GEORGE H. W. BUSH ORAL HISTORY PROJECT

TRANSCRIPT

INTERVIEW WITH CLAYTON YEUTTER

January 19, 2001
College Station, Texas

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Young: This is the Bush Oral History Project interview with Clayton Yeutter being held at the Bush School in College Station, Texas. The people in attendance at this morning's session are Russell Riley, James Anderson, and Melissa Walker is the note taker. George Edwards told me yesterday afternoon that he has a scheduling problem this morning but will join us this afternoon.

Let me note for the record our ground rules. What all of us here understand is that nothing said in this room goes out of the room. We hold these oral history sessions in strict confidentiality. After the transcripts are produced, we lightly copy-edit them at the Miller Center to get the names straight and correct errors. Then the transcript is sent to the respondent, Clayton Yeutter, who will review it for accuracy and will have the option of making any stipulations that he wishes concerning the divulgence of anything in the transcript. Ultimately the audience for these transcripts and the readers of these transcripts will be mostly people not yet born. Copies will be furnished to the Bush Presidential Library so that everybody can have access to them at the time and in the manner worked out.

Yeutter: Do you have the capability of editing the tapes, the audiotapes?

Young: We do not do that as a matter of policy.

Yeutter: That's what I assumed.

Young: What's edited is the transcript, not the tapes. The transcript becomes the authoritative record of the interview. Until such time as the law provides or you permit, the tapes would be embargoed. Maybe the policy will change at some future time, but I don't like to tamper with the authentic voice record.

Yeutter: But you do edit the written transcripts.

Young: Only for the purpose of copyediting. You may edit more. You may redact certain passages and stipulate you don't want these included in the record of the transcript, but the only editing we do before you get the transcript is for garbled or misspelled names and so forth. If you have any reservations about this, please let us know right now.

Yeutter: Not at all. But extemporaneous comments don't read very well in transcripts, so that's why you have to do quite a bit of editing on the transcript, just to make them readable.

Young: We could do that before they would be released. But we don't do that initially except at your suggestion.

Yeutter: Fair enough.

Young: Let's go around the room and have each person say a few words, enough so that the voice ID can be made. Clayton?

Yeutter: I assume that mine is distinguishable and will be since I'll do most of the talking.

Anderson: James Anderson. I go by Jim, rather than my formal name.

Walker: I'm Melissa Walker, and I won't be speaking that much on this tape.

Riley: I'm Russell Riley and glad to be here with you gentlemen.

Young: And I'm Jim Young.

Where would you like to begin? We have some topics of particular interest, but what we're mostly interested in are your views and your perspectives and getting an account of your experience with the Bush administration.

Yeutter: Do you want to do it chronologically, Jim?

Young: If that's what you want.

Yeutter: That might be the easiest way, Agriculture first and then the RNC [Republican National Committee] and back to the White House.

Young: You might start by telling us about the change from Reagan to Bush.

Yeutter: That transition.

Young: How you came to join the Bush administration.

Yeutter: As I indicated to you and Russell last night, I was ready to go back to the private sector at the conclusion of the Reagan administration because I'd spent almost four years as U.S. Trade Representative. Those were busy, hectic, demanding years because we had an enormous challenge with a gigantic trade deficit at that time, plus lots of trade issues that had festered for years. So those were eighteen-hour days for about three-and-a-half years, but we got a lot accomplished, so it was a good time to leave on a very high note.

As I indicated last night, I had a lot of private sector offers at that time. Then President Bush "threw a monkey wrench in the works" by asking if I would continue in his administration. The agreement that he and I made was that I would stay for at least two years in the Bush administration to get him through the 1990 farm bill. He was worried about the farm bill, for

those are always tough times, often demanding brutal negotiations between an administration and the Congress. His background in agriculture wasn't strong, of course, and he came to me and said, "I really need help in this area; this could be a real trouble spot in the administration and I want somebody I can rely on to get me through that battle."

I'm sure you remember the farm turmoil in the mid '80s with farmers going out of business and Hollywood stars making movies about how badly small farmers were being treated. Agriculture was beginning to work its way out of that pretty well by the time the Bush administration came along, but I'm sure he was still worried about whether that upturn would continue or whether it would go back in the other direction.

So there was a strong appeal on his part for me to help get him through the 1990 farm bill. Our agreement was that post-farm bill I could do anything I wanted to. If I wanted to stay on as Secretary of Agriculture he'd be delighted. If I wanted to go back to the private sector at that time, fine. If I wanted to do something else in the government, basically I could for all practical purposes have my choice of what that might be. So we just left it that two years was going to be my contribution to the Bush administration and then we'd take another look as soon as the farm bill concluded. That's what happened.

Young: Excuse me a moment. When did this conversation—Your appointment, your nomination was made when?

Yeutter: It must have been in December, 1988.

Young: So this was November or December when he had this conversation with you?

Yeutter: Somewhere in there; it probably would have been December. It obviously would not have been until after the election, but I don't think it was in November. I was then helping in some ways to put together the Bush administration. They had, for example, counseled with me on who ought to be my successor as USTR [United States Trade Representative], and we had discussed whether Carla Hills could do that job well.

There were stories at the time I was sworn in that being Secretary of Agriculture was something I'd dreamed of ever since I was a little boy. That was not accurate at all. Secretary of agriculture is a very tough job. It's probably one of the most difficult jobs in the entire Cabinet in the sense that one experiences cross currents with environmentalists, food safety advocates, consumer advocates, and some of the more radical farm policy groups. It's one of those Cabinet positions in which you can make one group happy with a policy decision, and automatically make nine groups unhappy. So it's very difficult to handle that position, with a gigantic bureaucracy of more than 100,000 people and a $40 to $50 billion budget at that time, as I recall.

So I went into that job with my eyes wide open, knowing that we were going to have our challenges. With the farm bill debates on top of all that I've mentioned, this becomes one of the most challenging Cabinet positions of all. I probably would not have taken that on for anyone other than President Bush.

Riley: Could you tell us just a little bit about your history with Bush? Do you recall when you first met?

Yeutter: We first met way back when he was our envoy to China. I was an Assistant Secretary of Agriculture at that time, back in the Ford years, a post that is now at the Under Secretary level.

Riley: Agriculture.

Yeutter: Yes. At that time it was Assistant Secretary for International Affairs and Commodity Programs. It is typically considered to be the number three job in USDA [United States Department of Agriculture] behind the Secretary and the Deputy Secretary because it has all the farm policy functions in it and all the international activity.

Bush was in China and we were beginning to do some agricultural exporting to China in the early '70s just as the Russian markets were also opening up. On one of his return trips to Washington, D.C., he came over to see me to sit down and talk about agricultural exports to China. It was the first time I had met him. The relationship just continued from there. We crossed paths in a whole variety of ways because I was around Washington a lot, except for the Carter administration, of course. During the early Reagan years I was at the Chicago Mercantile Exchange, but we ran into each other in Republican circles of one kind or another through the years. So we kept track of each other. Then, of course, during the Reagan administration when he was Vice President and I was USTR, I saw him all the time at Cabinet meetings. He sat in on some of the discussions of the tough trade issues that we were dealing with in the Reagan administration.

We'd become pretty good friends during that time. He becomes friends with everybody he meets! So it was an easy relationship for me, and it's always an easy relationship for him. I think he genuinely admired what I had done as USTR because we really did accomplish an awful lot during that second Reagan term. He was observant enough to say, gee, if I can just get this guy to save me from some grief on the farm bill, this will be a heck of a contribution to the new administration, so that's basically what he did. And it worked out fine.

The 1990 farm bill was a major challenge indeed, as it always is. But we did a good job on it by getting out ahead of the Congress with our policy positions. Administrations don't always do that. They sometimes react to the Congress instead of vice versa, and clearly we sort of preempted the Congress by preparing a "green book" that nobody knew was coming. It contained all of our recommendations for the 1990 farm bill. We went from A to Z with everything we could think of that would be debated in the farm bill, not only on farm policy but also on environmental programs, food stamps, and everything else that might be included.

Young: I've got to interrupt and say that Clayton Yeutter's fingers are showing about three inches—that thick.

Yeutter: [*laughter*] I've got to be careful about this audio stuff.

At any rate, we covered all the issues, laying out in a systematic way what each issue was and what the Bush administration position was. In some cases we provided draft language; in all cases we sought to provide background such that it would be a relatively easy drafting job to take what we had recommended and put it in legislative form.

When we had the green book ready we distributed it widely. We sent it to everybody on both the Senate and House agriculture committees, and to all the agriculture lobbyists around Washington, D.C. It went out to all the major farm organizations, it went out to all the farm media. It hit like a bolt of lightning, for nobody had ever done anything quite like that before, and it put us on the offensive on the farm bill. It forced the Senate and House ag committees to play catch-up from then on because we controlled the agenda, and ultimately we worked out the legislative compromise that led to a more market-oriented farm policy than we had had previously. And we kept it within the budgetary constraints that had been established at OMB [Office of Management and Budget]. That was not an easy task.

Anderson: Do I recall correctly that the administration did not submit a complete draft of a farm bill—

Yeutter: That's correct.

Anderson: —to Congress, and they were somewhat bothered about that.

Yeutter: Yes. What happened there was that we deliberately omitted any determination of what the so-called target prices would be for each of the individual crops: soybeans, corn, wheat, and so on. Instead we provided the Congress what we believed the cost of that farm legislation should be, which was the OMB number, the idea being that we would then negotiate with the Congress on just how we would expend that sum within the whole farm policy framework.

Congress didn't like that. These were Democratic committees, of course, and they wanted to tie us politically to a specific target price recommendation. They knew that with the OMB figure target prices were going to have to be reduced. Politically they wanted to whipsaw us, of course. We just refused to provide the ag committees with that kind of political ammunition. That's why the committee chairmen—Senator [Patrick] Leahy and Congressman Kika de la Garza—tried to chastise me in the hearings for not being specific. We simply were not going to give them a chance to beat us over the head with a political two-by-four, which was what they wanted to do.

Young: They were pretty persistent in the testimony.

Yeutter: Oh, yes.

Young: You were too, and I had the feeling they knew exactly what was going on.

Yeutter: Oh, yes, it was a pure political game, not unusual in Washington! But after those hearings were over that issue kind of died out. They knew at that stage that we were not about to indicate publicly what the target price should be, and really shouldn't because one had to balance all the individual farm policy pieces. If one is to hold target prices where they are, then

something else has to give if you're going to stick with the OMB budget number. The committees would like to have had a higher expenditure number, but as you know we had Gramm-Rudman [Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act of 1985] at that time. So we did have pretty severe financial constraints and the question was, how do you best spend the money you have? That's a matter of priorities and something you ultimately have to negotiate.

Young: Before we go ahead with that, could you talk a little bit about how the administration position that was reflected in both the strategy and in the specifics was developed. Obviously OMB was involved in setting a bottom line—

Yeutter: Right.

Young: —figure. But there had to be some kind of clearance or negotiation or understandings within the executive and with the President. Could you talk about how that was done?

Yeutter: Yes, and that's a really good question in the context of how a Presidency works too, because it varies depending upon how much confidence the President has in a particular Cabinet officer.

Normally, when this kind of situation would arise, we would have lengthy debates on an interagency basis about what the position of the administration should be. This would not have been an easy battle for a Cabinet officer within the administration, let alone on Capitol Hill. But this was the case, fortunately for me, where the level of confidence was such that we basically did this at USDA. Maybe 95 percent of what was in that green book was all done at USDA with little input from anybody else. We ultimately went forward to the Economic Policy Council to obtain its blessing, and through the EPC the blessing of the President himself, on what was to be submitted. But that, in this case, was almost pro forma. As I recall we went only once, maybe twice, before that group with the proposal, and it was never critiqued in detail by the rest of the agencies. We, of course, were working regularly with OMB on an informal basis during the preparation.

Young: Did that go smoothly?

Yeutter: That went very smoothly.

Young: Not everything did.

Yeutter: Oh no, not at all.

Young: Not with Richard Darman.

Yeutter: This went smoothly. Darman had high praise for this effort and publicly commended us for being able to get through a farm bill that met the OMB constraints with no compromising on the OMB numbers on Capitol Hill. That was almost unheard of.

Young: Did you have to make your case for the overall cost to him?

Yeutter: To Darman, you mean, at OMB?

Young: Yes.

Yeutter: Yes.

Young: Before there was agreement about that, because that would have been crucial to his whole strategy of bringing the market back in and reducing subsidies—

Yeutter: Exactly. But that worked out very well. The OMB coordination was done mostly at the level below me. I had an excellent Under Secretary, Dick Crowder, who held a Ph.D. in agricultural economics and had been with Burger King prior to coming into the government. He was superb. The Deputy Under Secretary was John Campbell, a fellow Nebraskan, who originally worked for Congresswoman Virginia Smith. He really knew farm policy.

Crowder and Campbell basically worked the numbers through with Darman and his crew without any great problem. As I recall, we took the whole package to the EPC and they had a few questions that might have been dollar related, perhaps on some of the environmental issues with EPA [Environmental Protection Agency]. As I recall, we went back a second time and received final EPC approval a week or so later with essentially no controversy. Overall, we probably didn't spend much more than thirty minutes with the Economic Policy Council on that farm bill.

Young: I see, and the chief of staff, this was not one of the things he was personally very interested in.

Yeutter: I don't believe Sununu was involved in this at all. Almost all the discussion would have been with Darman and his OMB team. Nick Brady, of course, was chairman of the Economic Policy Council at the time. Fortunately Brady had a lot of confidence in what I was doing at Agriculture. As I recall, he raised no questions at all at the EPC. I think a couple of other people may have raised something, but it was very, very minor. That was as smooth an internal preparation for a farm bill as I can ever remember. One would normally expect hours and hours and hours of fighting over these kinds of things on a farm bill.

Young: This was kind of atypical of a major—

Yeutter: Very atypical, and pretty atypical in terms of the results on Capitol Hill, because usually there's a lot of negotiation with the Congress on this, particularly over the cost, and we were able to get it done without very much of that. Our strategy was for me to stay above the fray until the very last. The Senate and House ag committees didn't like that; you may have seen some media comment by the chairmen to the effect that I was inaccessible and spent more time talking to the ag journalists than I did talking to them. Well, that was deliberate. The committees want the Secretary over there to accept a lot of the political heat! They don't want to talk to Dick

Crowder or John Campbell, they want to talk to the Secretary—or, more likely, chastise the Secretary.

Young: Like the Japanese.

Yeutter: Exactly. And they want to do their own little deals. They want you to walk into their office and they want to say, hey, you know, if you'll do something for me here in Illinois, I'll give you that farm bill vote. I just wasn't going to bargain with them on that basis, so I kept Crowder and Campbell visibly negotiating with these folks. It worked just as we had hoped. Then, of course, at the very end, you've got some major problems that you have to fight out. At that point it gets down to where the chairmen of the two committees and the Secretary of Agriculture have to sit down and do it. That's what we did and we came out with exactly what the OMB numbers were.

Young: I won't ask you where you found—

Anderson: What sort of issues did you deal with in these final meetings when you were wrapping up the deal?

Yeutter: It's been so long that I don't remember specifically what they were, Jim, but usually you end up dealing with the issues that are most important to the people sitting in the room,

meaning for Leahy it would be dairy or conservation issues, for Kika de la Garza it would be Texas, Rio Grande issues of one kind or another. Sometimes there are other, bigger issues too that have to be wrapped up at the end. But you often spend your final moments working with some of the less significant issues from a national standpoint, but more significant from the standpoint of those particular members of Congress who are present.

Young: Was there a conference? Did it go to conference committee?

Yeutter: Yes.

Young: Was that a difficult—

Yeutter: No, once you get basic agreement between the Secretary and the two committee chairmen, then usually it's set, it just sails on through. There again you have people like the prairie populist group who will raise questions, but it's up to the chairman of the committee to knock down those arguments and say, "We had a negotiation, we worked these things out, this is the best we're going to do, let's get it over with." That's basically what happened.

Young: One more question, what about all those interested parties on the outside, the groups? Did you have to take special precautions with them or give them a sales pitch, or what was the effort to get them in a situation where they would accept it?

Yeutter: You get an enormous amount of input from outside groups, of course, not only farm organizations but the environmental groups, consumer groups and so on. So you have to filter all that. Having the green book was invaluable in that regard because such groups had to demonstrate to us why we ought to change the green book recommendations. And we felt we had done an awfully good job on the green book, with reasonable, logical, sensible proposals. So we didn't see the need for many modifications of what we were laying out.

We proposed a lot of things in the environmental area, for example, that hadn't been done in previous farm bills. So we scored points with the environmental groups with those submissions. The environmental groups would like to have gotten more, and made an argument for more, but we had a very good middle-of-the-road position laid out in that initial green book, and it held together very well through most of the debate.

Young: So there was political preparation in advance for the outside as well as the—

Yeutter: You meet with those people all during the farm bill debates, so they have their input. Lots of times they just want to be heard. They don't really want to try to alter your position, they just want to be able to go back and say to their constituents they've been talking to the Secretary of Agriculture and have forcefully argued the merits of their stance.

Young: One other question. On the legislative affairs people in the department and Fred McClure's shop in the White House, what role, if any, did these people play in moving this forward in Congress?

Yeutter: For all practical purposes, the White House shop—which was a very good one—was not involved at all. We did it almost entirely out of USDA, out of our own congressional affairs shop. The White House, as you may recall, was involved at that very time with the battle over the budget agreement, and that was a demanding task. Fortunately we had more success with the farm bill than they had with the budget agreement.

Young: Sounds like there was a good deal of prior preparation too.

Yeutter: Yes, there was.

Young: We can get to that later.

Anderson: But apart from this bill, you would say that Agriculture generally handled its own relationships with Congress. You had your own legislative liaison people; you didn't rely on the White House.

Yeutter: We did not rely on the White House on any of the farm policy issues. The White House congressional affairs staff was excellent, but they didn't have an agricultural background so fundamentally they would be lost on issues like this, farm policy is just too specific. The Crowder-Campbell group did a lot of their own congressional relations work; they probably spent more time on Capitol Hill than the congressional affairs people did. Some of our other assistant secretaries did as well.

For example, on the food programs, my Assistant Secretary was Catherine Bertini, who now heads the World Food Program in Rome. She spent a lot of time working with the Senate and House ag committees on food stamp programs, school lunch programs, and the so-called WIC program—women, infants, and children. A lot of the lobbying on what should be done to modify those programs came directly from her. If you have a really good set of subcabinet officers working the Hill, plus your own congressional affairs staff, you shouldn't need much help from the White House.

Anderson: On the other hand, did the White House people ever feel like they ought to be involved in these things?

Yeutter: They're so busy that if a department can remove burdens from their shoulders they're delighted. So, no, there was never any such request from the White House congressional affairs.

Young: You never had—

Yeutter: They're swamped.

Anderson: I was thinking about maybe Roger Porter's operation or something like that. They might say, well, this is something we ought to be involved in. Did you get any of that?

Yeutter: No, and of course, I know that operation well because I headed it in '92. Not really, because they didn't have agricultural competence in that operation either. They had general

economic competence that was excellent, but our needs were more specific. We did have an agricultural person in the White House, a position that had been set up a few years earlier at the behest of former Secretary of Agriculture Orville Freeman. The position was manned at that time by Alan Tracy, as I recall. Alan had been at USDA in the Jack Block years under President Reagan. That position has never been very functional in the White House. I'm sure Alan had some input through Roger Porter and his domestic policy staff, but in terms of actually functioning on Capitol Hill, this was done 100 percent by USDA.

If we hadn't been doing a good job on the Hill and had gotten in trouble, I'm sure the White House would have said, "Hey, we'd better go over and rescue those guys and pull their chestnuts out of the fire." But as long as everything is going smoothly, the White House would just as soon stay out of it because they always have plenty of their own problems.

Riley: I assume that includes the President. After your initial conversation with him about your appointment, were there discussions at all even in principle about what the bill ought to include?

Yeutter: No, not at all. I don't believe we ever took that piece of legislation up to the Presidential level. I think it went only to EPC and, as I said, only for two brief discussions at EPC if I remember correctly. That was probably unprecedented. If I had been a new Secretary of Agriculture who had come in from the outside with little Washington, D.C., experience, I am sure the White House would not have taken that much of a hands-off approach. So you get rewarded, or blamed, depending on the outcome, for your past experience.

Young: It also appears that there was no controversy of a sort within the executive that would require a Presidential ruling to be made.

Yeutter: No. Had we gone over with a pitch to boost farm subsidies in a significant way, then there would have been a big internal brawl. But since we stayed within the parameters that had been laid out by Dick Darman and his OMB staff, that really made it pretty easy. The Congress, of course, didn't like that and a lot of the farm groups didn't like that. They would rather have had more money rather than less, but we played it loyally and the White House was appreciative.

A lot of other things went on during those years too, do you want to cover some of the other aspects?

Young: Yes.

Yeutter: I sat down last night after dinner and wrote down a few of these things because I thought it would be—

Young: Go ahead.

Yeutter: I thought it might be worth chatting about some of them. We did a couple of unusual things with President Bush while we were there. One was to get him on farm radio. There's no substance involved in this in terms of farm policymaking, but I discovered that the President of the United States had never ever been to the Department of Agriculture to do a radio show of any

kind. So we decided to invite him to come over and sit down and do a radio interview show. He did it, at least a couple of times while I was there, maybe as many as three times. USDA has a marvelous facility for radio programs, with its own studio and transmission of these programs to farm radio (and TV) stations all over the United States, which is a tremendous reach. The programs go not only to this huge farm audience, of course, but basically to all of rural America (with 200 or so radio stations).

The way this program worked was that you had the interviewee there, whether it be the Secretary of Agriculture or in this case the President, and farm radio broadcasters could then call in and ask questions.

We arranged to have the President come over and do this. The White House communications shop, of course, had a fit. They were commenting, "Oh, my God, this is going to be a horrible embarrassment. He doesn't know anything about agriculture. They're going to take all these questions, and his answers are going to get splashed all over the media throughout the country. What a terrible idea; don't ever let him do that." We went through this little debate and the President said, "No, I want to do it." So he came over and he did it beautifully. He took all the questions, he had no problem with any of them, and he had a great time. The interviewers were thrilled to be able to speak directly to the President of the United States and ask him agriculturally related questions. That first program went out all over the country and was a huge success for President Bush.

Young: At what point in the administration did this first one occur? Was it first year, second?

Yeutter: It would have been the first year, perhaps within three or four months of the inauguration. One of the White House communications people came along as I recall and stood there shaking in the studio—

Young: Communications people would be which shop? David Demarest's shop?

Yeutter: I can't recall.

Young: [Barbara] Bobbie Kilberg? Not Marlin Fitzwater's, he wouldn't have been—

Yeutter: I'm not sure who came, but somebody from the White House. And then of course when the program was over, and it was such a big success, he had a big, beaming smile.

Young: How was the President prepped for this?

Yeutter: Very little. I had talked to him briefly about the format, and I had told him they were going to throw him softball questions, if there is such a thing.

Young: This is not like a press conference.

Yeutter: No, this is not like the White House press corps trying to do him in. These folks are going to ask friendly, substantive questions, for they want to know his views. And that turned out

to be precisely what happened. So it worked out well. And, as I recall, he came back once or twice later and did the same thing again.

Anderson: Very good.

Yeutter: Spotted owl was a huge controversy that we really struggled a lot with. It's one of those problems that is almost impossible to solve. It was one of the earlier reflections of the rise of environmental advocacy groups as an important factor in political decision-making. They zeroed in on the spotted owl, not because they had great concern for the owl but because they wanted to do what they could to halt the harvesting of trees on national forest lands and national parks as well. So it was really a tree-planting controversy rather than a spotted owl controversy, but the Endangered Species Act provided the basis for building those arguments.

The controversy involved not only USDA, but the White House and the Interior Department. It was a controversy that was still swirling when I went to the White House to coordinate all domestic policy issues in '92. And for that matter it's not yet resolved today. It's an example of an intractable issue that is extremely difficult to handle because many of the advocacy groups are never going to be satisfied.

Young: How did it actually present itself?

Yeutter: Well, through litigation—

Young: To stop?

Yeutter: To stop harvesting in the areas of the forest that were considered to be spotted owl…

Anderson: Habitat?

Yeutter: Yes, spotted owl habitat. The reason it's difficult to select a word is because the environmental advocacy groups wanted the word "habitat" to mean huge acreages per spotted owl. So we had lengthy debates over just what the Forest Service and the Park Service should do to protect the spotted owls. There were no definitive answers because the scientists didn't agree, so nobody knew for sure what the impact on the spotted owl was, and nobody knew for sure whether spotted owls were reproducing in areas that had been previously harvested. Then we had different kinds of spotted owls as a further complication.

And, of course, there was so much litigation involved on that and a lot of other forestry issues. As I recall, when I was Secretary of Agriculture there were over 3,000 lawsuits against the Forest Service, most of them filed by environmental groups, some related to the spotted owl, some related to other controversies, many relating to the endangered species law.

Young: Tell us a little about the story. You were trying to reach a settlement of a controversy, a ruling or litigation or policy that would put all this to rest?

Yeutter: Both. We had to deal with the lawsuits, of course, and there was a lot of activity there. Not at my level, but at the core service level because people had to testify at the suits and we had the legal staffs all involved. But what we were hoping to do was (1) work out an agreement on what the cut ought to be in the "habitat" areas, and (2) work out a forest management plan and, if necessary, bless it by legislation that hopefully would solve the problem once and for all. Congress was trying to work with us on that. We had a lot of cooperation on Capitol Hill from people who were also trying to get this done, because this was as difficult an issue for members of Congress to handle as it was for us. They all wanted to get it behind them too if they could.

We were trying to work out X million board feet of cut, but every time we would almost reach agreement on a number, the environmental groups would want a little bit more, so the number would keep moving a bit. We could never get to a final conclusion. And every time we were about to agree on the acreage, that number would get a little bit bigger too. It was a sliding scale in terms of what the ultimate objective would be. We probably could have handled the issue better than we did, but to this day, I don't know what we should have done differently.

Young: How did the White House, you said the White House did get involved in this one, unlike the Farm Bill of '90. How did they come into it and with what? How did they get into it?

Yeutter: Well, by the time I was there in '92, we were trying to coordinate the whole thing, because neither USDA, dealing with it through the Forest Service, or Interior, dealing with it through the Parks Service, was able to work this out. Nobody could solve it at that level, and nobody could get any legislation through. So the White House was beginning to coordinate this and say, "Let's try to pull it together at our level." I worked on it from my domestic policy coordinating position in the White House in '92, but we finally just ran out of time at the end of the administration.

Young: Did the White House get involved before you went over?

Yeutter: Yes, Sununu was involved early on. Coming out of New Hampshire, which has a lot of forestry, he had a personal interest in such issues and he didn't like the environmental groups, of course. So he was—

Young: He had his own science.

Yeutter: He was determined to try to get this issue behind the administration, and if possible he really wanted to give the back of his hand to the environmental groups. But because of all the lawsuits, that just wasn't possible. He also was frustrated with the folks at Interior and at Agriculture at the working level, meaning the Forest Service and the Parks Service, because Sununu felt they were all bending over too far to accommodate the environmental activists. He thought they should have just thrown them all out of their offices and gone back to work.

On two or three occasions he called me and said, "You've got to fire Dale Robertson," who was the chief of the Forest Service. "We've got to get somebody in there who will be a lot tougher with those environmental activists." I, of course, refused to fire him because I felt Robertson was doing an excellent job. He was trying hard to balance all these conflicting interests. So I

protected Dale. Knowing John Sununu's personality, and he's a great friend, after about 24 hours he'd settle down, and I really didn't believe he wanted Robertson fired.

Interest at the highest levels of the White House continued all the way to when I was there in '92 and then time finally ran out. Since then the [William J.] Clinton administration has cut back timber harvests dramatically from what they were when we were there, but the environmental groups are still not satisfied.

Anderson: They had that spotted owl summit too, early on, and that didn't fully resolve the issue. They tried to go out there on the ground, so to speak, and resolve it.

Yeutter: That didn't work. I sent my Assistant Secretary for Natural Resources, a man named Jim Moseley, to the summit. Jim was and is a very reasonable, rational person. In fact, he had been an advisor to EPA as an Indiana farmer prior to coming to USDA, so he was known as a moderate, environmentally oriented person. I sent Jim out to Oregon to sit down with some of the groups that were protesting, and he had a very unpleasant experience. He came back to Washington saying, "Holy mackerel, we are *never* going to satisfy these folks." And, of course, he was right.

Young: Go ahead.

Yeutter: Another issue that was quite interesting was the controversy over the use of Alar on apples. That was and is an excellent illustration of how wrong the media can be, and how much damage they can do when they're wrong and never apologize or even acknowledge error. This was a case, as you'll recall, where the allegation was that these apples were unfit for human consumption, that a serious health risk was involved, in the use of the particular pesticide Alar. The U.S. apple industry was devastated by these charges. Apple sales in U.S. supermarkets went almost to zero. The story had a huge adverse impact.

Anderson: Well, for a little time, apples almost disappeared from the grocery stores.

Yeutter: They did. People would not buy them, and as I recall, the allegation was that this was a particular danger to children—

Young: Yes.

Yeutter: And of course, that really got everybody's attention.

Young: Was there an FDA [Food and Drug Administration] finding that there might be— there was some government finding.

Yeutter: I don't recall that being the case. It's just too far back.

Young: Well, the use of it was being phased down, was it not?

Yeutter: Yes, but they were having trouble finding an alternative that was as effective, so there was a controversy as to whether they should continue using it, and how they would deal with problems at the producer level without it. We were then having meetings with FDA and EPA seeking to coordinate the administration's response to this, while trying to reassure people that there really wasn't a significant health risk. There was good cooperation among the governmental agencies. Fundamentally EPA, FDA, and USDA all had the same message, and it was a message of reassurance. But once that kind of story hits, it's extremely difficult to reassure people. People are not prepared to trust government agencies very far under those circumstances.

As it turned out, there was no health risk at all; the allegations were totally false. The original story should never have been launched by the media. It got worse as time went on, and everyone now agrees that there was zero scientific evidence of any cause for concern. But it's a good case of alleged concerns running amok through the media, frightening consumers, while nearly destroying apple producers who had done nothing wrong.

Young: An earlier example of this had to do with cranberries.

Yeutter: Yes, and we had another one with grapes coming from Chile too.

Young: Cranberries went way back to JFK's time.

Anderson: That was the Eisenhower administration.

Young: Oh, it was the Eisenhower administration, yes. Just before Thanksgiving the story came out that cranberries were poisoned.

Yeutter: Yes, yes, I vaguely remember that one.

Young: It was devastating.

Yeutter: We also had one on grape imports from Chile, but I can't remember precisely when that one occurred. Again the market for Chilean and U.S. grapes immediately plummeted, though there was no legitimate cause for concern.

Anderson: As I recall now, they found two grapes in a boatload that had cyanide in them and you had to ask, how did they find those two grapes? You know, it's kind of like looking for the needle in the haystack.

Young: Now they have sniffing dogs.

Anderson: It was never well explained how that all developed.

Yeutter: And to the best of my knowledge they never found cyanide in a single grape thereafter coming from Chile, the U.S. or anywhere else.

Anderson: They might be sour, but they didn't have cyanide in them.

Yeutter: And, who knows, those grapes may have been planted by somebody deliberately trying to cause problems. But these incidents cause tremendous damage to the producers who are involved.

Tree-planting programs were one of the really nice success stories of the Bush administration, and we did a lot of work on them at USDA. My wife, Jeanne, got very much involved in this. It was the first time that the wife of a Secretary of Agriculture had ever gotten so personally involved with the Forest Service. The Bush tree-planting effort got underway with her leadership in working with the Forest Service early on. Then it was picked up by the White House in what President Bush called his America the Beautiful initiative, which was to plant a billion trees a year from then on. That brought about a lot of splendid publicity and good tree planting activity around the country.

For example, Jeanne went to Chicago and planted trees on the Stevenson Expressway with Mayor [Richard] Daley. She was traveling the country then, getting tree-planting programs launched in various cities. She did a lot of programs around Washington, D.C., with us and planted trees at the White House on a couple of different occasions. She also got the President to shovel dirt on the trees occasionally.

Young: What trees did he plant there, do you remember?

Yeutter: I don't really remember, we still—

Young: Every President plants at least one.

Yeutter: We have the photos at home and there was at least one event where he was shoveling dirt. The domestic policy staff planted one for Jeanne and me when I left the White House in '92. It's on the ellipse. The tree-planting program was a welcome success story. Trammell Crow, the real estate mogul from Dallas, was the initial national chairman for the "billion trees a year" program.

Young: Was this done with private funds?

Yeutter: Yes, there were no government funds involved at all except maybe for some supportive funds coming out of the Forest Service. And we were working some with the Arbor Day Foundation in Nebraska. The program got off to a very nice start, but to my knowledge the Clinton administration didn't carry through with it, which is unfortunate because it was an awfully attractive, appealing program. Some of the cities that started programs at my wife's behest have since invited me out to see the progress that was made and show me the trees that were planted back then, how they've grown, etc.

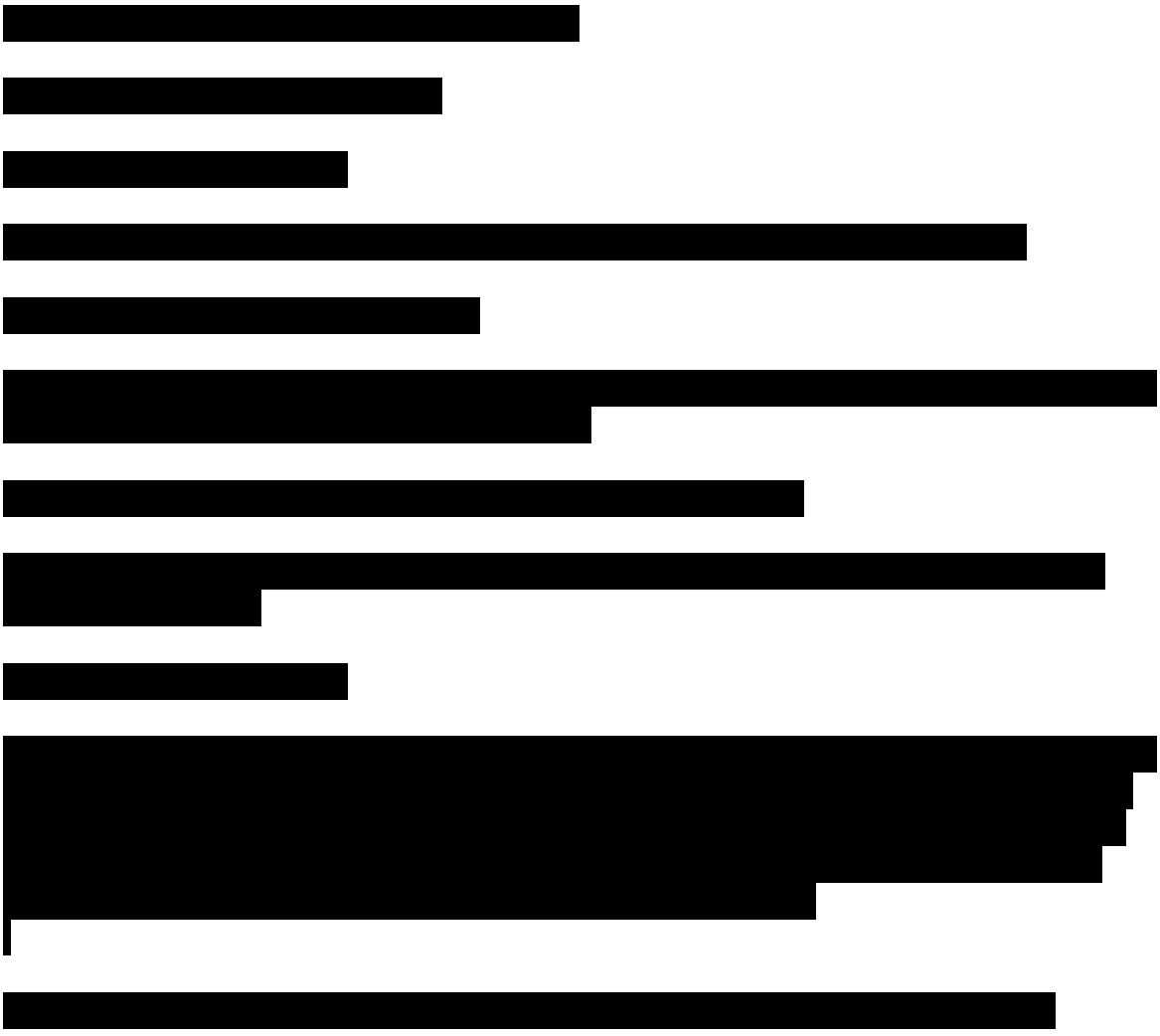
Young: I suppose the public communications people in the White House didn't have any problem with this.

Yeutter: No, they loved it. They were cooperative on it too.

Riley: This was an initiative from within the department or—

Yeutter: Yes, we started it, then took it forward, recommending that it become a White House program, a Presidential initiative. But the groundwork was all laid within the Forest Service, by Dale Robertson and his staff.

One of the significant trips during that period was the one to Poland. It might be worthy of mention because it was historic. It took place in late '89 I believe, the first year of the Bush Presidency. He asked me to lead a delegation to Warsaw, which was the first American presence in Poland subsequent to the departure of communism if you will.



That was a very emotional experience. I took Secretary [Bob] Mosbacher from Commerce with me along with Elizabeth Dole who was Secretary of Labor at the time, and Michael Boskin was the Chairman of the Council of Economic Advisors. We were the principal U.S. government officials.

Young: How did you get designated as the leader of the delegation?

Yeutter: It was a personal selection by President Bush. On what basis, I don't really know.

Young: Was agriculture high on the list?

Yeutter: Poland is still fundamentally an agricultural country so that may have had something to do with it, but it may have been because of all my international involvement. I never did ask him the rationale of the selection.

Young: Was there anybody from the State Department involved?

Yeutter: Yes, but—

Young: Not high level?

Yeutter: Not high level. Maybe an Assistant Secretary, I can't recall now. We took a lot of businessmen along, so it was more of a business development trip.

Young: I see.

Yeutter: I took a whole host of industrial and bank CEOs. The CEO of Manufacturer's Hanover in New York and [Charles] Mike Harper, the CEO of ConAgra, the big food company. We must have had fifteen or twenty high-level businessmen from the United States along with our own government delegation. It was a really good mission. We completed it in only two-and-a-half days so we did a lot of things very quickly. We did meet with [Wojciech] Jaruzelski while we were there, and that was an incredible session. It was on a Saturday morning. We didn't have the full delegation there; I don't believe the businessmen were present. But it was an astonishing confessional on his part. He basically said: "We did our best but we really messed up." I was amazed that he was willing to be so candid about how communism had failed in Poland, and how he personally had failed as a leader.

The first night we were there people were running down the street saying, "The Americans are here, the Americans are here!" They were clearly worried that they would be overwhelmed by a German presence. The Poles are still very wary of German influence, and a lot of German business influence was beginning to evolve in the early stages, right after the fall of communism. So they were delighted to have the U.S. come in as a counterbalance. They were very, very happy to see us.

We had good meetings, of course, with [Tadeusz] Mazowiecki and [Leszek] Balcerowicz and a number of the other executive officials. We also met with what is the equivalent of our Congress and that too was a very emotional time.

My wife, Jeanne, was with us, as was Michael Boskin's wife, Chris. They were the principal women on the trip. Jeanne and Chris visited an elementary school while we were there and spent a couple of hours with a teacher and the kids in the school. When they left, the teacher put her

arms around Jeanne and the tears just rolled down her face. She said, "I didn't think I would ever see the day when an American lady visited my school."

At that time the Polish currency was worth essentially nothing; they were all basically broke. We had been in the meeting with the legislative chamber, Jeanne and Chris Boskin had gone along just to watch the proceedings. It was cold, this was December of '89, and the two of them checked their coats with a lady who was there. They finally got bored listening to all the political discussion so they decided to leave and go back to the hotel. They went to get their coats from the lady at the coat check, and Jeanne gave the lady a dollar tip. She broke into tears, just from a dollar tip. It was a great example of the need to count our blessings as Americans.

What was so evident there was how badly they needed infrastructure. I made that point in the report we did when we returned. That turned out to be so prescient, and it has been so prescient with respect to Russia too. Poland has done a better job of developing its infrastructure than Russia has, but I was astounded at the weaknesses we observed. We could hardly comprehend them.

I'll give one specific example. Although I really wasn't there as an agriculturalist, I went to visit my counterpart, the minister of agriculture in Poland at the time, who was an elderly gentleman who had been a communist and allegedly was reformed. (His name was Czeslaw Janicki.) He had this great big desk in his dingy old office. There were nine telephones on that desk. I counted them. I said to myself, *Jeez, maybe this guy is more important than I think he is. I don't have nine telephones on my desk!* Until I found out that that connected him to nine people. They had no switching system. I then thought to myself, *Oh boy, does this country have a long way to go*.

Anderson: You've touched on it somewhat, but were there official goals or purposes to your mission there? What did you intend to accomplish?

Yeutter: Part of it was to see if there were opportunities for U.S. investment in Poland. That was the reason to bring the business and financial leaders along, and it did stimulate some American investment, probably not nearly as much as the Poles would have liked.

Young: The business and banking side was somewhat reluctant, wasn't it?

Yeutter: Yes, they were very—

Young: As the Germans were not, if I understand it correctly, they were already in there.

Yeutter: They were; the Germans were moving in very aggressively. Americans are typically more conservative. I took quite a few people from Chicago because that's a big Polish-American community. Our concept was that if anyone in the United States would be willing to take some risks in Poland it probably would be the folks from Chicago. And some investment did occur, but Americans were, I think, slower than they should have been to move into Poland and make investments. Through the years the American business presence has grown, but at that time, which we thought was a very critical time, we were somewhat disappointed that Americans were not willing to be greater risk takers.

So that was part of it, just to help out on the investment side. But the fundamental purpose was to come back with recommendations as to what the U.S. government should do, if anything, to help. We did a report that we presented to President Bush after we returned that basically said, "Somebody has got to figure out a way to help them on their infrastructure because they need that more than they do money." That was the essence of the report, and it turned out to be a correct assessment. We did a lot of infrastructure projects in Poland subsequent to that time and we have had some in Russia. I think there have been mixed results at best coming out of all of those efforts. In retrospect, our help could have been better, but our heart certainly was in the right place.

Poland was and is different from Russia in the sense that Poland still had a bit of a private sector in agriculture. Agriculture was, in fact, the only segment of the Polish economy that had private-sector dimensions. It was also the only segment that was doing at least reasonably well, not well, but at least surviving. Polish farmers had already begun to develop some business in Western Europe. I visited a couple of farm operations, one small and another, a collective farm, and I came back shaking my head. No phones, poor roads, no market mechanisms, and my comment was, "There's just no way to get things started instantaneously. So you're a good farmer, what good does it do if you don't have any place to sell your product, or even any place to store it?" So Poland really needed everything. They had no legal infrastructure, no financial infrastructure, no transportation infrastructure, no telecommunications infrastructure. Everything was missing, just like it was and is in Russia. That's been a big challenge.

Fortunately, the Poles have probably made as much progress in that regard since then as anybody in that part of the world.

Young: What were the types of projects for building infrastructure? Were they partnerships, government and private, or private efforts? How did the government provide that stimulus?

Yeutter: A lot of it came, Jim, through AID [Agency for International Development].

Young: Okay.

Yeutter: With some private sector financial involvement too. As you know, investment funds were created. They had a Bulgarian fund, a Polish fund, and others that raised private money to accompany AID seed money. Our government tried to get Americans to invest through these funds, and that worked reasonably well. But, as you might surmise in that situation, there was an awful lot of overhead. Direct investment by individual American businesses would have been a lot more efficient.

When you operate through funds like that, you've got somebody managing the fund, somebody going out looking for projects, and you get your own infrastructure built up. That has to be financed by somebody. You also have some people who are pretty inexperienced going over there trying to figure out what investments to make, and then some of the investments fall flat on their faces. Maybe some would have fallen flat in any case, but I would rather that American

businesses had been more willing risk takers and moved more aggressively into Poland. We needed more sheer business talent committed to the task.

But, as you know, this was a time when the U.S. economy wasn't doing very well. So there was a lot of trepidation about investing in the U.S. or elsewhere. There wasn't much optimism because we were in a recession in the U.S. at the time. So it wasn't a great time to tell people, "Go out and take some risks, put some money in Poland." They were saying, "Jeez, we don't even want to put any more money in the U.S., let alone Poland."

Young: Right.

Yeutter: So that made it a little bit tough.

Young: We'll have a break after a while. Why don't you finish up your list?

Yeutter: One other smaller program, here in the U.S., may deserve mention. We did a very innovative internship program for black students while I was at USDA, and it's one that I hope still exists. It's one that I was hoping would be copied by a lot of other departments in their own way. As you probably know, we have a system of basically black colleges in the U.S. called the "1891 institutions." They are land grant colleges just like the land grant colleges of Oklahoma State, Nebraska, Iowa State and all the others.

Anderson: We have Prairie View A & M University.

Yeutter: Sure, that's the 1891 institution here in this area. We worked with the Presidents of the 1891 institutions to identify students to come into USDA on summer internships. When I was there I believe we got that number up to about six hundred. We hoped that would be a good recruiting ground to bring greater diversity within USDA. Our expectation was that a lot of those students would become long-term USDA employees. Or, aside from that, the internship would give them enough exposure to agriculture that they would also then have job opportunities with the Cargills or the ConAgras of the world and get jobs within the U.S. agricultural sector. The 1891 institution Presidents were euphoric about the program because they had never had that kind of access for internships before. As I said, I hope the program still continues.

Young: What was the idea? To bring them to Washington or to send them to a field office or what?

Yeutter: This was in Washington. If we had field internships for them, fine, but that's pretty rare.

Young: What sorts of things did they do?

Yeutter: That was up to the individual agencies as to how and where they would place them.

Young: Forest service, environment—

Yeutter: As you know, USDA has thousands of employees in the Washington area, so there are a lot of opportunities for internships. But we moved aggressively into that black student intern program, and it was very popular and I think very successful.

The other major area in which I spent a lot of time as Secretary was on international trade, of course, because of my prior experience at USTR. So maybe we ought to comment on that a bit. I worked alongside Carla Hills during my tenure as Secretary, to help her out on the agricultural parts of the Uruguay Round negotiations, and on bilateral negotiations as well. As you know, Carla had succeeded me as USTR. She didn't have an agricultural background, of course, and so I tried to help fill that gap and tried just to help her generally. That was a somewhat sensitive situation because I didn't want her to feel that she had her predecessor looking over her shoulder as she was negotiating, and I tried to make that as easy for her as I possibly could.

I also sought to be supportive of whatever she wanted to do as she made presentations to the Economic Policy Council, the Congress, or others. I think Carla appreciated the fact that I (1) tried to stay out of her way, but (2) tried to be supportive during that period. She was able eventually to bring the Uruguay Round agricultural negotiations to a successful conclusion with what was called the "Blair House agreement."

Those ag issues were very difficult and we fought them step by step all during my tenure as USTR, and then as Secretary of Agriculture and even beyond that point. At Brussels in December 1990 just before I left the Department, we were hoping to bring the Uruguay Round to a conclusion. That meeting finally broke up over the agricultural negotiations because the European Union backed away from any kind of meaningful compromise position. Consequently the meeting just collapsed, and it was a long time before the Blair House accord could be put together.

Anderson: They do like to protect European agriculture, don't they?

Yeutter: They do, they do, and that was a tough issue for them and for us. The EC commissioner for agriculture was always under intense pressure to increase subsidies rather than reduce them. And their external affairs commissioner, who was trying to negotiate on this, had a very tough job because he had the agriculture ministers in all those countries jumping on his back saying, "Don't you dare make any concessions to the Americans or anybody else. We want to preserve the Common Agricultural Policy." So it was an extremely difficult time.

What ultimately happened in Brussels was that Carla Hills and her counterpart, Franz Andriessen, tried to work out an agreement and were unsuccessful in doing so. Andriessen had been the EC commissioner for agriculture and then moved over to become the external affairs commissioner as Carla's counterpart handling trade negotiations. He had a good agricultural background, as did, of course, Ray MacSharry, who was then the agricultural commissioner. So both MacSharry and Andriessen were involved on the European side. Between the two of them they could move only so far; they just didn't have a lot of negotiating flexibility. We were not willing to sign off on the rather minute alterations they were then willing to make in the Common Agricultural Policy. So that meeting finally broke up, delivering quite a shock to the international trading system.

There are a couple of interesting aspects of all that. One was that MacSharry made the final EC statement to the effect that the European Union was unwilling to accede to the agricultural compromises that had been proposed. The language at issue had been proposed by the trade minister from Sweden, who was trying to work out something that would save the day. When MacSharry made his statement, some of the trade ministers from developing countries with agricultural interests immediately got up and walked out. Argentina was one of the first to say, "We're going home." A couple of others did the same, so everything fell apart. MacSharry got a lot of the blame because he represented European agriculture and because he made the "killer" statement rather than Andriessen, the trade minister. That, of course, saved Andriessen some flak and put all the flak on MacSharry's back.

The final piece of that little puzzle came in place a few days later. It illustrates the value of continuing to pound away on these kinds of issues, for eventually you can sometimes persuade people to do what you want them to do and believe they should do.

MacSharry came from Ireland, which was one of the major beneficiaries of the Common Agricultural Policy. Ireland was a major recipient of all kinds of subsidies from the European Community on most everything, not just agriculture. MacSharry had been in the Irish government, was finance minister at one time, and was expected someday to become prime minister. That never did happen, but he was a very skillful Irish politician and not one who would be expected to take risks on this issue. One would rather have expected MacSharry to be a proponent of increased subsidies rather than any kind of subsidy disciplines.

But after the Brussels meeting broke up, my wife and I went to Greece. A very good friend of ours, Michael Sotirhos, was our U.S. ambassador to Greece at the time. Since I knew then that I was going to leave the Secretary of Agriculture post and move to the Republican National Committee, we decided this was a good time to take three or four days of rest. Just before we left Brussels I said good-bye to MacSharry, and then he asked, "When will I see you again?" I said, "I'm not really sure, we're on our way to Athens." He said, "Are you coming back through here on your return trip?" I said, "I'm not really sure, but I think I am, as a matter of fact. I think we're flying Athens-Brussels-Washington, D.C." He said, "Well, then come have breakfast with me on your return."

I had no idea what he was up to. This was right after everything had blown all apart. But we did stop in Brussels on the way back, and we deliberately stayed overnight so that I could have breakfast with MacSharry the next morning. He had a whole batch of his staff there, and we just had a friendly breakfast without any great substance involved until he said, "I'd like you to come with me for a minute." So we went off to a little conference room right next to where we were having breakfast in the European Community headquarters. We sat down and I will never forget the occasion. MacSharry looked me straight in the eyes and said, "I just want you to know that we're going to reform the Common Agricultural Policy, and we're going to do it the way you want it done."

Those were not his precise words, but they're close. I almost fell off my chair. That was a very poignant moment. And he did what he said he would do. MacSharry went to work after that

Brussels meeting, which had been a real embarrassment for him personally. He went into the meetings of the European Community and said, "Enough is enough. We're going to change this system." He pushed to the point where Jacques Delors, as president of the European Commission, fired him. He asked MacSharry to leave, and MacSharry did so because of their differences over CAP reform. But MacSharry was so highly respected that his departure stirred up such a fuss within Western Europe that Delors had to invite him back, which was perhaps unprecedented. It was a huge embarrassment to President Delors. MacSharry returned with a lot of clout, of course, more clout than Delors then had. So that's how reform of the Common Agricultural Policy began, and that's what ultimately led to the Blair House agreement and the final success of the Uruguay Round.

How these things develop is really interesting. You just never know when there's going to be a breakthrough. One day we had the breakdown of negotiations in Brussels, with everybody going home unhappy, dissatisfied, angry, and frustrated. Four days later we had a MacSharry commitment that all this was going to change, and it did.

Young: A very private commitment.

Yeutter: Yes, a very private commitment that has never been publicized. I've never said anything publicly about that breakfast in Brussels and I don't think MacSharry has either.

Anderson: Could I ask about one comparatively minor program: agricultural marketing orders. I know you know about these. Did you have involvement with them as Secretary of Agriculture?

Yeutter: To some degree, simply because of their market impact, and sometimes they become political lightning rods for a variety of reasons. When that happens, the decisions often do go all the way up to the Secretary.

Anderson: Well, they reached the White House in the Reagan administration.

Yeutter: Yes. That happens occasionally when they become highly controversial for some reason. And, as you know, they've been challenged legally on a number of occasions. They're very contentious. I'd rather we did not have marketing orders but they've been in place for a long time.

Anderson: I sort of like them myself.

Young: Do you? You two can discuss that—

Yeutter: They have their positive aspects. I wish there were a better way to handle some of the challenges to which they are expected to respond. I dealt with them originally when I was head of what was then called the Consumer & Marketing Service, clear back in the '70s. That agency, my first in USDA, now called the Agricultural Marketing Service, had a lot of the marketing orders under its wing. So I first got acquainted with them by administering them. Some are very complicated. Milk marketing orders, in particular, are just enormously complex. They're tough

to handle for people in USDA as well as for the industry, and they generate a lot of consumer criticism as you well know.

Young: We'll have a break for coffee or whatever.

[BREAK]

Young: Why don't I ask both Russell and Jim if they have any follow-up questions about the accounts you've just given us of different aspects of life and politics in the administration, and then we can go on to the switch to the RNC.

Yeutter: In light of our recent conversation on the farm bill, may I give you one additional element that might be worthy of interest.

Changes in communications have had an impact on the way hearings are done on everything in Washington these days, including farm bill debates, because members of Congress now play to the cameras in a way that they didn't do twenty or thirty years ago. And that's why you see and hear a lot of criticism of administration strategy on the farm bill and other legislation. Much of this emerges in the preliminary statements that members of Congress make in the hearing process. They do this for home consumption, and that's understandable. They're all political figures, they run for reelection, and they obviously want to do what they feel they have to do to keep their constituents happy. But I'll give you a specific example of how this can get the debate off track, or at least just waste a lot of time for everybody.

Members of Congress give their opening comments at hearings and nowadays that takes a lot of time. The congressional committee may spend more time with opening statements than with the hearing itself. After the opening statements, members eventually get around to questioning the witness. By that time 90 percent of the committee members are often gone. They've gotten their opening statements in; they've put them on tape; they've sent them back home to be used on television that evening and they're not all that much interested in what goes on at the hearing itself—unless they're late. In that case they have to get the chairman's attention so that they can go through this process.

One that I will always remember occurred during the farm bill debate on the Senate side where one senator (whom I'll not name) of the other party came in late, which did not endear him to the chairman, Senator Leahy.

But he came in, sat down, and since he had considerable seniority he asked for the floor. All the other opening statements had already been given and the committee was in the process of questioning me. When given the floor, the Senator made his own opening statement, after making sure that a television camera had been set up by his press people just across the table. Then he had three questions for me, all unrelated to the farm bill, all related to [redacted] political issues in his home state. After he got my three answers on tape, he got up, walked out, motioned for his TV camera to follow him, and was on his way.

Young: That wasn't very subtle.

Yeutter: That's some of the political hypocrisy of Washington, D.C., in these days of instant communications. He wanted to make the evening news back in his home state. He didn't really care about the farm bill debate.

Young: Don't you think people from the outside sometimes see that, and it's one of the things that causes a certain amount of cynicism?

Yeutter: Of course, because those kinds of things get around.

Young: It's a made-for-camera process; it's a fake. It's not the real process.

Yeutter: And that's why you often don't really accomplish very much at the hearing itself. The productive work then has to be done at a later time, and it has to be done out of the limelight or nothing much happens.

Anderson: I would guess a lot of people an hour away from Washington and in Nebraska or western Illinois or wherever are not really aware that this kind of political theater is going on, so it works.

Yeutter: The sophisticated people, those who go in and out of Washington a lot, do know, and that does stimulate cynicism on their part. But the typical farmer out in the middle of Nebraska has no way of knowing that. All he sees is that TV clip coming back on the evening news that night. He thinks, "Gee, my senator was really in there raising questions. Was he ever going after the Secretary of Agriculture!"

Young: You look on C-SPAN and you see all these beautiful speeches being given to empty houses. That's a giveaway.

Yeutter: That often is the case. Here's my other anecdote. I was testifying on the other side with Congressman de la Garza and the House Agriculture Committee, and all of a sudden there was this big stir with people walking up to the chairman, handing him notes and asking him questions. I was sitting there testifying and wondering, *What in the heck is going wrong? What is going on here? Is it something I said? Did I make a mistake in my testimony that I didn't realize?* All that was going through my mind and I was totally perplexed. As it turned out they were simply having a big debate about when they were to break for lunch. It didn't have a thing to do with the testimony.

Young: Russell, did you have any other—

Riley: One issue that occasionally vexes people in that position is tobacco. You haven't said anything about tobacco. I don't know whether that was just something that was a non-issue during the time you were there?

Yeutter: It was pretty much a non-issue at that time. It didn't come up in the context of the farm bill because that's permanent legislation, so it was an issue for me only in terms of

administration of the tobacco program and there wasn't anything particularly controversial at that time. As an issue it has become more controversial since, as litigation has commenced and negotiations have gone on with the tobacco industry, but it was never an issue of any consequence during the time I was there.

Young: Okay.

Yeutter: Jim, anything else?

Anderson: I was going to ask about the green book and groups. You indicated that interest groups didn't really have a big impact on the 1990 farm bill. Political scientists always talk about how important groups are in Washington, and with regard to agriculture argument has been that commodity groups have become more important than the general farm organizations like the Farm Bureau or the Farmers Union and so on. Would you react to that? Does that seem to be the case, that there has been a shift in influence here from the general to the more specific organizations?

Yeutter: That has happened over the last twenty or thirty years, not just in the context of the 1990 farm bill or any specific farm bill. It is certainly true that the general farm organizations have lost prestige and influence as compared to some of the so-called commodity groups. The American Farm Bureau Federation is still by far the most powerful of the general farm organizations and is still very influential, particularly during Republican administrations.

The National Farmers Union and the other general farm organizations have relatively little influence today, even in Democratic administrations. They've typically been supporters of Democratic-style farm programs, but their membership has dropped to such a precipitous degree through the years that they simply do not reflect very much of American agriculture anymore. They still have their lobbying organizations in Washington, D.C., but they don't carry a lot of clout because they just don't represent very many votes. So much of the political muscle today lies with the commodity groups, some of which are stronger than others, of course. You've got cotton, tobacco, soybeans, corn, wheat, beef, pork, poultry, and on and on. A lot of those organizations are really quite effective; they do a very good job.

In our case, in the 1990 farm bill, they certainly were broadly influential. USDA hears from those groups all the time. So your people assimilate their views. The intent is to try to remember what those views are, for the Department must determine how to handle them in the context of the farm bill. So one cannot say that those groups did not have influence, because obviously they had some impact as they met with me, or Dick Crowder, or John Campbell or whomever. You are cognizant of those views as you put your own set of principles together, as we did at that time. But my reaction vis-à-vis those groups was somewhat similar to what it was toward the Congress.

We wanted to control the agenda, we wanted to be out in front, have them reacting to us, and the green book permitted us to do that. As always, some of those organizations agreed with most of what we had in the green book; others didn't like it; others found it tolerable. But what we were

able to do was control the process and make the interest groups respond to us rather than vice versa.

Young: I got the impression that nobody was surprised about where you were coming from when the green book came out. That suggested there was input from those groups all along, whether or not they agreed with it. They weren't shut out, and so they were part of the process of constructing it.

Yeutter: That's true. They weren't surprised by the policy positions in the green book. They were surprised that we *had* a green book, that we put it all together in one package, because that was unprecedented. And tactically I think they were thrown a bit because that wasn't the way things had been done previously. Had we come out with extreme positions in the green book, some of these groups would have landed all over us and tried to beat us to the ground. But we took middle-of-the-road positions on almost every issue, and that made it difficult for either the interest groups or members of the other party in Congress to attack us very successfully. It held down the flak level. I would say that the political flak level on the 1990 farm bill was much lower than it had been in prior farm bills, and a lot lower than it was in the next farm bill, in 1996.

Young: And also apparently it wasn't a wedge issue within the Republican Party from right to left.

Yeutter: No, not at all.

Young: That was an issue in some other administration initiatives, very much, so we can talk about that later. So how in the world did you get into the RNC?

Yeutter: The RNC.

Young: You should talk about that story and what you found when you got there.

Yeutter: I'll be glad to do that. I certainly had no intention of ever becoming Republican national chairman. That was never on my radar screen. But what occurred was we did run to the end of my two-year tenure commitment to President Bush. So it was time then to contemplate whether I would continue as Secretary of Agriculture. We did, of course, finish the farm bill within that two-year time frame. I was beginning to contemplate whether I would then go back to the private sector as I had originally intended or whether I would do something else. One of the possibilities that President Bush and I had talked about specifically was my going to Tokyo to be ambassador to Japan.

I had done lots of trade negotiations with the Japanese and had spent a lot of time going back and forth to Japan during my USTR years. I had also done some of that during my Secretary of Agriculture tenure because we were fighting with them over their import restrictions on rice. Mike Armacost, who was then the U.S. ambassador to Japan, was scheduled to return soon. He was doing an excellent job; I thought he was a truly outstanding ambassador to Japan. But this was a normal rotation and the anticipation was that he would come back fairly soon. So one

possibility was that I would go to Tokyo. My wife and I had always talked about our doing another international assignment sometime, and this was an appealing option. (As you may remember, I headed an agricultural technical assistance program in Colombia, South America, in the late '60s before I came to Washington, D.C.)

So that was on the potential agenda and President Bush was amenable to having it happen. But what then occurred was that Lee Atwater's condition worsened. His failing health precluded him from doing much at the RNC, and that situation continued for probably about a year. Finally he just could no longer function. It was really a tragic situation because he'd been doing a spectacular job at the RNC, and his departure was a huge loss to the Bush administration and to the Republican Party in general.

Unfortunately, what happens in a situation like that, when the top person is sidelined, things just fall apart. It's awfully hard for anybody else to pick up the ball and run with it, and what had happened at the RNC was that fundraising had fallen off and they were laying off people. They had laid off about 25 percent of their personnel by the time I arrived, and they didn't know how much longer they were going to be able to keep the doors open. It was quite a serious situation, and there were no easy answers.

The administration's budget agreement with the Congress, which breached the "read my lips, no new taxes" pledge, had dramatically affected fundraising. Contributors on the conservative side of the spectrum had in many cases decided they were not going to put any more money in the RNC or any other cause attached to the Bush administration. They felt they had been abandoned. So the RNC was in deep financial trouble. They had a lot of $100,000-a-year contributors who were saying, "Never again." And they had people in the Eagles program, which was $10,000 a year at that time as I recall, who were also saying, "No more, we're going to drop our Eagles' memberships." The White House was, of course, beginning to get worried about all of this.

They initially asked Bill Bennett to take the post, as you'll remember. That flew apart, partially because some didn't think it was a great idea, but primarily because Bennett had a book publishing issue that reared its head, so he ultimately said no. John Sununu then called me over Christmas and said, "Why don't you come over here? We need to talk to you about something." I had no idea what they wanted to talk about. It turned out to be the RNC chairmanship. I thought to myself, *Here we go with another one of these brutal assignments.* I said, "I thought I did this for the past two years to get you folks through a farm bill. Now you want me to take on the RNC." Well, the upshot of the story was I finally said, "Okay, I'll go over and see what I can do."

Young: Did the President himself talk to you about this?

Yeutter: It was Sununu initially, but I believe the President did talk to me about it a bit later, I've forgotten the sequence now. But again this was something I would not have done except at his behest. When the President of the United States asks you to do a task, unless you've got an awfully good reason otherwise, you've got to go do it. So I went over to the RNC and it wasn't in good shape. It was as I described it. I thought, *Oh boy, we have a major problem on our*

hands. So we went to work. As you know, I was there only about a year. It was just a rebuilding time.

Young: How could you do any rebuilding under those circumstances?

Yeutter: It was very difficult. We concentrated on what I called the three R's: raising money, redistricting, and recruiting candidates. That was the whole thrust of the year 1991. I'll expand on those in a minute. But the other part of the task involved getting out to the state organizations—with the state chairmen, the national committeemen, and national committeewomen. They hadn't seen anybody from the upper echelon of the RNC for a year or more, so there was a lot of frustration at the state level because they were getting little or no guidance from the RNC. The 1992 election year was coming up, with the Presidential election as well as all the congressional elections, and for all practical purposes they had no Republican National Committee functioning at the time.

So I decided early on that the RNC chairman had better get out around the country. I did 115 events outside Washington, D.C., in the next year, so I was on the road an enormous amount, just touching base with all the key states. I couldn't get to all fifty; that was just too hard. We prioritized where we needed to go, either because problem areas existed or because they were important states politically and we needed to touch the personal bases.

So I spent a lot of time on the road in that next twelve months just shoring up support at the state level. Then I turned our legal department at the RNC loose on redistricting and said, "This is our number one priority, period, because we've got the next ten years at issue here. We'd better go win these redistricting battles." That was an area that turned out to be a big success for us. We outworked our Democratic colleagues on that issue. Ron Brown, my counterpart at the DNC [Democratic National Committee], did a great job battering the Bush administration from stem to stern over the economy, but he did very little on redistricting, and we had excellent teams working redistricting all around the country. For all practical purposes, we probably won 90 percent of the redistricting battles in 1991 and that made a huge difference—

Young: In the legislatures.

Yeutter: The legislatures and, of course, congressional races too. A lot of that work had an impact in '94 when we regained control of Congress. Redistricting was in effect already in '92, but it takes a while for these things to settle in, for candidates to get accustomed to their new districts. So it didn't have as much impact in '92, and of course the loss of the Presidential race hurt in that year too. But by '94 the benefits of redistricting came to the fore and we could see the difference in state legislatures as well as congressional races. As you know, we won control of both houses of Congress in '94, and we also won control of a lot of state legislatures. Some of that happened in '92, but more of it in '94. So the emphasis on redistricting was probably *the* major accomplishment during that one-year period.

In terms of recruiting candidates we probably didn't do as well as we should have or we would have done better in the 1992 elections. So I don't think we get any gold stars in that area.

We did do a pretty good job of raising money. I spent considerable time on that in ’91, simply because we had to keep the doors open and get a solid organization in place going into the 1992 elections. We got those fundraising programs back on their feet at least, which was very tough in light of the budget agreement. That really hurt us on fundraising. I got innumerable letters, I can’t imagine how many hundreds there were, from conservatives furious over the budget agreement, furious over the breach of the “read my lips, no new taxes” pledge. A lot of those folks were wary of President Bush’s conservative credentials from the very beginning, but were then reassured by his “read my lips, no new taxes” pledge. “Maybe he’s going to be all right after all,” they said. They then felt totally abandoned when the budget agreement was signed. That single incident may have cost President Bush the 1992 election, because he never, ever was able to regain the committed support of those conservatives. A lot of them went through the motions in ’92, but they didn’t go all out. So that was a devastating mistake from a political standpoint. One can argue that from an economic standpoint the budget agreement made sense, but it was a huge political error that came back to haunt all of us, including me as the RNC chairman.

Notwithstanding that, just by a lot of hand holding we were able to get many of those folks at least to begin to contribute money again in ’91. When I was ready to leave the RNC in January of ’92, to go to the White House, we had our major fundraiser in Washington, D.C. I left just before that fundraiser was held, but as I recall we had something like $16 or $17 million in commitments, which I believe was the most ever for an individual fundraiser. So we’d kind of gotten the fundraising back on track and had a viable political organization going into 1992.

In ’92, a Presidential election year of course, the RNC kind of fades out of existence and becomes a supportive arm for the Presidential campaign organization.

Young: Tell us a little bit about these trips around the country that you took. Besides what you were hearing from the disaffected conservatives, what were you hearing from the political pros about Bush? Were they sending you signals for him about being in trouble in ’92, because they have a good deal riding on this.

Yeutter: Oh, yes. They were.

Young: What besides the budget deal, if anything, was on their minds?

Yeutter: The performance of the economy. They just really couldn’t understand why somebody didn’t do something to get the economy going in the right direction. They could, of course, see the Bush popularity numbers going down, down, down. As you know, they’d been at 90 percent right after the Gulf War and then they began to decline. When they’re at 70 or 80 or even 60, you’re not too worried, even though the trend is in the wrong direction, because you can’t stay at 90 forever. But when you get to 60 or below you begin to get worried. All Republican candidates were worried that the economy was going to take down not only the President but everybody else with him. And, of course, the media focused constantly on the adverse aspects of the economy, and the Bush administration was just being battered every night on TV.

Young: What kind of initiatives were they looking for—

Yeutter: There really weren't any specific recommendations coming out of these folks, it was—

Young: Just complaints. We're in trouble.

Yeutter: Yes, you're in trouble. Those folks in the White House have no idea what they're doing; they don't realize the economy is in trouble. You've got a bunch of elitists over there, with some reference to the President himself in this respect. You've got a bunch of people who are unaffected by the economy, and they really don't understand the way things are out here in the real world.

They were not only communicating with me, but they were firing letters to the White House and calling Sununu and others on the White House staff. The other part of their argument was: "How can you keep people like Nick Brady and Dick Darman in office? Those are the guys who did the budget agreement. George Bush should have fired them long ago! Those folks are going to cost him his reelection."

Young: Was this the complaint specifically of the people on the right, or was it a more general complaint?

Yeutter: It was primarily on the right, but not exclusively. There were others as well. They were looking out for their own survival, their own interests, of course, and Brady and Darman were the lightning rods as a result of the budget agreement. As you know, the budget agreement received a lot of attention in the media. Some of the criticism was directed at Sununu too, as the chief of staff, but a lot of people realized that Sununu was not the economist, so they placed less blame on him. The Secretary of Treasury and the OMB director did have economics or finance backgrounds, so a lot of the wrath was directed at Brady and Darman. There were innumerable letters calling for their resignation or calling for President Bush to ask them to leave.

I'm sure the White House was getting far more letters of that ilk than we were at the RNC. There was just a lot of pessimism out in the country that was being reflected at that time.

Young: How did you get this message? Did you have to get it to the President or somebody close to him?

Yeutter: I communicated all the messages of relevance that I was hearing, but the White House didn't really need it from me; they were getting it from lots of other sources too. But in addition to my informal contacts at the White House, I did an end-of-month political report directly to the President, in which I would summarize matters such as this. President Bush would always send it back with notations on the edges. So you knew he was paying attention.

Young: Did you get the sense that there was a head-in-the-sand attitude among White House staff about this problem, or were they alert to it and the President wasn't really responding? That's a subject on which there's going to be a lot of curiosity. With all these messages coming in—not only from the Republican Party but from others in the administration—saying that you're in trouble and something has to be done, shouldn't you pay attention to that? But there was a perception that no attention was being paid.

Yeutter: Yes, that was the perception. I didn't agree with that perception and do not today agree with it. I believe the White House staff was well aware of this political/economic challenge; they were just trying to figure out what the heck to do about it. Clearly they too were becoming concerned as the numbers deteriorated. The White House was unhappy with the Federal Reserve at that point, and, in my judgment, justifiably so. Secretary Brady was meeting regularly with Alan Greenspan about the economic situation, telling Greenspan that monetary policy needed loosening and that he was being too slow to respond. In particular Brady was emphasizing the credit crunch issues. I was hearing "credit crunch" around the country too.

Greenspan was not persuaded that there really was a credit crunch. He thought that credit was available to worthy borrowers and the complaining that was occurring was by borrowers who just weren't meritorious credit risks. He simply didn't believe the reports that we had a major credit problem in this country and something needed to be done to alleviate it.

I think Greenspan was wrong in that regard because a lot of folks were having difficulty borrowing. I can remember a small-business person in Ohio telling me that he had been trying to borrow money without success. He had, in his view, a strong balance sheet, but he had gone to a whole host of potential creditors and was not able to persuade any of them. I thought, *If somebody who allegedly has a pretty solid balance sheet is having difficulty getting credit, you know how much difficulty a lot of other people must be having.* That really was an Achilles' heel for all of us, and I do believe that Greenspan and his colleagues at the Fed moved too slowly. I also believe that if they had moved six months earlier or maybe even three months earlier, George Bush would have been reelected. But it didn't happen that way.

Secretary Brady was very frustrated with Greenspan. It got to the point that it strained their relationship. As I recall, they even stopped meeting with each other for a time. Darman was also making the monetary policy point publicly, and I imagine privately as well with his contacts at the Fed. So Brady and Darman were trying to respond to this problem, but weren't getting the cooperation from the Federal Reserve that they felt necessary. In their view (and mine) we needed to get interest rates down, to get a higher level of comfort among the consuming public, in particular the borrowing public, so that people felt better about their futures. I do believe that that was a major factor. There was not a whole lot the administration could do with fiscal policy because the budget agreement constrained them. So monetary policy was basically the only government weapon available to deal with that economic situation, and monetary policy was not then being altered by the Federal Reserve.

If you had talked to Brady, Darman, or Sununu at that time they would have said, "We're trying to do everything we can; it's that blankety-blank Federal Reserve that's keeping the—"

Young: But you can't blame the Fed publicly. I mean, the public won't understand that. This looks like you're trying to get yourself off the hook, which raises a question: If there wasn't any real policy response you could make, what about a rhetorical response, a communications response?

Yeutter: Well, as you said, there's not a whole lot you could say because the Fed is an independent agency. And as you get closer and closer to an election it gets even more difficult. If you go public with criticism of the Fed, then the Fed is really going to find it hard to make a move because then people are going to chastise it for making politically motivated decisions—

Young: —symbolic measures that the President feels your pain, to borrow a phrase.

Yeutter: That's a good point. There was some criticism of the White House for that just not having happened, and I believe that was legitimate criticism. This is something that President Clinton, for example, would do much more skillfully than would President Bush. President Bush tried to do some of that but it just didn't come across very well. There were some White House statements of that ilk too, but they never went over very well either. The media didn't handle them in a positive way and there was a lot of cynicism and sarcasm. Again, it related to the fact that the President was somebody who graduated from Yale, grew up in the East, and was in an affluent family. The public reaction was, "He can say he feels our pain, but he really doesn't."

Anderson: Did the—

Young: One more thing. Ronald Reagan, when he ran into a recession, went on national television, I think, and said, "Stay the course, stay the course, things are going to get better," and the numbers were getting better. But if you contrast these two Presidents, there was nothing, that I recall, that was even a remotely similar message coming from Bush. So the question is, why not?

Yeutter: That's a legitimate question.

Young: It's not a hostile question, it's just a question that people wonder about.

Yeutter: I understand. And again, I'm not sure what they were doing within the White House at that time because it was when I was at the RNC so I wasn't privy to those individual discussions. But the White House was certainly cognizant of the need to do a better job of communicating that message. President Bush obviously never was the communicator that Ronald Reagan was. There are just not many Ronald Reagans, if any. But the administration probably could have and should have done a better job than they did. Whether it ever would have resonated with the public is another question, because the media was so hostile to President Bush on economic issues that it was very difficult for the White House to get any kind of a message out. Whatever the White House said on the economy was rebutted, in essence, on the next news program.

You may recall, in those days, and this followed all the way through 1992, every time the White House would make an announcement that would have a positive bent on the economic situation, the media would handle the quote and then say, *but* there are still 95,000 General Motors workers on leave in Detroit, and then comes the picture of out-of-work GMC employees. There was always a negative story to follow anything positive that emanated from the White House, and the negative always overwhelmed the positive. There would be thirty seconds of the positive followed by a much longer negative.

Young: I'm wondering when this came about, because this was not the kind of press Bush received at the very beginning. At some point there was a turn. There certainly was a turn for the worse as a result of the budget agreement—the breaking of the pledge rather, not the budget agreement—within the Republican Party. You weren't in the RNC at that time but you were in the administration. Did you perceive that the negative turn in the press came about the same time as Gingrich kicking the traces? Was that a turning point from several points of view?

Yeutter: I think it was, as a matter of fact. The media feeds on negative commentary.

Young: Sure.

Yeutter: They did begin to pick up the negatives coming from the right. And as soon as the Democratic primaries began, they began to pick up the negatives on the left. Ron Brown was feeding some of that as early as '91, and they were giving Ron some attention, but it really began to pick up when the Democratic primaries started to come to the fore. Then the negatives picked up some more because of the Buchanan candidacy and then later the Perot candidacy. That brings back the question of the timing of an administration response to all these challenges. I did a memo to President Bush clear back in July 1991, saying, "When you go to Kennebunkport in August it's time to get your '92 team together. We've been getting a lot of negative commentary, so it is time to get organized, to handle things internally within the Republican Party (especially because of the conservative disaffection), and also time to handle things externally."

His response in one of those little side notes was: "No, it's too early." In my judgment, that was a mistake. It was the failure to tool up in the fall of '91 that led to the Buchanan candidacy in early '92. Had the Bush administration had its campaign team organized and in place and ready to hit anybody who might come along on the Republican side, they might have headed off a Buchanan challenge. Pat might have said, "If I get into this, these folks are going to swat me." But that didn't happen, and when he went in, there was nobody there to swat him. He had the field to his own for a while. He could be very critical of President Bush, which he was, and have little in the way of retribution out of the Bush White House. There was some, of course, from the White House itself and from others such as Rich Bond in the RNC as the 1992 campaign season unfolded. But one can't do too much from the RNC because the RNC is supposed to be neutral, even though a Republican President occupies the White House.

So you really had only the White House apparatus being able to respond to the Buchanan candidacy, and that wasn't a good situation. Buchanan was able to build his candidacy on the negatives of the time, the economy and criticism coming from conservatives because of the "read my lips" breach. Then, of course, the crescendo began on the Democratic side as well. So the White House was being hit from the left and the right simultaneously. Not surprisingly, the media began to pick up on all of that and say, "Whoa, wait a minute, Bush's popularity has gone from 90 to whatever it was, and this is an administration that's in trouble."

So the administration was behind the curve in getting set up for 1992. Then, as we went into '92, the President finally decided to replace John Sununu with Sam Skinner as chief of staff. I went over as well to the White House shortly thereafter. Then, of course, the campaign organization was put together at about that same time. But all of that happened too late.

Young: Before we get into the next step, I think there are some questions about—

Anderson: I want to go back to "read my lips." Presidents from time to time do renege on campaign pledges. You remember that President Clinton made very clear that he was in favor of a middle-class tax cut and gave up on that early on without great repercussions. In retrospect, the 1990 budget agreement was good public policy, and along with Clinton's economic package in 1993, it really accounts for the present healthy budget situation. It seems to me further that President Bush didn't enter easily into the agreement to raise taxes with the Democrats in Congress. They sort of wrung it out of him. All of that suggests that the administration could have done a better job of explaining the 1990 budget agreement. Don't you think that would be the case?

Yeutter: Yes.

Anderson: Their explanations were never very good, very thorough, very convincing.

Yeutter: They were not; that's a very good point. And again, I have to evaluate that from the outside because I wasn't there at the time. But as an outsider looking in, I see it as you do. The administration first had a hard time negotiating the agreement, as you know. They had Republicans criticizing it during the negotiations, walking out, then coming back in. It was a messy process, with a lot of dissension on the Republican side as well as a lot of disagreement with the Democrats.

So it was one of those deals that's a little bit like sausage-making; when the product comes out at the end of the process you're not sure whether you want to eat it or not. This was one where everybody sort of said, "Well, we've got a budget agreement. This is the best we can do, but we're not too enthusiastic about it." So it wasn't sold with vigor and enthusiasm because everybody was at best lukewarm about it, and I think they were all wary about whether it was going to blow up in their faces politically. Maybe not as wary as they should have been, or they might not have done it in the first place, but it was lukewarm enthusiasm everywhere. The President obviously hoped he would get some Democratic cover because this was something that had been worked out with the Democrats. But if he and others in the White House really thought so, that was a bit politically naïve going into a Presidential election season.

The Democrats didn't give him any cover and the Republicans on the conservative side didn't like it at all. It just turned out to be a bad deal and, you're right, the administration didn't sell it very well. Dick Darman did make the argument early on, as they began the process, that Presidents do breach campaign pledges and this was one that ought to be breached. Darman, who is a very persuasive individual, was able to win internally with that argument. That may have represented a bit of political naïveté too, of course, particularly insofar as Republican conservatives are concerned. What evolved was that the administration did engage in the process, they did get a deal ultimately, and it turned out to have a lot of adverse political consequences.

Anderson: I don't think President Bush helped himself later on when he said that was one of the biggest mistakes that he had made and so on. That just sort of poured a little more fuel on the fire.

Yeutter: Yes, it did. My guess is that any other campaign promise that had been made prior to this time probably could have been breached and explained to the American public. What made this one difficult was that it was such a big deal.

Anderson: Read my lips.

Young: The context was that this was the "big speech" of the Republican convention, and conservatives were listening closely. It was a dramatic speech. If the pledge had been limited to New Hampshire, where everybody has to take the pledge, it might have been easier, but it was featured nationwide.

Yeutter: It was remembered by everyone, given great publicity as you'll recall. It gave a huge boost to the Bush campaign. It was probably more important than any other single phrase to the conservatives, and when Dick Darman made the argument that we can get over this, there just was insufficient consideration of the magnitude of that task within the White House. It wasn't entirely Darman's fault. Everyone who was involved there—Sununu, Darman, the President himself, Quayle—all of them obviously had an input into the decision as to whether or not they went forward with this exercise. In my judgment all of them grossly underestimated what an adverse political impact this would have. They got badly burned as a result, and they may have won an argument and lost a war right there.

Anderson: Do you know whether President Bush ever met personally with Alan Greenspan?

Yeutter: I doubt it. That would probably be unprecedented in the context of a Federal Reserve decision.

Anderson: Not really. Back in 1965, William Martin raised interest rates and Johnson invited him down to the ranch and worked him over a little bit.

Yeutter: Is that right?

Anderson: "Sensitized him" to things.

Yeutter: That hasn't been the modus operandi in recent years. In fact, as you may recall, George W. Bush made a statement about interest rates the other day and was heavily criticized by a number of folks for interfering with monetary policy. He has now backed away from that and has said that he will not have any more public statements about monetary policy. So I don't believe there were any times when they talked business in a formal way. They would have seen each other on social occasions, of course. Secretary Brady was doing this on behalf of the administration. It's been traditional for the Secretary of Treasury to do this. Bob Rubin did the same thing during the Clinton years and Larry Summers later on.

Riley: I have a couple of people questions and then a political question.

Yeutter: Sure.

Riley: One is, you and Bill Bennett are two very different types of people with—

Yeutter: Very much so.

Riley: Very different types of attributed political constituencies. How do you explain a process that produces both of your decision-making—that produces both of you for the same position? What was going on, to the extent that you can project that?

Yeutter: That's a good question too, because we are very different, even though we're good friends. In fundamental principles we agree, but we have very different styles. Bill has much more of a confrontational style, as you well know. I can't speak for President Bush or John Sununu or anyone else in terms of their reaction to all this, but I suspect after they made the Bennett nomination they might have wondered whether they had thought that one through properly. When you have a President in the White House, you don't want a lightning rod at the RNC. If you're going to have a lightning rod at the RNC, you want that when you don't have the Presidency. Ron Brown played that role for the Democrats and played it very, very well.

You want the President to be your party spokesman, so you don't want a high-profile individual at the RNC. Lee Atwater was fairly high profile, but in a different way. He was unique in his handling of political issues and that certainly raised his profile, but he wasn't competing with the President in any way. Lee Atwater was not a substance person. He wasn't getting involved in policy issues; he was doing sheer politics.

Bennett is a policy person. I suspect the White House had some reservations when they thought it through about whether you want a high-profile, policy-oriented person over at the RNC. I think my background and style may have offered a better fit at that time. What I brought them was the ability to reorganize the place, get it on its feet, raise some money, deal with the issues at hand, begin to do some rebuilding, use my organizational and executive strengths and a lot of contacts from the business world and all that kind of thing. I was loyal; I didn't have a personal agenda; I wasn't going to step on White House toes on the issues; and I wasn't going to be publicly critical of them. Not that Bennett would have done that.

Young: He might have though.

Yeutter: Yes, Bill might have.

Young: Depending on the issue.

Yeutter: Exactly. So the package I brought them probably was a better fit for that particular moment in time than Bill Bennett's would have been. I think they heard some of that after they made the Bennett nomination. "Do you really want somebody with Bill's characteristics over there?" As much as everybody admired him.

Young: I seem to recall that one of the sticking points was not only the book, but he wanted to go on lectures.

Yeutter: Yes, he did.

Young: And that's a platform if I ever saw one.

Yeutter: It is, that's dangerous for any White House.

Young: And get lecture fees, that was an issue.

Yeutter: Exactly. In such situations one is almost inevitably going to say something that will be deemed inconsistent with what's coming out of the White House. You just can't afford to have that happen, particularly going into an election cycle.

Riley: His constituency, too, was more in the area of social movement conservatism, which is one of the areas where Bush was having problems with the Republican Party. Yours is not primarily in that area.

Yeutter: No, not at all. I think they felt there would be some risk had Bill been there, just because of the nature of his personality. He loved to get in the middle of frays. He would have done a great job of battling with the Democrats, but he also may have done a great job of battling with a lot of Republicans, and we didn't really need that right then with the RNC falling apart. In addition, there was no way to know whether he had any fundraising skills. He may or may not have had, but that probably wouldn't have been high on his agenda; he would have wanted somebody else to go raise the money. You really didn't know much about his organizational skills either. He'd been Secretary of Education, but that's not a big organizational challenge at all, and I think they felt more confident of my organizational skills, business skills, and fundraising skills.

Anderson: You had worked in the Nixon reelection campaign, had you not?

Yeutter: Yes, clear back in 1972. I ran the Midwestern campaign that year, and also ran the agricultural campaign nationwide.

Riley: This may be a little bit unfair to ask you, but I'll ask it anyway. Can you assess the void that was left with Atwater's departure from the scene? This is something that gets a lot of speculation among people, and I wonder specifically if you could talk a little bit about what life was like at the RNC when you went in, since that was his organization and he seems to have had a very loyal following there. More particularly, do you have any sense about his relationship with the President and the President's core political people and whether some of this reluctance to get geared up might have been in some way related to their reliance on Atwater's political instincts, but not having him there. I'm not at all suggesting that you didn't have political instincts, only that your history with the President was in a different kind of policy area rather than a pure political area.

Yeutter: Well, let me try to analyze that a bit. I was concerned about that when I came to the RNC simply because Atwater was beloved by everybody there and properly so. He'd done a wonderful job for them. They had the greatest respect for him and, of course, there was so much sadness there at the time because of the lengthy deterioration of his condition. It was a tough time for all those folks.

And, of course, they didn't know whether they were going to keep their jobs with somebody new coming in, whether it had been Bill Bennett or me. They didn't know whether there was going to be money for them to continue to work, so morale was obviously very low. That worked out in an uneventful way because I treated those folks well. We were able immediately to raise enough money to keep them all on board. In fact, we began to expand the organization so they didn't have to worry about losing their jobs. I gave them a lot of help, especially on the fundraising side.

Mary Matalin was my chief of staff, and I basically gave her the political tasks that had been Atwater's prior to that time. Atwater had been Mary's mentor, so I delegated a lot of the political organization issues and decisions to her. That was an immediate need because we had 1991 elections ahead of us. As you know, there are several states with off-year elections, New Jersey, Virginia, and others. So Mary took over the process of working on RNC support for those 1991 elections, and that worked out well.

We immediately began to restore morale, even though Lee was gone. But it was still a huge loss for the party because there is only one Lee Atwater. He was a political genius, and that was not a role I intended to fill or could have filled, because you don't replace a Lee Atwater. Had he been with us and in good health, he would probably have headed the Presidential campaign in 1992, and that organization might well have been put together at an earlier time. But of course, Lee Atwater wasn't going to be running that campaign. Somebody needed to do so, and that was the source of my memo in July 1991. An alternative candidate was not evident. There were no other Atwaters out there. So the question was: "Since you don't have another Atwater, who is going to run this campaign in 1992?" It wasn't going to be me. I wouldn't have been the right choice. Bill Bennett wouldn't have been the right choice either. It had to be somebody else.

As it turned out, ultimately the decision was to have Bob Teeter and Fred Malek run the campaign. I think those two gentlemen were as good a choice as anyone who might have been available at the time, though I think both of them would concede that they're not Lee Atwaters either. Lee Atwater was a unique talent, and one who had a wonderful personal relationship with President Bush. He also was someone in whom Bush had total confidence from a political standpoint. So we had a big job to fill there, and that probably called for filling it sooner than later. An Atwater could have hit the ground running, with instantaneous respect from Republican organizations around the country. So we might have been able to hold off a little longer with an organization going into '92 if Lee had been around. But with Lee being gone, it was necessary to get a new team in place, and that just didn't happen soon enough.

As a result, Fred Malek and Bob Teeter played catch-up during the whole 1992 election campaign, and they were on the defensive so much of the time, first with Buchanan, then with

Perot, and then with Clinton. In many respects they just never ever got on top of it. And the President himself didn't really get much engaged until after the convention in August, which again was much too late.

Riley: I was thinking as you were talking that this isn't a question that relates only to the Bush administration. I can go back and think of other Presidents who for one reason or another have lost people that they have learned to rely on. Virtually anybody at that level is irreplaceable. You can put somebody in the position, but you don't have that same network of relationships to rely on.

Yeutter: That's right.

Riley: In relation to the budget agreement, Darman obviously came under a lot of criticism. This wasn't the first time that Darman had been in the spotlight in this way. Why do you think Bush held on to him through all this criticism?

Yeutter: I say this with great deference to Dick Darman, because I am fond of Darman as a colleague, and we worked together quite well during our respective tenures in government. But looking at it from President Bush's standpoint, in my view he made a mistake by retaining Darman in that position as long as he did. And Darman, in my view, made a mistake by staying as long as he did and basically insisting that he stay.

I wish that Dick had been able to read the tea leaves more accurately than he did, and I wish he himself had recognized that he had become a negative rather than a positive for the President and it was time to step aside and let somebody else do the job. He didn't need the job for income purposes; he's a wealthy individual and could have stepped aside gracefully without any embarrassment. He could have gone on to a think tank or something compatible, and given the President a clean slate going into '92. He probably should have stepped down about the same time Sununu did, but he didn't want to. He didn't want to step down ever, as you could tell. Sam Skinner sought to have that happen when he came over as chief of staff, and President Bush said, "No, Darman stays." That was very damaging to Skinner. For all practical purposes, that sealed Skinner's doom as a White House chief of staff because Dick obviously knew that Sam wanted him to depart, and it was pretty hard to have much of a working relationship under those circumstances.

So, in retrospect, I'd be critical of both the President and Darman for the way that worked out. I think the President should have been more decisive in asking Dick to leave, and I think Dick should have been more observant and more cognizant of his own declining reputation at that time and should have been willing to step aside. I think it cost the President dearly in terms of the 1992 election, and also cost him in terms of the operational performance of the White House. [redacted] It certainly made it a lot more difficult for me when I went to the White House in '92 because I was, in essence, caught in the middle of that controversy.

Young: Would Darman's departure, whether voluntarily or by Presidential request, at a decent interval after the tax pledge was broken, when it was clear that the agreement was not being disowned but there was going to be a change of the guard, would that have helped with conservative weighing of the—

Yeutter: Oh, enormously, enormously. I'm not sure it would have changed the outcome of the election. It's very possible that President Bush still would have lost the election because of the economy, but it certainly would have helped a lot in terms of generating the enthusiasm and support of the conservative wing of the party. Darman took more flak for the budget agreement than did anybody else. He was the OMB director, was very front and center—

Young: He was the fiscal engineer on the administration side, wasn't he?

Yeutter: Yes, so he was much more of a lightning rod on that issue than anybody else, even Secretary Brady. A lot of people were unhappy with Nick Brady too as a result of the agreement, and with Sununu for that matter, but the magnitude of dissatisfaction was much greater vis-à-vis Dick than it was the others, so it would have made a difference. From the President's standpoint it's just unfortunate that that did not happen. Now, would that have changed the outcome of the election? That's another matter. But his continuation assuredly did damage Bush's electoral prospects in '92.

Anderson: Did President Bush not comprehend the problems presented by Darman, or was he simply reluctant to fire people, or both?

Yeutter: I think it was mostly the latter. Dick had been a friend and associate for a lot of years. Their relationship probably went all the way back to the '70s. Dick was in the Commerce Department clear back in the '70s. He had been around the White House for many years, including during the Reagan years.

Young: He was also fairly close to Jim Baker, which may have figured a little bit in this.

Yeutter: Oh, yes. Of course. In essence I suppose Jim could have been considered Dick's protector. And Dick had been a hardworking, diligent public servant all through the years, a very bright, talented individual, as you well know. He knew everything there was to know about OMB. He had enormous command of his job and knew a lot about everything else that was going on in government. In many respects he was a gigantic asset.

The problem was that Dick was one of those folks who was both a gigantic asset and a gigantic liability, and one has to determine the net from that process. Under normal circumstances that would have been a major net plus, but after the budget agreement I suspect it turned out to be a net minus. That had to have been recognized by the President because he was hearing it from so many sources. But he was reluctant to make that decision and part of it was, I suppose, just the fact that Dick had been around as a key member of Republican administrations for so long, basically through the entire Reagan and Bush administrations. When you have somebody who

has been there for about eleven years, diligently doing his job sixteen hours a day, it's awfully hard to say, "It's time for you to leave."

Riley: Can you talk a little bit about your relationship when you were at the RNC with Republicans on the Hill? I'm particularly interested in the relationship with the campaign committees there, before and after the budget agreement. Were there more significant problems after the budget agreement was made? And then I have a follow-up to that.

Yeutter: I was so busy traveling that year that I didn't spend a lot of time working with the congressional leadership on policy issues or on political issues. I would rather have spent more but there just wasn't time. I was out a lot. We were trying to save the RNC and we were in a survival mode at that time and then a rebuilding mode.

As you know, the party had a Senatorial Campaign Committee and Congressional Campaign Committee that were operating basically on their own, and they were doing all right in terms of raising money. I met with the chairmen of those campaign groups periodically just to compare notes and make sure we weren't getting in each other's way any more than necessary. But there wasn't a lot of contact. Over time there needed to be more. That was undoubtedly a shortcoming of my RNC tenure, but it was something that we just couldn't do much about. In a more normal situation, you need to have good coordination and good communication between the RNC chairman and all the key Republicans on the Hill. Jim Nicholson, the present chairman and my next door neighbor in McLean, has done an excellent job at that.

He has spent a lot of time with the leaders of those campaign committees and a lot of time with the leaders on the Hill, so they've been well coordinated on positions. They all have good relationships with him. He has done a much better job at that than I did in '91 but it wasn't because of lack of desire on my part to do that; it was just because there weren't enough hours in the day and because I was doing so much traveling.

Anything else on the RNC? Let me see if I have anything here we haven't covered.

Riley: The Gingrich situation with the budget deal—you've already indicated that that wasn't isolated to Capitol Hill, that was something that you were seeing throughout the country.

Young: It spread. You were thinking of something?

Yeutter: I was going to mention that one of the individuals we helped launch in the Republican party during my tenure was J.C. Watts. He has now risen through the ranks and is in the Republican leadership. He was a lonely commissioner in Oklahoma at that time.

Anderson: Public utility commissioner.

Yeutter: We had an RNC meeting in Houston because we were going to hold the convention in Houston in '92. So we were there doing some preliminary preparations in '91. And somebody suggested we invite this guy from Oklahoma to come in and talk at the RNC meeting. Being a Nebraskan, I remembered Watts from his quarterback days in the Oklahoma-Nebraska rivalry, so

I thought this ought to be kind of fun. "Let's get this Oklahoma quarterback down here and see whether he has anything worthwhile to say." So we brought him to the RNC meeting in Houston. He got up and gave a little luncheon speech and he had the whole place on its feet! He just wowed them. That day was the launch of his national political career. After that lunch, I saw RNC members from a number of states walking up to him, saying, "What can we do to help? You need to get out of Oklahoma, you need to be in Washington. Let's get you to Washington, D.C." Before long he ran for Congress and won, and he's been there ever since and he's doing very, very well.

Anderson: There's something of the preacher in him, isn't there?

Yeutter: There is. Very much so. And I think he'll continue to do well.

Anderson: What roughly was the size, personnel size, of the Republican National Committee when you were there?

Yeutter: I've forgotten, it was very small. I'd have to go back and look but I'm guessing it might have been fifty people, something of that ilk at the time. Of course the number always goes down in non-election years and then—

Anderson: Certainly.

Yeutter: And then builds back up in election years. But it had gone way down when I got there, just because they were getting so short of money. Then we began to build it up a bit because we had to get ready for those midterm elections in '91.

Actually we did very well in the midterm elections in '91. That was our first upturn in quite a while. [Richard] Thornburgh lost the Senate race in Pennsylvania, so that was the big disappointment of '91. And that one got more publicity than any of the others because he was expected to win and didn't. We had sent people in to help on his campaign to try to rescue it when we recognized that it was in trouble, but we were too little too late.

Aside from the Thornburgh race, 1991 was a very good year for us. We won a whole bunch of mayoralty races in a number of cities, Indianapolis, Savannah, and some others I've forgotten now, but there were like four, five, six major mayor's races that we won, and we picked up some legislatures in 1991. It was the first time we controlled one house of the legislature in New Jersey in years and years, and in Virginia we either won it or came really close. I've forgotten now, but we did better than we had for many, many years in Virginia legislative races, and there were a few others around the country with comparable results. So we felt good coming out of those areas for the party clearly seemed to be on the upswing. Because of the problems the President was having '92 turned out to be a disappointing year, but it all swung back our way in '94, and of course we did exceptionally well as a party that year. So we had the trend line going the right way in '91. Then we had the drop off in '92, and came back to trend again in '94.

Young: What's the trend line now?

Yeutter: Well, that's a good question. I would hate even to guess. After this last election, who knows what the trend line is.

Young: Okay, I guess someday this project will be asking that question of Bush II people. I just thought I'd throw it out to you. We have about a half hour, twenty-five minutes before our lunch break. I thought you ought to say something for the record going back to your agriculture experience about this Iraq problem. There was a fair amount of press talk about that, it was a fairly high-profile issue, and you were involved in the outcome at least. I think you ought to give your perspectives on that.

Yeutter: My view all along has been that that issue didn't merit even a footnote in history. It was essentially a non-issue, and got a lot of attention only because the Democrats were looking for something to use in criticism of the Bush administration. As you recall, this was entwined with the Gulf War and Bush's very high level of popularity, so our Democratic colleagues were pretty desperate then to find something that they could use as an attack piece on the administration. They were scared to death that Bush's enormous popularity was going to carry them all down to defeat. This was about the only thing they could come up with at the time. It really didn't amount to anything at all.

At issue were the so-called loan guarantee programs at USDA, through which over a period of several years we had been developing agricultural export markets in Iraq, primarily rice as I recall, but I think to some degree wheat also and maybe some of the soybean products too. I have forgotten precisely what the products were. Iraq had developed really quite well as a market, and so the U.S. agricultural community, particularly the producers of the crops that were being exported to Iraq, were enthusiastic about that program. Export credit guarantees were an important part of it because Iraq as a country was considered to be fairly high risk, and the whole purpose of that program is to help expand agricultural exports in high-risk areas. If they weren't high risk, you wouldn't need export loan guarantees; you could get private sector credit to make those sales. But when you get to a country like Iraq, a lot of the African countries, the Soviet Union in recent years, Russia now, you have to have some kind of credit guarantee program if our exporters are going to continue to do business in those countries.

So USDA had used loan guarantees in Iraq from the very beginning of this exporting effort. This had gone back four or five years as I recall, and the program had gradually increased in size through the years as the Iraq market had developed. Iraq was considered one of the major success stories in the use of that credit guarantee program, for its repayment record was unblemished. So the issue then was whether the program would continue, for some people had begun to be concerned about the Iraqi situation because of the turmoil in the Middle East, wondering whether there were going to be problems emerging from all of this. The interagency group that puts the final approval on these programs was having considerable debate as to whether or not another billion-dollar tranche of guarantees should be issued. Repayment by Iraq had been flawless, so there wasn't any expectation that there were going to be defaults. Obviously once the war started that all changed, but we had no evidence at that point to suggest that Iraq was going to invade Kuwait.

Young: There were some reports. I don't know where they came from. Some suspicion that the credits were being used to allow them to build up arms, not that the money was being directly used for that, but it was freeing up resources. Suspicions began to appear in those reports, from a number of somewhat earlier sources.

Yeutter: That really was a separate issue, and it was one that I viewed as misleading, and our people did as well, because that's an argument that can be made about all U.S. aid programs in all countries. Whatever the aid program may be, it frees up resources within the recipient country that can then be used for other purposes. There's no way to trace what those other uses may have been. If this is a billion dollars of credit going to Iraq, and if that releases a billion dollars of Iraqi resources, the Iraqi government is going to build hospitals, build schools, do all kinds of things, including maybe buying arms. The money is fungible within the Iraqi government, so one can't say that this loan guarantee money is going into arms any more than one can say that it's being used to build schools.

So I have always felt that was a meaningless argument. Using the IMF [International Monetary Fund] programs in Russia as a recent example, one could argue that the billions of dollars of IMF funds that have gone into Russia over the last few years have been used to preserve their nuclear establishment, because the IMF resources have released billions of dollars that the Russians could then use for other purposes. One of those purposes may have been to sustain their nuclear weaponry. That same kind of argument can surface anywhere on any program, whether it be USDA's programs, the Export/Import bank, AID or any of the others. If that argument were to dissuade us, we would probably have to eliminate all U.S. aid programs of any kind, anywhere in the world. But it's a fallacious argument.

What we do have to look at with all these programs is the level of risk, and if there had been reason to believe that the level of risk in Iraq had gone up appreciably, that would have suggested asking whether or not we had a repayment risk that had become so great that loan guarantees should not have been offered. That's the same kind of analysis that has to be applied in Russia these days. These are all relatively high-risk situations. We don't know what's going to happen in Russia with a lot of these programs today either.

We were then willing to take that risk at USDA, because we saw no reason to conclude that the risk had risen materially from what it had been over the last two, three, four, five years. We had to depend on the State Department to provide military and national security intelligence that might alter that viewpoint. So when—

Young: Those issues began to arise then, didn't they, from a national interest point of view, national security interest.

Yeutter: They did. When that occurs, our USDA people have to rely on other agencies of government sitting around the table to provide the necessary input to judge alteration of risk, if there is an alteration of risk. In particular, we have to rely on the State Department for that, because they have access to intelligence sources that are inaccessible to USDA. The specific context here was Jim Baker's call to me saying, "I think we ought to release this additional billion dollar tranche of loan guarantees," and my response, in essence, was, "Jim, this is your

call, because we're talking about national security issues and if you say you're satisfied with the risk, I'm prepared to accept that and instruct my folks accordingly." That's basically what happened. As you know, it was not too long after that that Iraq did invade Kuwait, but we had no basis for concluding that this was likely to occur, and Secretary Baker obviously did not come to such a conclusion either.

Young: The decision had been made within Agriculture not to continue or not to come through, and so Baker then called you and said he thought you should do it, on national security grounds.

Yeutter: USDA has people sitting on that interagency group and I think they had become concerned about this. That's why Baker called me. Apparently [Robert] Kimmitt or somebody said to him, "You're going to have to call Clayton Yeutter because we've got people sitting around this table who are beginning to express concerns about this." I could control only the Agriculture vote, of course, for there were a number of other people voting too.

Anderson: But the loans came or guarantees came through Agriculture?

Yeutter: Oh sure, but the approval of those guarantees was always done on an interagency basis. Representatives from several different agencies gave the final sign-off, yes or no, on whether or not those loan guarantees would be made available. So if the vote had gone against Agriculture, we obviously would not have made the guarantees.

USDA did vote for releasing that tranche of funds, but I told our people, "Let's do half of it, because of the concerns that are being expressed. Let's not do the whole billion dollars. Let's do half of it, then take another look later on and determine whether or not we want to do the other half." That's the way USDA voted and that's the way it ultimately turned out. In retrospect it would have been better not to have made that tranche of loan guarantees. I've never discussed this with Jim Baker since then, but I presume he had no indication at that time that an Iraqi attack of Kuwait was imminent. If he had such an indication, he would not have made that phone call to me.

Anderson: Isn't it fair to say that the Bush administration had an inclination to be sort of friendly toward Iraq?

Yeutter: Yes, I suppose so—

Young: Certainly when it was at war with Iran. That's part of it, but that was now over.

Yeutter: But I think they were trying to maintain good relationships with Iraq, and that's a legitimate objective. We want to have good relationships with everybody around the world if we can. And I think they were still hoping that they could influence Saddam Hussein to be a constructive member of world society. As it turned out, he chose not to follow that course.

Anderson: There wasn't much criticism from this country when the Iraqis gassed the Kurds, for example. We just sort of ignored that, and it wasn't what I'd call a humane, humanitarian act.

Young: This is an example, it seems to me, of how foreign policy grounds are brought to bear, must be brought to bear, on a lot of otherwise departmental programs. Baker also had to make a call to Treasury.

Yeutter: Could be.

Young: And the person he talked to— Baker didn't make the call, I think Larry Eagleburger did. He said, "Just put it in writing that this is on foreign policy grounds."

Yeutter: As far as I was concerned, it was a pure foreign policy decision. We could have lived happily either way. Had we not given those credit guarantees, well, there would have been fewer U.S. agricultural products going to Iraq. But if somebody in authority had said to me, "Look, there are major foreign policy considerations here that suggest that this is too high a risk," I would have said, "Let's not do this." This was an issue on which I deferred totally to State. The Secretary of Agriculture can't second-guess the knowledge base of the Secretary of State on that kind of an issue.

Riley: Do you recall other specific instances where you talked directly with Baker about—

Yeutter: No, because that program ordinarily would never come up to our level for decision-making. It might in terms of total budget allocations or operating plans for a particular year, but it's a program administered by the Foreign Agriculture Service, so it would be most unusual for an individual issue like that ever to rise to the Secretary's level. It did in this case simply because of the interagency controversy. Usually there's unanimity in that interagency group as to whether or not to proceed on this kind of program. This was one of the cases where they did not have unanimity. And since the State Department had its own foreign policy interests that were at stake here, they were trying to make sure that this went forward.

Young: You didn't have anything to do in Agriculture with export licenses?

Yeutter: No.

Young: Which was another kind of—

Anderson: That would be Commerce, wouldn't it? I presume.

Yeutter: Yes.

Young: Commerce. Defense certainly would—

Yeutter: No, our interest was purely market development for American agricultural products. One of the other aspects of that decision, by the way, that displays some of the hypocrisy in the political process is that we took a lot of flak afterwards with people engaging in hindsight, second-guessing the allocation of those export guarantees. Some of that came from members of the Senate and House who were, in a good many cases, the very same people who days before were clamoring for us to increase the size of those export credit guarantees to Iraq. The same

people who were lambasting us for not doing more to move agricultural export products into Iraq came along a few weeks later and lambasted us for having made those guarantees.

Young: Well, it goes with the turf.

Yeutter: That's life in Washington, D.C.

Young: We have just a few minutes before our lunch break. I wonder if you can say—You had been where Carla Hills was, so you were very familiar with the position, and you referred earlier to the supportive role you wanted to play in the negotiations that blew up and then came back together. Could you just reflect more generally on what the relations between the USTR and the Secretary of Agriculture were during the period you were in those positions?

Yeutter: They were very good. I'm not sure how they could have been any better, because at the working level we had some really good people in Agriculture who were then devoting a lot of time to the Uruguay Round. That had happened from the beginning of the Round in 1986, so we had gotten more and more tooled up within Agriculture as well as in USTR and a lot of other agencies. By the time the Bush administration came in, there were a lot of dedicated people working skillfully on the Round. My relationship with Dick Lyng, who was my predecessor as Secretary of Agriculture, was splendid. It was crucial to get agriculture on the agenda for the Uruguay Round, and it took superb cooperation between USDA and USTR.

Dick Lyng was my first boss at Agriculture when I came there in 1970 as administrator for the Consumer & Marketing Service. He was then the Assistant Secretary for that part of USDA, so we had been good friends and colleagues for a long time. When I became USTR, he moved in to succeed Jack Block as Secretary of Agriculture in the second Reagan term. That relationship was just magnificent, and Dick got far more commitment out of USDA to trade negotiations than the department had ever given in the past. Typically, the Department of Agriculture had been much more involved in traditional farm policy. Basically Dick said, "Look, trade is going to be one of our priorities. You folks in the Economic Research Service and the Foreign Agriculture Service are going to have to get totally tooled up. We're going to be a major part of this process. Whatever USTR wants, USTR gets as long as Clayton Yeutter is there, so get it done."

They did precisely that, and in the process developed an excellent core of people on trade issues, all of whom were employees when I got to USDA. So they simply continued to work with their USTR colleagues in very effective fashion, and I didn't have to do much in terms of the nitty-gritty of the negotiations. Neither did Carla Hills for that matter, because by then we had a really good composite USDA/USTR team. So Carla and I had only to coordinate on the big picture issues, not just with respect to agriculture but on issues relating to other departments of the government as well.

Young: In virtue of your own experience in the office, not in any virtue of any business.

Yeutter: Exactly. Those major decisions would come before the Economic Policy Council, which Nick Brady chaired, and of course I understood all the trade issues from having been USTR. So I tried to be helpful to Carla in the EPC. She would often call me ahead of EPC

meetings and say, “This is the kind of issue I want to bring up. Can you help me? Would you weigh in if I need it?” We did that regularly during the time that I was at USDA. Then, of course, she coordinated with me on the agricultural side to make sure we were operating on the same wavelength and she wasn’t doing something that would interfere with the strategy and tactics that we laid out for the agricultural negotiations. So that was a very good relationship.

When I left USDA Congressman Ed Madigan was named Secretary of Agriculture, and Ed knew trade reasonably well. I think he had a good relationship with Carla too. He didn’t have the background knowledge that I had, so he probably wasn’t as useful to her as I was during my tenure.

Young: What’s the division of labor between, or the responsibility de facto, between the USTR and the departments with significant activity and interest in trade negotiations?

Yeutter: It’s really USTR’s responsibility and—

Young: Are they the principal negotiator?

Yeutter: Oh, yes. Of everything.

Young: Of everything.

Yeutter: Everything related to trade.

Young: Even on issues in which they are not particularly geared up to deal with, they do the negotiation.

Yeutter: Yes, they do. Now they can and do call on representatives from the departments to participate and, in some cases, even handle the negotiations. That’s purely the USTR’s call. If they feel they have the confidence in house to have the lead negotiator, USTR will be the lead negotiator. If they conclude they do not, and want somebody from State, Commerce, Treasury, or USDA to do it, they can make that happen. That’s basically never done at the Cabinet level, but it’s quite often done at the subcabinet level.

For example, when I did the U.S.-Canada negotiations, I had Ann Veneman, who’s going to be the new Secretary of Agriculture now under George W. Bush, in charge of some of the Canadian agricultural negotiations, even though she was at USDA at the time. She was a part of our total U.S.-Canada negotiating team, and since she was running the international programs at USDA, she was well qualified to lead some of those negotiations. So that’s not at all unprecedented, but it’s always the decision of the USTR and the deputy USTRs as to who sits in the lead spot at the negotiating table.

Young: How does the USTR arrive at the bottom line negotiating position, and what does your department input into that, plus the Presidential—how does that position—

Yeutter: That's a very interesting process. The departments all weigh in on these issues and in fact often do a lot of the work. I would say maybe 75 percent of the background work in agricultural negotiations is done by the Department of Agriculture. Maybe no more than 25 percent is done at USTR. Because USTR has only a couple hundred people in it, it's a very small, almost strike-force kind of organization. It just doesn't have the human resources. So USTR leans heavily on Agriculture on agricultural issues, Commerce on antidumping and other issues of that nature, Treasury on the financial issues, State on a lot of issues where foreign policy considerations weigh in, and so on.

The USTR has to pull all this together. That's done through an interagency process, and most of it's done at the subcabinet level by the deputy USTRs. That's one reason those deputy selections at USTR—and there are two of them in Washington, D.C.—are so important. The deputies chair those interagency meetings that generally bring about an agreed U.S. position. If they can't achieve consensus in that interagency group, which is called the Trade Policy Review Group, then the issue goes to the Cabinet level at the EPC. You then have the USTR presenting the issue at the Economic Policy Council. It gets fought out at Cabinet level, and is almost always worked out there. Not many trade issues go to Cabinet level; 90 percent or more get worked out at the subcabinet level.

Every now and then there's a really tricky one on which the departments just can't agree, and when that happens, the USTR presents the alternative positions in hopefully an objective way to the EPC. Then the EPC makes the decision at Cabinet level. If it can't be worked out at the EPC, and once in a while it can't, then the chairmen of the EPC and the USTR together lay out that presentation in a meeting with the President of the United States, and the President makes the final decision.

The interagency process usually works pretty well. But you have to have deputy USTRs with good leadership skills, and good meeting management skills, to try to achieve a consensus on these matters. If you have really good deputy USTRs, and I had some splendid people in those posts, you get most of the issues worked out at that level.

One of the questions often raised about this framework—which is a little different from that of any other country—is: "How is the USTR ever going to get enough support from these other departments to do its job well?" The argument is that Commerce has its own priorities, Agriculture has its own priorities, and so do the other departments. Why should they do USTR's work? That's a tough challenge. One of the tasks of the USTR and the deputy USTRs is to be able to go hat in hand and say: "We need your help, support and cooperation, and above all we need some manpower to work on these issues." All in all, I think it has worked very well in the U.S. government, but that's not something that happens automatically.

Young: Was the free trade position pretty well done by the time you were there? Pretty well established in policy?

Yeutter: Yes. because of President Reagan's personal leadership, and that carried on all the way through the Bush years too because President Bush was also a committed free and open trader. This is getting back into the Reagan Presidency, but the critical issue that I faced when I came in

as USTR was that we had this gigantic trade deficit and the administration had a huge problem with the Congress. It was a little bit like some of what we've been talking about this morning, where the Congress was saying, "Nobody in the White House is paying attention, what's going on over at that crazy place? You've got a $150 billion trade deficit and everybody is sitting there twiddling their thumbs." The argument was, "President Reagan isn't paying attention, the whole White House operation is ignoring all this, and everybody in the country is getting mad. We have all these protectionist pressures, everybody now wants to stop imports on everything, all of the flak is coming to the Congress, and you guys aren't helping."

When I went around visiting with senators before my confirmation as USTR, did I ever get a blast. It wasn't personal, they were all saying, "You're going to be USTR, so get over to that blankety-blank White House and tell those dumbos to wake up." I heard that every place I went, from Democrats and Republicans alike. So we had to get on top of that. It was a major challenge for both Jim Baker and me. Jim had moved over to be Secretary of the Treasury at that time and in that role he became chairman of the Economic Policy Council. We both had to devote our attention to this in a big, big way and very quickly. That led to the Plaza Agreement, which Baker worked on and led to the launch of the Uruguay Round, which I worked on, and a whole lot of bilateral negotiations with the Japanese and others. That's what we did to get in control of the situation.

You're going to have a George W. Bush administration right now that is facing some situations eerily similar to those in 1985. A gigantic trade deficit, a strong dollar pricing our exports out of the market, protectionist pressures, steel companies going into bankruptcy, labor unions beginning to raise a fuss, and unrest developing on Capitol Hill. Bob Zoellick coming in as USTR and Paul O'Neill coming in as Secretary of the Treasury are going to face some of those very same issues. It's interesting how history repeats itself.

Young: Okay, well, we'll take a break now.

Riley: You paint a grim picture there.

[Break for lunch.]

Young: Why don't you move us ahead to how you got to lead the RNC and then ended up joining the White House.

Yeutter: Okay, happy to do that. That was getting to be a rather chaotic time for the administration because there was just a lot of unrest going into '92. The poll numbers were down, the economy was not yet showing any signs of improvement, and we had the unrest among conservatives that I mentioned this morning. The general feeling was that something had to be done in the White House, and as you know from the earlier discussion there was a lot of commentary about whether Brady, Darman, and Sununu—any or all of the three—should be replaced and a new team brought in. The other element was the question of getting a campaign team in place, the issue that I had raised clear back in July of '91, but which had not yet been answered going into early '92. I'm not sure precisely when the Teeter/Malek appointment was made, but I think it might have been just after the first of the year.

The first piece was the Sununu resignation and Sam Skinner being invited to be the new White House chief of staff. Sam and I had, of course, worked together in the Cabinet when he was Secretary of Transportation and I was Secretary of Agriculture, so I got to know him pretty well there. We had also known each other from our having been in the Chicago business community, so there was some affinity from all that.

When Sam went to the White House, he concluded that he really needed somebody to come in who was a substantive person and could get on top of all of the domestic issues because the administration was being criticized so much for its lack of a coherent domestic policy. Most everybody was giving President Bush high marks for his international moves, and correspondingly low marks for what was happening in the economy. As we moved into '92, the Democrats, of course, picked up on that and made domestic policy a bigger and bigger issue as we went along. Skinner could feel all that developing and felt he had to do something to try to counter it.

The other piece of that was that the President was being criticized for not having any "vision." It was the "vision thing" that the media was talking about. "Why is it that the White House can't articulate a vision for where the President is going to take the country in the next few years? If he doesn't do this, he's not going to be reelected." The polls did show a lot of unrest among working people who were very fearful of losing their jobs. Part of this was related to the emerging technology revolution where people were concerned that they were going to be replaced by computers, and part of it simply related to the layoffs that were occurring within the country as a result of the recession. The media fed this fear. Every night there would be a story on one or all of the evening news programs about layoffs, and it just frightened a lot of people.

It was beginning to show up in all the polls as a big factor, a very great concern by the American workforce that they would soon be out of a job, and might never again find another one. If they went job hunting, they were going to find that they had been replaced by technology. The specific concern was, "Here I am losing my job at age 50, and I'm never going to have another one the rest of my life. What do I do now?" One of the polls showed that in the 50-64 age range the negatives for President Bush were higher than in any other age category, by a rather substantial margin. Those were the folks that were nearing retirement, but were still quite a few years away. They were scared to death that they would sometime soon be out of a job if the economy didn't improve, and that this might be permanent.

So that was a major issue and brought a lot of focus on the domestic side. And of course once the Clinton campaign got underway with its "it's the economy, stupid" argument, which was an awfully good political argument at that time, that put even greater stress and strain on the White House.

So Sam Skinner and President Bush both sensed this and felt they had to do something on the domestic side. Sam Skinner himself wasn't strong substantively in these areas; he wasn't a professional economist, and his work was much more in the law and transportation. So he just didn't feel suited to try to handle domestic economic policy. And he was also concerned about Dick Darman's role, in the sense that Dick was going to be there over Sam's objection. Thus he

felt he had to have a counterbalance in the White House. So he made a strong plea, and then enlisted the President also to make the plea to me to come over and try to make progress on the domestic issues that were likely to be a drag on the campaign and on the performance of the administration.

I was content at the RNC and felt that we had just gotten things underway there in bringing that entity back to life. I would happily have stayed on through the election even though I knew full well that the role of the RNC would diminish during a Presidential election year as it always does. But it again became a matter of when the President calls, even though you may or may not be enthusiastic about the challenge that is laid before you, you have to have an awfully good reason to say no.

Nevertheless, I didn't want to go to the White House unless I felt confident that I would be able to take full charge of the domestic policy-making apparatus. That was a somewhat dicey issue because we then had the Economic Policy Council and the Domestic Policy Council where we split the domestic issues between those with economic ramifications and those that were more in the environmental or social area. The Domestic Policy Council was never terribly active, but the Economic Policy Council was. This went all the way back to the Ford administration when it was first established.

Nick Brady by then had become chairman of the Economic Policy Council. Traditionally we have had the Secretary of the Treasury doing that job, in Republican administrations at least. Nick understandably wasn't enthusiastic about losing control of that entity to me or anybody else, and I was just as insistent that there was no point in my coming over if I couldn't run that full operation because we were just not going to get anywhere. I felt that because of all the criticism that Nick generated as a result of the budget agreement he was just not in position to lead a campaign year domestic policy effort. That's no personal criticism of him; that's just the way life was at that time, because of what had occurred on the budget agreement.

So I felt they needed a change. Nick Brady and I always got along well and I had no difficulty with him being there and being a part of the process, but I felt this was a useless endeavor if I couldn't head that full operation. The upshot of all this was that the President asked me to come over as counselor to the President for domestic policy. They made the post Cabinet level within the White House, so I attended all Cabinet meetings as I did when I was Secretary of Agriculture. Then we created what we called the Policy Coordinating Group, the PCG, which took the place of the EPC and the DPC. We put it all together in one organization and called it the Policy Coordinating Group. President Clinton, interestingly, copied that with the National Economic Council, the NEC, which was essentially the same as the PCG. Bob Rubin headed the NEC before he went over to become Secretary of the Treasury, so he was in the same role that I had in the White House in '92.

We began to pull all of the policy-making process, other than what was under the NSC [National Security Council], into the PCG, which I then chaired. That wasn't easy, for the President had to choose between Nick Brady and myself on this, and Nick was a long-time dear friend of the President's. At the same time, President Bush wanted to meet his own domestic policy needs, and he knew from all the correspondence and phone calls he was getting that he had a Nick

Brady issue and a Dick Darman issue at that time. So he finally did make the decision to do it the way I've just outlined. [redacted]

I'm told that President Bush and Secretary Brady had a rather heated discussion at the end of this process, and apparently President Bush in essence said that the decision was made and Secretary Brady's choice was either to accept it or to walk out of the door and not return. Nick decided to accept it and stay on as Secretary of the Treasury. Interestingly, everything worked very well between Nick Brady and myself from then on; it proved not to be a problem. I tried to be sensitive to his concerns as we proceeded through 1992 and he was an excellent team player. So he settled down after that happened and became a supportive member of the operation the rest of the way.

Young: Excuse me, what about Darman?

Yeutter: Well, Darman's position was not in any way altered by my coming over in the sense that OMB proceeded as before.

Young: Was he on this council?

Yeutter: Yes, yes, and always had been. So he continued as a member just like he always had and—

Young: He was pretty much a strong player on all domestic policy.

Yeutter: Yes. He was sometimes supportive and sometimes a thorn during this whole process in '92. Dick, of course, had command of all the financial information, and you can't move very far with anything in domestic policy that's going to cost money unless it goes through OMB. So there's no way you can or should exclude the director of OMB from this policy-making process, because if the OMB says there's no money, you're not going to do whatever it is you might want to do. Full coordination with OMB was required and that's not always a happy process. Dick was helpful on a lot of things in 1992, and a monkey wrench on other things. That was a testy relationship from time to time as we went through 1992. Of course, there was a lot of stress on everybody, so that wasn't at all surprising.

We launched a host of initiatives though, in the next eight months or so, probably more than we had launched as an administration in the prior eighteen months. We really had people working hard in '92. The White House domestic policy staff reported to me at that time, and they couldn't have been more diligent or productive. OMB was working hard too to come up with suggestions and recommendations.

Young: Were these legislative initiatives or purely executive initiatives?

Yeutter: Both. Our thrust was, "Let's do everything we can that will be a plus domestically for the President in 1992, whether it requires legislation or can be done by executive order." Preference was for the latter, of course, because if it's an executive order, you can just do it,

announce it and hopefully get positive media coverage from it. With legislation, it's a different story because you then had to present it to a Democratic Congress. We soon discovered in '92 that legislative proposals were going nowhere. We launched a number of them. We had several in health care, as an example, that were very good proposals, and in fact were later copied by the Clinton administration and launched as their own as they came in. Very good proposals. Of course they were greeted as dead on arrival in the Congress. They were greeted enthusiastically a year later when the Clinton administration submitted them to the Congress.

Young: But the legislative initiatives had a constraint in terms of spending.

Yeutter: Well, so did the executive orders. They all had the same spending constraints.

Young: Maybe you should cite some examples of the kinds of initiatives you found helpful for the time that met these criteria.

Yeutter: Basically what I did was call all the major department heads together to say: "We want your best initiatives; if you've been holding anything back, let's surface it. If you've got initiatives in development that are coming to fruition, let's get them done. Bring them to the Policy Coordinating Group and let's get them approved. If we can get the budgetary authority to do them, and if you've got the creativity to develop some new ones that we can use between now and November, get them up here. Let's get them approved and get them out."

Lamar Alexander came in with a number of education proposals; I had brought Gail Wilensky into the White House from HHS [Health & Human Services] to do health care, and she came up with three or four of the specific health care items. The domestic policy staff had a number of proposals that were stirring.

As I recall, we had about sixty domestic policy initiatives that we launched in about eight months, which was a very fast pace. We did a good job, and the departments did a good job of responding. We simply could get no resonance from those initiatives. The White House communications shop was doing its best in the announcements, and in getting the President personally involved in visits to schools or whatever. But the initiatives just didn't play in Peoria. Media attention in '92 was on the economy, on when the numbers were going to improve or decline further. The media didn't pick up on anything else; they just weren't interested. As hard as all of the communications folks tried, in the departments and in the White House, these things just didn't resonate.

The initiatives weren't blockbusters, because there wasn't an opportunity to surface blockbusters at that stage, particularly if they cost money. We had to do relatively modest programs that didn't have gigantic price tags so they could fit within the budgetary constraints. But even then, they were pretty darn good. A good number of them got a lot of attention when the Clinton folks came in a year or so later and repackaged them.

There was no way to get much resonance with the executive orders that went into effect. With legislation, there was no way to get *any* resonance because the Democrats immediately attacked proposals when they reached Capitol Hill, and they just absolutely went nowhere. It was obvious

to me as we went into ’92 that the Democrats were not about to pass anything that George Bush wanted in the way of legislation in 1992—anything. Basically, that's what happened. We really had a zero in legislation in 1992.

Edwards: In your policy development process, since the economy was the core problem, and it was dragging the President down in the polls, endangering his reelection, what were you able to do in terms of making an argument that we have an economic program as opposed to a program for education or health care, etc.?

Yeutter: As we talked a bit this morning, there are always constraints on what the President of the United States can do on the economic side. Presidents always get more credit than they deserve when the economy is good, and more blame than they deserve when the economy is bad. Before I went over to the White House Nick Brady was conferring regularly with Alan Greenspan saying, “We need a reduction in interest rates.” The credit crunch was causing all kinds of difficulties in the economy and the feeling was that there were drastic limits on what the administration could do with fiscal policy because of budgetary constraints. There just wasn’t enough flexibility left in the budget to do much. So the economy was basically in the hands of the Fed, and Nick Brady was doing his level best to persuade Greenspan and his Fed colleagues that they ought to be reducing interest rates at a faster pace than they did. Unfortunately, he was unsuccessful in that endeavor.

As it turned out, the economy did begin to improve in the third quarter, but those numbers came out about three days before the election, as I recall, which was way too late to do anything with them politically. Then, of course, the economy improved in a big way in the fourth quarter of ’92, but none of those numbers, obviously, were available at election time. Had we gotten some improvement in the second quarter, three months earlier, my personal judgment is that the President would have been reelected. What we needed was just a little good news; it didn’t have to be a lot of good news, we just needed a little good news to the effect that things were turning. That just never came.

Edwards: Let me follow up on this.

Yeutter: Sure.

Edwards: One of the reasons for your role in the White House in ’92 was of course was to develop policy. One of the reasons was PR, since you want to convince the people that we actually are interested in domestic policy, have domestic policy issues, etc. One of the problems with the economy was not actually the economy, but people’s perceptions of the Bush administration’s interest in dealing with the economy. Would you comment on dealing with the perceptional issue?

Yeutter: There was an immense amount of discussion of that point during ’92, and I’m sure there was earlier than that as well. Our people did feel that it was more perception than reality. Everyone knew that the economy had gone into a downturn a year or eighteen months back, but it was a relatively small downturn. Things then flattened out for quite a while, and ultimately turned up. So everybody felt that this was not a deep recession by any means, and we were

hopeful that the flat bottom would not last long. Regrettably, it lasted longer than anybody hoped, and that's why we were all out on the street in January of '93.

There was a feeling in '92 that even though things were tough out there, they weren't as tough as they appeared in the media. If you read the newspapers at that time and watched the evening news, you would have thought that thousands of people were being laid off every day, though that was not the case. There were certainly layoffs, and there certainly was a lot of trepidation, but much of it amounted to fears that were never converted to reality. It was fear of the unknown, and the unknown was not nearly as troublesome as people thought.

So we were dealing with a question of reality in some cases, perception in a lot of others. The question was, "How does the White House get on top of that situation and project a President who knows and understands the economy, is sympathetic to those who are in trouble, and has a plan for the future that will bring us into recovery?"

I didn't get very much involved in the communications side, that really was Marlin Fitzwater's responsibility along with David Demarest when he was there. Then, of course, Sam Skinner was working with Marlin and Dave in his role as White House chief of staff. The White House team went round and round on that issue, over and over again. They changed speechwriters, they did everything they could think of. Sam gave Marlin more responsibility than previously, and reduced Dave Demarest's role accordingly. They would have more people helping to draft and edit the speeches, and then they would go to fewer people drafting and editing. The communications team tried everything under the sun they could think of to do a better job of projection. They tried having more people go on Sunday morning TV programs, having fewer people go, having them talk more about the economy, having them talk less about the economy. They were trying to experiment with ways of dealing with that problem. They just never were successful.

Edwards: What about the President's role in this? Because that would have been a key element of an electoral strategy.

Yeutter: The hope always was that the President himself would be able to do a more effective job of responding to that challenge than he did. Everybody was trying to help him in that regard, but my personal opinion was that he just never felt really comfortable with economic issues. Even though he is an economist by background, through the years he had turned his mindset so much to the international side that he really didn't want to turn it back and focus on the domestic side, and in particular on the domestic economy.

I could see it as he would do press conferences or even when he did interviews; there was such a difference. If someone asked him a question about anything global or international in tone, his eyes would light up, a smile would come on his face, and he would relax and answer the question with confidence. He was in his element and he loved it. The next question was, "What in the world are you going to do about the economy, Mr. President?" and he would immediately tighten up. He didn't like questions about the economy; he just didn't feel comfortable with them. He had been briefed endlessly on these issues, so it wasn't that he hadn't been given lots of material and hadn't had lots of input in those discussions, but it was an issue where he was never

comfortable. He was never able to handle the so-called "vision thing" insofar as the economy was concerned.

Maybe all of us bear some responsibility for not helping him enough in that regard, but a lot of us were trying to do what we could to ameliorate his concerns and his lack of full self-confidence on those issues. There is only so much one can do for someone else who is in that situation. We wrestled in our own minds with it and we tried innumerable things—more briefings, fewer briefings, more pages, fewer pages, but it was really hard for him.

I think part of it relates to the whole reelection atmosphere. He really didn't think he ought to have to campaign for reelection. George Bush felt that he was doing an excellent job as President of the United States, which in my view he was, and he felt that the American public should be able to recognize that. He had a huge success with the Gulf War, as you well know, and his feeling was, "We're going to have tough times in the economy, we've been going through these kinds of situations for two hundred years. We have our ups and downs, these are cyclical factors and we are going to have better times in the economy." This was his thinking: "The American people ought to have enough faith in me, based upon my track record through the years, including the last three years, that I shouldn't have to get down on my hands and knees and grovel for votes." It was something that was just foreign to his thinking at that time. He didn't want to start the campaign early, wasn't really enthusiastic about getting his campaign team in place. He made the White House changes with some reluctance, and delayed those longer than he should have.

I think all of this was part of his thinking: "Why do I need to go through this? I shouldn't have to put up with all this stuff. I deserve to be President of the United States for four more years." Fundamentally, he delayed his own personal involvement in the campaign until after the convention. All of this permeated his thinking as we dealt with those domestic issues in 1992. He didn't really want to be engaged. I think he realized down deep that politically he had a problem, but his reaction was: "I know we have domestic policy problems, but I'd rather not deal with these things. My time is better spent elsewhere."

I think people could sense that. When he made speeches and did press conferences people sensed that he really wasn't on top of the domestic situation. And he wasn't because he didn't want to be.

The Clinton folks did a skillful job of working that issue. They focused on the economy in 1992 and made it the heart of their campaign, which was the right thing to do from their standpoint. If I had been in their shoes, I would have done precisely the same thing. We didn't counter that very well, either at the campaign or the White House. We had a candidate, the President, who just really didn't want to get into that mix. I don't think he was being elitist about it, but he somehow felt that he should be above that fray, and the American public shouldn't judge him only on those issues. They should judge the total package, a package that was tremendously beneficial to the country.

Some of that is conjecture on my part. It's hard to know, because you're trying to read the mind of the President of the United States in that setting. But it was certainly something that he struggled with a lot in '92.

Young: So all of the rearranging in the White House in trying to get geared up to address the so-called technical problem, or the substantive problem, whichever it was, didn't mean much if the President wasn't out there guiding it.

Yeutter: Exactly; I think that was fundamentally irrelevant. As it turned out it was like rearranging the chairs on the *Titanic*. I think we did more in '92 than would have been done had those changes not been made. We would not have reeled out sixty domestic policy initiatives in a period of about eight months. But all of that made little difference as the votes were counted.

Anderson: That's a pretty good picture of activism, sixty initiatives.

Yeutter: It is, if they had just resonated somewhere, but they just didn't resonate enough. Again, part of that may have been attributable to the communications challenge. The White House did a lot of soul searching with respect to its communication skills, and even brought in some new people; Sherrie Rollins came in and did a lot of good work in '92. A lot of changes were made, but they seemed not to make any difference. No matter who was running communications, we weren't able to get resonation on those domestic policy initiatives. We were very activist, I don't know that we could have reeled out many more things than we did. I think we did about everything under the sun we could do within our fiscal constraints.

Anderson: Going back to some of the people who are involved now. Previously Roger Porter had had a big hand in this. You kind of took his place, but he stayed in the White House. So what sort of relationship did you then have with Roger Porter?

Yeutter: It was fine. He worked for me the rest of the way. I had known Roger for many years, so that was an easy relationship. He was in essence my deputy on the Domestic Policy Council staff, just as he had been in the number one job before. We just created for me a number one job above him, but he continued to work with the whole domestic policy staff. The staff did a lot of things directly with me, however, because we were in a survival mode where we didn't concern ourselves with rank or privilege. So I had a lot of folks on the domestic policy staff bringing things directly to me, rather than always going through Roger. But Roger continued to be a valued member of that team as we went through 1992.

Anderson: Did he ever convince you of multiple advocacy?

Yeutter: How do you define multiple advocacy?

Anderson: In one of his books on Presidential decision making he talked about that as a way to do things, and he used the economic policy board under the Ford administration as an example of it.

Young: The general idea is to have people with various perspectives brought together and—

Yeutter: That's what we were doing with the PCG, that's basically what we did with the EPC too.

Young: You can't avoid that.

Yeutter: Oh no, you've got to do it.

Anderson: You could just have a staff person put a piece of paper on to the President and so on.

Yeutter: But we never did do that. It was all done on an interagency basis within the Policy Coordinating Group.

Young: Not if you're going out to the departments and asking for initiatives. You're going to get differences. You're bound to.

Yeutter: We had a lot of interagency meetings at the PCG in '92, which I chaired, with people from every department—agriculture, transportation, state, commerce, education, labor and others— which was what Roger was talking about. That really started when he was in the Ford administration and has continued since then. About the only change when I came in was the fact that we had the whole ball of wax together rather than in two separate entities, the EPC and the DPC. So we had even more coordination in '92 than previously.

One of the problems the domestic policy staff was having when Roger headed it was that Roger held things in his briefcase a long time, so I had to deal with that issue when I came in.

Young: He didn't have the clock running in much of his thinking—

Yeutter: November was coming rapidly and that was one of the reasons why some of the domestic initiatives didn't emerge earlier. So that clock got speeded up when I arrived. Roger cooperated in that regard and he was fine the rest of the way.

Young: Somebody had said that—getting back to Dick Darman again—that the moment he found out that Sam Skinner was going to reduce his influence to a minimum, he spent the rest of his time in the White House cutting off Sam Skinner at the knees. It must have been an unpleasant place to be.

Yeutter: In that respect it was.

Young: So unlike what had been going on earlier. That must have troubled the President too.

Yeutter: It should have. I'm sure the President had to have been conscious of the dissension. Sam, after becoming White House chief of staff, in essence asked the President to remove Darman. Then when the President said no, that made it an untenable situation. I didn't know until I went to the White House that that had happened.

Young: Oh, really.

Yeutter: Had I known that, I might not have gone over. It made it extremely difficult for all of us to function under those circumstances.

Young: I'm wondering why Skinner took on the job if he couldn't—

Yeutter: That's a very good question. If I had been in that situation, at that point I would have said no. It seemed to me that Sam had no chance to succeed under those circumstances. Dick Darman was a superb bureaucratic infighter.

Anderson: Could you comment specifically and dispassionately on Darman's behavior, on the sorts of things that he did do that caused difficulty?

Yeutter: I don't think there is any merit in being specific, it's just that he protected his turf in a very skillful, effective way.

Anderson: This is through argument, through dragging his heels, through—

Yeutter: All of the above. Through every mechanism available, and that isn't necessarily a criticism. He felt that he had a role to play, so he was going to play the role. He wanted it to be an extremely influential role, and he obviously didn't appreciate having people come along and in any way seek to disparage or reduce it.

Young: I think also he had enormous institutional resources, as we all know, for this, but he had made this clear at the beginning. It was a time also, I think, in which bottom lines mattered a great deal in terms of what domestic policy you're going to do. You had a trillion dollar deficit you inherited from the Reagan administration, and Dick was going to handle that problem.

Yeutter: It gave him an immense amount of leverage.

Young: Right, so if domestic policy is essentially an expenditure-driven thing, the OMB head is going to be just as powerful as Dick was.

Yeutter: It did have an impact on some of the things that I wanted to launch, because we couldn't do everything. We had to establish priorities, and Dick, of course, had a major input in that progress. As OMB director it was his privilege to declare whether we did, or did not, have the financial resources to carry out a particular program. And, of course, he was a walking encyclopedia of the operations of government. He had more overall knowledge of government than probably anybody in the entire administration, maybe more than anybody who has ever held that post.

Anderson: More than David Stockman?

Yeutter: At least as much. Dick was around a little longer than Stockman was, so cumulatively he probably had more knowledge. It wasn't that Dick was in any way trying to be harmful. He

wanted President Bush to win as much as any of the rest of us; he just wanted it done on his terms.

When you have that kind of turmoil in the White House, it's awfully hard for an administration to be as productive as it can be or should be. However, I don't believe any of that affected the ultimate outcome of the election. My personal opinion, retrospectively, is that the election was lost before 1992 rolled around, and I doubt that anything we could have done in 1992 would have changed that outcome.

Riley: One name that hasn't come up in our discussions is Dan Quayle, and I wonder if you would, in each of the hats you've worn that we've talked about already, think about Quayle with respect to what we're talking about now—the President's inability to get some of these things done. Presidents often will bring Vice Presidents onto the ticket to compensate for some perceived weakness politically or in policy terms, such as foreign policy. The popular perception of Quayle is that he was pretty much a nonentity. Do you have any evidence to the contrary, or can you kind of weigh in on this?

Yeutter: Let me answer it this way. First of all, Dan Quayle was very much underestimated as a talent within the administration. He got a bum rap by the media, almost a cruel rap. It even carried over into the early stages of his recent campaign for President. He'll never be able to recover politically in my judgment.

Dan is a very intelligent individual, and he had a lot to contribute in the White House. He could have contributed more had he not been so tarnished by all these external factors. He did contribute in a very positive way, particularly in person-to-person meetings with President Bush. The two of them had lunch together once a week or thereabouts, talked about a lot of things, and Dan's input was significant, and valued, by President Bush, who rated him a lot higher than many folks did.

But in terms of filling gaps in some of the areas we have been talking about, the Vice President really didn't have much to offer. If one looks for complementarity, of the kind that Dick Cheney, for example, has with George W. Bush, that is not evident in a George Bush-Dan Quayle pairing. In that sense, I'd say there really weren't many holes that he filled, or gaps that he was able to plug as a Vice President. Nor did I think the Vice President's staff was very helpful in that regard.

Young: They seemed from the outside to have an agenda of their own, which wasn't necessarily Bush's agenda.

Yeutter: There were people on his staff who clearly did have agendas of their own and implemented those agendas while they were there, in some cases agendas that were really contrary to the Vice President's own views, as well as the President's.

Anderson: Could I press you to cite an example?

Yeutter: I can't really do so without naming names, and I'd rather not do that.

Young: You don't have to do that.

Yeutter: There was always tension between the Presidential staff and the Vice Presidential staff. Some of that is inevitable in every administration, of course.

Young: But when Bush was Vice President in the Reagan administration, there was less of that, because that was a modus vivendi.

Yeutter: Very little, and the reason for that was Vice President Bush would not tolerate that kind of thing in his own staff, and his staff was very supportive of the Reagan White House staff. Of course, Jim Baker, as White House chief of staff, would not have tolerated it either. But it wasn't a problem for Jim Baker because George Bush would not permit it to be so.

In the Bush White House, you had some of that inexcusable conduct on the Vice President's staff, and neither the Vice President nor the President really ever corrected that. I had intended to mention this in discussing the strengths and weaknesses of the administration. One of the weaknesses was a lot of leaking to the press, often leakage that was not helpful. We know that one particular individual on the Vice President's staff was known as the most notorious leaker in Washington.

Anderson: A real sieve, in other words.

Yeutter: Yes. That's the kind of thing that just should not be permitted. The President and the Vice President both knew or should have known that, and should have taken action because that just undercuts what you are attempting to do.

Anderson: There really is a need for a disciplinarian or a ringmaster in the White House, isn't there?

Yeutter: Yes, absolutely. Normally the White House chief of staff has to provide the discipline. Or, if the President or the Vice President need to do that with their own respective staffs, they can and should do it. But it's really the chief of staff who has to keep an eye on that situation. Sununu was a disciplinarian by nature, but Sununu was also a big picture person who had the tendency to overlook some of these things. Sam Skinner really was not in a position to be a disciplinarian when he was there because of the unfortunate set of circumstances in which he was functioning.

Young: A couple of questions about Sununu since you brought him up again. I think one of the interesting questions that people want to ask about—at least the people who are junkies about the internal politics of White House staff and the choices the Presidents make—is the arrangement—Bush had both a Darman and a Sununu, with not very much public evidence of problems between them. Two questions: what do you think the President might have had in mind in having both of them there? And how is it possible for two such strong—

Yeutter: Strong-willed individuals?

Young: Yes, and disciplined individuals.

Yeutter: To work side by side.

Young: Yes, one of whom had very strong conservative credentials, the other had strong Washington credentials.

Yeutter: Surprisingly, they worked together pretty darn well. Why the President picked the two of them initially at the beginning of the administration is a question you really ought to ask him. But Sununu, of course, had been a big factor in his Presidential victory. And Sununu really wanted the job. Sununu clearly likes running things, and in many respects, he's very good at running things. He is a very decisive, hard-charging individual, and he was excited about being White House chief of staff.

I really like John Sununu. He's a terrific engineer, he's smart as all get out. He can be very, very controversial, but he just has a lot of good qualities. Like Dick Darman, he's a combination of qualities that are destined to get him into trouble as well as qualities that are destined to get him accolades. You get a combination of the two with Sununu, and you get a combination of the two with Darman.

Amazingly, they worked quite well together. Darman is such a skilled bureaucrat that he was able to figure out just how far he could go with Sununu without getting in deep trouble. If Sununu had wanted Darman to be gone, Darman would have been gone. But Dick is a consummate internal politician and he was able skillfully to determine just how much authority he could grasp and still be on good terms with Sununu and the President. He did that very, very well. I'm sure they had harsh words from time to time, but they developed a modus vivendi that worked out really pretty darn well.

Young: Because there seemed to be no leaking about fights between them.

Yeutter: Yes, and to the best of my knowledge, there were very few. I'm sure there were some, just knowing the personalities of the two. It's inevitable that they had conflicts from time to time, but they basically worked them out in private rather than public. Both of them are such great talents that they were able to get a lot of things done while they were there. They did, however, lead each other into the budget agreement, which probably turned out to be the biggest mistake that they both made while they were there. At the time I'm sure they did not feel it was a mistake; they felt they were doing the right thing, and felt they had made a good agreement. But it turned out otherwise, and ultimately that led to Sununu stepping down and—

Young: You think he was a casualty of that agreement?

Yeutter: There were other factors but—

Young: The travel stuff.

Yeutter: Other factors, but certainly that was a major consideration. Sununu was a conservative, so conservatives were willing to cut him more slack than they would a Dick Darman or a Nick Brady. That gave John quite a lot of protection at the White House for quite a long time. But he was also in a lightning rod position. The White House chief of staff is such a key slot that when things began to go awry, it was natural to turn to that position for change. You're not going to change the President of the United States because you want to reelect him, so what do you do? One of the first places you are going to look is the chief of staff, no matter who is there. The President must decide whether or not a change in White House scenery would be in order, and here the President obviously decided to move in that direction with Sam Skinner replacing Sununu. The President had a lot of faith and confidence in Skinner. He had an excellent reputation at Transportation and I suppose was a little bit bored after being there for a while. Sam was ready for a new challenge and when this opportunity surfaced Sam competed—

Young: It's still kind of a puzzle. The world is turning sour on the President, he's in political trouble, he has lost Sununu and under circumstances not at all favorable, and now he turns not to another Sununu, but to somebody who is personally familiar to him. And yet, that personal relationship doesn't produce a workable situation for the new chief of staff, for the President to get any benefit out of the change.

Yeutter: Yes, it did not.

Young: At least that's what it looks like from the outside.

Yeutter: It did not. And the way the Skinner-Darman situation was handled at that time was critical, and it was a mistake. It put both Darman and Skinner in untenable positions. At that stage something different should have happened. Either Skinner should not have come to the White House because of the President's unwillingness to move Darman out, or Darman should have stepped down and somebody else should have gone into OMB. Leaving the two of them there to live with each other through '92 in a very critical period of the Presidency was, under those circumstances, a mistake.

Anderson: I had the impression that when Skinner was taken on there was a lot of enthusiasm about him. He was regarded as a nice guy, as a welcome relief to Sununu and so on, and then it seems he turned out not to be a very good manager. He wasn't tough enough.

Yeutter: Well, a lot of it was this situation that we just talked about.

Anderson: Darman is human too.

Yeutter: Sam couldn't be tough with Darman because that decision had been made for him.

Anderson: Well, then, you deal with him in other ways.

Yeutter: Considering Dick Darman, that's pretty tough.

Anderson: I think, though, it can be done. I'd like to change the topic a bit here, the Cabinet. I really don't know much about the Bush Cabinet. Is there a story here? Did you have regular meetings where all the Cabinet got together?

Young: Before you get to that, can I ask one other question? In the saga of President Bush's failed reelection and the difficulty coming up with that, we still have more to discuss about the strengths and weaknesses, and also Baker's accession and your move to the campaign. But I think this is a question about the renomination convention.

Anderson: Let's go on with this, Jim, and I'll raise the Cabinet later.

Young: I just wanted to finish this one up, you'll get that in. Because it's part of the story of the missteps and maybe a story of Presidential reluctance to get involved in this. Do you know who was managing the second convention, the renomination convention?

Yeutter: I've forgotten now who ended up with that key role. It was the RNC, of course, that was doing the planning, so Rich Bond took that over after I left. But they also had a convention manager and other key convention planners.

Young: The reason I'm asking is I'm looking for an explanation of why—

Yeutter: Buchanan?

Young: That opportunity for the President to come on strong was taken over and the opportunity for some of his—

Yeutter: For Pat Buchanan?

Young: Yes.

Yeutter: Yes.

Young: How did that happen?

Yeutter: Again, this was another incident where somebody on the Bush team, and that should have been whomever was in charge of the convention, should have put his or her foot down with Buchanan. I would not have run the risk of having Buchanan on the convention program. He would have been infuriated by such a decision, and would have argued that his supporters will all stay home and refuse to vote for Bush. Maybe some of them would have. But I would rather have run that risk than the risk of having him disrupt the convention.

The other way to handle it, of course, was to put him on at such a time that nobody would be watching. But he fought for a prime-time slot, got it, more or less intimidated the convention planners, and forced his way onto a very enticing part of the program. That worked to his advantage perhaps but it certainly was not to President Bush's advantage. And it cost the President some votes.

Young: It was a PR disaster almost for Bush.

Yeutter: And for the party too. It had a strident tone that carried through the entire election period and undoubtedly hurt a lot of Republican candidates in addition to President Bush. It made the Republican party look strident and almost radical in some respects, and that's not the image one wants to project on national television. And it was a stark contrast to the images of past conventions. In past conventions Republicans had run smooth operations and the Democrats always had a lot of turmoil. This time it was reversed. Ron Brown, to his great credit, was determined to avoid the turmoil and he put his foot down as they planned the Democratic convention. He said, "No more of this silly business; we're going for a win and you folks had better behave." He got the Democrats to fall in line, and they had a very smooth convention. Ironically, when we needed an equally smooth convention with equal or better transmission of our message, we didn't get it. A lot of that was due to the factor you just mentioned.

Young: The other thing, back to the staff, Darman and Sununu. You mentioned that Sununu was sort of a big picture man and focused on those things he had to do as a disciplinarian. What about Andy Card as his deputy? He was not another Sununu.

Yeutter: No.

Young: So far as I can tell, he was quite different.

Yeutter: Just the opposite.

Young: Just the opposite. Was that deliberate?

Yeutter: It may have been. Andy was the healer. He'll do the same thing for George W. Bush. He has a wonderful personality; everybody loves Andy Card. I'm sure Andy did a lot to maintain peace in the first Bush White House, and probably calmed down Sununu when necessary and maybe even Dick Darman when necessary. That contribution was lost, of course, when Andy moved over to be Secretary of Transportation.

Young: I'm wondering why Andy, who was everything Sununu wasn't but equally experienced, was not a strong candidate for consideration for replacement.

Yeutter: I think he just wanted to be in the Cabinet. He was looking at his future beyond government, and chief of staff is a generalist position. The Transportation slot would give him a field of expertise and, of course, he parlayed that into a fine job with the automobile industry after he left government. But Andy would have been an excellent candidate for chief of staff at that time because he'd been a very good deputy chief, and he'll be a great chief of staff for George W. Bush.

Young: But with an infighting problem, and Andy also going with Skinner coming in, it probably meant—

Yeutter: Exacerbated the situation. Okay—

Anderson: Why don't we just stay in the Executive Office for the time being?

Young: We don't have to.

Yeutter: Wherever, Jim.

Young: Okay, can you take us through, even though you are now moved out and into the campaign, you have quite a job history here.

Yeutter: Yes, I guess.

Young: Quite fascinating to outsiders.

Yeutter: It's about time to go to the private sector here.

Young: Jim Baker comes in and there's a whole new ball game inside the White House. You were not around for that one, but any comments you can give, or any insights, any perspectives on that change?

Yeutter: Yes, Sam Skinner recommended to President Bush that he bring Jim over as his replacement. It had reached the point where Sam had become increasingly frustrated, and increasingly self-critical of his own performance. I think Sam was discouraged, and understandably so because things had not turned around in the economy, and the White House staff wasn't operating all that well under his jurisdiction. He was just frustrated. I spent a lot of time with him and over time he seemed to be increasingly less enthusiastic about all aspects of his task. Ultimately I think he felt that the best thing he could do for the President was to step aside and let Jim Baker come over in one last attempt to try to do something different. Sam had probably concluded by then that the likelihood of a reelection occurring was not very great. But at that stage you pull out all the stops, and if you have one more shot at doing something different, you ought to take it. Basically I think he felt, as a loyal member of the Bush team, that the greatest contribution he could make would be to let Jim Baker take one last shot and see if it made any difference.

That was a laudable decision on Sam's part, and in my view it was one he would not have had to make. Maybe the President had decided he ought to bring Jim over for one last desperate attempt to try to improve the political situation. But that's pure speculation on my part. I think it is unlikely the President would have asked Sam to leave. He was undoubtedly grateful to Sam when that proposition came forward, because it did give him a chance to go back to his old friend Jim Baker, who had a lot of political campaign experience, and bring him over one more time.

Jim, as you know, was not really enthusiastic about doing this. He was happy as can be as Secretary of State, the position that he wanted for a long time and one which he was carrying out in fine fashion. But again, out of loyalty all of us were trying to do whatever we could to help

out. In the back of our minds we were saying things were going to have to fall right if we're going to win this election, this is an administration that is in a lot of trouble and something is going to have to fall right or President Bush is not going to be reelected.

So Jim came over and brought his own team that had been with him for years at Treasury and State, to take over the White House operations. But I really don't think it made any difference. It may have affected a few votes just because he was there and just because he had a great reputation. And his political skills may have made a little difference through communications with the campaign team. But when he came over, in my view, it was not likely to make any difference in the final outcome. And I think Jim's view was that it was not likely to make any difference. I wouldn't speak for him, but I have a hunch if you asked him today he would say: "I knew that was going to be a losing proposition, but what do you do?" Just as I did, you go over and you try to help out as best you can under those circumstances.

The one thing the Baker team did do was put together one really good speech that Bob Zoellick in particular worked on. And they tried to do a little more than had been done previously in the way of vision. But even that superbly crafted speech didn't resonate well. It got good attention for one day, got some positive comment out of the Washington media, but I think insofar as Peoria is concerned it didn't make one whit of difference. I think having Jim and his team come to the White House was an irrelevancy at the end of the day, just as having Sam Skinner and me come over earlier in the year was an irrelevancy too at the end of the day.

Young: Who replaced you on the staff?

Yeutter: Jim didn't really match up some of the positions. Basically he brought over Bob Zoellick, Dennis Ross, and Margaret Tutwiler, and let them do everything. I believe he had the domestic policy group reporting formally to Ross, but I don't think the Baker team did much with any of the White House staff at that point. Jim probably used Darman because Darman had been a cohort of his for a long period of time, but other than that my guess is he figured with just a few weeks to go, "We're going to do it with our little team and whatever anybody else is doing is not very relevant." In reality they didn't do much other than that speech. At that stage there's not a whole lot you can do.

I think Jim tried then to work with the campaign organization but again, at that stage, there's not a whole lot the campaign organization is going to do that's going to change things either.

It was good that Jim was willing to come over. It was probably a good decision on the President's part to ask him, at a time when nothing seemed to be working politically. I would probably have done the same thing if I had been President under those circumstances, but I think it changed a minuscule number of votes.

Young: Then you went—

Yeutter: I went over to the campaign.

Young: Tell us about that.

Yeutter: I went over to be what they called a "super surrogate," basically to do a lot of media activity around the country. We had a number of us who were doing surrogate speeches. Lynn Martin, a very articulate Secretary of Labor, was on this tour. We often traveled together, though sometimes we split up depending on where we were doing media. Rich Bond, who had come over from the RNC at that point, was another of the major surrogates along with Lynn Martin and myself. We did a lot of television around the country wherever we went, and we did meetings with groups of various kinds. How many votes we moved is hard to say, definitely not enough.

The economy so dominated the vote by that stage that what anybody on our side was saying made little or no difference. I don't think we moved very many votes with campaign advertising, speeches, television appearances, or anything in those final weeks.

Young: Was there opposition research in the second campaign?

Yeutter: There's opposition research in every campaign.

Young: Yes, but I haven't heard much about it.

Yeutter: Well, I don't—

Young: When Atwater was there earlier—

Yeutter: Well, there was a lot to attack on Clinton, of course, and quite a lot of that did come out during the campaign. But opposition research gets picked up by the media against Republicans a lot more than it gets picked up by the media against Democrats. That's just life in the big city.

Young: Did you have any role, or do you have any perspectives on the President's preparation for the debates?

Yeutter: I was not involved in that process. Dick Darman did a lot of it, so President Bush was well prepared. He's never going to be as articulate before a camera or an audience as Ronald Reagan was, that's just not his forte. And Clinton obviously is just so comfortable and so at ease in front of a camera. So the debate setting clearly worked to Clinton's benefit. My opinion is that if the economy had begun to improve it wouldn't have made any difference. Clinton would have won the debates and Bush would have won the election. But you would have to rate the debates as an overall plus for Clinton and a negative for Bush.

Probably the one incident that hurt the most in the debate was where they caught the President when he was looking at his watch. That really was damaging. It was a little slip, but little slips like that make a lot of difference.

Anderson: To take a bigger thing, how did the Bush administration and campaign view the Ross Perot candidacy?

Yeutter: With a lot of concern. And it did a lot of damage. As you recall he got, what was it, 19 percent of the vote? Clinton got only 43. Had Ross Perot not been in that campaign, I believe President Bush would have won, notwithstanding the economy. Not only did he take votes, but he battered President Bush in the campaign. It was personally vindictive, as you could tell. Had it been another Republican candidate I doubt that Ross Perot would have run. When Buchanan opened the door, Perot was quick to run through it. Buchanan went by the wayside rather quickly in '92, but Perot came rushing through the door with a lot of money at his command. This was a long-standing grudge with George Bush, and it was payback time.

Young: Payback for the MIA venture or the Middle Eastern?

Yeutter: I'm not sure whether this was one incident or more than one. But whatever it was, there was no love lost between those two and hadn't been for quite a long time. It was easy to observe the personal vindictiveness that came through in the Perot effort. Perot may well have had other motivations too, hopefully some legitimate ones, but there was no doubt that one motivation was to put a knife through George Bush's political heart, which he did.

So you had to take his campaign seriously because anybody who has that much money to spend in a campaign is going to get some attention, which he did, and he got a lot of votes. As you well know, third-party candidacies usually don't last; they get the maximum vote the first time around and then they drop off. That's what happened with both Perot and Buchanan. But 1992 was Perot's year.

The status of the economy fit that kind of protest movement in 1992. Protests don't do as well when things are looking good. But in '92 lots of voters were unhappy and frightened. And when you get a candidacy that appeals to that sense of trepidation and fright, it can draw a lot of votes. Perot's "sucking sound of jobs disappearing" was demagoguery, but effective. Perot got a lot of attention with that, though it was nonsense.

Anderson: All you had to do was look under the hood, see what's wrong and fix it.

Yeutter: That's right. It was sheer nonsense, but Perot got a lot of attention with it in '92. Today if he made that same argument, people wouldn't pay so much attention.

Young: We'll have a break in a few minutes and then we'll proceed to the final section.

Anderson: I was going to ask Clayton about the Cabinet, one of my favorite topics. So go ahead, comment on Cabinet meetings and what they did accomplish, didn't accomplish, and so on, if you would, please.

Yeutter: Bush had a good Cabinet, a darn good Cabinet in my judgment. It's a lot easier to get a talented Cabinet in a Republican administration than a Democratic administration. Just compare the George W. Bush Cabinet with the Clinton Cabinet. The talent level is going to be much, much higher than it has been. That's especially true of people with experience in the business world. It's hard for the Democrats to attract Cabinet members with very much business experience. There just aren't that many. Democrats name Cabinet members who are much more

oriented toward government doing things and government being the answer. Republicans name people who come from executive positions, and people who are much more private sector-oriented and market-oriented.

You can see that in the Bush Cabinet. Jim Baker, of course, was an absolutely outstanding Secretary of State, and Cheney at Defense was also outstanding. Those are two just terrific talents. Elizabeth Dole did a fine job at Labor and then Lynn Martin came along. Lynn was terrific and she's done very, very well since. I thought Lou Sullivan did an excellent job at HHS, in a low-key way. Jack Kemp provided a lot of leadership at HUD [Department of Housing and Urban Development]. Jack is assuredly a big picture man and not a detail person, but he did well from a leadership standpoint. Sam did a fine job at Transportation; and Andy Card did well when he left. All in all I think it was an excellent Cabinet. Overall the quality level was high and the Cabinet worked together very well.

President Bush probably had more Cabinet meetings than did President Reagan. Bush liked to get the Cabinet together from time to time, and he was participatory with the Cabinet. We had more discussion of issues before the Cabinet with President Bush than we did with President Reagan, and that was because President Bush himself would engage in the discussion. He was also willing to have a lot of interchange among the Cabinet members on some of the key issues. Presidents do not normally do that a lot at the Cabinet level, but Bush just liked the idea of getting the Cabinet in the Cabinet room, sitting down with them, and just talking about things. It was a warm relationship between him and the Cabinet. It was a warm relationship between President Reagan and the Cabinet too, but it was a different kind of relationship.

Bush was substantive and open in the discussions that took place in Cabinet meetings. I used to sit beside Jack Kemp, and I can still remember Kemp getting all excited and agitated about some issue and he'd stand up, pace around the room, and then come back and try to interject something into the conversation. Then he'd get agitated again, stand up and walk around for a while, and then come back. Well, you would never have seen that happen in a Reagan Cabinet meeting; you just wouldn't have had that kind of interchange. But President Bush was willing to tolerate and, in fact, to some degree encourage that sort of interchange among the Cabinet.

But the Cabinet is not a big decision-making body. That just doesn't happen. It's usually more a forum for the President to deliver messages that he wants to permeate the Cabinet, be pervasive within the administration, and in some cases then be conveyed to the general public. In some instances it's more logistical, getting everyone prepared for a State of the Union speech, or getting prepared for an overseas trip or something of that nature. Sometimes it's a major announcement that he wants to share with the Cabinet before it goes to the general public, just as a courtesy to the Cabinet. So there are all kinds of reasons why the Cabinet is called together, sometimes on a fairly regular basis and sometimes very much ad hoc. And it's good for rapport.

Anderson: Rapport with the President or among members?

Yeutter: Both, because many Cabinet members don't see each other that often. They're all extremely busy, and unless you cross paths with another Cabinet member on an issue, which often does happen, you may not see another Cabinet member for a long, long time. I did a lot of

things with [Manuel] Lujan because we worked the spotted owl problem with Interior, and we had things at Agriculture to coordinate with EPA so I would see Bill Reilly a lot, but when it comes to some of the other departments, Labor for example, I would see the Secretary of Labor barely at all aside from Cabinet meetings.

It is good to get everybody together once in a while, just for social purposes. You see these people a lot at social events such as a White House state dinner or something of that nature, but you don't really get a chance to sit down and talk informally there. That's a different kind of scene.

So Cabinet meetings perform a valuable function in that regard. Cabinet wives do too to some degree, by the way. My wife Jeanne was kind of the unofficial chairman of the Cabinet wives' group when I was Secretary of Agriculture, and she did a lot to bring the Cabinet wives together periodically. Cabinet spouses get together from time to time, and Jeanne would have them do projects of one kind or another. She had Mrs. Bush working with them some too. They had some worthwhile endeavors, and Jeanne felt the interchange with each other was valuable.

The White House chief of staff plays a significant role in preparing for Cabinet meetings and usually he or she will work out the agenda with the President. Sometimes it will be the chief of staff's idea to have a Cabinet meeting. In other cases it will be the President himself who will say, "About time we have a Cabinet meeting, we haven't had one for a while," or something in particular is coming up that justifies it. Dick Darman as director of OMB would typically give some kind of budget presentation at every Cabinet meeting because that was an area of common interest. Then usually there would be one or two or three issues in which the major item of interest would lie with a particular Cabinet member. For example, there might be something on trade, and then the President would call on the USTR to lay out whatever this issue was, or what was going on in the Uruguay Round. Or if it was a big agricultural sale to the Russians, you have the Secretary of Agriculture comment on that.

Usually there is a foreign policy issue on the agenda so the Secretary of State actively participates, and often the Secretary of the Treasury does so as well on fiscal issues. But Cabinet meetings usually conclude in no more than an hour, so you don't have time to cover a lot of things in that period of time. You don't really get much in-depth discussion during that period.

Young: Would the national security advisor be there? Brent [Scowcroft]?

Yeutter: Yes. Brent would always be there too.

Young: Would he give presentations?

Yeutter: Quite often, because there would often be something coming along in the national security area that demands everybody's attention, or would be of interest to everybody. But all that gets worked out in the agenda ahead of time. The President himself runs the Cabinet meeting from beginning to end and wraps it up whenever he wishes.

Anderson: Was there a Cabinet Secretary who was in charge of this, kept minutes and—

Yeutter: Yes, the Cabinet Secretary is always there. Whether anybody ever keeps formal minutes, I'm not sure. I've never seen them circulated if they do, because this is really not a decision-making meeting. They probably do have some sort of record, but I would guess not in significant detail.

Young: As Secretary of Agriculture you could propose agenda items for Cabinet meetings?

Yeutter: Anybody can. Of course, the White House chief of staff will decide whether what you want to talk about is worth it. Sometimes the chief of staff will say, "Come on now, we're not going to muck up a Cabinet meeting with that stuff."

Young: Did you ever have occasion to utilize, I don't know whether to call it a back channel or what, to write a note to the President because that opportunity was open, I think, through David Bates. Where every Friday or something he would forward envelopes to the President.

Yeutter: President Bush was really very open about that. President Reagan would not have been. That would not have been something that President Reagan would have relished. I might have done it once or twice, very rarely. So many issues are interagency in scope and you don't want to blindside your fellow Cabinet members. If you do you're going to ruin a relationship for a long time. So that's something you have to handle with great discretion because ultimately it's going to get out that some Cabinet member has called the President, talked about something, and it turned out to be an issue of importance to another Cabinet member. That other Cabinet member then calls and says, "What the heck are you doing? Trying to go around me to the President?" It happens sometimes, but it's not a good practice and it often gets people into trouble.

Young: Of course, the President said any time you want to bring up something, feel free to do it.

Yeutter: If it's a unilateral issue, then that's another matter. If it's something you really think he ought to know about, and it's not going to cross swords with somebody else, why then there's really no problem doing that. But that's why you've got a Cabinet Secretary. You really want to funnel all these things through a Cabinet Secretary; then that person can stop the process if it looks like it's unwise. David Bates at that point can say, "Hey, this is not the kind of message you want to send to the President. If you really want to have a discussion of this, let's bring it up at the next Cabinet meeting, the next EPC meeting or whatever." If you have a good Cabinet Secretary, you can avoid some of these controversies.

Young: Did you have a fairly free hand? What kind of a hand did you have in making your own departmental appointments?

Yeutter: This varies tremendously by Cabinet officer. It's another example of where the faith the White House has in the Cabinet officer makes a huge difference. I basically picked my whole team at Agriculture. But that was because of my track record at USTR, and my track record of having been in government a long time and knowing all these people. There was almost no involvement of the White House personnel shop in my subcabinet selections. There were a couple of exceptions to that, typically related to diversity. In other words they would say, "We'd sure like you to have another Hispanic-American, African American or whatever. How about taking a look at so-and-so?" It was never "We don't think that's a very good choice; let us send you some more options." I don't think they ever second-guessed any choice that I made at USDA.

But that's not true of everybody, I can assure you. With some people there was heavy involvement by the White House personnel operations in the selections.

Young: I think you would probably get, just as a matter of course, requests like, "Here are some people—" either from Chase Untermeyer or from Ed Harris or somebody— "here are people we're trying to place that we'd like you to consider." That's not like—

Yeutter: Imposing. Exactly. And that happened frequently. I worked a lot with Chase, and he would often have suggestions in that vein. He would say, "We've got a person on our list; here's the person's background; we want to place this person somewhere in the government. Can you use somebody of that background in USDA? Do you have any openings that would fit?" And we would take a look and decide whether it was somebody we could fit in or not. If it's fairly down the line then you've got more flexibility. If it's at the subcabinet level, that's a different matter; you've got to be careful to get the right people in those slots.

Anderson: Could you estimate about how many political appointees you had in the Department of Agriculture?

Yeutter: Oh, a lot. I'm guessing, a hundred maybe, in the upper ranks.

Anderson: A hundred?

Young: That's a fair chunk of Presidential appointees.

Anderson: There's a few thousand of them altogether, so they've got to be somewhere.

Yeutter: Yes, five or six thousand. I might even be a little low on that. Part of that is a question of definition. For example, in USDA we had county ASCS [Agriculture Stabilization and Conservation Service] officials who run the farm programs at the county level. They are political appointees, sort of, but they're appointments that wouldn't be of much general interest.

Anderson: I was thinking more of assistant secretaries, bureau chiefs, and so on.

Yeutter: Not so many. At USDA, that whole group of subcabinet officials must be about eight or ten. Some of the agency administrators are career and some are not, I suppose maybe another ten in the latter category. So probably about twenty appointees at the upper echelons, and then another fifty who run farm programs at the state level. Then, of course, there are hundreds if you include the county people who can be changed. There are a number of others below agency administrator level, like in some of the loan programs in the Farmers Home Administration.

Young: We'll have a little break and then we'll continue—

Yeutter: If you later, Jim, see something that's missing, you may be able to catch me coming down to Charlottesville some time and fill in gaps—

Young: Sure, sure.

Anderson: Civil servants.

Yeutter: Yes, I'd be glad to comment on civil servants. Everybody underrates how important they are. People always attack the bureaucracy and want to eliminate 10 to 15 percent every time they come into office. But the fact is, we'd be in sad shape in the government if we didn't have the career civil service. There are a lot of tremendously talented, dedicated civil service people. If you're a political appointee, what you have to do is motivate them and persuade them why they ought to follow you rather than whomever it was who was there before you. To their credit, civil servants can often spin on a dime and follow whatever the leadership happens to be. That's their task, to be responsive in that situation. And most of them do really quite well.

Some will, of course, say, "I don't agree with anything those folks are going to do; we'll wait them out; we'll stall things off until a different group comes in and then we'll get back on track again." But I haven't had that experience. I found that if you can build a case to the top-level civil servants on why you're doing what you're doing, they'll follow and they'll be cooperative and supportive and they'll work their hearts out for you.

I've been lucky in the sense that I've been thrown into some governmental agencies where I've had almost all civil servants and hardly any political appointees. In that situation you have to be able to work with the career civil servants or nothing constructive is ever going to occur. That was the situation in my first job in Washington way back in 1970 when I became administrator

of the Consumer & Marketing Service. There were three or four people who were political appointees in C&MS, which was an agency of 20,000 people. So one had better learn pretty quickly how to maneuver the bureaucracy, and I was able to do that successfully.

USTR was very much the same way. We had only four or five political appointees in the office of the U.S. trade representative. Everybody else was career civil service too. (Since then the Clinton administration has put in another layer of political appointees, which I think was a big mistake.) Those career employees were fantastically talented. USTR is a good illustration of how you can get the very best of the civil service into an entity if you give them lots of responsibility and lots of opportunity to shine.

At USTR we had this handful of political appointees and then a group of assistant USTRs, about six or eight, who were in charge of specific areas of the trade negotiations. Those were the most sought-after positions in the whole government by career civil servants. When we had an opening as an assistant USTR, people practically beat the doors down. The very best people in the entire government stepped forward seeking those jobs, and that's why we had a tremendous group of very skilled negotiators. That has paid off exceptionally well for the United States. So I'm a proponent of the career civil service and an appreciator thereof.

Young: That wasn't universally true in the Reagan administration—

Yeutter: No, it was not.

Young: Because there was a lot of "you can't trust these guys."

Anderson: They're always good targets because they're always there.

Edwards: They can't answer back.

Yeutter: Sometimes, in some areas, the government is very bureaucratic, and in some cases there are a lot more people than need to be there. But I sure didn't find that in most of the areas where I was.

Young: Want to talk about the Earth Summit?

Yeutter: It was a unique experience for President Bush at that time, and a unique experience in many respects for the United States. It's an issue that has carried on to this very day. It had global warming aspects, biodiversity aspects, this whole question of controlling emissions from the manufacturing entities of the United States, setting goals for the year 2000 and the year 2010.

There were a couple of significant events in that exercise. As you will recall, President Bush went to Rio to represent the U.S. We had quite a little debate about whether he should or should not go. He finally concluded that he should because there were going to be a good number of other chiefs of state there. In retrospect, we would have been better off had Rio not been held and had he not gone. Once it was going to be held, I think it was imperative that he go. The mistake for the United States was in agreeing to the meeting at all because it has come back to bite us

ever since it's been held. We took a conservative stance in Rio, in essence saying to the rest of the world we're just not going to sign off on some of the commitments that you're asking on emissions controls by the year 2000 and later on in 2010, because we believe they are unrealistic. If we were to follow them we would inject an inordinate level of pain on the American economy and that is just intolerable. We're just not going to sign up to something that we feel will be an intolerable burden to the American economy.

We had conversations with some of the people who were going to represent other countries there, including some of the Europeans who tend to criticize the United States whenever they have an opportunity. I can recall talking directly to a couple of those people, or having some of our staff do so, saying, "We don't see any practical way to meet the kind of commitments you're talking about. Are *you* going to meet those commitments?" The answer that would come back would be, "Of course not, but that doesn't mean we shouldn't commit to them." So we had to say, we just don't play the game that way. Their answer was, "By the year 2000 nobody will remember what those commitments were." That's exactly the way they played it, of course, and they chastised the U.S. for being unwilling to sign up.

President Bush was heavily criticized in Rio, and I will never forgive Al Gore for his conduct because he went there specifically to undercut the U.S. government position. He was there holding press conferences, constantly criticizing the U.S. government position. I just believe it's reprehensible for a U.S. senator, or for that matter anyone else, to go to an international meeting and attack his own government's position. But that didn't stop him.

The President, of course, was criticized by the environmental community here in the U.S. and it clearly didn't help him in the election environment of 1992. I doubt that it affected many votes overall, but it was a thorn in our side at the time. We had to spend a lot of time getting ready for the Rio meeting. That was a distraction we could have done without, and it just added to the general climate of criticism. It added a dimension over and above the economic criticism he was getting. Now we've got environmental criticism to deal with too, and some attack on the President's leadership abilities, of course. The Democrats were able to say, "Here we have a President of the United States who is not an exemplary leader for the rest of the world on environmental issues and clearly can't persuade his counterparts to adopt the U.S. government position.

Young: How was the U.S. decision made to go and what position to take?

Yeutter: Well, one of the reasons we made the decision that he should go was because we were the ones who stimulated the meeting in the first place.

Young: Okay.

Yeutter: By "we" I mean the State Department.

Young: Sometimes they send Vice Presidents to things like that.

Yeutter: Had a lot of chiefs of state chosen not to go, President Bush would not have gone. But a lot of them did go. They were all trying to score points with their environmental communities. So we ultimately concluded that it would look worse if he stayed home than if he went.

We took what we felt was a very realistic policy position, and he stuck with it in Rio. As we look back now, our position was right on target. We were correct in concluding that other countries were not going to meet their commitments. There was an article in the paper just recently about the Europeans now struggling to find a way to meet the commitments they made in Rio. I sent President Bush a note and a copy of the article, and said, "Just a bit of vindication here, for whatever it's worth eight years later." We were right and our critics were wrong, but that didn't help us in terms of the political environment of 1992.

Other countries are now trying to juggle the numbers in such a way as to find a graceful way out. In contrast to the attitude then that nobody will remember it in the year 2000, they do remember it and that eight years passed quickly. So they now find themselves in somewhat of an embarrassing situation. But they got a lot of credit for signing up in '92 and we got criticism for not doing so.

Young: How was the U.S. position on this issue decided?

Yeutter: By an interagency process.

Young: Initiated by any particular—

Yeutter: EPA and Energy, I believe, had the principal leads, because they were the departments most directly involved, but it came up through the interagency process.

Young: Was that the meeting where [Fidel] Castro held forth?

Yeutter: Yes, it was.

Young: And the President was waiting.

Yeutter: Yes, and it was also the meeting in which we had a major leak of the U.S. position that was designed to embarrass Bill Reilly. It was another deliberate White House leak. There were many disagreements between the White House staff and EPA on that and a good many other issues. The leak in Rio was really aimed at Reilly but, of course, with the President being there he was affected by it as well, and he was just furious about it. We had a big internal investigation over what happened and they finally did discover the source of the leak. But by that time it was close to the end of the administration so no action was taken against that particular individual.

Young: In the Reagan administration there was a strong reaction to that, and lie detector tests were proposed and it was a big issue. There was nothing like that proposed?

Yeutter: I don't recall that there was, but I know it was thoroughly investigated at the time. The leak provoked some additional negative publicity in Rio, which didn't help matters either. It's a

case where the U.S. did the right thing but got chastised by much of the rest of the world for doing so.

Young: Can we move on to your assessment of the Bush Presidency?

Yeutter: Strengths. Basically a very talented team led by a President who commanded a great deal of respect all over the world, and still does for that matter. That's a comforting motivation for a Cabinet, and all the political appointees for that matter. I don't think you can name a single political appointee of George Bush who wouldn't say, "I love the man." That assuredly would not be said about every President of the United States. He had so much class personally, and Barbara Bush was probably the most beloved first lady ever in the White House. That just makes a lot of difference. There was great affection for President and Mrs. Bush by everybody on the Bush team. That was universal and it is something of which the Bushes can be proud for the remainder of their lives.

Everybody recognized President Bush, and I believe the administration as a whole, as being trustworthy with a lot of decent people being on the team. As you know, the President had the great reputation of writing little notes to everybody. It was astonishing how well he did that and how often he did it. He wrote scads of those. I don't know if anybody has ever totaled it up but it was probably more than all the Presidents of the United States combined had ever done. He had that little bitty room in which to write notes. He typed some of the notes and others would be handwritten. People will keep them forever. It's hard to believe you could find a President of the United States who would be any more considerate than George Bush.

That sometimes worked to his disadvantage on Capitol Hill. He put out his hand to the Congress in a spirit of cooperation on lots of occasions, and they chopped off his fingers a number of times. He was too trusting of the Democratic leadership of the Congress, believing if he treated them as he would like to be treated they would reciprocate in kind. They often did not reciprocate in kind. That was particularly true in '92 where they declared everything that he sent up dead on arrival, accompanied often by severe criticism that in many cases was just not justified. There was no spirit of bipartisanship toward the end, which was a big disappointment for President Bush. He'd been in the Congress, a lot of those folks were personal friends, and he'd done a lot of good things for many of them through the years.

Young: This included some Republicans who weren't working with him?

Yeutter: Oh, yes.

Young: To whom he extended the hand?

Yeutter: It most certainly did. It was not entirely Democrats; there were some Republicans whom he had befriended and helped in many ways in the development of their political careers. They just were not very supportive and helpful when he needed them. I suspect that one of his major disappointments in the last year of his Presidency was the fact that the Congress as an institution did him in in so many ways. They basically did nothing for President Bush over the last year or so. The productivity record legislatively was essentially zero. They essentially

stopped everything in the last year. We sent up some very good legislative proposals, and couldn't get the time of day with any of those; they just were tossed. Some of that probably led to reciprocal activity by the Republicans when they came into power in 1994, and it may have led to some of the polarization that has continued to this very day in the Congress.

But the first time I really noticed this in a vivid way was in 1992. I had then been around the Congress for almost twenty years, and I always found it possible to work with Democrats and Republicans alike. It was in '92 that I noticed for the very first time that a lot of folks were paying no attention to the merits of legislative proposals. They were simply deep-sixing them as they came over, and that will be a memory that President Bush will carry with him for a long time.

Young: Are you saying that he may have been too trusting?

Yeutter: Yes. Absolutely.

Young: And not paying attention to the political utility of the friendship? Would that be a way to put it?

Yeutter: There needed to be some retribution there too, with both Democrats and Republicans. The Congress did not pay a price for that absence of cooperation. If that had been Ronald Reagan, they would have paid a price. He would simply have gone over their heads and whipped them in the battle of public opinion, which he could do as such a marvelous communicator. If it had been Bill Clinton, he would have done some of the things he has done with Republicans in the last eight years, placed the blame on them for a lot of things and let them eat their words. President Bush is such a civil and courteous person that he just didn't engage in any kind of retribution when he was wronged.

Young: Here again, I think you're raising a significant point. Harry Truman beat up on Congress with the "do nothing" 80th Congress and that was a Republican one. Here is a Democratic Congress and a President being accused of not doing anything, but somehow I didn't hear the "do nothing" Congress, the anti-Congress message going out.

Yeutter: That's right.

Young: Either he wouldn't stoop to such a thing in public, or he really didn't realize the political inutility of his trust of people. I don't know which it was.

Yeutter: It's probably some of both, I think it's more that he was disinclined to do that. It's the nature of his personality to get along with people and to befriend people in such a personal way. I don't know if it would be "stooping" to do that, but just distasteful for him to engage in retribution. The Congress needed that. If there is no price for being obstructionist, when it is to their political advantage to obstruct they're going to continue to do so. And they did, all during 1992. Basically they paid no price for having done so.

That was one of the weaknesses in the total picture. But back to strengths again, his international leadership was fabulous. I don't believe we've seen anything comparable to what he did in the development of that Gulf War coalition. That is one of the great foreign policy stories in the history of the United States. He put that Gulf coalition together in an incredibly short period of time. It was a matter of days. And he basically did it on his own. Jim Baker undoubtedly helped with some of the contacts, but fundamentally it was George Bush on the telephone talking to his counterparts around the world.

He got thirty, or whatever it was in that coalition, lined up in an incredibly short period of time to be fully supportive of what we proposed to do in the Gulf War. That's just astonishing personal diplomacy. I don't think he's ever gotten sufficient credit for that because most people just don't realize how hard that is to do. It's hard to get thirty countries to do anything, even if you spend six months talking to them or negotiating with them. He got them to agree to engage in a war in a few days. That was one spectacular achievement, but there were a lot of others.

The Free Trade Agreement of the Americas, which is still under negotiation, was a George Bush idea. It was his interest in Latin America that led to the aspiration of doing a Western Hemisphere free trade agreement. Hopefully, George W. will carry through with that, and we might have an agreement by the end of the next Bush administration. This had to start somewhere and it was really George Bush personally. This wasn't some idea that filtered up from Carla Hills or me or the State Department. It was vintage Bush. So I give him a lot of credit for that.

APEC [Asian-Pacific Economic Corporation] may have generated from other people's ideas, but the Bush Presidency gave it a good boost. It has been languishing the last two or three years and now needs to be reinvigorated, but the fact that he had the whole Asian-Pacific area talking together, and had countries like the U.S. and Canada participating, was a major development at the time.

Another success was the effort with China, ultimately culminating in China joining the WTO [World Trade Organization] we hope. A lot of that came from Bush's experience in China, having been our envoy over there, and believing that China needs to be a part of the world trading community through membership in the WTO. It was a monumental achievement to move China in that direction while at the same time sustaining support for Taiwan. That's a very dicey proposition, and so far the Taiwan relationship has been maintained, while the China relationship has moved forward a long, long way. So I'd say he handled China very well.

I think he handled Russia very well too. Clearly President Reagan made the early breakthroughs with [Mikhail] Gorbachev, but this was followed through by Bush and I think he and Jim Baker both made major contributions in the relationship with Russia and the developments that have taken place since the fall of communism.

The Uruguay Round of trade negotiations started under President Reagan when I was USTR but continued under President Bush. He got personally involved in a lot of the Uruguay Round issues because we were having so much difficulty with the Europeans. Every economic summit we'd have trade on the agenda and the basic purpose was to give President Bush a chance to twist

arms of Helmut Kohl and François Mitterrand, in particular, trying to get some movement on agriculture (and sometimes on some of the other issues). He was probably more involved personally in that major multilateral trade negotiation than any U.S. President ever has been in the past.

He wasn't able to persuade the Europeans to do what we wanted them to do, but it sure wasn't because he didn't try. That was hard, because they had their own political problems in Europe. It was pretty hard to get Mitterrand to do anything with French farmers; they'd probably lynch him (figuratively, of course) if he had. And Helmut Kohl was having his own set of problems in Germany with a lot of elections there. But President Bush did an excellent job of weighing in on those issues, trying just to keep advancing that cause. Ultimately it turned into a very good result as it was wrapped up in the early Clinton years.

NAFTA [North American Free Trade Agreement] was another. We started that exercise under President Reagan, of course, as we did the U.S.-Canada negotiations when I was USTR. Carla Hills followed through with the Mexico negotiations that culminated in NAFTA. President Bush took a lot of political flak for that because we had Ross Perot saying what a horrible thing it was. It came to fruition during this time of economic turmoil in the U.S., so NAFTA was subject to a great deal of political demagoguery. We had the Perots of the world, the labor unions and others attacking NAFTA as an example of the horrible things that were going to happen in the U.S. economy over and above the horrible things that were already happening. But President Bush, to his great credit, stuck with it, maintained his strong support for NAFTA as a concept and never wavered in his support for the free and open trade concept and the need to open up markets around the world and make this a competitive nation in every respect. To his credit he provided a lot of leadership on the trade front, both domestically and internationally.

As a President he scores very high marks internationally, and that's probably the greatest strength of the Bush Presidency.

Young: Is it correct that all of the illustrations you've just given were accomplished in large measure through the personal diplomacy of the President?

Yeutter: A whole lot of them were.

Young: The personal relationships he had established with counterparts elsewhere.

Yeutter: Clearly there was more to it than that, but that was an important dimension. He handled himself so well on all those economic summits because he had a magnificent relationship with every one of those people. He talked to them regularly, he was on the phone a lot with them. They were personal friends. He shared views with them and called them up to engage them on issues and ask their opinions. They held him in high regard and vice versa. In some cases he held them in higher regard than many other Americans would. For example, he had a very good relationship with Mitterrand—

Young: Invited him to Kennebunkport.

Yeutter: Exactly. And not everybody would have done that.

Young: I don't think he went on the boat though.

Yeutter: No, I don't think so. But he handled that relationship very, very well. And he had a great relationship with Brian Mulroney that had a lot to do with completion of the U.S.-Canada negotiations. He got along fine with his Mexican counterparts too. That helped on NAFTA, of course. He did well with the Japanese except when he upchucked!

That was a sad time, by the way, for the Yeutter family too. My daughter Kim and her husband were in Tokyo at the time. Her husband worked for Honeywell and my daughter worked for Kodak. I had helped her get a visit to the Kodak research facility in Yokohama on the President's agenda. So they were all excited about that, and worked so hard getting ready. It was her big project at Kodak over a period of two or three months or so. They built all kinds of facilities for it, and they had the CEO from Kodak flying in from a trip to Switzerland. Wouldn't you know the visit was scheduled the morning after President Bush upchucked and they canceled the whole thing. Kim called me that morning from Tokyo and said, "Dad, help!" And I said, "I'm sorry, I have very great sympathy but I can't help." [laughter] She was just totally downcast as the whole thing went down the tubes, but there wasn't anything anyone could do about it, of course.

Yes, it was the personal relationships that made a big, big difference in the Bush administration. Now for a few things on weaknesses. As to the President himself, he was never able to communicate as did President Reagan. He was unlucky, in that sense, to have to follow Reagan. That would have been an unenviable task for any President, Democrat or Republican, but there was just no way to match up with Reagan as a communicator. That certainly served as a disadvantage for President Bush, particularly during the tough times when he needed to get a message across and just couldn't do it in the same way.

Getting to some of the issues we talked about earlier, he was never able to conceive and articulate a small number of very bold goals as did Reagan. That just didn't fit President Bush's personality. He was more of an implementer, I suppose, than a visionary, maybe more of a consolidator of some of the achievements of the Reagan administration, which was an important role to play, and certainly an innovator of his own on the international side. But when it came to the domestic side, Reagan had specific, bold proposals that he'd been talking about for years and years and years. He repeated those over and over again thousands of times, and effectively marketed them to the Republican Party, his own Cabinet, and the general public.

We just didn't have anything like that with President Bush. I don't know that any President in my lifetime is ever going to match what Reagan did in that respect. But the comparison hurt President Bush. When you go from a President like Reagan to a Bush administration that has a different personality, people make those kinds of comparisons. So you'll have people saying, "Why in the world doesn't he do what Ronald Reagan did? Reagan told us A, B, C, D, this is the way I will lead the country, and we haven't heard any of that in the Bush administration."

And to some degree that was true, it just never happened. That's not necessarily a criticism; it was just a fact of life in which the Bush administration found itself. The administration was

never really able to make that transition from a Reagan style to a Bush style and have the Bush style generate its own appeal. Putting it another way, I think a lot of people found there wasn't the passion in the Bush administration that there was in the Reagan administration, at least on domestic issues.

On the international side, I'd say they were comparable. In some respects the Bush administration was even more impressive than the Reagan team, the Gulf War being the example.

Young: "This will not stand." Munich, Hitler. Those symbolic—

Yeutter: Yes.

Young: You didn't hear that type of symbolism from him, where people could say, yes, that's it.

Yeutter: That's right. Some of that may have been communication skills, the genius of a [Michael] Deaver with Reagan, but I think a lot of it was the message too. The very simple, stark, strong, firm, bold messages that Reagan articulated on a handful of major issues, all of which stuck with the American public and were very uplifting. I should have mentioned as one of the strengths that you had an uplifting Presidency here again, just as Reagan was uplifting. In both cases you had Presidents who really found the good things in the American public and the good things in America to talk about, but Bush had to put his in the context of a very weak economy and that neutralized a lot of his message, his uplifting message, whereas we didn't have that situation under Reagan.

Dealing with the economy was a weakness, maybe more of a Federal Reserve weakness than an administration weakness, but the buck stops with the President. Presidents get more credit than they deserve when things are good and more blame than they deserve when things are bad. This was one of the times where he was catching the blame. To some degree I think it was a blue-collar issue and a white-collar President. President Bush had a hard time persuading people that he really did feel their pain. They looked upon him in many respects as a white-collar President who just didn't understand, and maybe all of us who were involved in the White House share some blame for not being able to figure out a way to remedy that. It did plague his Presidency through those critical months in 1992.

We talked about the fact that he really didn't want to campaign, and that did turn out to be a significant weakness.

Young: That was another big contrast with Reagan, wasn't it? Didn't Reagan love to go on the road and put on a show?

Yeutter: He did. And Clinton, of course, campaigned all the time, four solid years. President Reagan did love to campaign, but he was not as good at pressing the flesh as President Bush was. President Reagan was shy in many respects and he didn't do a lot of shaking of hands, but he wowed everybody with his presentations. So he didn't have to shake all those hands. He could

land on Air Force One, get up in front of a microphone, and the place would erupt. It would erupt even more after he finished his presentation.

President Bush was actually better at dealing with people on a one-to-one basis. In small groups he was marvelous, and still is. He is fabulous in that setting. But he didn't like the more traditional campaign function. He especially didn't like doing fundraising, and I don't blame him. Most people don't like to do fundraisers. He'd rather have been home with his family than trotting around to some campaign event somewhere around the country. I can remember President Nixon was a bit like that too. He really didn't want to campaign either. This was the case of another person whose interests were so global and so worldly. Nixon was a genius in foreign policy, but I can recall in 1972 we determined that he ought to do a farm speech and he hated that. We almost had to drag him to do that speech.

Young: And it shows, I don't want to be here.

Yeutter: President Nixon was determined to get off that farm as fast as he could. Part of it was because he had allergies, but he just didn't want to do a farm speech.

Young: The allergy really suited his purposes.

Yeutter: Yes, it did. But he got on a tractor and a combine, and we got all kinds of pictures of him doing that. He was gritting his teeth the whole time.

Young: That must have been like the [Michael] Dukakis picture on the tank. It just was a misfit.

Anderson: With his wingtip shoes on.

Riley: Like the one on the beach.

Yeutter: It's hard to visualize Richard Nixon driving a combine. It really is. And we would never have gotten President Nixon over to USDA to do a farm radio program, I guarantee you. We did that with President Bush and he loved it. But that would never have happened in the Nixon administration.

One of the other weaknesses was in never knowing quite how to handle his conservative base. That was reflected in the budget decision, of course, but in other ways too. President Bush really wasn't one of them. He was never perceived as one of the gang. President Reagan was, and they loved Ronald Reagan. President Bush was in the unfortunate situation of coming along right behind one of the most popular conservatives ever. How do you win in that situation?

He tried hard to bridge that gap, and get through a transition to where they would like and respect him, if not love him, but it never did get much beyond tolerance. That was so, at least with the far right. With the more moderate conservatives it was okay. Then, of course, once the "read my lips" issue went by the wayside, the damage was never again to be repaired.

I talked about Congress taking advantage of him, and I suppose the other weakness was in not finding ways to make sure that his White House staff performed better than it did. The White House itself never performed really well during the entire term. It was okay in the early years, before some of the controversies emerged and before the "read my lips, no new taxes" issue, but it was never a Don Rumsfeld kind of White House, or a Dick Cheney kind of White House, or a Jim Baker kind of White House. That level of performance just didn't happen in the Bush administration. And he needed a situation where the White House functioned like it did under a Baker, a Cheney, or a Rumsfeld.

Young: Could you be a little more specific about that, the performance criteria. Performed well according to what?

Yeutter: Getting done what needed to be done, and getting it done smoothly. A minimum of leaks, and maximum of cooperation with the Cabinet. Getting the Cabinet behind the program. Making sure that the mechanics of the White House functioned well. Getting the train to run on time, on the right track. Just everything that goes with having a staff operation that advances the President's agenda and the causes he holds dear. If you look back at the Bush Presidency, you've got to say, "Wasn't there some way that the overall White House performance couldn't have been better than it was?" The infighting, the disagreements, and all of those things were a part of that, and just the judgment that was involved in the "read my lips, no new taxes" decision. That's the kind of thing that shouldn't have happened in a top-performing White House.

Young: That was a rhetorical—but didn't Peggy Noonan write that speech for the convention?

Edwards: Yes.

Young: I think she was—

Anderson: I think that was the campaign staff at fault, but she wrote the speech.

Young: She wrote the speech, I think that's what put that label on George Bush forever after. I understand that Darman tried to argue her out of it.

Yeutter: The President himself has to accept some of the credit or blame for that decision and the way it was handled. It's his White House staff, and his job is to get the right people in the right places doing the right things. If they aren't doing so, it's his job to get somebody else in there, and to do so in a timely manner. But tough personnel decisions were hard for him. If you asked him today, "Should you have made some of those changes sooner?" he probably would say yes. If you were to ask him, "Should you have been more decisive in such matters?" I think he would probably say yes. Hindsight is always better than foresight, but that's what this exercise is all about.

Young: Could one of the problems have been that even though there was some infighting, there seemed to have been—You mentioned loyalty several times, the loyalty this man inspired for his personal politics. Not all Presidents are known for the loyalty they inspire, even in their own staff.

Yeutter: He also had some people who had their own personal agendas. They did not perceive themselves as being disloyal, but they seemed to feel that they could follow their agendas and his agenda simultaneously.

Anderson: In the White House?

Yeutter: Yes.

Anderson: People like [Charles] Kolb and [James] Pinkerton?

Yeutter: I'm not going to name names, but I think it's evident that there were some folks who may have felt they were being totally loyal to George Bush, but in retrospect did not help him by having their own agendas.

Young: After Reagan left office, there was a lot of memoir writing and a lot of the infighting then went out into print. So the Bush administration didn't seem to be unusual, and in fact didn't seem to have much of that very apparent—

Yeutter: I don't think you'll see much kiss-and-tell coming out of the Bush administration, and part of that is clearly due to loyalty to the President. Nobody wants to write things that would be embarrassing to him. I would never write a kiss-and-tell book about anything I did in government. If somebody offered me ten million dollars, I would not write that kind of epistle. You would not see a Jim Baker doing that either. I wish nobody would ever do that; it's repulsive. But I suppose you are going to get some of that in every administration and in every White House. It's almost inevitable. Being in the White House is an ego trip to start with, and the staff can get a pretty high opinion of themselves. They sometimes think they can do no wrong, and they sometimes believe everybody else is off base. You're inevitably going to get some of that in an environment that's as power-oriented as the White House is. A President has to be able to perceive that, recognize it when it occurs, and try to bring it to a halt. Or you change names if and when that occurs. I do believe the President was reluctant to engage in any activity—

Young: Too soft.

Yeutter: Soft may be one way of putting it. I think he was trying to be considerate, trying to give his staff every benefit of the doubt, which is a wonderful attribute. He clearly knew about some of the leaking that was going on, and I'm sure he recognized some of the individual agendas . He was hearing about these things from a variety of sources. But it's hard for a President to dismiss somebody who has been a very loyal member of his team, and who may have worked hundreds of hours on the campaign or in another position for him. But sometimes you have to do that.

President Reagan had difficulty doing that in some cases too. A lot of people feel that he should have made changes in some of the appointive slots a lot sooner than he did. It was less critical for President Reagan, however, because politically things were going well. One can have a higher level of tolerance for these kinds of things when the overall political picture is positive than you can when going through a tough year like 1992.

Changes in the Bush White House should have been made earlier. When you are getting close to an election, such changes become a political diversion and distraction. People recommended to me when I came to the White House that I should fire so and so; they had a long list. My reaction was, "This is a heck of a time to start firing people, because we're going to get a negative story every time we do this." In addition, you've got to bring in somebody else to fill those slots. How do you bring in somebody with experience at this stage? You don't have time for six months on-the-job training; you've got to keep moving. So fundamentally I said, "That's just a poor idea." Basically you've got to run with whomever is on the team at that point. Significant changes in the White House needed to have been done in '91, rather than '92. You're out of time when you're doing it in an election year.

Young: The campaign really begins before the election year nowadays, it seems to me.

Yeutter: It does.

Young: Sometime about '90, late '90 or '91.

Yeutter: It does, and it's probably going to be earlier and earlier.

Anderson: It probably begins in early January. After you take office, in some respects late January.

Yeutter: Yes, it sure does for a lot of people. Senators, of course, campaign six years ahead now. They no more than get elected and immediately start doing fundraisers for their campaign six years hence.

Young: Could you talk a minute about Bush as a conflict manager, or how conflicts were managed within the Bush White House. I'm really thinking of not just the conservatives out in the party, but there were conservatives in the White House too or close by, Bill Kristol and Jim Pinkerton. So there was some potential for what was often called ideological conflict, if that's the right word, within the White House itself. How was that managed or not managed?

Yeutter: He pretty much stayed above that fray, which was the wise thing to do in my judgment for a lot of that was petty stuff. That's the kind of thing that the White House chief of staff should handle for a President of the United States, and both Sununu and Skinner tried to keep those issues under control. But some of it was stirring during the tenure of both White House chiefs of staff. I don't know that it ever got out of hand, but it certainly caused some spirited debates within the White House, and it also led to some of the deliberate leaking that went on. There is no doubt that at times the losers of those arguments leaked stories advantageous to themselves. That was not helpful to President Bush, of course, but you don't want the President of the United States getting involved in those things. He shouldn't have to. If he needs to get involved, that means his chief of staff hasn't done his job.

Young: I guess I wasn't asking about Bush, but how well was that problem managed in the White House. You're saying it could have been done better.

Yeutter: I think that's a fair statement, but again some of that is inevitable in every White House. The question is how much conflict you want to permit. That has to be a judgment call by the White House chief of staff. You can be engaged in those kinds of debates almost every day of the year, so it becomes a question of when they can become serious enough and personalized enough that someone has to intervene. Usually they get personalized when somebody starts to leak in order to try to embarrass somebody else. That's the time when a chief of staff should step in, if he can figure out who's doing the leaking. He or she should call the person in and say, "You may not admit it, but I have my own opinions about where this latest leak came from, and you should know that there are going to be no more of those."

The White House chief of staff has to be a pretty tough disciplinarian. That's a difficult complex to manage. It takes a lot of different executive skills. Most people don't realize what a tough job it is. There are so many diverse White House units that have to be managed, typically all run by strong-willed people, or they wouldn't be there, and people who enjoy their own power bases. The White House Chief of Staff gets those folks together every morning for a staff meeting. That's the time to get the general messages circulated. Then, during the day, the Chief of Staff delivers more specific messages that are personalized in scope.

I would rate the Chief of Staff post as one of the more challenging jobs in the entire government because it has such a unique set of executive challenges. It's much different from any of the departmental posts. One must have a whole composite of talents to be White House chief of staff. That person must know how to work with the Hill, engage in debate with members of Congress when necessary, manage and monitor the whole White House operation, and manage relationships with all the departments, settling the internecine warfare that takes place between departments from time to time.

Anderson: Are there too many people in the White House office? Did President Bush have too many people in the White House office?

Yeutter: No, I don't think so.

Anderson: Was it bloated?

Yeutter: No, I don't think so. Critics always manipulate the numbers. What is involved is a definition of who is in the White House. You have to look at who is really working in the White House versus those who are officially labeled as being a part of the White House operation. For example, the office of the U.S. Trade Representative is usually labeled as part of the White House staff, but it really is a separate unit. That's two hundred people or thereabouts.

Anderson: I put that over in the Executive Office of the President, separate it from the White House.

Yeutter: It is separate, in fact it has its own building across the street from the Old Executive Office Building. But when you look at the numbers, the USTR numbers are often included.

When you talk about those who are really in the White House, that is, those in the West Wing coupled with the ones in the Old Executive Office Building who are crucial to the West Wing operations, you get a relatively small number. All of OMB is in the OEOB, but there are only a few people in OMB who are intimately involved in the White House decision-making process. So one really should count only that group. The same thing with some of the domestic policy staff and others. For White House staff meetings there are probably 20 to 30 people in attendance. Some of the other internal White House meetings may be somewhat larger.

Anderson: But then there are a lot of people working for those people. How many would there be, George, altogether?

Edwards: I would normally think around five hundred. That's all the speechwriters and all the domestic policy staff and so forth.

Yeutter: Right, plus the OMB folks, the Cabinet Secretary and his or her staff, and a number of others. But only select members of that group would regularly participate in morning staff meetings, which is where the key policy signals are provided. There are maybe twenty sitting around the table, and then perhaps another ten in the row behind, who are there for some specific purpose.

Young: Comparisons are made not only between the difficulties and opportunities and Presidential controllability of foreign policy issues as against domestic policy, but comparisons are made between the Bush foreign policy team and the Bush domestic policy team, given the inherent differences and the nature of the problems faced in the congressional and outside group input into these. You had Cheney, Scowcroft, Baker, and Bush, that was it. And [John] Tower was originally to be part of that group, Cheney coming in the wake of his— That was a close-knit group distinguished by a common history of association with George Bush.

If you look at the domestic policy side, you get an altogether different picture—a very different group, a very different structural arrangement, a very different access to the President arrangement, on top of a lot of differences in policy. Do you think in retrospect that there would have been a better way to structure the Bush domestic policy team, or did it have to be that way?

Yeutter: I think it pretty much has to be that way. It has basically been that way ever since the Ford administration, even through the Democratic administrations. There hasn't been much change over the past thirty years, and I don't think it will change much in the future. I am told that Condoleezza Rice has some thoughts now about bringing together the national security and domestic policy operations because we're now living in a globalized world where everything relates to everything else. So how can one separate domestic from international? In theory I would agree with that; as a practical matter I don't see how the heck you make that work.

Young: It sounds like a recipe for disaster to me.

Yeutter: To me that is fraught with a lot of danger and a lot of problems. For President Bush the national security structure worked a lot more predictably and in a more user-friendly fashion for him than did the domestic side. But there are a lot of reasons for that. Domestic policymaking is

messier. You've got a different set of characters, a different set of problems, a different set of interagency relationships; so it gets a lot more complicated. National security is inherently more focused.

The institutional arrangements for both areas have worked very much the same way now for a substantial period of time. There has been hardly any tweaking of the modus operandi in national security. They do things by the letter, and when they have National Security Council meetings, they have their own quite specific agendas. Brent Scowcroft did a great job during his tenure of laying all that out, typically in the form of option papers for the President. President Bush loved that process because it was clear and decisive; he could check whether he wanted to follow option A, B or C. It was a systematic, organized process. He used to say, "Why in the heck can't we do the same on the domestic side?"

The answer was that it's just not nearly so easy. Many domestic issues just don't lend themselves to A-B-C options. They're more complicated than that. But I'm not sure anybody ever persuaded him, including me. Education issues are so different from transportation issues, agriculture issues, environmental issues, or basic fiscal policy. These things all get very, very complicated, and they are not as readily systematized and quantified as they are at the national security side.

Young: There's a story about FDR, [Franklin Delano] Roosevelt. At the beginning of every day he would say, "Well, what can we veto today?" Even a President who had pretty good clout with Congress, he always asked what he could veto, because that was something he knew he could do.

We're getting back to the contrast between Bush and Reagan now. Reagan's foreign policy team seemed to be in constant flux, with what, five national security advisors. A Secretary of State that didn't work out. When you contrast Reagan with Bush, whereas Bush had a team of close people he knew, people who knew each other and stayed throughout the administration, Reagan did not. But on the domestic side, he seems to have had a coherently organized team, so maybe Bush had some reason to think, well why can't we get something more orderly or option presenting? I don't have any answers.

Yeutter: People evaluated that, including me after I went to the White House in '92. We didn't have much time to juggle systems at that stage, it was too late, but—

Young: You were referred to as a czar for domestic policy.

Yeutter: Yes, well that was for somebody's consumption, it wasn't a term that I used. We did, however, have all domestic policymaking under me at that stage. The Economic Policy Council, which Jim Baker chaired during a lot of that time, I thought worked really quite well during the Reagan years, and then it spilled over into Nick Brady during the Bush years. The modus operandi was the same in terms of dealing with issues.

I suppose maybe what happened was that a lot of those domestic issues never got to the President. So many national security issues go all the way to him, because you've got potential wars at stake, and some very serious issues about committing American military personnel. I

suppose President Bush and maybe all Presidents like the fact that these issues come up to them and they get a chance to massage them and work with them.

On the domestic side, our objective was to avoid inundating the President with policy decisions. If we had dumped a whole bunch of those on him he would have said, "Why do I have to deal with these things? Can't you get a consensus at Cabinet level?" We should have, and did work out most of those at the Cabinet level through the EPC (and, in many cases, at the subcabinet level). Maybe he'd have been happier for a while if we had sent a bunch of domestic policy papers up to him with A, B, and C options, but I have a hunch after he read through some of those HUD or Transportation issues, he'd have said, "Jeez, get me back to national security!"

Young: You mentioned earlier that the President should not be involved in ideological conflicts within his administration, for very good reason. But apart from whether he was involved or not, there was a high-profile conflict between the people who wanted themes, or the right wing, or the new paradigm, and then the absolute public bias from Darman ridiculing the whole idea. As I recall, it didn't last as long, but they made almost as much of that in the press as was made of the [Zbigniew] Brzezinski/[Cyrus] Vance thing, as an administration in disarray and at war with itself.

Yeutter: That was another example of the conflict between some of the folks on the domestic policy staff and Dick Darman and his staff at OMB. And it is an example of the point I made earlier that the White House operation just never did function quite as it should have. You just don't want those kinds of debates to rupture White House staff relationships. There's no harm in sitting down in a White House staff meeting and having those issues surface; that can be beneficial. But you don't want them to become personalized, and those got rather personalized. You also don't want to be fighting those battles in the press, and they did get in the press. That's not a healthy situation in any White House. I think by and large the Clinton people, notwithstanding all of their problems, have done a pretty good job of not having very many White House staff conflicts during their years. Part of that may be that everybody has been distracted by all the other shenanigans; they haven't had to focus on this.

Anderson: Everyone gets to talk to Bob Woodward.

Yeutter: That reminds me that one of the reasons you saw some of that in the press in the Bush administration was the late Ann Devroy of the *Washington Post*. She had astonishing access to White House information. There was nothing of any consequence occurring in the Bush White House that she didn't know about. She wrote about those things whenever she wanted, and when she felt the need to write a story that would stir up some controversy, she had the ammunition to do it. She was just an outstanding reporter. I still marvel at how she got some of those stories, but she didn't miss anything. She was accurate too. She had enough sources within the White House that she could confirm her content with two or three sources, not just one. Her stories often worked to Bush's disadvantage, but he liked her anyway. He respected her for what a terrific journalist she was, as did most everyone else, but she wasn't doing him any favors with her articles.

Young: I don't think she was universally respected in the White House.

Yeutter: Well, I suspect that, [inaudible] that's true.

Young: Among some of the victims.

Yeutter: Yes. That is so true. She was the best investigative White House reporter I have seen during all my years in Washington. I haven't seen anybody in her league before or since. I think that's been one of the benefits that the Clinton White House has had, just that Ann Devroy was not around during their tenure, may her soul rest in peace.

Riley: Did Bush in general dislike dealing with print journalists or journalists of any stripe?

Yeutter: No, I don't think so. He got frustrated dealing with the media in general as most all public officials do, because he felt they were often being unfair. Barbara was fully convinced they were unfair! She might have gone out and choked a number of them from time to time. They were unfair to President Bush on a lot of occasions. But he's a very forgiving person, and he really tried hard to have good relations with the press. He was not one to personalize his dissatisfaction with what they were saying. I'm sure that deep down he felt that they were being unfair, and sometimes grossly unfair, but he was not going to respond in kind. He always treated them well, and I think today if you talk to the White House press corps who were there during his era, they'd all have great things to say about him. He would probably have complimentary things to say about most of them too. Not all of them, but most of them.

President Bush did not have a lot of press conferences, and one reason was that he was never terribly comfortable with them. If he could have done all international press conferences, he would have loved it. He might have had them every other day! He just didn't like domestic policy questions, and I think that discouraged him from having lots of press conferences. The disadvantage of having a relatively small number of press conferences, of course, is that reporters are going to come up with stories somehow. They're going to talk to other people within the administration, dig out things, and probably write things that one would prefer not to have published.

Young: Was your impression that Marlin Fitzwater was a good fit with Bush and the press?

Yeutter: Yes. Very good. Marlin did a terrific job. The press corps liked him and respected him, and he treated them well. By and large, they treated Marlin well. He was quite well plugged into what was going on, so he had credibility with the press. He sat in on all the key meetings and we all liked him a great deal.

I do think Marlin was frustrated by the White House turmoil. He was hoping that at some point somebody would put a halt to all that, and it just never happened. He carried a lot of responsibility in '92 to try to find a way to communicate messages that would resonate. I'm sure he was terribly frustrated because notwithstanding everything he was doing, we just weren't getting the resonance in Peoria or anywhere else where the votes were to be cast.

Reagan had good relations, of course, with the press, and they cut him so much slack, and he just charmed them. He'd tell them stories and he'd joke with them and they just loved it. He'd entertain them and then he would make some mistake, in one he said "policy-wise," and they let him get away with it. He was—they really cut him a lot of slack and much of it was because they were just absolutely, totally charmed by Reagan. He was really good to them too. He kind of understood the role of the press and that he had to give them some quotable lines, and he was very good at doing this. He could do a lot of those extemporaneously because he was such a brilliant communicator, and he always kind of fed them enough that they were happy, and it really covered over some of the mistakes that he made that would have come back to haunt anybody else.

Anderson: How did the White House staff look to you from your vantage point as Secretary of Agriculture? Was it helpful? Supportive, a nuisance sometimes, not of much concern?

Yeutter: The latter because I didn't really need White House staff help much as Secretary of Agriculture. I had ample staff at USDA to do what was needed. I felt that we knew agriculture a lot better than anybody on the White House staff, and as long as we were doing our jobs and doing them well, they need not worry about us. We did have a very good relationship with the Cabinet Secretary and that staff. We also had a good relationship with OMB, with Dick Darman and his crew.

Anderson: They were not sending you directives or making requests, otherwise causing you difficulties?

Yeutter: No, they were quite supportive of what we were doing, especially on the 1990 farm bill.

Young: You weren't causing them difficulty too, I think was the other half of it.

Yeutter: Exactly.

Young: You weren't a problem department or a problem—

Yeutter: No, that's right.

Anderson: Did that continue under Edward Madigan?

Yeutter: Yes, pretty much so. It was an easier time for Madigan because we were past the farm bill, which was the big deal of the first two years, so he had somewhat of a coasting period over the next couple of years. There wasn't a big agenda for him, except on international trade. At OMB and elsewhere at the White House we were one of the least of their troubles. We were not an embarrassment; we had no major issues coming to the White House's attention, except for things like the spotted owl. On international issues we were scoring positive points for the White House, so nobody there paid a lot of attention to us and we didn't pay a lot of attention to them. During those two years our White House contact was primarily at Cabinet meetings, occasionally at EPC meetings when we had issues on the agenda.

Anderson: You didn't have to clear decisions with the White House or—

Yeutter: Well, sometimes. For major farm policy positions, major expenditure decisions, and on agricultural trade policy. But those were not frequent occurrences.

Young: Talk a little bit about the First Lady and her role in keeping people happy, or well informed or on their toes. First Ladies do have a way of playing a very important role for their spouses. We'd like to interview her sometime, but we do need some perspective on that.

Yeutter: She was a fantastic First Lady. I don't know how anyone could have done a better job than she did. She was a wonderful wife and family supporter in every respect, and her role in influencing President Bush is, I am sure, greatly underrated. She did it all privately, never publicly, which is the way it should be done. I don't believe she ever made a statement of any consequence on policy. She deliberately stayed away from that in her public statements, while working on her literacy programs and other activities. Behind the scenes, one just knows that she was a powerful influence on George Bush. She has that kind of personality; she is very strong willed. For example, she was much more opinionated on personnel than was President Bush. Had Mrs. Bush been making some of the decisions we discussed earlier today, they would have been made sooner. She would unhesitatingly have made some changes. Some of the shortcomings in White House performance probably still stick in her craw. I'm not sure she'll talk to you about them, but you can tell just by her attitude that she has a long memory, and knows where everything fit (or did not fit) together.

A very intelligent lady, she knew a lot more of what was going on in government than she ever led anyone to believe. She is just a great mate for President Bush, very politically astute and very observant. I used to watch her at dinners, and she didn't miss a thing. Her eyes were darting around the room, and you could tell she was sizing up this person, that person, and others too. Those Barbara Bush wheels were turning the whole time there were people in the room. She is a very observant, perceptive lady, and I'm sure all of that got fed back to the President in the bedroom that evening. She was probably his best people evaluator.

She clearly knew far more than she ever let on, in every respect. She just didn't miss things. Her eyes and ears were open at all times, that antenna was flickering constantly when she was around, but none of that ever became public, this was done very privately between her and the President. It was not like Nancy Reagan surfacing some of her—

Young: That became very public.

Yeutter: It did. She became very public.

Young: She was well known to be.

Yeutter: Too public, in my view. I think that was a mistake by Mrs. Reagan, and of course Mrs. [Hillary] Clinton even more so. She became public and highly contentious and controversial in some of her comments, some of which in my opinion was totally inappropriate. You never saw

Mrs. Bush do anything that would have been deemed inappropriate conduct by a first lady in all the time she was there.

She was so circumspect too in how she handled herself and what she said. That was just brilliantly done. One has to be intelligent and perspicacious to operate that way. She is truly a unique talent and her judgment seems flawless.

Riley: Did you ever have any interaction with George W. when he was in Washington?

Yeutter: Yes, though not a lot. He didn't seek to influence government actions. When I saw him was during the campaign. He was in and out on a fairly regular basis for that purpose in 1992.

Riley: First campaign?

Yeutter: I was not around for that earlier campaign because I was then USTR. So I saw him only during the '92 campaign. He sat in on some of the campaign strategy meetings during the final months of the campaign and, of course, was around at the convention and other times. I was very favorably impressed with him. He spoke rarely because he wasn't officially on the campaign team, but I'm sure he was providing input to his father in his own way. He certainly had an opportunity to size up both the campaign staff and the White House staff. And apparently he was involved in the Sununu transition, though I cannot speak to that because I was not in any way involved.

Riley: Were you aware of any other—

Yeutter: No. I didn't cross paths with him until the heart of the campaign in mid 1992.

Riley: Were the other sons also involved in that campaign in any way?

Yeutter: No. Not in a significant way, except perhaps for Jeb. George W. was the only one we saw with some regularity. It was apparent then that this wasn't just a vacation that he was engaged in when he came to Washington, D.C. He was there on business, campaign business.

Young: He played some significant role in the transition of personnel, some of the personnel selection. Chase Untermeyer.

Yeutter: Did he?

Young: Yes. Not across the board, but to make sure that supporters of his father were treated right in the process.

Yeutter: George W. is another family member who has been underrated thus far. He may not be underrated a little further down the road. He's a bit like his mother in that he underplays his hand rather than overplays, and that's not a bad way to be. Better to have people come along and say, gee, this person has lot more going for her or him than we thought. That is clearly the case with

Barbara Bush, and I think people will discover the same thing with George W. very, very soon. Okay. Anybody?

Young: George?

Edwards: I'm fine.

Anderson: I've exhausted my questions.

Young: My goodness, we're finishing ahead of time.

Yeutter: How about that.

Young: This is unprecedented.

Riley: An efficient use of time.

Yeutter: That means we must not have done something right, I guess.

Young: Well, you'll be moving to the Washington area, to Maryland perhaps, and if there's some big gap we can come back to you. I can't think of anything.

Yeutter: I didn't know how you were ever going to use up this much time. I figured we could cover everything that needed to be covered in a half a day, so—

Young: Well, I hope you now know otherwise. It takes more than half a day. Let's wind it up and let me express my appreciation and gratitude for the time you have spent with us. And I know you are very busy, so it means a lot to take this time away. We have learned a lot, and I think those who come after us will learn a lot more.

Yeutter: I hope this contributes. It's hard to judge that, I suppose, but I hope it contributes somewhat.

Young: I'm sure it will.

Edwards: It's been an informative and enjoyable day.

Yeutter: Good.

Young: Very instructive.

Yeutter: Well, thank you all and good luck with the program and everything else you're doing. I think this is a wonderful facility here, and you all back at the University of Virginia, and you know I'm not even being paid for that, gorgeous facility—