot of it is just lies and false statements by enemies of these people. It would be horrible if anyone saw these things. But some of them raised questions, and we would then go back to these people and ask them about these things, to explain the allegations made about

them. Sometimes these things turned up affairs they were having. In those cases, that was the end of it. Even though that was private stuff, the President was of such a character, we thought, that we didn't ever want him to be associated with anything like this.

We knew that if someone had ever said to him, "You know, your nominee for such-and-such a job has been cheating on his wife," he would be very embarrassed by it personally. I didn't want any of that stuff to go through. There were problems of drug use. When did the drug use occur? What kind of drugs? What job was the person interested in? We had one case of a White House gardener who had taken drugs—serious drugs, cocaine or something like that—about five years before. I said, "White House gardener. Okay, he's clean now?" "Yes, he's clean now. He's okay." So we let him go. If it had been a nominee for a government office of some kind, of course not, not a chance. That nomination would have been dead. But you had to make those kinds of judgments.

Also, this was a time when homosexuality was sort of on the cusp. Was it okay? Was it not okay? Was it an opportunity for someone to be blackmailed, which is the reason homosexuality was important in government service. Could you be blackmailed by someone who was threatening to "out" you? I remember several cases like that coming along.

In most cases I said we're not going to raise any question about it. If it had been a case involving a person in a national security position, it would have been a closer case. I probably would have brought it up higher and talked to Regan about it, just to get another judgment, but in all the cases that I can recall where that came up, when I talked about it with the staff, the principle was that Reagan would not discriminate against people on the basis of homosexuality, so we should not raise that as an issue, because we believed that he was quite open-minded about that sort of thing.

One other thing occurs to me and it is sort of a personnel issue. Gosh, I wish I could remember more details about it. There was a fellow who was an important African-American figure in, I think, North Carolina. He had been nominated and gone pretty far through the process for a job as an Ambassador, or something like that. He had a lot of support in the conservative community to take this job. He was a conservative black man. He'd been a U.S. attorney. He was a very significant figure, politically, in his state.

In the FBI reports there were a number of things that raised problems for me and for Jay Stephens. This had gone along pretty far when Jay brought it to me. He said, "You know, I'm not sure this is such a good idea." I won't go into what it was, because I can't even remember specifically what it was, but it was enough to raise concerns. His name had been around. It had been in the press. He was going to be the nominee. It was considered really quite a good thing for the administration to nominate a black man to take this job. The State Department was pretty excited about it.

Jay and I really had concerns. So we called him and we started asking him about some of these questions, and we didn't like the answers we got back. I took that whole dossier, so to speak, to Regan. Regan agreed that this was not going to work. He didn't like it either. There was

something not quite—whatever the phrase is—high level—about it. I called him back and I said, “We’re really uncomfortable about this.” He said, “Okay, I’ll withdraw.”

He held a press conference and he withdrew. He said, “Well, I just didn’t want to go through a whole lot of confirmation stuff.” He was very gentlemanly about it; he wasn’t at all angry. The State Department, as I recall, was a little angry, but they didn’t know what we knew. That was an example of trying to keep the President’s skirts clean, so to speak, by using the vetting process, and the ethics issues that arise in that context, to prevent him from getting into political trouble.

Knott: You used the term “sleaze factor” a few minutes ago. Before I forget it, I want you to comment on that. That was a standard accusation back then. Any reflections on that?

Wallison: Yes, I thought it was trumped up stuff. I think I was pretty ethically sensitive, and these cases just didn’t look that serious to me. The Ray Donovan case is now pretty famous. “Where do I go to get my reputation back?” It was pretty terrible, these accusations. I just thought if the allegations were true—people using government cars to go to the dry cleaner to pick up their clothes, or asking their assistant to wait at their home for someone from the telephone company to come and fix the phone—it just didn’t seem very serious. The press overdosed on this nonsense. There’s almost no way to overstate the poor quality and irresponsibility of the press.

The people I knew who were specifically accused of these things were pretty upstanding people, and yet every few months the *Washington Post* would put all these photos in an article: “Sleaze Factor Still Issue for Reagan Administration.” Then they’d have all these photos of people who’d been accused of things. Very few of these things ever turned out to be anything serious.

Most of the things that were embarrassing and really bad for Reagan were really just stupid statements by people in the administration. James Watt, for example, could not seem to stop making dumb statements about—

Knott: Jim Watt?

Wallison: That’s right, Jim Watt. He was far more embarrassing to the administration and to Reagan than any of these allegations ultimately turned out to be. The people in the Reagan administration adhered to some very high standards. I thought the sleaze allegations were mostly outrageous.

Knott: Kind of a post-Watergate atmosphere where the threshold had been set so high and the tendency to call for an independent counsel—was that still what was going on in 1986?

Wallison: There are lots of ways to explain all of this stuff. Yes, sort of post-Watergate. But really, Reagan himself was beyond criticism for a long time. The press and the Democrats just couldn’t get a purchase on him. He was the Teflon President. They couldn’t grab hold of him anywhere. For six years, until Iran-Contra, they had nothing. I mean there was just nothing negative on television about him, except the allegations about his being disengaged, and falling

asleep at meetings, and things like that. I don't think the American people paid much attention to that.

The press was constantly searching for negative themes about the Reagan administration. I don't blame them for this. They see their role as informing the American people about things that are happening in Washington, especially negative things, Republican or Democrat. Where you don't have significant things to talk about, you talk about the insignificant things. After all, newspapers are published every day and they have to have something to put in the paper. It wouldn't look good if it were just blank. They have to come up with stories. And those stories assume a certain significance because of the headlines that are associated with them, even if the story itself isn't particularly significant.

I think that's part of what happened. There was not too much to criticize in the Reagan administration in general, either of a policy nature or about the President. So they developed a narrative about sleaze, how a lot of these Reagan people are being charged with various kinds of ethical lapses. Here was a sleaze factor. In my recollection it never amounted to very much, but if you cited a large number of minor infractions, you might have a story.

Morrisroe: You talked about Don Regan yesterday. I'm wondering if you could tell us who on the White House staff you worked most closely with, and your impression of those individuals.

Wallison: Well, Dennis Thomas, who was kind of an assistant to Regan. He should have been higher than that. He should have been Deputy Chief of Staff. Regan really needed someone like that to be a Deputy Chief of Staff. He probably needed two or three such people to help him out. He never appointed one. And David Chew, who was the Staff Secretary.

Every evening, the top staff would get together in Dennis Thomas's office and talk about what the President was going to do the next day and what was likely to come up the next day in the news or otherwise. The idea was that the President should make the news that the President wants to make, and if the President doesn't make news, the news will be what the news media want it to be. We figured we might as well have something that the President does every day, so that the news media will have something to feed on, as I said in the book—feeding the lions before you go in and clean their cage, so they're pacified. They've got what they need for the day and you can go in and they won't attack you. I think it really worked that way, as a matter of fact.

I noted that when George Bush the first became President, he didn't want to be managed this way, so he got in trouble immediately, and was in trouble all through his administration, because you end up being highly reactive to what the press is saying. When we got into trouble, as we did in Iran-Contra, and lost control of the initiative, it was dreadful, because you spent every day reacting to what was in the press that morning and you never had a chance to establish your own agenda. There were things the President wanted to accomplish, but you could never get them out, because everyone was concerned with answering the questions that the press had raised that morning or on television the preceding evening. You were completely reactive and defensive.

The White House was going nowhere and it was very bad for the President. It turns out, the way our system works, if you provide the press with some news every day, no matter how they comment on that news, you do better. They're busy the following day reporting on what you said, and you're ready to give them another story that night.

Every night we would get together in Dennis Thomas's office. This is one of the reasons why I worked most closely with Dennis. It would be Dennis, and David Chew, and Al Kingon, Tom Dawson, and one person from the advance staff. Bill Henkel was on the advance staff—I guess he might have been head of the advance staff—he would be there. And, of course, Larry Speakes.

We would then discuss what it is that's coming up the next day. If there was nothing on the President's schedule that would make news, we would put something there. Let's see, what's happening? The Boy Scouts are in town. There's the Boy Scout Jamboree in Richmond. So maybe the President can make a statement about the Boy Scouts and their contribution to America. Yes. Great idea.

Some speechwriter would then be tasked to write a statement for the President and at 4:00 in the afternoon the President would step before the cameras and he'd read this speech about how wonderful the Boy Scouts were. Sure enough, there was a report on CBS Evening News that night. There's the President talking about the Boy Scouts, because there was nothing else for them to talk about, and you have to say something about what the President did that day. It worked very well. It isn't your proudest moment, but on the other hand, they were playing the same game.

We had a strategy for dealing with them. This was not our strategy; this was Deaver's, I believe. Deaver was the one who first understood what the dynamic was here. When we arrived at the White House—I wasn't there at the time, but when my colleagues arrived at the White House—the Regan people, they began to do the same thing, so I just participated in it when the time came.

I worked with Chew a lot because he was the Staff Secretary. He circulated everything that came across his desk to me and my office. That always involved a lot of interchange about the President's statements, or who's going to see the President, or matters like that. So we worked together a lot. The Cabinet Secretary—a little bit. This was Kingon. The advance people, a little bit, and the Office of Personnel, a fair amount—not a great deal. Most of that occurred at a lower level. There wasn't much need for me to talk to Bob Tuttle. And until Iran-Contra—almost no contact at all with the National Security Council people. When Iran-Contra came around, yes—plenty. That's my principal recollection about it now.

Morrisroe: Did you have regular contacts with members of the Cabinet?

Wallison: No. There were very few reasons for me to have any contact with them. Occasionally I had contact with their counsels. I liked to work through their counsels because I thought it was better for the counsels, having been a general counsel myself. It was much better to give them that level of importance within their departments by talking to them so that they could go to the

Secretary and say, “I just talked to the White House Counsel and this is an issue that’s come up.” But I didn’t talk to many Cabinet Secretaries that I can think of.

Morrisroe: Were there any regular meetings of the agency counsels?

Wallison: No. I talked about that. I thought about that. I never got it done. I think if I had stayed there for the full term I was expecting to stay there, I probably would have started to set up something like that to give people a sense of community, and working together, and spirit, and so forth, but I got mixed up in Iran-Contra.

Morrisroe: What about other counsels in the White House—National Security Council’s counsel or the Domestic Policy Council? Essentially, at that time did NSC have their own counsel?

Wallison: You mentioned domestic policy before. We had almost no domestic policy staff. When the Domestic Policy Council began in the Nixon administration, as we spoke about yesterday, it was really an important thing. They probably had 50 to 60 staff people and they did have a counsel, all the way through the Ford administration, at least. I mentioned Dick Parsons, who was their counsel. That’s how big they were; they needed their own counsel.

However, the whole idea was built on sand. It never made any sense. In any event, when it got to the Reagan period, Reagan had his own ideas about what he wanted to do. He also had a predilection, it seemed, for a Cabinet Council process that involved much more policymaking at the Cabinet level, out of the departments, and not as much coming out of the White House to the departments. I think his theory, at least as I interpreted it, was, “I articulate these goals, and everybody—all of you people here in my administration—you come up with the specific ideas to implement this broader vision that I have.”

In part, at least as I saw it, it worked. So there really wasn’t any need for a large Domestic Council staff. But things really became bad, because with a domestic policy staff in the White House, we lost control of what was happening on the Hill. In fact, when legislation is moving on the Hill, there is a department or agency that is responsible for that legislation and is responding to Congress about it and negotiating the terms. As we discussed yesterday, that implicates the institutional interests of these departments and agencies, which aren’t necessarily the President’s.

When we got reports on what had actually been agreed with Congress, we might not actually have gotten all of the things that would have been of interest to the White House and to the President. It could be a very complicated piece of legislation. There could be a hundred items in there that had been agreed between Congress and the agency, and we would learn of ten—the ones the agency thought—to put the best face on it—the ones the agency thought we would like to know about—the most important costs and the most important regulations and all the rest of that stuff. They wouldn’t necessarily tell us about the things further down the list that maybe they thought we didn’t want to know, but which could be very important to the President and to his successors concerning national policy.

Because we had no domestic policy staff to speak of—there might have been four people. They couldn't follow all this stuff. They were lost. Ideally, what you'd want is a domestic policy staff that would keep tabs on the departments and agencies from the standpoint of the President and what his interests were. When the legislative strategy group, which was headed by Regan, got together and talked about whether the President ought to support, or veto, or give some sort of statement about a bill that he was being asked to make a statement about, we'd know more about the bill.

Unfortunately, we didn't know a great deal about the bill, except what we were told. It was not a good position to be in. I complained about it a lot to Regan. I wasn't the only one. Chew and I both went to Regan at one point and said, "You know, this is really an impossible situation. You've got to beef up the domestic policy staff." He seemed to agree, but then, again, Iran-Contra intervened and everything fell apart. No one could take any initiatives on anything at that point. There was no time.

Morrisroe: At some later point—maybe I shouldn't say that; perhaps it was at this point—the Counsel became an *ex officio* member of the National Security Council. Was that the case at the time that you attended National Security Council meetings?

Wallison: No, and it's never happened, as far as I know. Not in our administration. After Iran-Contra, there was a lot of concern about the fact that the President had been led into this thing without adequate legal advice, because the White House Counsel was not invited to and did not go to National Security Council meetings. Interestingly, I had a discussion before the Iran-Contra thing arose. Before I ever knew about it, I had a discussion with the legal advisor to the State Department.

Knott: Abe Sofaer?

Wallison: Abe Sofaer—thank you very much—very good. Abe is a delightful guy, a really smart person and wise beyond his years. He said to me, "You know, there's this really strange thing that goes on with National Security Council matters. We get questions—we lawyers out there—about whether such-and-such a thing is permissible. We give advice to our principals. I advise the Secretary of State and he goes to the meeting. We don't know whether he actually says what we told him, whether he has a chance to speak on the subject, or whether he understood what he was told. We don't know any of those things, and we don't know what the other principals say when they get to the meetings. One day, the President is going to get into some kind of legal problem. You should do something about it."

That impressed me, and after that lunch with Sofaer, I went to Regan and I said what Sofaer told me. I said, "I think some legal officer ought to be in these meetings." I know what Regan was probably thinking. He's always getting told that the person sitting across the desk from him wants to be in the meeting. There's always a really good reason for that person to be in the meeting. Although Regan had grown up in an environment where lawyers were somewhat important, lawyers were still not as important as a whole lot of other people in the National Security Council meetings.

There might have been a few cases where a legal issue would come up, but there weren't many. In any event, the Attorney General was there. So he didn't pay much attention to what I said. It was too late, anyway, on Iran-Contra. That wasn't even discussed any more, because it was being handled at the National Security Council staff level and no one was reporting to anyone about it. It wouldn't have helped on Iran-Contra even if I'd gotten into these meetings.

After this whole thing arose, then people started to say, "Gosh, there isn't any independent legal advice that is being funneled into the National Security Council, and there should be." What is the answer? One answer, of course, is to put the White House Counsel in there, but that was resisted by the National Security Council staff. The new National Security Advisor, Frank Carlucci, was a very forthcoming guy—very fair, very open. I talked to him about this and I said, "I think I should be in these meetings."

This is at the height of all this discussion of how the President could have gotten himself into this situation. He told me he didn't think that was a good idea, that he would have his own counsel, which I knew was what he was going to say. He would appoint someone I would have confidence in and that person could then attend my staff meetings and would keep me informed of what was happening at the National Security Council level.

That wasn't a bad idea, it wasn't a bad compromise if he appointed someone who was really good, and he did. The guy he appointed—Paul Thompson—was an excellent lawyer, a terrific guy. He would then come to our staff meetings and he would, to the extent that he could, report on what was going on at the National Security Council. As far as I know, it remained that way until—well, it certainly remained that way until I left. If it changed under A.B. [Arthur Boggess Culvahouse], I don't know. I doubt it, because there is still that sense on the part of the National Security Council that they must have a completely different reporting line to the President. They can't be forced to go through the Chief of Staff. They wanted to be completely independent of the people who are otherwise associated with the Chief of Staff, like the White House Counsel. So there wasn't any input on National Security Council matters that I was involved in.

Morrisroe: So, previous to NSC having their own counsel, the legal advice came from the Attorney General and then from the principals in the National Security Council, presumably from legal advisors of the State Department, or the General Counsel of Defense?

Wallison: Right. And it would come through non-lawyers. When we get to Iran-Contra we can talk about the whole legal issue. The Attorney General being in the meeting is not always very helpful unless the Attorney General is really a lawyer, and that isn't always the case. Obviously, he went to law school, but he is not always a lawyer. Ed Meese was lawyeristic, rather than a lawyer. He hadn't been a practicing lawyer for many, many years, so he was not, perhaps, the most careful, gimlet-eyed guy that the President needed in these meetings before things like the Iran-Contra idea got approved.

Knott: Well, let's talk about Iran-Contra. Although you certainly discuss it quite a bit in your book, I'm not sure what the best way would be to approach it.

Wallison: I don't know myself. What do we expect—that people will read the book or read the oral history? How does that work?

Knott: I'm always a believer in having you go through things even though they're talked about in the book, because I think there may be something that just didn't make it—

Wallison: That's fine.

Knott: Why don't we start off with your learning about what was going on, and what Don Regan asked you to do? Early on he asks you to go speak to Poindexter and you didn't get very far, as I understand it. Could you just start at the beginning?

Wallison: The beginning was on Election Day in 1986, which was, I think, the fourth of November. There was a story in a Middle East magazine, or a newspaper in the Middle East, and it was reported at the staff meeting. It was reported that [Robert] Bud McFarlane had been to Iran with a cake and a Bible and a key, or something like that. He had attempted, I think, to negotiate for the release of the hostages in Lebanon. This seemed so wild and crazy that I kind of smiled to myself. I think it was that day that someone said to Alton Keel, who was serving as Deputy National Security Advisor, "What about this story?" He said, "We never comment on these stories." Then he said, "But it's nonsense."

I didn't pay any attention to it after that; there were too many other things going on, until two days later when I came into the White House in the morning and Larry Speakes was there. He stopped me and he said, "Peter, can the President violate his own executive order?" I said, "What are you talking about?" He said, "Well, on this Iran arms sales thing—I'm getting a lot of calls from people in the press who say that the sale of the arms to Iran violated Reagan's executive order, so, can the President violate his own executive order?"

I said, "Beats the hell out of me, Larry. I have no idea. Off-hand, I'd say if the President made the executive order, he can violate it, right? He could modify it. But I'll check." So I asked one of the staff people, Dean McGrath [Jr.], to look into it. He came back and said, "You know, there are an awful lot of facts here I don't really know." We never even answered the question of whether the President can violate his own executive order, because things started to move so quickly that that issue got lost in a whole lot of other questions about how this whole thing arose, and who was involved in it, and how it got approved—a lot of questions like that.

As far as I recall, I never even gave Larry an answer to that question. Meanwhile, we were finding that, in order to answer the question of whether the President had violated his executive order, we had to know more facts about what was done, and we didn't know the facts.

I went to Regan and I said, "I really ought to know more about what happened here. What do you know?" He gave me an overview of it. Yes, for the last 18 months, we had been selling arms to the Iranians. We hadn't been giving them arms; we had been selling them arms, and this was approved by the President as a way of opening up some kind of dialogue with Iran. In the course of this process, one or two people, among the hostages, had been released.

Then I said, “Well, what did we sell, and what were the dates that the sales actually took place? Because, if I understood correctly, we have a couple of statutes implicated here and those statutes had been modified at various times, and there were executive orders associated with the statutes. The legality of it depends very much on what we sold and when we sold it, and whether the President made findings—that sort of thing.”

He said, “Well, I don’t really remember all that stuff. I don’t know very much about it, but Poindexter will tell you about it. Why don’t you go and talk to Poindexter?” I went to Poindexter and he basically said, “Well, we don’t really need another lawyer in here. We’ve got the Attorney General. The Attorney General said everything’s okay, so there’s no need for you to look into this.”

In the course of telling me this, he also told me, “Yes, some arms were shipped to Iran, and the President found out about it, and he didn’t like it. He called back the plane, so the arms were not delivered.” It’s all very fuzzy in my head. This all sounded so peculiar. I said, “I really think it’s important, from the President’s perspective, since the White House has to answer all these questions, that I know a lot of the facts.” He said, “I’m just not going to tell you any of these things.”

I went back to Regan and I said, “Look, I can’t get anything from Poindexter. He won’t tell me.” Regan said, “I’ll try to see what I can do. Meanwhile, you do whatever you can, talk to whoever you can throughout the government, and try to find out what the facts were. I’ll work on the Poindexter side.” I then did begin this little investigation to try to find out what happened, talking to whoever might have any information about it, other than Poindexter. Al [Alton G., Jr.] Keel was Poindexter’s Deputy. I talked to Al and he wouldn’t tell me anything. In fact, I had a lot of difficulty getting him to return my phone calls. That was true of the whole National Security crowd. Once this Iran-Contra thing broke, they all just stopped returning my phone calls, telling me about meetings, keeping me informed of anything.

I was really at a loss. One of the things that I did was to get a meeting of all of the counsels together from the State Department, the Defense Department, and the CIA. I don’t think anyone was there from the National Security Agency. Paul Thompson, who was counsel to the National Security Council, was also invited. And the Justice Department, of course. I thought, in this way, with everybody sitting around a table, we might be able to pool what information we all had, and we did. Actually, there was a lot of information around the CIA and at the State Department. And with Paul Thompson there I thought we’d get a lot of information that we could then use to do an analysis. That didn’t turn out to be the case, because although we each had little snippets, Paul had most of the information and in his case, he said he was under directions from Poindexter not to tell us anything.

Abe Sofaer got very outraged at this, as well he might. I didn’t, for some reason. Since I’d already heard this from Poindexter, it didn’t strike me as a source of outrage. Sofaer, who was kind of emotional, said, “How can you deny to the Counsel to the President information that he needs to advise the President?” Paul was embarrassed and said, “I’m under directions from the Admiral.” That’s what he called Poindexter—the Admiral. Inasmuch as Paul Thompson was a Navy officer, I guess this would have been—he could have been thrown in the brig for telling me

things that Poindexter did not want to have told. Since the Admiral had directed him not to tell us, he was under orders. That's the way that event played out. Then things went on from there. I think it's recounted in the book in all the details. I don't remember even now the chronological order in which they all occurred.

We got nothing, basically, that was of any use. At that one meeting with the general counsels of the various departments, one extraordinary fact did become known. I forget where it came from. I think it may have come from David Doherty, who was the general counsel of the CIA. He said that shipments had been made in the fall of 1985. That really stopped us because, as we all knew, under the law that authorized the President to act on a covert basis—I think it was the National Security Act—he was required to make a finding that the action was required for national security purposes. The President had made his finding in January of 1986. That we knew, because that was of record in the White House.

So how could shipments have been made in November—and even earlier in 1985—without a finding, at least that anyone knew about? That really rocked the boat a little bit. Chuck Cooper, who was there from the Justice Department, got very concerned because he had had a theory that this whole thing was going to be fine if all the shipments had been made after the finding, because the finding complied with the law. But shipments made before the finding were somewhat ambiguous.

Morrisroe: Meese didn't consult with Cooper at all?

Wallison: I don't think I knew this at the time, but I found it out relatively soon after. I called Chuck Cooper to talk with him about the legal issues, because I had read the Arms Export Control Act and I'd read the relevant provisions of the National Security Act. Still the facts were not clear to me, but I could see where it might be a problem. I wanted to know what he knew and what his analysis was. He said he was working on it.

I said, "Good. How long have you been working on it?" He said, "Just today." I said, "Who else had been working on it in the Justice Department before you got to work on it?" He said, "I don't think anyone else has looked at this." Meanwhile, of course Poindexter had told me that the Attorney General had been in the meetings and had advised the National Security Council that the law had been complied with. So, I didn't know on what basis the Attorney General had approved this stuff—whether he'd done his own research, which seemed doubtful to me, or he had just flown by the seat of his pants.

I don't recall whether I knew this before the meeting with all the counsels, or found out about it afterward—probably I knew it before, because when Chuck came to the meeting, I expected that he had done a lot of research. So yes, he had probably been working on it for several days by the time we had the counsels' meeting. He was quite distressed by learning that there had been arms shipments before the finding. We just stopped at this point and said, "Without a finding, what have we got?" What we had was the President's constitutional power to do any damn thing he wanted in foreign policy in defense of the United States. But that didn't seem to be a really great argument under the circumstances.

Morrisroe: Weak but not frivolous?

Wallison: That was weak—it was also possibly frivolous. Well, I won't say that. It has been used before and it will be used again. But in a case where Congress has attempted to occupy the territory by setting out the rules about how the President should conduct the foreign policy, it's really very dicey for the President to make up his own rules. That's about where we were at this time.

I then did not learn any more until the famous event of—gosh, I don't remember what this date was—I had been trying to get in touch with Meese and Chuck Cooper because Bill Casey was going to be testifying and I wanted to know what he was going to say. I think that's why I was trying to reach him. Maybe I had some other questions. I couldn't get a return call from anyone. They were in meetings, that sort of thing—

Oh, I know when this was. I can place it exactly. That was on November 20th, because the President's press conference had been on November 19th. While I was trying to reach these people to find out some facts that I needed for what I was working on, Thompson and Chuck Cooper appeared in my office. Chuck says, "I understand you've been trying to reach me? We were at a meeting downstairs working on testimony for Bill Casey. Let me tell you what we know." He started to talk about it, and I was happy to see that Thompson was with him, too, and he seemed to be willing to be somewhat more forthcoming.

While Cooper was talking, Abe Sofaer called on the secure phone. For obvious reasons, I always take calls on the secure phone. I picked it up and he said, "I'm really worried about what the President said last night in his press conference. There were a lot of things said that were not true, as far as we know here in the State Department. At the same time as that was happening, the Secretary of State, I now realize, was over meeting with the President and telling him the same thing—that I was another State Department reporting line into the White House." That's why Sofaer is telling me this.

Chuck Cooper and Thompson were sitting right there, and what Sofaer says to me is, "Did you know that the President was told at the meeting in Geneva—the G7 meeting in Geneva in November of 1985—that a shipment of Hawk missiles was on its way to Iran?" I said, "No, I didn't know that." I knew there'd been some shipments at some time in the fall but I didn't know they were Hawk missiles and I certainly didn't know that the President was made aware of it.

I turned to Cooper and Thompson, and I said, "Did you know that in Geneva, the President was told that a shipment of Hawks was going to Iran?" They both looked very shocked. Cooper said, "That is really a shock, because Oliver North just told us that Casey's statement should say that no one in the government was aware that this was a shipment of arms—that it was oil drilling equipment." They had just agreed to put that in Casey's statement, and if, in fact, the President was told that arms were shipped in November of 1985, that's a flat-out lie in Casey's statement, coming from North with, probably, Poindexter's acquiescence.

That was a key moment in this whole thing—just the coincidence of Sofaer's call and Chuck Cooper being in my office—because then Cooper went back to the Justice Department, called

Meese, and said, “We’ve got some kind of problem here, because North told us that nobody knew that this shipment was arms, and now we hear that the President actually was told at the meeting, with the Secretary of State, the Secretary of Defense, and the Chief of Staff present, that it was missiles. That apparently set in motion an investigation by Meese, which produced the diversion of funds memo, which in turn unraveled everything.

Once Poindexter and North were caught in this diversion of funds situation and had to leave the White House, we began to get access to the fundamental facts about when the shipments were made. It was a long process. Not just to us but to the press and to the investigating committees and so forth. It was a long process as it sort of dribbled out. That was the beginning of it. Before that, there really was a cover-up, a stonewall going on by the National Security Council, of which I was one of the victims.

Knott: Did you begin to notice that Don Regan was starting to—I’m just trying to get a sense of how he was reacting during this period. Was he shaken at all? This is a guy who’s used to running things and being fairly confident—

Wallison: He seemed not particularly concerned about the initial revelation. When he first told me about it he was quite calm about it. We’d been selling arms, and this was the President’s policy. We’re going to have a little controversy about this, but the President had this idea in mind, and approved it, and so forth. He began to get a little bit rattled as we moved through the process, and when Poindexter wouldn’t tell anyone anything. I sent him a couple of memos about how it was important for us to get the facts out, waive executive privilege, be open about it, not engage in a cover-up. He’d gone to the President and he said this, essentially: “We ought to be very open, get all the facts out about this. You’ve got nothing to hide. Let’s get it all out on the table.”

Poindexter had said that this would endanger the “moderates” in Iran, because we were dealing with moderates, and they would be killed. North used some very pungent language in a meeting I was in. He said there’d be heads on stakes in Tehran if we acknowledged that these transactions were going on. If we acknowledged them publicly, these moderates would be arrested and executed. That was one argument that they used to withhold information. The second argument was that the hostages in Lebanon would be harmed if we admitted that these things were going on, or disclosed the facts about what happened.

Reagan, who had a lot of faith in his National Security Advisor at that point, agreed with Poindexter. He said, as it was reported to me by Regan, “The President is accepting John’s position on this and he doesn’t want to disclose more than they’d already disclosed.” That resulted in the statement of the 10th of November, and then subsequently a speech to the American people on the 13th, in which the President outlined what he was trying to do, but denied a lot of the allegations about what had actually happened.

I don’t think the President knew what had happened, because, as I said in the book, he seemed to be terribly uninformed, and so was Regan. Although you might argue that the President’s memory was not particularly good for these things—these details—in Regan’s case, his memory for details was excellent and he didn’t know when things had occurred and under what

circumstances, and so on and so forth. I had a very strong feeling that a lot of this stuff was never reported to the President by anyone.

As we went along, and the President kept denying or refusing to release more information about exactly what had happened, Regan began to get more and more distressed and disturbed. When the diversion of funds memo was discovered and it was reported to Regan, and Regan then reported it to me and to Dennis Thomas after the meeting with the President, he was really rattled at that point. I don't think I've ever seen him quite so worried.

Knott: Regan?

Wallison: Regan. He said something to me like, "We're facing a problem here that looks much like Watergate." He asked us to come up with some ideas as to what we ought to do, now that we had discovered that the diversion of funds had occurred. In terms of Regan, it was a progression of concern, from the time when he thought, *This is just another one of the foreign policy screw-ups that happen from time to time. We'll get through it. There'll be a lot of Sturm und Drang; there might be a Congressional investigation. But there's nothing here to hide, because, after all, this was what the President wanted, wasn't it? It might not have been the best idea in the world, but it wasn't a disaster. No one was killed, and the worst that can happen is the President is accused of making a bad foreign policy decision.* I think that's probably what went through his head at the time.

But as it turned out that there was more and more attention to it, and it looked as though, in fact, we were getting involved in the toils of a cover-up, Regan, who had some legal training and was somewhat sensitive to this kind of thing, began to realize that this could be very dangerous for the President, for him, for everyone around the President. That's why there was rising alarm on his part.

I was not making him feel any better, because I was going to him and telling him I didn't think the law was complied with, as far as I could tell. I couldn't come up with a theory under which all the legal niceties had been observed. In addition, I was worried about a cover-up. The fact that Meese was in charge of the investigation worried me, because Meese had not given the President good legal advice at the time, and the tendency of a person who has not given good legal advice is not to get all the facts out, which would expose his failure.

I was telling Regan I didn't like the idea that Meese was involved. I thought Meese should be thinking about resigning. I wanted Poindexter to resign, I wanted North to resign, I was suggesting that Meese should resign. [George] Shultz was going on television at that time, saying that he had disagreed with the policy, and Regan thought Shultz should be fired—this is Regan and loyalty—Shultz should be fired for not being loyal to the President, for saying that he had disagreed with what the President did. I told Regan, "Shultz is a hero. You should be firing Poindexter. He's the guy who's going to get the President into trouble."

Knott: Did he get hot about any of it?

Wallison: No, he didn't get angry at me. He listened to what I was saying. I don't know that he took any particular action. I had always been pretty blunt with Regan and he never seemed to mind that. I was pretty blunt with him here. That was what happened with Regan. I can continue with what then went on, if you want.

Knott: Let's take a quick break. I don't mean to stop you—you're on a roll here.

[BREAK]

Knott: If you don't mind, if you think you can continue with the chronology here, or do you need to be prompted?

Wallison: I probably need some prompting, but let me try.

Knott: There's that famous press conference where both Meese and the President are there and the press goes a little crazy as the President walks off. Do you remember what I'm referring to? I think this is when Meese announces—it must have been on the 24th.

Wallison: Oh yes, sure. In the White House pressroom.

Knott: Right. All hell breaks loose.

Wallison: That's when the President was having lunch with the Supreme Court. The President had, that morning—actually, let me stop. It is probably important to talk about the President's preparation for the press conference of the 19th. We started preparations for that press conference on the 18th, maybe even the 17th. Before every press conference the President had a preparation, kind of a run-through, where people threw questions at him—the hardest questions they could think of, or the most press-like questions they could think of—so the President could answer them. I always participated in those.

In this case, the preparation started a day early and it was almost all on the Iran arms sales. At the time, no one except North and Poindexter knew about the connection with the Contras. The Contras were always an issue, but not for the connection with the arms sales. There was a lot of preparation of the President. The first run-through was about as bad as I had ever seen it. He seemed to know nothing about what had happened. Poindexter and Al Keel would have to constantly interrupt him and say, "Well, Mr. President, this is what happened at this time, and this is why we did it at this time, and this is what we thought." It was surprising, very surprising, how few details he knew. I'd seen him at a time when he didn't know many details about things and this one was really out of the ordinary in that sense.

We all went back to our offices a bit shaken, because we couldn't imagine how he was going to go into a full-scale press conference the next evening when he was so ill prepared. Regan scheduled another prep session for the following day. Maybe that following day was the 19th. We went through the whole thing again, a lot of questions again: "Who was involved?" "Who

did you talk to?" "When did this happen?" "Why did we do it?" "What about your executive order?" "Isn't Iran a terrorist state?" That sort of thing. We ran through all of those questions, and he was a little bit better in the second run-through. But it still wasn't great.

In the end, the press conference was not that bad, except for one or two memorable gaffs. One of the gaffs was that he denied that Israel was the third country that had shipped arms. Statements had been put out that the arms had been shipped by a third country, which, in fact, was true. Israel had shipped the arms. Those were the ones before the finding in 1986. In the fall of 1985 Israel had, with our approval, shipped the arms and the TOWs [Tube-launched, Optically-tracked, Wire-guided missiles]. I think the Hawks, also, were shipped by Israel.

The earliest guidance was that we were not to mention Israel, just to say, "a third country." When the question was posed to the President by Andrea Mitchell, he denied that it was Israel. She said, "Well, Mr. President, your Chief of Staff has said that it's Israel, in talking to the press." That became kind of an issue. The most important issue, from the President's point of view, was that Israel was now known as the third country. I think this was the point.

When he came out of the press conference, Poindexter said, "Mr. President, Israel is known as the third country. You didn't have to deny that." Or something like that. He said, "Well, we better correct that." Poindexter said, "Larry Speakes has already gone off to put out a statement to correct it," to try to catch up with the wire service reports, and that sort of thing. This was one of the few times that I've seen Reagan get sensitive about something like this. He said in his very gentle way, "Well, maybe when Larry puts out the statement he could give me some credit for authorizing the statement." Someone ran off to make sure that the statement said, "The President recognizes that he misstated the facts in the press conference." I thought it was an interesting thing to watch his wanting to make sure his own White House didn't put out a statement that made him look as though he was not involved in the correction.

That gave rise to a very interesting thing, because Regan denied that he had said that Israel was responsible. He convened this huge group in the Roosevelt Room, which was the conference room right across the hall from the Oval Office, to try to go through all the records to see whether he had said that Israel was responsible, because that's what Andrea Mitchell had said on national television and he denied it. He said he hadn't said that. I don't remember. I think it turned out that no one could find a reference in all the transcripts to Regan's saying that Israel was the third country, so he was probably right.

In terms of how this whole thing developed, it became an important meeting because, while I was in the meeting, Oliver North came in with a single sheet of paper and brought it over to me. Well, first he went to Al Keel and then the two of them came over to me. He showed me this single sheet of paper and on it were a lot of dates on the left and then little paragraphs to the right of the dates with a description of events. It was a chronology of what occurred.

He shows me this thing. The purpose was to—I don't know—I think maybe to show me that Israel was involved, or Israel wasn't involved, or something like that. I can't even remember what the purpose of his showing this was. But I realized that they had a pretty thorough chronology, at the time, of exactly what happened, and I wanted that. That was the key to my

finding out what actually happened. I went to Regan the following morning, early, and I said, "Last night while you were all investigating this question of who said what, when, Oliver North came in. They have a chronology at the National Security Council. I saw a page from it. We ought to get that." I asked Regan to get it. Regan apparently called Poindexter and asked for it.

That night, or maybe the following day, he got an envelope, a top-secret envelope, with a chronology in it. He gave it to me and he said, "Look this over and tell me what you think." I didn't have a lot of facts at my disposal with which to judge it, but there were a whole lot of things in it that didn't seem to hang together. Why, if this was done, did they do that the next time? Why, if the President authorized a shipment in September of 1985, would he call back the shipment in November, which was in the chronology? Why would he call something back because it supposedly hadn't been authorized if he'd already authorized the arms shipment program? These things didn't make a lot of sense to me. I sent a message to Regan that night with a secret service agent, at home, with a memorandum on this. I don't know whether that memorandum even survived. The memo discussed the issue of who knew the facts and whether the facts were correct.

There was going to be a National Security Council meeting on the 20th or the 21st, where there would be a lot of questioning about the facts. Regan wanted to be prepared for that, so I prepared yet another memo for him with a series of questions that pointed out some inconsistencies that I saw, and that implied questions that he might ask at that National Security Council meeting, which, apparently, he did. He came back and had his notes from the meeting and later told me what the answers were.

It wasn't getting us very far. The answers were not really coming through because Poindexter was in charge at this point, and Al Keel. I think Poindexter and Al Keel believed that they could bull their way through this whole thing—that it was going to go away. They had briefed Congressional committees and they had not told all the facts. And I gather they'd told some things that weren't facts, at least Poindexter did. I don't think Keel necessarily did. He was of the same view as Poindexter, however—that this thing would all blow over. If we would just hunker down and not ask too many questions, it was going to go away.

They really were very reluctant to give out any details and facts to anyone, including the other members of the National Security Council. In the book I make clear my view that this was a pretty pedestrian, bureaucratic cover-up going on. They had made some errors, some big errors, and they were covering their own backsides, here. This business about the moderates in Iran and the safety of the hostages was a completely made-up story that would manipulate the President into backing them in their view that nothing should be made public, and that would back the President into a cover-up. I was beginning to see this whole thing develop and it looked really dangerous to me. When the diversion memo was discovered and Poindexter and North left, that motive was gone. There wasn't anyone who was interested, bureaucratically, in a cover-up at that point.

Really, that saved the President, because he may have been carried so far down that road that he might actually have gotten involved in a cover-up. He, himself, didn't want to cover it up, but he was told that he was saving lives, and saving our hostages. And these two guys believed that if

they kept the lid on, it would all blow over. Their reputations then would be protected. It was a very tough situation right then.

Knott: So they were doing this not out of some sense that—I'm going to repeat what you just said—you don't think that either Poindexter or North really believed that these were important initiatives, and there was the possibility of an opening to moderates in Iran?

Wallison: Yes, that's a really good question. Let me get into that a little bit. I think that North was really in charge of this. Poindexter didn't pay much attention to it. He, in a sense, got tangled up in the toils of this himself because—he was a very smart guy but he had such bad judgment, as we've now seen. Since he's been at the Defense Department he's done it twice already. He had such bad judgment. He had turned everything over to North, and North's a liar. North is a fantasist. He doesn't know the difference between reality and fantasy. He carried on this project, believing from the beginning that it didn't have any great overarching political, strategic significance. It was simply a way of getting our hostages out. That's how he conducted it. In his view, it was simply and always a trade of arms for hostages.

Reagan denied it because that wasn't what he approved and he couldn't imagine how it could have become a trade of arms for hostages, but North never saw it as anything but that. I don't know what Poindexter actually believed, but it's pretty clear to me that North had no concept of what this thing was supposed to be about.

Knott: McFarlane is really, in some ways, the father of the idea—is that correct?

Wallison: Yes. McFarlane was the father of the idea.

Knott: Did McFarlane hire North?

Wallison: McFarlane brought North onto the National Security Council staff. North was a Marine. McFarlane was a Marine. North is an engaging guy. I think he was sort of the son that Bud McFarlane never had—that kind of thing. He was really a mentor of North. North is very charismatic. But McFarlane left and couldn't supervise North. McFarlane had pretty good judgment—political and other kinds of judgment. If he had stayed, he probably would have stopped this thing at some point; in fact, he recommended at some point that it be stopped. I never did understand why it never was stopped, because McFarlane came back from a meeting with some of these Iranians and said, "This is going nowhere. We ought to stop this thing." And yet it kept going. I never quite understood why it did. But he was no longer the National Security Advisor at that point, so he didn't really have the power to stop it. He just recommended that it be stopped.

Knott: North implicated William Casey as being very much involved. Do you have any comments on that?

Wallison: None. I don't, because I have no way of knowing. I just think it was a clever, clever thing for North to do. No one has ever, as far as I know, investigated whether North actually met with Casey as much as he said. He presented the idea as though Casey had been telling him to do

these things and constantly looking over his shoulder, making sure that he behaved in the way the President wanted. He was sure he was working for the President because Casey was telling him what to do. I don't even believe he talked to Casey, myself. I believe nothing that North says, nothing.

As far as I was concerned, it was a wonderfully clever ploy on his part, after Casey was dead and couldn't deny it, to implicate Casey in this whole thing. I never saw anything that indicated that Casey knew any more about this than Regan did. He was about to go up to the Senate and make a false statement about these arms. If he knew something about it, I just can't imagine he would do that. Casey was a long-time government servant. He was a lawyer. Sure, he lived in this world of spooks, and so your mind can be altered, your perception of reality can be altered in that hall of mirrors, but to go before a Congressional committee and tell a flat-out lie, something he knew was a lie, just didn't seem to be in character for Bill Casey. I suspect he knew very little about what actually had happened and was relying on North, as so many other people were, to tell him what the facts were.

Knott: So you believe, also, that Poindexter was misled by North?

Wallison: I think probably he was misled by North. He was receiving reports from North, but I don't know. I've never looked at the communications between Poindexter and North in order to know, for a fact, that North had misled Poindexter. It is likely that Poindexter understood what Reagan was trying to do. Yet he didn't stop North from essentially creating a trade of arms for hostages, and I just can't reconcile those two facts. Either Poindexter thought that if North succeeded in this it would create the opening that Reagan wanted, or he, also, believed that what Reagan really wanted was a trade of arms for hostages.

I think that's also a possibility, because he was not in it at the beginning. It was McFarlane and Reagan who originally came up with this idea—this opening to Iran. It could well have been, in fact, that Poindexter really thought it was supposed to be a trade of arms for hostages. As I think about it now, he did get that initial draft of the finding from the CIA, the one that Reagan initially signed. The finding was given to the President by Poindexter, he signed it, and Poindexter put it in his safe. That finding said it was a trade of arms for hostages. It could well be that Poindexter believed it was, too, not knowing how it began.

It doesn't surprise me that Reagan would sign something like that. He would get a briefing book each day, and it would contain the President's daily brief, which is from the CIA, and a few other things. It was given to him by Poindexter, so it didn't go through the usual staffing process. In the little flyleaf inside the cover, Poindexter put the finding and handed it to the President. The President opened it, saw the finding, thought it was something for him to sign, and he signed it. It would not be in Reagan's nature to read something over carefully that he had been given by a staff person. He thought this was just another thing that he ought to be doing. Later on when he was asked to make a finding, in January of 1986, after a lot of things had occurred that shouldn't have occurred, Poindexter was given a briefing memo by North, which then talked in terms of all of these policies that the President was trying to articulate, trying to achieve. The 1986 finding then was consistent with that memo.

Again, it's kind of a mystery to me why North would have drafted a memo like that when he was not acting as though that's what he was doing. Even in January of 1986 he was acting as if it was simple trade of arms for hostages. It's a big mystery. I don't think we'll ever get to the bottom of it. All you can do now is kind of surmise what was in people's heads.

Knott: Did the President remain loyal—feel a sense of loyalty towards Poindexter and North—well beyond the point where he should have?

Wallison: I certainly think so, yes. He was a very trusting person. As Nancy Reagan said, he always thought the best of everybody until they proved to him otherwise. He had a very optimistic, sunny view of people's personalities and characters.

Knott: Do you think he ever came to believe that these guys, or at least North, had misled him?

Wallison: Oh yes, eventually he did. It was too late, but the Tower Board found some recordings of North's meetings with the Iranians in Germany for one of their negotiating sessions and they gave the President a transcript of it. In the transcripts, North had said that he had walked in the woods with the President of the United States at Camp David and they had talked about how admirable the Iranian revolution was, and that the Iranians were thinking small if they only wanted this small amount of arms. The President wanted them to have more, and he was a great admirer of Ayatollah Khomeini—I mean, incredible things.

In some sense you can sort of justify this. Here he is, negotiating with these kooks, and he's trying to get our hostages back, maybe. But if you've got any sense of your place in the world, you're also a representative of the United States and the President of the United States, and you're telling a foreign group things that will cause them to believe certain things about the United States which would be all wrong and could only cause trouble at a later time. This is amazing stuff.

When that was read to the President, I think it suddenly dawned on him that he really had a loose cannon on his staff who had really caused him a lot of trouble. Before that, he thought North had done his best and had gotten mixed up in a thing that was beyond his skills, but when he heard that, he said, "That's just bullshit." That's the first time I ever heard him use a word like that. "That's bullshit," he said, "never happened." He actually didn't have to say it. Everyone knew it had never happened. He was angry. That's about as angry as Reagan ever got, I think. So eventually he knew, but it was too late by that time.

Knott: Did you ever see him sort of deflated by any of this? Or down? He's got a reputation for being sunny and optimistic. You talked to him a lot.

Wallison: Yes, he was down. He was down because the American people didn't believe him. They believed that he'd traded arms for hostages and this was probably the first time he had not been able to convince them that his motives had been otherwise. As you know from reading the book, he had a very optimistic and strong sense of the intelligence of the American people, their abilities and their desire to do good, and their ability to perceive the truth, much more than most politicians do. He was not manipulative in that sense. And here, the American people had clearly

concluded that their President was lying to them. That was an important jury to him, and he was down about it. He was not down, as far as I could tell, about anything that actually happened. He had a lot of confidence that he had done the right thing, as he usually did. But he was down about the fact that he couldn't convince the American people that he had acted with the right motives.

Morrisroe: How did this affect the morale of the White House staff?

Wallison: We were in terrible shape because we were all working 20 hours a day under very difficult circumstances, in the sense that we were constantly being bombarded with new leaks and stories and things like that, which we couldn't really answer very well. The President's popularity was declining and declining. We were bombarded with editorials and statements from Senators and Congressmen. It's a pretty wearing situation, a very tough situation. Staff morale was really low. Reagan was more even-tempered about it, as far as I could see. He seemed to have a certain balance about what was going on, for the reasons I just said. But the rest of us were down. Reagan was getting wound tighter and tighter. I felt very sorry for him.

He would say to me—I recorded in the book—he'd say, "No one defends me. I've got no one defending me." And he was right. There wasn't anyone defending him. He didn't have his own counsel. He didn't have any public relations person going out and giving his side of the story. I said to him, "If you had someone defending you it would weaken the President. You can't do that." He would agree with that, because he never did anything to weaken the President. He was in this absolutely impossible situation, accused of leading a cover-up and accused of not adequately serving the President. The *Washington Post* said he was arguably the worst White House Chief of Staff in history. The poor guy—I don't know how he got up in the morning and came to work. The rest of us—Regan was probably in the worst shape—the rest of us were just in moderately bad shape but we were—

Morrisroe: To what extent did you have to carry on? You talked a lot about all these other projects that you had to do. Did everything just kind of come to a halt?

Wallison: Everything came to a halt. Nothing of any significance, as far as I know, went through the White House during that period. We were frozen in place for the four or five months when that was happening. Each day when we got together—that group continued to meet—we tried to divert the discussion, to put it behind us, as they say. It was impossible. Even though we could have the President come out and make statements, there was so much stuff coming out of the press and off the Hill—

Knott: The Boy Scout Jamboree—

Morrisroe: Didn't work any more.

Wallison: It didn't cover it. No one wanted to put the President on about the Jamboree. It was really a bad time.

Morrisroe: Your staff is probably still exclusively occupied with matters related to this?

Wallison: No. There are still things that come along. Legislation comes along. Executive orders come along. The disease of the week was going on.

Nemacheck: High priority.

Wallison: Appointments were still being made, and that sort of thing. The thing was sort of running along on its own, but there were no new initiatives. That business I was doing with capital budgeting died, never to return, and every other initiative that the White House might have had in mind that came along from the Cabinet was just pushed aside because nobody had any time to focus on it or think about it. Every focus was only on trying to get the President out of this mess.

Morrisroe: Did you have specific staff in your office that were assigned to assist you in the Iran-Contra matter?

Wallison: Yes. It was Chris Cox, who is now a Congressman, and Dean McGrath. Dean is now the Deputy Chief of Staff to Cheney. The two of them—and Alan Raul, I think, was also heavily involved. We also had a guy named Bill Lytton, who we hired separately to advise us. He was sort of a white-collar crime guy.

Morrisroe: Somebody that was brought in special?

Wallison: I don't remember how that happened. He became much more important after I left. A.B. then created a gigantic staff of lawyers to, as I understand it—and again, I don't know. Maybe if you get to talk to A.B. you'll find out. I think they had some real doubts about whether what the President had said about all this stuff was truthful. Howard Baker got A.B. to begin a completely new investigation from the beginning, inside the White House, to determine the truthfulness of the President's statements. They hired a huge staff of lawyers who did an investigation under Bill Lytton. I guess they concluded that the President had been truthful. I wouldn't have done that, and didn't do it.

Knott: Why?

Wallison: First, I believed from the beginning that the President had been truthful and I never saw anything that suggested he had not been. Secondly, I didn't see the point of it. So what? If you found out that the President had not been truthful, what would you do with it? There were already two Congressional investigations going on. There was the Tower Board. There was an independent counsel. They had much more access to a much broader range of facts than the White House had access to and they had the personnel to do it.

If you did find out that the President had been untruthful, what would you do? You still have to defend the man, so why would you want to find out that he was untruthful? The best thing to do is to let these independent groups get all the facts they can and if they develop anything that you have to defend against, you do the best you can under the circumstances. As it turned out, they never developed anything that implicated the President in any significant way.

Nemacheck: Do you think the distinction is made between being Counsel for the Presidency versus the President? Was that sort of how they saw this—as sort of Counsel for the institution of the Presidency, instead of—I mean it seems counterintuitive for their client, so to speak, of the President.

Wallison: Again, you should question A.B. on this if you get to talk to him. I'm only going on what I understand happened, and I've never asked him about it. That is a really good question. This business of being Counsel to the President or being Counsel to the Presidency is really pretty tough to define. It sounds great when you say it, and when I first got there that's what Fielding told me in that first meeting, "You're Counsel to the Presidency, not just the President." The implication is that you can tell the difference, but when the going gets rough you really can't.

The only area that was pretty clear to me—I wrote a lot about this when Clinton had his problems—is that you can tell the difference between something the President has done in his official capacity and something he did in his private capacity. When it is in his private capacity, the White House Counsel has no business being involved. The President should hire his own outside lawyer and let him take care of it. The taxpayers should not be spending money to defend the President against something he did in his private capacity, in my view. Nor should there be any executive privilege, or attorney-client privilege, or anything else that has to do with the President's private capacity.

Once you acknowledge that what the President has done was done in his official capacity, I don't know how you tell the difference between defending the President and defending the Presidency. What would you say? Here was something that Reagan had done that maybe you'd concluded was a mistake, or even not told the truth as part of his functioning in his official capacity? Would you say, "I won't defend him because that has nothing to do with the Presidency"? I don't see that the distinction has any meaning now. That's my conclusion after thinking about it a while.

I doubt that that was the reason that they did it. Again, you'd have to find out whether they actually did it, but from some things I've heard, they were very skeptical about the defense that the President had received before they came in, from me. Although they denied it to the press, they did do a lot of things that reflected a real doubt about whether the President had been adequately defended, and whether I had ever gotten to the bottom of what actually happened. You'd have to check.

Knott: Was it an awkward transition between you and—

Wallison: No, not on my part. I was very surprised. That shows how your view of the world gets influenced by your situation. I was very surprised when I had to leave. I thought I'd done a fine job and everyone would agree. I knew that Regan was going to have to leave, and Regan, in fact, left. Baker was coming in and I assumed I would continue to be the President's Counsel. In fact, I might have, had it not been for the fact that A.B. Culvahouse was willing to leave his private law firm and come in. A.B. and Baker had been close for many years. I just kind of assumed Baker would come in, replace Regan, and I would continue working on this Iran-Contra stuff.

Interestingly, it was only hours after Regan departed that I was getting calls from the press saying, “You’re going, too.”

Knott: That must be a nice feeling.

Wallison: It’s not good. I said, “I haven’t heard anything about it. I don’t know about it.” The really amusing thing—I have this framed at home—the headline on the *Washington Times* report of the Tower Board’s public report shows the members of the Tower Board and the headline, “Tower Board Blames Regan for Administrative Lapses,” or something like that. Or “Failing To Supervise.” Under that is a subhead, a big headline under their photographs and the story, and it says, “Wallison, Regan, First to Go in Staff Shakeup.” I looked at that headline— there were several things about it that really amazed me. Most people, I thought, would look at the headline and say, “Who’s Wallison?” Everybody knew Regan. Why would a headline writer write a headline that says, “Wallison, Regan, First to Go”?

It turned out to be right. Regan left shortly thereafter because of Baker’s appointment, under not very pleasant circumstances. Then I started to get calls saying, “You’re out.” “You’re gone.” “You’re history.” I said, “I don’t know that that’s true.” It happened that Jim Cannon was part of the transition team for Baker. Jim had been a long-time friend of mine. He was the guy who brought me onto the Rockefeller staff. He was the guy I dealt with most when I was working with Rockefeller. Jim came to my office and said, “Baker’s going to bring in A.B. Culvahouse and he’s going to be the Counsel.”

Then it became very clear that I really was going. I said, “Well, that’s fine, but I think it would be better if I stayed on a little while, because I know so much about the Iran-Contra matter. I can help Baker with the transition, and I can help A.B.” I did, in fact. They said that was a good idea and I stayed on until the end of March, even though A.B. was designated as the Counsel at the end of February. If I recall correctly, I kept the office. I stayed in the Counsel’s office until I actually left at the end of March. I don’t think A.B. even moved into my office—at least that’s my recollection.

From my perspective it was a very smooth transition. In fact, there was a Cabinet meeting after Baker took over. He brought in the whole Cabinet—this would have been early in March, sometime after the President’s speech, which was on March 4th. It might have been the 6th or the 8th. The whole Cabinet was brought in and I was asked to brief the Cabinet on the whole Iran-Contra matter. So I was not a bad odor; otherwise, they would have put me behind a screen or something like that, and just let me brief people in private. They were willing to expose me to the whole Cabinet. I guess I was still regarded as being an honest broker, under the circumstances.

Knott: Were you bitter at all, during this time?

Wallison: I might have been bitter about my fate; I really wasn’t angry at anybody. I just thought this was an unfortunate thing to happen to me, because I thought I’d done my best. I thought that I had actually saved the President, or at least helped him a lot. I thought I should have been recognized for that in some way. Maybe I was, in some way. I don’t recall being angry at

anybody or bitter at anybody. I got a very nice letter from Reagan after I submitted my resignation letter to Reagan, which I've since seen—I'd forgotten about it completely—but it's on the Internet. My son found it and sent it to me.

Nemacheck: The Internet's an amazing thing.

Wallison: It was a very warm letter. I clearly didn't have any sense at the time that he had betrayed me in any way. Although, it was interesting that when Baker came in he talked to Reagan and he said—I don't know where I heard this, but I believe it's true—"I'd like to bring in my own Counsel, and my own press guy to replace Marlin Fitzwater." Reagan said, "Okay on the Counsel, but Fitzwater's just starting." They kept Marlin on as White House Press spokesman, and the guy that Baker wanted to bring in became sort of the Communications Director, instead of the actual face who appears on the television.

Reagan was willing to let me go, and I don't blame him. I was actually brought in by Regan, and Reagan could well believe that that's the right way to do it. The Counsel works most closely with the Chief of Staff and so Chief of Staff should be able to bring in a Counsel he's comfortable with.

Knott: The idea that Ed Meese survived this thing, and you didn't—

Wallison: I didn't survive, I tell myself, because A.B. was so close to Baker. If I were Baker I would bring in a guy who I had a lot of confidence in, instead of someone I know but I don't know that well. That made a certain amount of sense to me. The rest of the people who survived were fine. Meese's surviving was pretty amazing, I will admit. Then again, I don't see any injustice in that.

Knott: Anything to add to the record about Lawrence Walsh—your opinion of his job as Iran-Contra independent counsel?

Wallison: I didn't have a lot of contact with Walsh. What contact I had with him was quite benign. He was very reasonable when I dealt with him. I did not think that he was going to be much of a problem for the President. His subpoenas were very, very broad, but I didn't negotiate any of those. I had other people negotiating the scope of the subpoenas. We got along pretty well. We were furnishing information that he was fine with. To distinguish him, in this case, from the Senate and House committees, I don't recall his saying that we were covering up or failing to deliver the information that he asked for, and they did.

My impression of him is pretty good until he suddenly began to suggest—and I was no longer in the White House at this point—that there had been some sort of cover-up by the major figures: Shultz, Weinberger, the President, Poindexter, Regan and Meese, coming out of the meeting on the 10th of November, which I didn't attend, at which some facts were laid out by Poindexter and Meese, and these facts were wrong. They were false, and nobody said they were false. It was on the basis of that, that Walsh was apparently arguing that it was not just an informational meeting, that it was a meeting where they all agreed on a cover-up based on these false facts. Then he tried to prove that they had all agreed on this cover-up, which had separated the

President somewhat from what had gone on here. That was because they were afraid the law had been violated and they didn't want him to be caught in a violation of law.

I find the motive all wrong, and I have a certain degree of sympathy for the people who were learning the facts for the first time about what actually had happened. I also find it impossible to believe that the Secretary of State and the Secretary of Defense, who opposed the policy in the first place and went on television to say it was a bad idea, agreed to participate in a cover-up of the facts. It just didn't make any sense. Both of these guys violated a lot of their own principles, in fact, to tell the President through the news media—to protect the President, really, by saying—they thought this was a huge mistake from a foreign policy point of view. For them then to participate in a cover-up made no sense to me. The whole thing didn't hang together.

At that point, I guess, when I began to understand what he was arguing, I really became kind of an opponent of his but before that he hadn't caused me any trouble that I remember.

Morrisroe: What was David Abshire's role when he was brought in, and how did his work on Iran-Contra fit in with your work and that of the counsels?

Wallison: When David was first suggested, I had the usual reaction of turf protection. I didn't like the idea that someone else would come in. It's a public statement that I'm not doing a good enough job. I think that was natural for me to have that feeling, but I liked David, and when he came in we immediately began to work together. I had a lot of facts at that point. It was necessary to bring him up to speed. He immediately decided that he didn't want to get into all the details of things. What he wanted to do was to try to smooth, to pour oil on the waters in Congress and with the press, and he took that over very well.

Morrisroe: And that was his charge by—

Wallison: Well it wasn't entirely clear what his charge was. That's what he decided, after we had talked about it, that he wanted to do. He seemed to think I was doing a perfectly credible job on my part, and that I was being honest, and that I was a person he could rely on to tell him the truth and not keep anything from him. That was true. I'm glad he decided that about me.

We worked together very well, I think, and I was delighted to have him there. He did things that I couldn't possibly do, because of his reputation in Washington, his connections on the Hill and with the press and with people on the Tower Board. It worked out well, and in some of these meetings with the President, I was doubly delighted that he was there, because he saw what was going on and he could verify what I said in my book and in my diary about what the President was saying and why we did the things we did. I was happy to have this witness present. David and I worked very well together and still have remained friends.

He has written an account of Iran-Contra. I don't know whether you guys have seen it. It has not been published yet. He is very cautious, more cautious than I am, and so he has sent it around to lots and lots of people for criticism, including me. One of the absolutely fascinating things about it—I read it while I was writing my book—is that we agreed on every detail. Everything that he said in that report, in that book, were things that were completely in accord with my judgments

about what was happening at the time, which made me feel really good—that I wasn't off in some spacesuit, that someone else saw it exactly the way I saw it, except for one detail. It was really interesting. The meeting with the President, when the Tower Board reported—David's recollection of how things developed was very different from mine.

I sent him a note and said, "My diary reports that this is what happened at that meeting." He didn't have a diary. He said, "Oh, that's interesting. I had a different recollection, but now that you mention it, you're probably right." But on every other thing we were in total accord. It was great to see. He was a great help.

Knott: Do we have any more Iran-Contra questions? I think we may be getting to the point where we want to talk about Ronald Reagan in a larger perspective.

Morrisroe: Can I ask one question, just building off Chris's question, because it does come up quite frequently. People talk about the Counsel and if there is a tension between representing the interests of the President and the Presidency. Often times when it's brought up it's not in the context of a legal defense of the President and their actions, but in advising the President. Do you feel any special obligation to represent, or to forward the institutional prerogatives of the Presidency, say, for example, executive privilege, or other powers—to take any special interest in those, even when at times they may run against the immediate political interests of a President?

Wallison: That's a really good question. Let's go back to the executive privilege case that we talked about before, because that is where you have that controversy between the Presidency and the President. You might say that in that case, although it's not on all fours, as the lawyers would say. In that case, I felt more strongly about the institutional interests of the Presidency than what would be good, not for Ronald Reagan's interests, *per se*, but for Ronald Reagan's desires, concerning the appointment of Rehnquist to be Chief Justice. That advanced Ronald Reagan's agenda. That didn't really constitute a conflict between the President and the Presidency, but it was a conflict between Ronald Reagan's agenda and the Presidency's agenda, if you will.

Thinking about it honestly now, I came down much more on the side of the Presidency's agenda, than Ronald Reagan's agenda. So there is that tension. I'm not sure it's always uppermost in your mind when you're thinking about—

Morrisroe: And it may not necessarily come into conflict, but oftentimes when there are questions of institutional power and prerogative, because the Counsel is in a unique position that they have a special other professional charge as an attorney—a charge as representing the institution that some of the other exclusively political, or policy advisors don't necessarily possess—other kinds of considerations.

Wallison: Right. You posed a very interesting question and I think it's always going to be there. But there's absolutely no way really to resolve that. I think most Counsels are probably going to resolve it in favor of the President they're working for. Of course, ultimately that's what happened, because when Reagan considered it, Reagan thought it was much more important to get his agenda adopted. The Counsel will probably, ultimately, be forced into that position.

There's hardly ever a time that I can imagine where the Counsel would actually oppose the President's desire to do something that the President honestly wants to do, even though it doesn't work for the institution of the Presidency quite as well.

Morrisroe: One of the interesting things that comes up, and you may or may not have any observation or experience with this—it has oftentimes been suggested that one of the functions of the OLC, or at least one of the tensions that can develop—I don't know if tensions is the right word—between the OLC and the Counsel, is that the OLC is actually more likely to defend the institutional interests of the Presidency. The OLC sees it as its own world and responsibility—that protection—even when running against the President's interests. So one of the values of the Counsel is to have somebody who at least will weigh in on the other side, on the side of the Presidency in those—

Wallison: This is another distinction, because the OLC does have an institutional interest, but it's the Executive Branch; it's not the Presidency. And yet, if you try to tease out the difference between the Executive Branch and the President, it becomes very hard to do. But the OLC's position is an Executive Branch institutional position, I think, and so they would have maybe three different considerations in mind: the Presidency, the President, and the Executive Branch. They could be opposed to one another in certain circumstances.

Morrisroe: Right.

Knott: You have a very distinctive take on Reagan as a leader. Let's assume somebody's reading this transcript fifty years from now, and your book, God forbid, is out of print. What would you—if you had to sort of boil your thesis down for future generations of historians and political scientists about Reagan as a leader—what would you want to emphasize?

Wallison: Well, at least, at this remove from my book, I'm still just about where I was, in terms of the book. I really do think that I understand Ronald Reagan. I didn't go in to writing this book with a complete understanding, I went in with one idea in mind and that is I noticed, when I was at the Treasury Department, that at Treasury everything ran in a very orderly way. We all knew what we had to do, because we all knew what Ronald Reagan stood for. I remember when Clinton came into office—I was writing something in early 1992, and I was saying, "This is really going to be a mess of an administration, because he doesn't have any principles. People in this administration don't know what this guy actually wants to do and so there's going to be a tremendous amount of confusion." I don't remember where I wrote it, but I did write it down and it got published somewhere.

That had provoked me to thinking. Reagan had a very interesting way of conducting his Presidency because of this set of principles that he had articulated, which made us all feel as though we understood what he would do in our circumstances and that we were part of something bigger than just our department and our place within the department. In writing the book I had to fit that idea into something that worked with everything else I had seen when I was in the White House. I read a lot of things that Reagan had written and a lot of things that were written about Reagan. I also came across the book by Kiron Skinner about Reagan's radio addresses. I read that, and I read the radio addresses. I had to fit that in too. Then I had to fit in

the idea of this amazing event on November 24, 1986, when he had such a wonderful time with the Supreme Court, in the midst of—probably at the lowest point of his Presidency. I had to give some thought to that.

All of this forced me to come to some conclusions about Ronald Reagan, which I do think are accurate. I think I understand the man in a way that other people don't. In fact, Nancy Reagan read my book and wrote me a letter and said it was the best book about Ronnie, as she had called him, that she had seen. In fact, she was, she said in the letter, "I can't even read this book in bed because I get so excited by it," or, "I'm so interested in it that I can't go to sleep." I felt, *Gee that's really*—I think I *have* understood him. At least, she thinks I understood him in a way that nobody else has articulated before.

So, what do I say about Ronald Reagan? He is a person who is more interested in ideas than he was interested in himself. In that sense he was a President unlike any we have ever had, because to become President you have to be focused almost completely on yourself. In fact, that's why people want to become President. What people want, for a variety of genetic reasons, is to distinguish themselves above everybody else. Some people have greater drives in that direction than others. But Reagan seems to have been driven completely by a desire to have his ideas accepted—to think that it would be better for this country if his ideas were accepted. That's very unusual.

Then, you had to look at his ideas. How did his ideas fit into this pattern? In reading the stuff that Reagan said, I concluded that Reagan had tremendous faith in the American people. He thought that if you could get the government out of the way of the American people, they would solve all the problems. So the government's role was really very limited.

I don't know which was the chicken and which was the egg. I don't know whether he came to his quite conservative views about the role of government—"Government is not the solution; government is the problem"—that famous statement in his Inaugural address—I don't know that he came to that because he believed that the American people were capable of doing all these things for themselves, or whether he first decided that the government was not worth much, from what he had seen, and then that induced him—because he was a philosophically-inclined person who developed a consistent philosophy—to conclude that the American people could do all these things for themselves. I don't know which came first, but he had a completely developed philosophy, just like a [Jean-Jacques] Rousseau or a [John] Locke or John Stuart Mill, in the sense that all of them began with a concept of human nature and they built from that concept of human nature into a complete theory of government.

Reagan didn't start with a concept of human nature; he started with a concept of the American people, if you think about it in this way. Then he built his whole philosophy based on this view about the American people as a people, rather than man in the state of nature, where those government philosophers began. When he got to be President, he had this fully developed idea. It seemed to me that he developed a strategy that was consistent with this idea. The strategy was to focus on the very few things that would allow his ideas to be maximally effective.

Even though—after reading Kiron Skinner’s book, it was clear to me that he had studied and knew a tremendous amount about all kinds of issues of public policy, from drugs and crime through SALT II—he cleared his desk of all of those things and focused on the four things that he thought were essential. I’ll just mention them. They’re in the book, I think.

One is: Get the government out of the way of the economy—that is tax cuts and elimination of regulation. The second was free trade, that is, force economic factors in our economy—corporations and individuals and so forth—to compete as much as possible with foreign competition, as well as here in the United States. Confront the Soviet Union. Eliminate détente, which was the idea that you would accommodate the Soviets—that they were a permanent feature of the world and we should accommodate ourselves to them—to a completely different view, which was that they’re not permanent, they’re temporary, they can be eliminated peacefully, but the only way that will happen is if we confront them. We can’t accommodate them as the détente policy would have had us do.

Finally, “I’ve got to get the American people back to believing in themselves, because if they are really as great as I think they are, they have come to have a very poor image of themselves. I want them to be confident about the future again.” Those four things were the things he focused on. He left everything else out. He left it to his staff.

That’s why he was looked at as disengaged, because people would go to Cabinet meetings—if you were the Secretary of Commerce and you had a proposal or something, or you had something you wanted to report to the President, you’d go to the Cabinet meeting and you’d bring along the staff people who worked on it with you. They’d sit around the edge of the room, and you would then make the presentation to the President. If it was something that was just not that important to Reagan how it came out—one way or the other, he figured it would go through the Cabinet Council, and so forth, and he’d be looking for one of those red candies that he loves—the red jelly beans in the bottle. He’d look for that, and then he’d pass the jelly beans around to see if anyone else wanted it, and he would look around the table. He’d wink at a person.

And here these people, these staff people, are sitting around—they’re looking at the President and he’s not paying very much attention to something that is their most important priority. So they leave this meeting and they tell their friends and associates, “Well, this guy isn’t the President. He’s not engaged. He’s not involved.” Of course, Washington is not that big a community. That filters out through the people in Washington to the press and that he was disengaged became the received wisdom about Reagan. I think that was a consequence of three things. One was Reagan’s very strict view of what he wanted to concentrate on. He wanted to concentrate on these four things. He wanted to give his Cabinet and the people who worked for him the maximum amount of discretion, because he knew that that was their reward for working for him—they got their ideas accepted. He also knew that if they debated these ideas and argued about them, what would come out would be something that would be acceptable within the framework that he had established, and it would give them a sense of involvement in all of this. That was actually happening. I watched that happen in Cabinet Council meetings, in the Treasury, and so forth, where people debated. “Well, Reagan said *this* or Reagan said *that*.” “How can we be most true to the Reagan philosophy?”

Third, he really didn't care what people thought about him. When these characters from the Commerce Department were sitting around the sides of the room and seeing him looking for a jelly bean, he probably knew that they would go away and tell their wives or husbands that the President is disengaged, but he really didn't care that much, because what were important to him were the things that he wanted to achieve, and the ideas and not the image that people had of him—which is really unusual for a President and for a politician.

Knott: And former actor.

Wallison: And for a former actor. That is what I thought and that's what I wrote down in the book. I really think I captured him, because it all fits together into a single whole that makes sense of everything he did, and apparently Nancy Reagan thought so, too.

Knott: That's pretty high praise.

Wallison: That's what I hope, fifty years from now, people will think about Ronald Reagan. I won't be around.