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CARTER PRESIDENCY PROJECT

FINAL EDITED TRANSCRIPT

INTERVIEW WITH ALONZO MCDONALD

March 13-14, 1981

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YOUNG: This is the second in what we hope will be an extensive series of visits from former members of President Carter's staff. We have met here, as you all know, for several purposes, not the least of which is to educate us and perhaps a larger public as well. The assumption behind this effort is that the public and students of the Presidency have a great deal to learn from the perspectives of those who have been closest to the Presidency. It's an assumption that in every case has proved correct in my experience.

So, we are here to learn, and we recognize we can often learn more from you than you from us. Occasionally, though, it works the other way, as it's sometimes helpful for you to get an opportunity to respond to views from the outside from those of us who study the Presidency. I will not go over the ground rules because we did this with all the academic participants yesterday. Let me simply mention again that this is off the record although the sessions are being taped. It is off the record because we view that as a matter of policy here to encourage candor. An opportunity to edit the record will be given to Mr. McDonald and Mr. Rowny when the tapes are transcribed, and they will be the only ones to see the unedited transcripts.

Before this meeting I discussed with Al McDonald and Mike Rowny some of the matters in which we expressed an interest in our own discussions yesterday afternoon. I think there's a convergence of interest here. What we'd like to do is start off by asking our guests to talk about how they came to be appointed to the White House, how they saw the White House from their different perspectives before they came to it, and how they saw the Presidency and the White House at that juncture in history. Perhaps they could also talk about what attracted them to their jobs and what they found when they arrived. Thirdly, they might give an overview of their functions and the general role that they performed.

From that point we'll go into more detail and depth. As we get toward the late morning or afternoon, we can consider questions about the nature of their role and functions as well as the interactions within the White House community. What was the meaning of "management" in the operational sense there and so on? Tomorrow morning we're going to try to move toward getting a better handle on the meaning, lesson, and historical place of the Carter Presidency. I will not repeat for you the sub-questions under these general topics because our guests know them, and so do we. I'd like to ask Al to begin.

MCDONALD: It's a pleasure to be here, and I hope we'll have an interesting discussion. My own story is one of coincidence more than deliberate design, to begin with. I began in the multilateral trade negotiations in Geneva, Switzerland, first, and then joined the White House. Sometimes one is impressed by the fact that the events possess more influence than the individuals who are supposedly directing them. I think that was a frequent characteristic of the Carter Presidency and certainly of my own role in it.

You know something of my background already. I had no intention of being in government at any point as I had no political aspirations and was not really politically active. I met Jimmy Carter as a lark almost at the first dinner in New York given by Ted Sorenson at the Twenty-One Club. This was a group of 20 or 25 of us who were assembled by Ted to raise enough money to qualify Jimmy Carter for the New York primary. There was no thought that this individual would be a serious candidate for President, nor that he ever would be in the Oval Office. But he was a friend of Ted's—so were we—and it seemed like an interesting way to pass an evening and see what motivated this individual.

I became interested in what he was doing, and I supported him in a distant way. But I did not become really involved or part of the organization. For that matter, I did not even know the organization. As an illustration of my distant relationship, I was probably one of the few business executives in the U.S. who might have had sympathy toward Carter, but who had never met Bob Strauss before the election. And if you don't know Bob, that puts you at a fairly low level. I was delighted to see him win, and I was pleased to see him in there trying.

I can remember an early discussion with the editors of *Time* while I was head of the McKinsey Management Firm. We usually had a discussion over lunch about once a year just to talk about what was happening in the international business world, what we were concerned about, the problems we were dealing with, and our own different views in off the record sessions. I can remember being at such a meeting shortly after the dinner at the Twenty-One Club. Marshall Loeb and Henry Grunwald and others at the meeting said, "You know, we just met a very interesting personality. He was sort of surprising, a very smart, impressive person." And we started talking about Jimmy Carter.

Within the previous month, they had an initial meeting with him as an editorial board, and this Twenty-One Club dinner had taken place as well. We all agreed that he probably had no business running for President. First of all, we didn't see any chance for him to win, and after that insightful political evaluation, we agreed that he was far too intelligent really to serve in the Presidency. He would probably complicate the life of the nation if he should be elected, although we were very much impressed about the way he thought, the way he talked, the way he analyzed problems. Anyway, it seemed almost too rational as a set of circumstances to be played out.

During the time from then until his inauguration, as I say, my role was very limited as a distant contributor with an occasional telephone call, but nothing really active. Then I received a telephone call from Bob Strauss one day. It happened to be within 24 hours after the economic summit conference in London. He said, "I need to talk to you, and I need some

counseling on international trade questions, and your name keeps coming up in discussions on that. So I'd like to have breakfast with you in the morning."

I said, "Well, I'm in Detroit today. It's in the middle of the afternoon, and I'm on a six o'clock flight tomorrow night with my wife to Europe for a long-planned trip of speaking engagements. I really don't think this is feasible." He said, "You've got to have breakfast some place, so have it in Washington. It's not very far from New York." We had a little logistical discussion for three or four minutes following the standard Strauss format, and I had breakfast with him in Washington the next morning at seven o'clock.

When I sat down with him, he said, "What I want you to do is consider joining me. The President has just re-launched the Tokyo round of multilateral trade negotiations as part of the London Summit. He is out on a limb because the heads of state from the other participating countries really want it to die, declare a victory, and go home. The President thinks we really should give it a push. I have been charged with pulling together whatever staff is necessary to accomplish the job." In response I said, "I don't think there's much hope for that negotiation. I think it's already dead—died two or three years ago—and it's probably already completely decomposed by now!" Bob Strauss said, "I know that's the case, but the President has re-launched it. We've got to go."

I thought we needed about three weeks to think about it, and he wanted to know where he could get in touch with me in Europe. That was fine. But he talked with me about every third day or something like that and then suggested, "By the way, I think you ought to come back by Geneva, see where the negotiations are taking place, meet the current ambassador, and have lunch with him." In his normal firefly kind of way, he brought me closer to the flame, and the next thing I knew, I was sitting in his office in Washington offering a McKinsey type of analysis on why there was absolutely no hope for the Tokyo round. I went through chapter and verse of how the situation was beyond recall. And he agreed one hundred percent with the total analysis.

But he said, "There's a big difference between us. Although your coming would not make any difference at all in the final result, I'm sure, by trying I will be able to sleep at night for the rest of my life. On the other hand, you will always suspect that had you gone, things might have been different, and you won't be able to sleep. And in the meantime, I will call all of your clients and tell them what a lousy, unpatriotic, no-good SOB you really are. The President wants you, and you're too selfish and concern yourself only with your private, little affairs when we have the biggest economic negotiation on the way in the history of mankind." Now, how selfish can you be? (Laughter)

So, with this general discussion, I agreed to leave what I had spent my whole life trying to get, and I joined Bob Strauss in the government and was sworn in during August of 1977. We were walking out of the White House soon after that, and I said, "Bob, we ought to get together in the morning and talk about the negotiation strategies and see where we ought to go." He said, "Get on the airplane and get on with the job." We had thus completed our strategic discussion on how to negotiate the MTN [Multilateral Trade Negotiations], and I

caught a flight the next night to Geneva. So that brought me into the Carter administration, a series of circumstances really.

One of their attractions to me, I think, was that they considered me to be an Independent. I had been registered an Independent, and it looked like their only political route in carrying out the negotiation. They needed to have a bipartisan result that would improve the odds for success in the Congress. You know the story of the MTN, and that's not the purpose of our discussion today, so I'll just skip what happened over the next 15 to 18 months. The negotiations were successful, and I signed on behalf of the U.S. government in April of 1979.

Upon returning to the States, I was greeted with an editorial in the *Journal of Commerce* saying too bad they finally negotiated a successful international agreement, the Congress will never pass it, and the whole effort has been a waste. Thus, I returned to Washington a little bit depressed after having felt exhilarated when I left Geneva. Again, we were fortunate in getting the bills through Congress with the biggest majority that any trade bill has ever had. Things worked well, and it ended up as one of the real economic successes of the Carter administration. The President was enormously pleased, and his staff was pleased. In fact, we used our MTN effort almost as an initial pilot test on how a participative form of consensus could be developed in a controversial arena. Perhaps Anne Wexler went into this when she was here, because she and I were intimately involved in a special task force that became the model for what we tried to do in a number of other areas.

YOUNG: Could I just interject? When you got back to Washington, you played a considerable role in the congressional work involved in getting that passage, didn't you?

MCDONALD: Well, I wrote the memorandum in early spring of 1978 on what I thought was the only political strategy we could follow. I wrote that the negotiations would not carry the Congress unless we could broaden the scope of what we were doing and develop a bigger coalition than we could have had just from those who would be direct beneficiaries of it. We had to move toward a trade reform package highlighting domestic improvements, and make some alignments of domestic policy with what we were doing under the Tokyo round. So, we needed to flag the Tokyo round, but we also needed to define it in terms of where we thought we could build a coalition. I agreed with Bob and with the President from the outset.

This was in contrast to the [John F.] Kennedy round, where the Congress approved really nothing that they had negotiated. The only things that took effect were the items that had already been delegated to the President, largely in the tariff area. In that instance, they had disbanded the negotiating team as soon as they had signed-off in Geneva, and the professional bureaucratic group in Washington had taken the ball from there. They had apparently fumbled it afterwards, and so we agreed that we would play the same team all the way through. The lead negotiators would come back to Washington and would be the chief witnesses before the congressional committees. They would also be the chief liaison with the various industrial, labor, and agricultural groups and would provide continuity until the Congress decided up or down. I was really the project manager under Bob Strauss's political umbrella for getting that job done, and Mike Rowny became the day-to-day leader of the congressional liaison forces throughout the administration, which made congressional passage of the MTN.

We introduced a number of tools for managerial monitoring or control that then became standard in our later operations. They were designed in the course of this issue, and Michael was really the first one to employ them and make sure that they worked. We called the vote count on the MTN about a week ahead of time and couldn't believe our figures. It destroyed our faith in our tools until after we saw the final vote! We couldn't imagine that it would come out nearly as well as it did, but our predictions were within, literally, a four or five vote differential of the actual totals in both houses of Congress.

Coincidentally, the MTN issue happened to end in July of 1979. I had agreed that I would come in to do that job and then I would be going back to the private sector. Then Bob Strauss was designated to deal with the Middle Eastern task force, and I agreed to serve as the acting special trade representative during the bridge period to begin planning the implementation. This position was to last about ninety days or so until a new STR [Special Trade Representative] could be named for the rest of the term. Meanwhile, I also began to orient myself back toward the private sector. The timing, as I mentioned, was strictly coincidental.

Shortly thereafter, the domestic summit conference occurred at Camp David. The President came back, blew the Cabinet apart, decided that he was going to change the White House structure and approach to how they were doing business, while we signed off on the biggest success in the economic field that his administration had. I knew Hamilton Jordan from contacts on the MTN, and we had been together and became closer, by coincidence again, on the President's trip through Europe. I had been a part of the traveling delegation, because trade was one of the major discussion points for the meetings with the heads of state in France, Belgium, and then for the first visit of a President of the United States to the European community and its commissioners.

So I was with him on that, as was Hamilton. It happened that we were thrown together in the same cabin on Air Force One. We sat one seat away from each other in Brussels and at various other events. As circumstance would have it, we got along reasonably well, and so we came to know each other pretty well. Hamilton gave me a ring—at the instigation, I'm sure, of Bob Strauss when they were looking through a whole series of names to shape the White House up. Strauss said, "You're a great guy, Hamilton, but you can't be Chief of Staff." And so he called me, along with two or three others. I don't know exactly who they were, but I have some good suspicions. They were, from what I understand, some of the more respected member of the Washington establishment, members or partners of major law firms.

We went through a series of discussions, not really interviews, on how we would go about it and what we would do. Hamilton and I had two or three discussions and several telephone calls in between just exchanging ideas. Within about a week he said, "Would you come over and join us?" It was clear to me that the situation needed someone like a professional manager or a student of management by profession. It was another type of challenge like going to Geneva to manage the economic negotiations. So, again, the flame was too bright for the firefly, and I came closer.

This happened in August, and for nearly six weeks I had the double duty of trying to establish what was really the Chief of Staff's office in the White House at the same time that I was acting as special trade representative. I was glad when those duties were reduced to one, but even one of those was more than a single individual could physically do at that stage.

To give the remainder of the overview, a Presidency, in my estimation, is a totally different type of situation from any other managerial one that I have observed. I served really under four different Presidencies in my 18-month stay, not under one. Each had a different set of goals, set of objectives, or set of criteria on which things were done. As a result, the White House needed shifts in organization and priorities as well as different tools. The first Presidency was what might be described as a productive, third-year Presidential period.

We could talk about what I mean by productive third year, but I believe in the first-term Presidency there is only a maximum of 18 months that is a productive window. I would say that would be from after the first 18 months until the end of the third year, and it may not be fully effective until almost the third year. But the third year is the window of Presidential leadership and opportunity, in my view, and unless the White House is geared for that, and unless the President himself capitalizes on that, they miss the whole Presidency. They will have served in the office, but the impact will be less than one would imagine. So I participated in a period of about six months in that phase.

The second phase was a phase of national crisis with the Iranian hostage situation. It lasted about five to six months, and the way the White House operates under that type of situation is, again, totally different from how it operates under what would be described as any other phase. One of the difficulties of this period for the staff and the President is to realize what has happened in the environment in which they're operating, and how their own jobs change under those circumstances. That's not frequently discussed enough, nor thought about in the White House. We almost back into crisis patterns, and it could be done, I think, more thoughtfully. Nevertheless, it was a totally different managerial job for those six months than it had been during the previous six months.

The third phase was during the course of the final primaries, the convention, and the general election campaign. Again, that was a different kind of a White House, a different kind of Presidency, as all the items that I mentioned earlier shifted. The fourth Presidency that I served was a transition one lasting from November 4 until January 20. Again, there was a totally different orientation in terms of what was being done by the operation and how one thinks. There was a different routine.

In sum, I believe that the Presidency, to a degree, is a chameleon type office that is frequently influenced by circumstances. Success is often found in the ingenuity and sensitivity through which the occupants in the White House realize that they are in a different phase of the Presidency, adapt to it, and thereby influence the environment to the highest degree they can. They are never in control, please understand that early. The restraints on the power of the Presidency are great, and it's an interesting office for that reason alone. It has less hierarchical control than any major office that I have seen, served in, or served near in some 25 years of

watching and studying and working with organizations. So that adds another dimension to the problem of the Presidency, but I think that covers my overview.

YOUNG: Very good, thank you. I'm sure we will want, at some point, to explore further these four Presidencies that you served under and how specifically these tasks changed. Certainly we all have an idea, but we would like to hear more from you about it. Michael Rowny, do you want to pick up here?

ROWNY: If I can just start back a little earlier to the time when I began to work with Al McDonald in the Executive Branch, because prior to that I was in the Senate. Since early 1974, I worked for the Senate Finance Committee which, as you know, has jurisdiction over trade and tax matters in the Senate. It was really an interruption of my business career and an interlude during which I had gotten a law degree. The first contact that I had through the Senate with Jimmy Carter was during the time in 1976 when Presidential candidates were coming through Washington and seeing some of the major political forces in town. The chairman of the Senate Finance Committee, Russell Long, for whom I worked, was considered one of the true heavyweights and therefore had a constant stream of people coming through his office.

At that time there were a good dozen candidates, and maybe more, in the wings. Interestingly enough, one of those candidates was also a member of the finance committee, Fritz [Walter] Mondale. So I was serving someone who was trying to become President and also serving someone who was viewing possible candidates that he might have to deal with. Russ Long knew that he would have to deal with one of the people as President, and he wanted to be sure he was going to get what he wanted in taxes and so on.

But, of course, very early in the 1976 campaign Jimmy Carter was not viewed as a serious candidate, and we gave him a very cursory review only in areas we were concerned with. He found, however, that he was extremely interested in trade. He had done a lot as Governor of Georgia in terms of exports with Coca-Cola and other major companies, but that was about the extent of our review. Of course, Jimmy Carter was outside of the party organization, too. Later, he joined forces with Fritz Mondale, and that brought his group back into our stream.

After the election and the Inauguration, the obvious contrast to watch was how this Presidency was going to react and relate to Congress. During the years that I had been on the congressional staff, there had been a tremendous degradation of the Presidency and a tremendous accretion of power in organizations like ours, the Senate Finance Committee. All of a sudden, the Presidency developed tremendous new bargaining power and leverage, if you will, and one of our main concerns was how this was going to change things. Not only was there a new President with a clean record, but he also had in Fritz Mondale someone who knew or should have known very well where all the bodies were buried in the Finance Committee.

The first major policy that tested this new relationship out—at least in the energy and international trade area that I was working in—was the energy program that was proposed in the first 90 days. It was the first full-blown policy decision that was sprung on the Congress in

a whole series of major policy moves that clearly demonstrated a departure from what everyone expected, in the sense that it was not reviewed ahead of time in an extensive way with members of Congress. It was a policy clearly cooked up in the dark and brought out only after it was fully developed. For the balance of the year, this bill was the major concern of the Finance Committee, and I worked to essentially change that program to the point where it was reduced to a non-passable entity.

Then, in early 1978, I became more involved in international trade. Bob Strauss, his colleagues, and Al McDonald had revitalized an area that everyone thought was completely dead. Even though there was a great sense of movement and a great body of talent involved in this, it was still something that everyone thought was going to be an interesting exercise, but was not going anywhere. The United States certainly couldn't pull this off. Yet, it was one of the most exciting areas in town. The working group had some of the best talent, and was for me personally such a great contact with the private sector, that it was in my best interest to serve as a way of becoming reacquainted with the private sector and getting back into the area that I preferred. It was clearly going to be a great challenge and a lot of work. In fact, when I met Bob Strauss, I said I agreed to go work for Al McDonald in Geneva. And he said, "Son, that's good for me, but it's bad for you!" So from that point on, our two paths largely coincided up to the point where Al began discussing his job in the White House.

As for that topic, originally I thought it was an interesting intellectual exercise to discuss how he might bring management techniques to the White House, but I didn't think it was possible. Suddenly, I was involved in trying to manage this MTN process while Al was handling a Cabinet level job and a senior White House post. It was a truly impossible situation for about two or three weeks. Soon thereafter I agreed to go to the White House because it was an experience that one could not afford to miss. At least I thought so at the time, and it subsequently turned out to be that way. In any case, I think that summarizes the perspective from which I saw things earlier on, and since the rest of my participation basically coincides with Al's, he might go ahead and pick up at this point.

YOUNG: Al, did you have something you wanted to add at this point?

MCDONALD: No, only that one of the greatest blessings I had was to come across Mike. We went through three different job situations together as a team, got to know each other extremely well, and complemented each other well to the point where we knew with a minimum of conversation how the other person would operate. This personal relationship gave us a two-dimensional approach in what we did working with the staff, working on the Hill, working with the negotiating officers in Geneva, and then later working in the White House. I would be moving the senior staff while he would be moving the deputies on a joint basis. Then, we would be folding back together to compare notes.

We never were operating in a triangular fashion. We were always on a multidimensional one, and for a time we had a third colleague with us who was operating at an even more modest plane within the group, and he was also helpful. As we talk later on specifics, you'll see how our two perspectives were looking at the same problem, but in a coordinated fashion and

trying to assess how the overall plan would fit and work. And I think to a degree we were successful because of our team approach.

YOUNG: I know the circumstances under which your two paths crossed, but I'm not sure how our future deputy first came to your attention.

MCDONALD: He was recommended to me by the General Counsel of the Special Trade Representative, Dick Rivers. Dick had been Mike's immediate predecessor on the Finance Committee. The group has their own little mafia, and when they see good jobs coming along, if you have done well, they sort of recommend you. I was looking for a deputy in Geneva to help me control and run the delegation, and ideally it would be someone from the Hill because our biggest problem was how we would differentiate our negotiation from the Kennedy round by getting congressional approval. So I did not want anyone from the Executive Branch per se, and I did not want a political personality or even a good thinker and analyst necessarily. I wanted someone who understood our subject and knew the politics of the Hill.

I talked it over with Strauss and with Rivers, and Rivers said, "I've got the guy you ought to meet." Later, I discovered that—*clone* is too strong a word because they're totally different individuals—Rivers and Mike had followed similarly successful paths in the Finance Committee and had great regard for each other. When I met Mike it was pretty clear that this was an outstanding candidate who could very well fill our needs. I was also trying to keep as many of the negotiating officers within the delegation in Geneva as possible. We did not have time for a re-infusion of talent and a big upheaval. We had to deal essentially with what we had on a reappointment basis. If we were going to approach the President's deadlines, I could only afford one or two additions that I could use as catalysts and as synthesizers at different levels within the delegation without thinking of a major change. It was in that context that Mike's job was conceived, and it was this aspect that made it particularly interesting to Mike. It was more than just being an administrative assistant. We talked about how we would operate with multidimensional management of the problem. So that's the way we got together.

YOUNG: Was the third person you referred to earlier who worked with you in the White House also a member of this negotiating team?

MCDONALD: Yes.

YOUNG: I have some other questions to open up the subject a little bit more, but I would like to still focus on how you got into the white House and what happened before that time. What role did President Carter himself, insofar as you know, play in defining the job or the need for the job that you were going to perform? Were there any conversations with him, or was this all done through Hamilton Jordan and Bob Strauss?

MCDONALD: Actually, Bob was not a party to them. Bob deals only with personalities, and he really completed his task by giving the names of three to five of his buddies. So, regardless of who got the job, it was going to be a Strauss person. It really didn't make any difference to Bob who got the job. As long as he controlled the pool from which the selection would be

made, any choice suited him fine. [Laughter] The President could exercise total individual judgment on the decision. So Bob moved out as soon as the pool was established.

The President made the decision that he was going to move toward a more disciplined management of the Presidential staff. It was one of the major thrusts that had come out of the domestic summit. This was not a happy or a self-initiated decision. It was a reactive decision in response to a growing consensus among his aides that something had to be done and among outsiders who said, "You know, the world is too complex to operate it the way FDR [Franklin Delano Roosevelt] did."

It was with great reluctance, I think, that Jimmy Carter changed. It was too bad that he couldn't have served as President in a different age and a different time. He had to take a considerable amount of criticism from inside the Democratic Party for creating a staff hierarchy. He was an outsider, and he still is, but he was the first Democratic President to designate a Chief of Staff by that title and say, "This is the format that I now endorse and will follow." I had to fight the political circles in a number of discussions with former aides to Democratic Presidents on why we were adopting a "Republication organizational format for the White House."

So it was not a likeable decision on his part, nor a happy one, and he knew there was going to be some downside to it. But he reluctantly concluded he had to do it. During the course of this, it was recognized that there was really only one person in whom the President had sufficient confidence, and who was the only person within the White House staff who was a sufficiently natural leader to be designated Chief of Staff. Those were the two criteria upon which Hamilton Jordan was chosen. It was not whether you could do the job or not, it was whether you would be able to maintain the human links. Any other choice would have been a forced one and a failure almost by definition.

Hamilton had grown up working only for Jimmy Carter, and there was absolute total confidence between the two. There was never a question of personal loyalty, nor was there any question of him not being able to communicate to the President on anything that he thought the President should know. He had enormous tact. He also had great sensitivity on how to communicate to the President, and there was no doubt that the message would always get through. And the group knew that. Hamilton is a special case. It was clear that he had the leadership position in the eyes of the others to the degree that no one dared to act as informally as he had. His selection as Chief of Staff was the confirmation of a very loose informal recognition both from the top and the bottom.

The problem was that after having designated him Chief of Staff, what happens next? Hamilton said himself that he had no experience operating large organizations. His experience was in putting together campaign efforts, and as you know, the organization and management of a campaign is an entirely different set of events from running any other kind of organization. Campaigns are totally voluntary, and you're grateful for anything workers do. If workers show up for thirty minutes a day, it's a big deal. If they show up three times a week, that's a great week. You're paying nothing, so anything you get is a plus. It's a different

management system from the one in which you have a regular team compensated to perform a given job.

There is also an inspirational and common objective within a campaign group that never occurs in government. In jumping from one to the other, you soon learn that a whole different series of questions must be asked. You soon learn that there's no common objective within an administration, within a White House, within the nation, or within a party, at least not a consensus on which you can take action. If you take things to a higher level of generality, it's fine for rhetorical purposes, but it has absolutely no relationship to movement or to programmatic translation. Generally speaking, these were the circumstances under which Hamilton took the job.

In the final discussion that Hamilton and I had, he said, "I need someone to come in, set up the office, and bring discipline into the situation." We developed a chart—in fact, I have a copy with me—that the President signed off on, that shifted the White House away from what was the old spokes-of-the-wheel model. In this model there were about 15 or 20 senior aides who reported directly to the President, and he acted as his own Chief of Staff. The new model that replaced the spokes-of-the-wheel brought a semblance of a hierarchy with a Chief of Staff and with me, in fact, being the chief operating officer.

YOUNG: If I can prevail on you for just two more questions. Apart from the question of Hamilton Jordan's emergence, if there was going to be a Chief of Staff (and you mentioned the criticism from some of your Democratic people about imposing a Republican model) their goal wasn't quite the [Dwight D.] Eisenhower model, was it? Secondly, aside from the fact that Jordan would be a natural choice and that there was going to be a Chief of Staff, as a result of the domestic summit conference, was it Carter who really initiated this idea, or did he approve it?

MCDONALD: It was a response rather than an initiation on his part.

YOUNG: And a number of the senior aides were urging him to take this course?

MCDONALD: I think they also reluctantly concluded that it was an essential step. I don't think they were in favor of taking the initiative either. My suspicion is that the initiative came from the one hundred outsiders who may have been there saying, "Mr. President, you better get the White House in order." Also there was a constant plague of two or three newspaper articles each week on the latest White House mix-up or on the issue of the President's competency. One article said, "If you can't operate the White House, you're going to have a little harder time with the government, an even harder time with the nation, and an even harder time with the world. So maybe you'd better start at home."

Generally, there was a pretty blunt message that came through at the domestic summit. I don't think the President could have left there without doing something about the White House. Staff mix-ups and competency were the favorite topics for the White House press to highlight at that point in time on slow news days. And there was a lot of meat.

YOUNG: Was there also consideration in adding new people to the team that it would be important to get people who were not from within the group to help out in this operation? Did they want somebody from the outside or somebody who knew the fine print of Washington?

MCDONALD: This is a totally subjective answer on my part. My suspicion is that they backed into it as a regrettable but necessary action in order to accomplish their other goals. These actions were not a way of saying, "We're going to spread out," because the philosophy of the group initially had been one of "disadvantage," and the President had used this descriptive phrase more than once. He had always operated from a disadvantage. He always had the image of the few settlers moving west, bringing their circle of covered wagons together in time of great attack. There were very few wagons, and those leaders who had survived were very good fighters under tough circumstances.

He knew exactly who they were, and he always assumed that there would be another attack across the next mountain. One of his priorities was to make sure that each wagon leader could be counted on for his share of the circle as that circle was drawn. So I think it was with reluctance that he went to outsiders, certainly not with enthusiasm. I think he was pleased with the fact that he found degrees of loyalty among the newcomers comparable to what he had found earlier within the small group. But the newcomers had a breadth of experience and expertise even broader, and I think that was sort of a revelation to him. I think that was one of the pleasant surprises of his administration. But if this change had not happened in the first term, it would have in a second term. It was a part of the learning experience that a President can count on. He had looked at previous White House groups, and too often they had been merely friends or cronies.

There also was his concept of the Presidency and its relationship to other parts of the government. But his basic inclination was that it really didn't make any difference who was on the White House staff because he believed all the things he'd read about the White House. "They were not that important; it's really the Cabinet group that's important." He had gone to great lengths to build the substance of this thinking in the outsiders and in the Cabinet. The rest to him was simply the inside group and the political organization where you keep the house clean and that sort of stuff. But it was not important.

It was only later that he realized the President of the United States has control over only about four hundred people in the Federal government, and they're all members of the White House staff. Unless that group acts as a catalytic instrument, not just in question of loyalty but in terms of monitoring and initiating as an extension of the President, the Presidency actually will collapse in the hands of divided interest. There was no point of synthesis, and that was the revelation that finally came to culmination about the time of that domestic summit. He operated on an entirely different view of the relationship of the Presidency to the staff and to the departments after that meeting.

YOUNG: Before you took the job, did you have a conversation with the President about the terms of reference?

MCDONALD: No, only afterwards. I talked with him in general terms about joining the team beforehand, and it was actually the second day in the White House that Hamilton and I met him alone after one of our morning meetings. He took off his coat, came across the room, pulled up a chair, and said, "Now, how are you guys going to run this thing?"

YOUNG: And you had the answers to that?

MCDONALD: Yes, we candidly said, "Here's the way we're going to operate it."

YOUNG: Did he critique it? Did he say, "I would do it this way if I were you"?

MCDONALD: No, he was a good manager in this regard. He rarely told you how to do the job. He was only concerned about the job you were doing, and if the way you did it fell within a reasonable range of tolerance, it suited him. He didn't dig in and say, "Now we're going to do this, that and the other." He was concerned about how we worked together as a team. He was concerned about what general division of responsibilities we were going to take, and he was interested in how we would relate to him and to the others to avoid surprises.

I was the spokesperson, but, of course, Hamilton said, "Al, would you describe to the President how we plan to operate?" And that was the normal pattern. I said to the President, "Here's the way we have organized ourselves, and here's the way we'll be proceeding." He listened with great interest and concluded our discussion by saying, "Any time you need to see me, the door is open. Any time you want to talk to me, the telephone is there."

YOUNG: That stuck throughout your service?

MCDONALD: If anything, he was too patient with people who might abuse such a right. We never had a qualm, and periodically I would see him on Saturday mornings, which was sort of a leisure time for him when he was not at Camp David. He would wear sport clothes, and so would most of the others who were around the White House, with his feet on the desk in the Oval Office and just read and lounge. I can remember after about the second month we spent perhaps 45 minutes together, with me giving him an overview of how we were going, what we thought we were going to accomplish, and getting some of his reactions.

He would ask, "Is this going better or not so well?" or "Do you see any areas where we are not moving as fast as you think we should?" His great concern, like any President's, was how the activities of others bore directly on his own time and his own decision process. Occasionally, that got almost too myopic because of the pressures of time, pressures of events. He was interested in a shorter time frame than a longer one because there began a flood of daily and weekly events, as well as new crises that did not lend themselves in his mind to a lot of speculation on scenarios out front. He was very interested in the specifics.

YOUNG: Can we now move to another area? Perhaps you could describe your impressions of the Carter White House when you first arrived, and then tell us about the division of labor between Hamilton Jordan and yourself.

MCDONALD: Let me describe our situation, because I think in view of what the White House was like at that point it will add some flavor to our discussion. The President hit the low point of any sitting President within about 15 days of my arrival at the White House. In one of my first discussions with him, I said, "Well, Mr. President, as you know I didn't necessarily come in here just to reap the rewards with you," and he laughed. Of course, the difficult situation enhanced my ability to do something, but you should realize that there were also major constraints in the last 18 months of the first term.

The election was coming up, and we only had four months before the President had to declare. There were a number of other constraints we can talk about later that were natural and that we had to deal with. So, we couldn't do everything we wanted to. We had to say exactly what it was we could accomplish. I set out with a very simple objective—to remove the White House as a major issue in the campaign. If we could have done enough so that the White House was no longer news, then the competency issue would have been set aside. That's about as much as we could have hoped for under the circumstances. Within 18 months we were not going to build an ideal White House or staff.

I remember the first time I mentioned that to the President. I said, "I sure would like to see the White House, in terms of how it operates, move to the point where it's really not news. There's nothing that's worse news than a smooth running plant. It's only the ones that are catastrophic with streams of pollution coming out from them with violent strikes that make the news. If it's running well, it's dull. And that's what we'd like to do here." He laughed and said, "I don't think that's possible."

We started our program by focusing on the means to this objective. The overall plan was to spend about 60 days in which I would "go public" frequently with Hamilton. For example, I deliberately interlinked him so that we were often seen together. The press, you know, was very anxious to have us as a divided unit. Our backgrounds were so different that the media highlighted the contrast between our personalities, our experience, our dress, and our attitudes. I didn't wear cowboy boots, big western shirts in the office, or leather jackets. And I didn't really like amaretto. The press would have a handful of opportunities for fun and games, if they could get us apart.

So I said, "For the first 60 days, Hamilton, we'd better be moving as a team; we'd better be seen doing things together in public. Be together and just tell people what it is we're going to try to do. Keep factual, with no great promises. And then I'm going undercover." I wanted to go back to the old Roosevelt idea of the good Presidential aide—occasionally seen and rarely heard.

I hardly spoke to the press. I did not really respond to interview requests for some 60 to 90 days until the Friday after the election. I met with the breakfast group—for the first time in about eight months—the Friday after the election, which I'd agreed to do before the election. They remarked at that time, "Gee, we haven't seen you in a long time, Al. Where have you been?" And I replied, "Just working where I should be." It was clear with the background of the White House that any story on improved organization had to be contrasted with the earlier situation, which would have meant a net negative impact. There was no way we could win

with this issue on the outside in the campaign. The only way we could win was not to brag on our progress and to respond periodically to inquiries as they came, but in the lowest key.

I would say, "This is really dull stuff, you know, just management and organization. It doesn't have any of the flair of politics or the White House glamour that you're interested in." This was the pattern we followed right up to the end. And one of the things that we considered a sign of our success was that the White House was not an issue in the campaign. We even got to the point where the competency issue was hardly mentioned in public debate, at least during the last six months of the campaign. By that simple measure we thought we had made considerable progress from the press routine of the second and third year.

What did we do specifically? First, we wanted to get their attention on the inside group to let them know where something was going on. We wanted to do that as rapidly as possible, and we wanted to be rational so that it could be justified. We wanted to give a little bit of a shock treatment, but we did not want to make big personnel moves because nothing would have been more disadvantageous to the President at that point in time than a great internal catfight among his chief aides. Three or four of them might have fallen off into oblivion until their articles and books appeared just before the campaign.

Secondly, it was pretty clear that we had to live within our limits. The inside group would have to be tolerated as we moved, and so we began to think in terms of a cone of discipline, but a cone with somewhat crinkly edges. We would go just as hard as the organization could tolerate, and when it got to the point where it looked like it would blow, we would ease a little bit. Our strategy was to keep the pressure easing back and forth in narrowing the cone. We went just as fast as we thought they could take it without spitting out to the press. Publicity would have moved us in the other direction. To get their attention we moved about 25 to 30 percent of the people into new offices within the first ten days. That always gets people's attention in government, and particularly in the White House.

And just to make sure that they knew I was there and was going to have some influence, I moved into the office adjacent to the President's private study. Under traditional White House moves, that means something. My sudden transformation from outsider to insider was a little shock treatment, and not everybody liked it. In addition, we went through a process of trying to talk our way through this painful transition. We sat with them for hours in those days, very carefully trying to say, "It's going to be better. Here's what we're going to do, and this is the reasoning behind it." Most of the groups finally decided they were better off with us.

For example, the congressional liaison group had about six offices scattered all over this seventeen-acre complex. One of the reasons they could never respond to telephone calls was that they simply could not find out where the calls had come in. They couldn't respond to correspondence because they couldn't know where the correspondence was, and when they found it, they didn't know where to send it.

Basically, it was a random organization. The key guys of congressional liaison had offices in the East Wing of the White House, and to them that was most important. We took those offices away from them and moved them all over to a single wing in the Old Executive Office

Building. We brought those six departments together, literally, within the first ten days, and put all the correspondence units in one section with the telephone answering groups. We installed the system and appointed a deputy head of congressional liaison whose job it was to run that team, because it was clear Frank Moore wasn't going to do it. It just was not his style or his manner. Over time, the group moved from a very random collection of individuals—highly talented, but doing their own individual thing as best they could—to a fairly organized operation. We also moved others who had split offices into a more rational one.

We shuffled those offices that we didn't think were contributing to the Presidency as much as they were talking to the President. And we did this while the President was out of town, so it was a little hard to make an appeal. The movers came in on Friday afternoon, and by Monday morning, we were circulating a new map of where everybody's office was so they'd know where to go. We gave priority for the new telephones to those who really had something to say, and for those who had lower things to say, it took several days to get their telephones. I think it's safe to say that we got the attention of people with those fairly rapid movements, and we went just as far as we thought we could.

It was a fairly tense time, but afterwards we were able to relax. Our message became, "Now that everybody is a little better set up, let's see how you do your jobs, and make sure that we all know what everybody's doing. We will begin to follow a routine. Routine is not sacred, however, and we can change it any time you want to."

We began a series of meetings, starting with the deputies at 7:45 in the morning, and the pattern just followed, again, a cone-like situation. At that level we wanted them to assess what the situation was as they had left it the night before and as the President had inherited it that morning. We wanted to screen an agenda that the senior staff should have been aware of and should have exchanged views on. Then, we wanted an agenda for a smaller group to inform the President of what was going on by 10:30 every morning. We had the top three layers within the White House informed on the same issues and going generally along the same lines, and this we assumed would improve our odds of coming out at the same place at the end of that day. If it worked, we'd do it again the next day.

What a very simple and obvious change this was, but it was quite dramatic in terms of how the infrastructure worked, how the personal interrelationship worked, and how one managed the whole process. We used control over agendas as a communicative device and then used the running into items that would be on the agenda as a coordinating device. This process was linked back to the flow of paper to the President under a different format for determining the use of his time and his involvement according to his priorities.

Then, to come through with one voice, I took over the President's speechwriting process, because if the President says something, it becomes a policy statement. Up to that time, if anybody wrote some thing for him, the mode of the group was simply to hand the President the statement en route to the podium. Of course, it is one traditional White House method of getting your policy approved. He reads it once, it's reported on television, and it's a little hard for him to say, "But you know, I really haven't discussed it, and I'm not in favor of it."

There's enormous pressure to reduce the President's reaction time to public affairs, so we made sure that the President had his copy from a coordinated, syndicated process. Whoever wanted to make a point had to do so at least 48 hours ahead of major speeches. In my view, it was probably the biggest change that happened in the Carter Presidency. I know that he couldn't believe it. "Of all the problems of the Presidency," he said, "speechwriting is absolutely the worst. It's the plague of this office."

We made almost everyone mad by putting the President's speechwriting on a disciplined, tight schedule. Hell, we ran it like a factory. We basically said that each speech required tailored design as far as who should and should not participate; it shouldn't be a participation based on position. It should be a participation based on issue and its substance. There should be a time sequence within which one would participate in the channeling of ideas. There should be a drafting and then an opportunity to re-circulate the draft and get a reaction. It should then move to a final draft. But the President should have 48 hours to deliberate, to check, to talk to whoever he wanted, to edit, to put it in his own words, and maybe even to rehearse it before it went public.

The reorganization of the speechwriting process was considered to be a revolution and was resented up to the last minute by almost everyone who had been a party to the process in the first two and one-half years, particularly by some of the speechwriters. Speechwriters can be extraordinarily powerful if they can operate just with the Chief Executive and avoid everybody else. Instead of being merely counselors on communication and style, they can make insertions into policy, and they assume a different level of power altogether.

I would say that the biggest points of antagonism always were between my office and the speechwriters, and between my office and the policy unit chiefs who thought they alone should have written and controlled the speech. By blowing the system open into a participative mode with a coordinated final result, we reduced their individual power and influence. There were some interesting interchanges, particularly with the NSC [National Security Council] group, the domestic policy staff, with some Cabinet officers, and some speechwriters.

I probably will carry to my grave some of those scars and a few ill feelings. But I think the President was served well in the process, and I recommend very strongly that our successors not play politics in this area. The system should be geared to serve the President of the United States, which is an enormous concession on the part of all his aides. They really would much prefer to act in the President's stead, especially with his public statements. I did not share that attitude on this matter, and he really couldn't believe it, I think, any time he got a piece 48 hours in advance. On major speeches, like the Kennedy Library speech, we gave him a draft four to five days ahead of time.

YOUNG: I didn't pass out that document to you because I thought I saw blood all over those pages.

MCDONALD: Three different drafts came to him, each insisting that it was the only feasible approach. So we fought it through. He was an interesting person; he never wanted the lowest common denominator. For example, when we could not come to him with a common view,

we would give him bracketed language. He loved it, particularly on foreign items and the like. He also wanted them identified as [Zbigniew] Brzezinski's statement or [Cyrus] Vance's statement, or [Stuart] Eizenstat's statement or the Secretary of the Treasury's statement. This is [Charles] Schultze's statement, the Secretary of Labor's statement, fine.

He liked nothing better than to see a draft come in for a controversial situation in which he would either choose between the bracket phrases (which became a decision-making policy format for him) or reinterpret it in his own words (which frequently he did to state his own position). Again, this process reemphasized that he was President, and it was his decision. It was also resisted by many staff members who would have preferred that they control the process right down to the deadline.

YOUNG: The implication of this process—as exemplified in speechwriting, and I'm sure it went beyond the speechwriting—is that, as the White House situation changed from the spokes-of-the-wheel model to the Chief of Staff situation, a number of people were shut out from direct influence, and that, as you pointed out, certainly created some resentment.

MCDONALD: I indicated to our successors that anyone trying to do the job that I set out to do should possess a number of personal characteristics. One is they should have no political aspirations. And the second is they should be totally expendable. Those are the two most important qualifications. The group must know that he or she will not compromise for the enhancement of his or her own personal position or later public support. Secondly, they have to know that this person couldn't care less any day that the President wants him out of there, so that the threat of saying, "We're going to undermine you," "We don't like you," or "We don't like what you're doing," is a totally irrelevant consideration. The person has to be dedicated and say, "I'm here to serve the President. I'm here at his pleasure, and he has no real reason to maintain me in this position except as long as he thinks that I'm serving." Now, that's also a very unusual attitude in the White House, because almost everyone has a personal vested interest, which they consider to be only slightly higher than that of the President.

MOSHER: Would this apply to Hamilton Jordan?

MCDONALD: No, Hamilton was not expendable. That's why he couldn't deal with confrontational issues. He was absolutely essential to the President's campaign and to the communication between the President and his aides. So Hamilton could not back himself into a major confrontational mode with the other key aides. He did have political aspirations, but they were for Jimmy Carter, not for himself. And it meant that all the hot potatoes were handed over to someone else, essentially.

YOUNG: To you?

MCDONALD: Yes. If it was a nasty one for Hamilton, it would be a good day for him to be with the campaign, to be on a trip, or to be away with the President.

MOSHER: What I'm really getting at is that you visualize the Chief of Staff as a two-man job.

MCDONALD: No, I really don't. It had to work in this instance as a two-man job, but I gave my successors an option of having only a single Chief of Staff with a deputy that would operate it, or they could do it as a Chief of Staff with a staff director. It depends on the role that the Chief of Staff wants to play. If he or she happens to be a key political advisor and an essential part of the machine, they may play only one role.

For example, I told Jim Baker he could play them both because he's expendable as far as Ronald Reagan is concerned. Reagan doesn't owe him anything. Jim was amazed when Reagan called him and asked him to be Chief of Staff. So he has a situation in which he can say, "I'm expendable." He's wealthy, and he can go back to Houston as a hero any day. He does not have to bend. He can give his own personal judgment, play it independently, and tell the world to go to hell.

But not many people are in that situation. Ed Meese, for instance, does not have that same situation. Ed is not expendable. It will hurt Ronald Reagan enormously when and if Ed has his first real blow up and has to be removed. It will take political blood out. By comparison, Baker's in a completely different category. It depends, again, on qualifications, not in terms of professional competence, but in terms of the personal characteristics of the occupants and what they can do.

ROWNY: I just wanted to round out the impression, particularly as it was at my level that there was a great receptivity to the idea that people could do things a little differently. We were at the cutting edge, always pressing to put it into a more disciplined format. But because there were very obvious benefits from putting people who worked together physically together so that they could see each other, there was something that was mutually reinforcing.

People over time said, "Aha, it works! I like the way it feels now." Particularly on the inside, they were ahead of any impressions that were being given on the outside. They could feel that things were going better and that they were part of a more orderly process. Over time, they found that they could rely on the process to protect them in their policy inputs and their executional activities. Maybe I felt this more because the people on the deputy level were inherently more favorably disposed to management. Many of them were management school graduates, and many of them had more Washington experience. They helped the process a great deal over time by becoming comfortable with it and also by relying on the process to provide them more benefits than it was denying them. My basic conclusion is that it can be done. The people at the cutting edge should always be out there trying, not necessarily to create a comfortable position for themselves, but always to improve the process. The rest of the group will realize that it's beneficial over time.

MCDONALD: Let me just ride on that comment. Occasionally, on some of the more controversial items, we treated the senior staff very courteously by saying, "By the way, we'll be talking to some of your deputies about some mechanics. It shouldn't bother any of you at all. It won't change what you do." We knew we couldn't get the senior staff together to understand, appreciate, or agree with what we were doing. So we would actually implement the next level of the discipline cone as a simple mechanical operation.

It would become operational at the deputy level, and at that point the seniors would feel the benefits. As long as they didn't get pinched too strongly at the outset, it quickly became a de facto situation. It was difficult to change, though, because one is always in a fluid relationship in the White House. There's no hierarchy per se, including the President. The staff interpreted our innovations as a change of the mechanics with which they were operating, but again, that was a tactic. It operated very well, and it might be described as a sort of double dimensional approach.

YOUNG: I think I heard you say you installed a deputy in the congressional liaison operation.

MCDONALD: We insisted that they take a deputy because they had no control themselves. And they didn't want it. In another instance, we insisted they break one position into two deputy positions. This move gave us a little bit of a divide-and-conquer opportunity, which didn't occur with a single deputy. But those were small moves. We billed our move not as any great radical change, but as a little better blocking and tackling. As Mike said, over a period of time people have a difficulty seeing what is really going on, but they sensed that things fit together a little better. For some reason unknown to them, they seemed to work a little more smoothly, and we seemed to be doing the things we ought to be doing. We tried to avoid the shocks of what was happening too quickly. It was one of the constraints that we had to recognize going in just four months before announcement for reelection and 18 months before the end of the term. No other strategy that we could conceive of had a hope of serving the President well. More drastic moves would have been detrimental to the goal itself.

THOMPSON: Roosevelt was continually exposed to complaints when action was taken. [William C.] Bullitt complained on various foreign policy initiatives, and there were others. I was simply curious as you reassigned offices whether people went to the President, and if so, whether the President supported you?

MCDONALD: First of all, we spent a lot of time trying to pacify their feelings and indicating that there was a degree of rational thinking behind what we were doing, although it usually had very little effect in the higher governmental circles. Rational arguments are not necessarily what their group is most interested in. We frequently made some minor changes to accommodate their reservations and to try to compromise within the general pattern. We also picked a time when we knew the President would be away for the physical move to take place.

Indeed, we encouraged the President not to get involved at all. Hamilton mentioned it to him, and we gave him a little memorandum so that he would know what was going on. We suggested that he simply react by saying, "Really, can't you fellows handle the assignment of offices?" If he had become involved, he would have had to negotiate with 400 individuals in terms of their status vis à vis the President of the United States because this relationship is what they were looking at. It was agreed that if he involved himself, the changes would just become a major debacle. I think the speed with which it was done helped, along with some of the care and consideration that we tried to exhibit. We had preliminary discussions with them and showed the new layout. I physically went over to their offices and said, "Now, let's look at this. Imagine how nice it's going to be."

My trip had almost no importance except as a gesture, but it worked reasonably well. I would say that within 30 days after the move, it was a nonevent. It had happened, it was gone, it was over. There were still a few egos not quite as soothed as they might have wanted to be, but we were on to other things. But it did get their attention.

YOUNG: I would like to return to your low profile after the first 60 days—as you put it, "going undercover." One hears some moaning nowadays among people who look at what has happened to the Presidential staff. There is at least a lot of romantic looking back to the days of Roosevelt when the staff ethic was the passion for anonymity. A President's staff just did not go public. You followed that rule only after it served your purposes to do otherwise. Could you comment on that? Would you also like to see a return to that ethic? Was there ever a problem for you with the constant speaking out to the press, or with press leaks?

MCDONALD: No, it's an easy thing to do, but it does require the submission of the individual's role to that of the Presidency. And that doesn't happen too often today. There were an awful lot of people in this White House, and I think in other White Houses, and in the government, who were not necessarily there to serve the President. The White House job is the epitome of their personal career experience, and they are there to make absolutely the most of it. Their value systems—and I'm being a little crass now—center around their own personal benefits and their own career experience and exposure. Part of the means at this end is the building of a reputation with the press. One reason you have so many leaks is that there are unsigned deals made by White House staffers and others—a nice cushy story about them every now and then, or an occasional mention of their name on a favorable basis in compensation for the passing of information that will not be credited to them. It's just as crassly done as anything I've ever seen in terms of a sell-out.

I don't mean to be decrying any particular individuals, but I not only found it to be an attitude of many in the White House, I found it to be even more pervasive in other segments of the government. It goes back to my point that one cannot assume in the public sector a common objective, or a common dedication, or a set of criteria.

In a second term, one of the things that I would have wanted to do for the President, at least in the transition phase, would have been to establish some criteria for choosing how many people should be around the White House. One of the reasons the ethic worked with Roosevelt was that Roosevelt was totally ruthless in terms of insisting on a submission of the individual's will to his own. It didn't bother him one bit to wipe out his closest friends. He may have regretted it over one martini, but not two, and everybody knew it. There was absolute discipline.

Jimmy Carter was, if anything, an overly magnanimous person. And if he had any great failing, it was that he gave the Presidency to his friends. He was too compassionate, he was too respectful of loyalty, and he wouldn't hurt any of those wagon-captains who fought so many battles with him. He was going to look after them to the end. You can recall Harry Truman's defense of General [Harry] Vaughan. It was the nature of the relationship.

In one of the last memos before the election, I said to him, "Assuming reelection, one of the things I encourage you to do is not to immediately appoint or reconfirm people in positions. I think you need to go through about a 90-day suspense period in which we can determine exactly how you're going to run the White House and get on the offensive with it. We can then decide on the roles you will play, and only then designate people. If you start the other way around, they will have control of the situation." And I don't know that he would have done that.

As I say, Roosevelt would never have given it a thought, and my memorandum would have been unnecessary. He wouldn't have considered that there was another option, but with Carter there was. I encouraged our successors, both Meese and Baker, about the sequence in which they should play. I'm not sure they understood, appreciated, or were willing to expose themselves to the rigors that that sort of beginning required. I guess I have some questions on whether any Presidential team can do it going in for a first term. There is an enormously long learning curve, and almost everyone works at the opposite of what is in the best interests of the successful Presidency.

Let me give one illustration. Two months after the campaign, I said to the Reagan people, "What the hell are you guys out still making promises for?" Every time I picked up the newspaper, expectations were bigger than they were on Election Day. Why dig those holes? It must have been the scent of power among their followers. You know nothing about the real power of the Presidency if you keep building up public expectations.

I said, "You're making friends of everybody, and soon they're going to be your enemies." Instead of talking on the fifth of November, in my view, any successful candidate should take a low profile and say, "Now we're going to do the best we can." But the Reagan people promised the moon within the next six weeks' time, and it was exactly one of the things that Jimmy Carter did wrong. At the beginning he said, "This is what I believe in, this is what I aspire toward, these are my goals." He established exactly the inflated criteria by which they would judge him later.

It's wonderful, but it's like the sales manager who comes in and says, "I'm going to quadruple business this year, and I'm going to gear up to do that." And everybody says, "That's wonderful, but if you come up with a 50 percent increase, it's really going to be a superb job." But later they're perfectly willing to judge him on quadrupling, if that's what he'd like to be judged by. I'm afraid that it's the euphoria of instant knowledge and success coming after an election that digs the grave for most Presidents. They're never as successful in perception as they may be in reality.

ROWNY: It's extremely easy for people within the White House to have an unanonymous role today because there are so many White House correspondents. On any given issue there may be 50 White House correspondents. The numbers themselves seem to indicate how high the level of access is. Furthermore, there's a tremendous competition among the news people. They must maintain good sources over time, and they have to be out there every day with that 30- or 60-second slice on the White House lawn. It has to be pretty catchy, and hopefully better than what ABC or NBC or CBS is offering. So there's a natural pull toward the route of

providing good information fast—or at least interesting information fast—to these ever-growing numbers of correspondents.

MAGLEBY: Why was there such resistance to establishing a Chief of Staff among Democrats?

MCDONALD: It goes back to Will Rogers' famous quotation. When asked, "Are you a member of an organized political entity?" he said, "No, I'm a Democrat." This is the way the party thinks and acts. The Democratic Party is an extraordinarily diversified group of individuals, and the organization runs a little bit like the French government—you know, periods of organized anarchy and periods of disorganized anarchy. It's just the way they think and the way they act. Any time individual interests are structured, there's a reduction of their particular influence and their opportunity to determine the final result. There's a tendency on the Republican side, I think, in periods of stress, to adhere to a more organized format.

But within the Democratic Party, that's not the case. I've shifted to the Democratic Party over a period of time because I got to know them a little better and began to appreciate their diversity. It's exciting to be in a less organized group. I have accepted this as my political inclination, although on the moderate side.

MAGLEBY: I wondered if the rejection of the Chief of Staff model was a reaction here to the [Richard] Nixon model, self consciously or otherwise?

MCDONALD: Not entirely. I think at the outset there was some reaction because there was a definite trend in that direction within American public opinion. In the early part of 1977, when the Carter Administration came in, the pendulum swing for defrocking the Presidency and bringing it down to size was still prevalent. In my view, that current shifted, bottomed out, and started going the other direction about a year later in terms of public expectations. This is why some of the President's early, almost non-Presidential moves were well received by the general public, although they were at the same time frightening for those who thought about how the President was going to operate in the future.

But to the general public, those moves were very popular, and the poll results were amazing in terms of their receptivity. It was an awkward circumstance for the President to find himself in a time period in which the public opinion reversed itself. Within a year the public became convinced that the magnitude of the problems was such that they really did need a leader. They really weren't convinced that they needed a leader earlier, but as the problems and frustrations began to mount, they began to search for leadership again.

The President tried to react, of course, but he had to react in a fairly moderate format. If you notice, he started going back to dark suits, and wearing white shirts more often. "Hail to the Chief" was reintroduced. There were more formal photographs of him moving in and out of Air Force One. The Presidential seal was seen in more places, and there were more announcements from the Oval Office.

But there were limits to how far he could go. He could not move back to an expanded Presidency as fast as the public wanted because it would have been too big a change, and the perceptual transformation would have been too difficult. Although he was caught a bit in a squeeze, I must admit that his attitude toward the Presidency is and was very populist. He was a person who did not like much pomp and ceremony, too little for the Presidency, in my view. The Presidency is an emotional office. It has the perception of power more than a real power, and that difference is one that has to be kept in mind if a President is going to be effective. I think he got caught in a turn-around, and some of his staff never realized what the changing dimension of that environment was. They were simply not as sensitive as they should have been. I don't know whether that answers your point specifically or not.

MAGLEBY: Well, were those who were speaking out against the Chief of Staff model making specific arguments other than the Democratic Party arguments?

MCDONALD: No. One never sits on rational ground in the environment**.** You would hear some of this, "Mr. President, I've been with you for life. Why would you put anyone between me and you?" Now, how do you answer that sort of argument? They would also say, "Mr. President, how can I keep you alerted if I can't wander in and out of the office every time I want to? Mr. President, you won't get the same flavor from my memoranda like you got before. There'll be ten people contributing to each memorandum. And you'll get one composite, lowest common denominator, instead of ten separate isolated views of a situation which you should synthesize. We would prefer you to do the synthesis, Mr. President, because we lose an avenue of access."

So those are the arguments people use, and they're not so much arguments as attitudes. They sulk, and they're depressed. Things degenerate into the "You don't think as much of me as you used to" level, and that hurts a President. The staff would never go to the President and say, "This is not logical or reasonable." They would fight on far more difficult ground.

MOSHER: To what extent did you and Jordan construe your job as being gatekeepers for the President? Did people have to go through you to see him?

MCDONALD: We did not view ourselves as gatekeepers, but we did view ourselves as game wardens. Although we wanted to see certain hunting rules observed, the staff didn't have to check in and out through us. We assumed they would follow the general modes that were prescribed, but there was always latitude to sneak by and get away with it. We did not attempt to have controlled access, but we gradually had more enlightened rules on how the hunting preserve would be operated, and that was generally the way we moved.

Any time anybody who was in a top position said, "By God, I want to see the President of the United States. This is absolutely critical to me," they could see him. At times we simply replied, "Why don't you do that, since your position is absolutely weak and we have six Cabinet members and four senior staff on the opposite side, and we're glad to get rid of this problem. You go in and see him because we're anxious to get it off the table." A few times we had to say that, in which case they sometimes said, "Well, maybe I don't want to see him today. I may see him on Friday, probably after three when he's left for Camp David."

But we really would avoid the emotional confrontation of saying, "No, you can't see him." Of course, the President was a very open individual too, extraordinarily so. I don't know that he ever got mad at anybody for calling morning, noon, or midnight.

MOSHER: Did this atmosphere of game warden gradually decrease the pressure of individuals on the President, as you saw?

MCDONALD: Yes, I think it did, because there were more organized ways to see him. Many times, exposure to the President has to be on a one-on-one basis. When the President has 15 or 20 people, in this situation, a Chief of Staff ought to be there. If you develop organized group exposures to the President, and there's a flow of information back and forth by what appears to be an honest broker (which was the role I tried to play), then collectively and individually you get greater effective access than you did with the individual presentation of personal views.

This is what we tried to do. We tried to give the staff greater productive access as part of teams in terms of getting their ideas through and in terms of incorporating their ideas by bringing them into situations where they had an interest. Previously, they wouldn't have heard about a decision until after the President had decided otherwise. Our job was to keep them informed of what was going on and to put forward a composite of their differences in a fair way.

Now, this is also a difference in the concept of how the job is considered. Hamilton and I tried to avoid being major substantive advocates on the individual issues. The only time we really stepped into that role was when we thought that the spectrum of options being put forward was too narrow. We'd say, "Wait a minute before you decide, Mr. President. Here are some other ways you ought to look at the problem." Typically, we would not say, "We think you ought to decide it this way," but we would say, "step back."

This didn't mean that we wouldn't occasionally send in our own personal memo expressing our hope or our recommendations. But our suggestions were not made in a way of controlling access, controlling information, or manipulating the system. As a result, there was very little public or even, I think, private expressions of animosity toward what we were doing. The staff generally thought we were trying to act fairly. In a number of situations the staff knew I was dead opposed personally to the general direction they were going, and yet we played it fairly. The President took his decision, and it was one that I didn't really agree with at all. Everybody knew it, too. But it was necessary for the credibility of the process, and this is absolutely essential if the Chief of Staff's office is going well.

I told Jim Baker that there's only one time when you should be putting your personal point of view forward, and that's when in your assessment the political indications are overriding—in the broader sense of governing, not in the sense of reelection politics. Normally, this factor will not be controlling, so you shouldn't argue and recommend. If you do, then the whole system will fail, and there will be an open invitation to bypass the Chief of Staff's office. And then you're in a personality problem, because if a President wants to be open—as Jimmy

Carter wanted to be—there's no way you can close him off. The staff can always catch him through the back corridors, over the telephone, and in any number of other exposures that develop with an open President.

I think there was a real contrast in this regard between the Nixon situation and the Carter White House. Nixon really wanted to be protected from the views, from the individuals, and from the issues. Carter didn't. He had almost too much of an open invitation to his senior people. He would say sincerely, "If things really bother you, let me know." And I can remember one time walking down the hallway with him, and I said, "Mr. President, I've been most uncomfortable with the whole way this went and how that meeting went with you the other day." And he said, "Well, why weren't you in the meeting, and why didn't you say that?" Well, it happened to be an area in which I had absolutely no business being there at all. It was just a side comment that I'd made to him, but his reaction was simply, "Speak up, come and see me."

THOMPSON: There's another side of this. Did he ever go to see people? Dean Rusk had an astounding knack in a large private organization of just popping into somebody's office. I know you can't do this as easily in government, but Kennedy often called Roger Hillsman and got into trouble for all of his telephone calls to subordinates. Did Carter ever go to see other people or take the initiative himself?

MCDONALD: He used the phone enormously. You never knew at home or in the office when he would call. You'd pick up the phone, and the operator would say, "The President would like to speak with you," and a voice would come on, "Al, sorry to bother you at home, but how do we stand with this, that, or the other?" And it just happened to be what he was working on at that point in time. So he used the phone a great deal.

But beyond this kind of initiative, he was limited by the security situation even within the White House. There were vast numbers of visitors to the Carter White House because we almost doubled the number of people arriving every day for appointments with members of the President's staff. Also his entourage was just too big for the President to surprise people. Occasionally he'd wander down the hall, as when he congratulated Hamilton after his case was dismissed from court, but that was only 20 feet away. He really couldn't wander around unless it was sort of an organized activity. The poor President was a captive.

There was never a question of him saying, "Gee, I think I'll go up and check Stu and see who's in his office and see what's going on." There was always a squad a people ahead of him clearing hallways, and a squad of people coming behind him. There was a constant appeal not to bring visitors to the West Wing while the President and Vice President were working. But the memos were effective for about 45 days, and then it was breeched, and so we would send another notice. You bring it back up, and it goes right back down. There was no privacy, in fact, that he could have, and no way to take that kind of initiative except by telephone.

ROCKMAN: Could we return to this problem of ego subordination among White House staff of which you spoke? Is this more severe a problem in the policy units than in other units?

MCDONALD: Part of it is the characteristics of the people who normally would be selected for the White House staff. Among the Carter White House seniors, there were few who had any experience working with large organizations. That's typically a characteristic of policy people. They're lawyers, legislators, or academics. Now, I don't know how the University of Virginia operates, but I've heard Cabinet officers and other academics say to the President of the United States, "Mr. President, you're the first person I've ever worked for."

I understand that universities are rather loose in how they administer themselves, but I hadn't thought of it quite that crisply. They think of themselves, their areas of interest, their secretary, and their researcher, and that's the extent of it. And when they find themselves exposed to an organization of ten thousand, they still operate from a reference frame of two or three. Sometimes there's an inner link or a bridge to that organization, but sometimes there is not. They find it difficult to work in an environment like the White House with its size and political cross currents, because the purity of their policy expressions becomes diluted. It's not a welcome thing.

The lawyers are even worse. There are no less organized environments that I know of than law firms. They even have trouble getting out their bills. Sometimes three, four, or five months pass after they close the case because somebody's forgotten to send out an invoice. Their collections are even worse, and their files are unbelievable. But again, they're all over the White House in a new situation. Finally, the legislators have been built on a personal ego front and a confrontational one. It's going to be interesting to see how Mr. [David] Stockman comes through the administration, because the thing that makes one successful in the legislature is to always be a little ahead or a little bit out of tilt with the general direction so that you have latitude for compromise. Now, whether that same mode is needed in the Executive Branch to get things done is open to question.

So there are few people who've worked in big organizations, who've had experience in trying to think through a common set of objectives, who've had coordination experience, or who've tried to give counsel with a great number of people involved. It's also true of the big agencies, and I think it's regrettable. I was a little bit of a novelty for the White House, as one who was concerned about those sorts of things. The main reason one consults on the senior White House staff is that you're afraid someone will undercut you and reduce your political posture on the next issue. The rationale is not that you're going to come up with a more enlightened result to serve the President better. It's almost a reverse: "I'd better consult, because they'll cut me down before I get through if I don't." I may be a little crass in the way I describe it, but I think that, as an analysis of the typical motivation, I'm not too far off.

MOSHER: Do you think this is inevitable?

MCDONALD: I don't think it's inevitable, but I would like to see the personnel mix shifted. I also think that there needs to be more systematic participation built into the mechanism, as I've suggested in some notes that I gave to my successors. I gave them a list of ideas on how I thought the Presidency and the staff of the President should be organized and operated. There needs to be enforced systematic participation built in at the policy level, which does not

happen automatically in the government except for syndication of risk or as a result of one being embarrassed by being too far off base. I don't think that serves the President well.

ROWNY: One of the biggest challenges you face is to get people who are used to expounding individual policy points of view to talk to people who are their colleagues in the business. Let's take an example of an economic policy. Your chief economists are loath to talk to other major economists, even though this dozen or so will probably be asked by the press, "What do you think about this policy?" You have to drag them kicking and screaming to talk to the other policy advocates who are out there on their own, despite the obvious advantages of doing it. It's a constant struggle, and it's perhaps the biggest challenge we face in integrating policy with execution.

MCDONALD: I'd just like to underline Mike's point. The Congress is a perfect illustration. When you know that the President is going to be sandbagged by certain schools of thought, one can mitigate that enormously by getting members of the administration in touch with them to discuss options beforehand. If you take in their counsel, you can have an enormous influence on them. But as a matter of individual personal pride, nine times out of ten the policy people resist the notion of consultation. And if they finally accede to your requests, it's amazing how many times they couldn't get through on the telephone.

In business or in most other organizations one would think that consultation would be a normal way to come out with the most positive result. In government, however, exclusivity is more important than support. This is what killed the President on his first energy bill. There was a constant fight to be in. Anne Wexler and I worked hand in glove to force a degree of participation on the March 16 economic speech. It became, I think, a model for solving a difficult equation, which could not have been less politically palatable and which eventually went down quite well. But our struggle was literally against the sharp resistance of most of the members of the Economic Policy Group who were continually telling the President, "Mr. President, there will be no news in this. You've got to write your own speech."

The whole concept of having personalized credit for an idea was far more important to them than having a successful program that could be endorsed with a supportive consensus. There was a fight right up to the end in the Carter White House with policy groups, and that's the reason I dramatized in my notes to the new team the necessity of having a participative activity, and the necessity of building an overall consensus through a series of issue coalitions. If they don't do that, they'll have no power.

YOUNG: If I could just interject one related question. I noticed in your series of memoranda to Meese and Baker you noted that what you call the executive staffs—e.g. the public liaison, congressional liaison, etc.—were increasingly involved in policy development. Must they be? Is this one way to mitigate the tendencies that you typify of economists and lawyers?

MCDONALD: Yes, and this is one reason that I was advocating firm lines. Just in terms of the assessment of the viability of one option versus another, or the tactics of how it will be presented, or the execution of the plan, the executive staffs can react better than anyone. The typical White House manner is to turn policy options over to these staffs as a *fait accompli*.

YOUNG: How well did this work with respect to national security policy development?

MCDONALD: The national security policy development was an interesting situation, because the President was concerned initially more about the policy itself than about its execution. He was walking a fine line, and he enjoyed and believed he benefited from several different perspectives on those issues. He was very concerned about being backed into a single ideological format. This is why he was pleased to have different views expressed by Brzezinski and Vance, and then later by [Edmund] Muskie. In fact, he encouraged those. He never discouraged them at all. As a matter of fact, I would say that 95 percent of the time Brzezinski and Vance or Muskie were in agreement.

But just like a good factory, it's not good news. The five percent of the time that they were not in agreement was on those issues that really should have been decided only by the President of the United States and should have been debated openly before him. The unfortunate thing, though, was that in the Carter White House—and I guess in many right now, due to the points that Mike made on the exposure to the press—these issues were debated in public before they got to the President. That makes it awkward for all the parties involved.

But they were debates that were needed. They were judgments that the President needed to make, and they were differences that should have been aired. The process subordinated the position of both to a degree to the Presidency which, to be honest with you, the State Department resents, and the NSC resents to a degree. They both think that their proposals should prevail, and that the President should be a rubber stamp endorser. I mean, they think it's their preserve. I'm exaggerating a little bit, but not a lot.

The fact that those debates were almost automatically tossed to higher level and that they had to defend or advocate their position with the President making the final decision was a little bit of a worrisome process. I think it was very healthy, however, because the basic decisions that came out were better as a result. There was a struggle for us at all times to keep things moving, and one of the recommendations that I would have made in a second term was that there should have been a tighter, mechanistic hold over those diversities. The President had been unwilling to move with discipline in that area to the same degree that he had in some of the others because of personalities and because of the public sensitivity to the situation. And I think he was totally correct within the time frame in which he was working.

But there's also another issue: The same substantive job could have been done with different personalities. Zbig is such an attractive individual for the press because of his articulate manner and his colorful forms of expression. The way he tilts, exaggerates, and builds his case is the technique of a superb debater. But it also opens up more interesting article and column possibilities because the only thing that's news is confrontation and conflict, not understanding, agreement, or enlightenment. Zbig was a more natural target for the press because of the crispness of his personality and way of thinking than many would admit. It also put Vance at a disadvantage because of his more diplomatic temperament and the fact that he would move toward conflict obliquely rather than an immediate draw on the saber.

And so the contrast between personalities fed the genuine substantive differences that were there. I don't think there was a substantive problem in the administration's foreign policy. I think it was a perception problem. The press treated it as a substantive problem, as I've mentioned in those notes. I encourage our successors to make sure that they had an opportunity to highlight points of genuine conflict rather than allowing forced, premature consensus at a below-Presidential level on items that really do involve life and death for masses of people.

ROWNY: There's also the other side of that coin, which goes to a point that Al's making. One important aspect of policy evolution in Presidential decision is sequencing the President's involvement. At what stage should he become involved? He should become involved after some clear options on the major matters that should go to him have been fairly well delineated. The extent to which he's involved early—because the synthesis is not being done––creates a totally different impression on the outside.

One of the things that Al successfully changed was sequencing the President's involvement farther down the line in the policy-making process. Al did not involve the President early on because engaging him early, with different points of view still being expressed, would lend the feeling that there was indecision. Creating a healthy discussion in which the President was aware of the varied viewpoints, without making any initial decisions until the time that a decision needed to be taken, creates a bit more appropriate public impression of the policy-making process.

THOMPSON: Doesn't it help when you have a press and public relations person? Did Eizenstat and others have the same public paraphernalia that Zbig had? Was it a part of the Zbig nature to feel that this is what he needed?

MCDONALD: It probably was, because he's such a colorful character. He needed a defensive individual to handle press inquiries on him even when he didn't want to say anything to the press for weeks. Somebody in the White House had to be responding because he's a distinctive personality in whatever environment he's in. He generates sparks. His actual service to the President was far better and far more valuable than was generally perceived. His own attitude was quite a notch below the way the press and the public perceived it, or the way the State Department perceived it. I think he did a fine job as the chairman of NSC. I wish some of the edges could have been smoothed. We needed a more effective total communications program, but again, the President still had the idea that rational thinking would prevail. And the President believed that right up to the end, which prevented us from making the necessary differentiations between substance and perception. They required different kinds of analyses, different kinds of solutions, and different kinds of treatment.

HAIDER: Mr. McDonald, I have two questions about the scope of your view of the White House. One question reflects how we are hurting in nomenclature. What is the White House staff anymore? We have a number of people on the staff who have dual roles. They have a staff that's an institutional staff and an executive officer to the President. You have things like STR, where there are three levels of staff. You have an assistant to the President, you have a permanent staff that's in the executive office of the President, and they have other staffs that

are on loan from State, Commerce, and so forth. There's a great deal of fuzziness now as to what is the President's staff, what is the White House staff, or what is the Executive Office of the President.

My question is really two-fold. First, would you describe the scope of your attempt to put the rules, decisions, and management process into some kind of order for the White House staff, or perhaps for that much larger, really government-wide, management process? What were the reservations? And then second, please discuss some of your suggestions for the succeeding administration about what could be done with the White House staff. Truman, or someone, used to say that the staff is the people that see the President. Maybe it's those people who should be White House staff, and the rest should be Presidential staff and executive officers.

MCDONALD: Well, there's no clear frontier. If you look at my telephone call list over a period of time, you'll probably see that I talked to more Cabinet officers than I did the senior aides in the White House. There was no real differentiation between senior aides, Cabinet officers, and members of the Executive Branch. We ignored those frontiers. They were very important at lower levels. We looked on them—in our imagination anyway—as the single entity in which the President needed to exert influence, recognizing that their latitude to respond would be in different degrees.

We assumed that the direct aides and the assistants to the President, with their headquarters located in the White House complex, were what we'd really call the White House staff. We looked at the plateau below, comprised of members of the Executive Office of the President. They were one stage removed. They had been frequently removed by legislation so that their degree of direct influence was slighter.

Then there was the Cabinet and the agency heads that really were the third plateau. One had to deal with each one of those plateaus individually. We mixed them quite a bit, though. For example, we invited all of the heads of the Executive Office of the Presidential units to our meeting of White House staff on Mondays and Thursdays. They weren't really sure whether they were members of the White House staff or if they were part of the Executive Office of the President. They weren't really sure how close we were to their business and how their separate status helped, which suited us to a tee. We wanted them to feel a party to the team without being oppressive, but we also wanted access to them and their information and insights. So we brought them as a unit into a form of the inner workings of the White House.

The Monday and Thursday meetings were larger than the others. We left it as an option to them whether their staff—their assistants and their deputies—should attend the deputy meetings. Some did, some didn't. For example, the CEA [Council of Economic Advisers] representative was usually there every morning. NSC was represented every morning in both the deputy and the senior staff meeting. The inflation advisory group had a deputy there every morning. Their seniors were there on Mondays and Thursdays.

If you would, we deliberately confused the issue because we needed operational results. There was no hope to have an organizational change four months before announcing for the Presidency. So we extended influence to the degree that we could get away with it, without

regard for organizational or statutory boundaries. Our chart that we showed for the Presidency showed the so-called senior White House officers and the ones with double halves. It shows Zbig and his relationship as a member of the White House and as the chairman of the NSC. It shows Eizenstat, his position as an assistant to the President's domestic policy, and as head of the domestic policy staff, a separate budgetary entity. But we did not think bureaucratically by division, nor did we respect frontiers very much, when we could avoid it.

ROWNY: There's a big difference in real terms between an agency that has a separate legislative base and that has to report to separate committees, and an agency that has a constituency developed by programs that it administers and that has a particular policy territory. Those agencies tend to act differently. The heads of those entities tend to act differently from somebody who has a different base. Those people are managing institutions, and they have to cover themselves with their constituencies. People who do not have that and who work directly for the President share completely—or should share completely—the President's constituency. That's the difference that occurs with the kind of people in the grey area about which you're talking.

KETTL: I'd like to follow up on the point that you made earlier about your role as an honest broker. There's a sense that you seemed to project a sense of neutrality with respect to the outcome of the process of your role's development. If that's true, then there's a paradox involved in that. First of all, the perception of neutrality with respect to the outcome is important to the way you've described your role. But at the same time, you were clearly not neutral—for example, in reassigning offices, or bringing people in with Anne Wexler's teams. Office assignment is not neutral. Would you talk a bit about how one maintains at least the perception of neutrality? How important is that continued perception, and is there a tendency over time for individual advocacy in individual policy areas to emerge?

MCDONALD: Well, any time one has power or exercises power, as you indicated, one can define that as no longer being neutral. We wanted to exercise influence and power. But you have your choice in the White House. You can do it over the substantive results of what happens in a policy format, or you can do it in terms of the process. I don't think you can really do it in both.

I'll give you an illustration. We knew generally where Eizenstat was going to come out on the policy issue. We knew generally where [James T.] McIntyre would come out in the policy issue. We knew generally where Schultze would come out on the policy issue. Because of the nature of the institutions, because of the individual philosophies, etc., we knew where they were heading. So that was a given. The organization did not know where Jordan and I were coming out on an issue. In fact, they frequently didn't care, because at the end of the day we tried to avoid being in that critical choice of saying, "You should go with this program," or "You should not go with this program."

We were much more concerned that the President would have a decision that he could take, and that he should have an enlightened choice, rather than about which choice he made. That is not a subtle distinction in my book. It exercises influence when you control the process. I or others would say within the six weeks before a decision, "Here's the way we're going to move

this baby forward. This will be the meeting that will determine this part. Here will be a decision taken in terms of what are the elements that need further investigation. The decision on who participates in that meeting is a very important influence point."

Now you can say that's not neutral. No, but it's a lot different from saying, "Mr. President, you ought to sign this," or "You ought to veto it." It was the latter category that we tried to avoid. But we would not hesitate to say, "Here are the participating parties who should be involved. These are the materials that need to be prepared. This is the memorandum that needs to be written."

We would also not hesitate to try to determine who should write that, or to try to work out a consensus over who should compose the drafting team that would write it. But that's an awful lot different from saying, "Mr. President, I really do think you ought to cut off the automobile imports from Japan." We preferred to say, "Mr. President, we really think you need to examine this issue of whether you should take any active position on cutting off auto imports from Japan. Here's who should be involved and by what sequence. Here's the kind of information you need and within what time frame some choice needs to be taken." That's an entirely different approach.

KETTL: It's possible to argue that the only thing separating the kind of thing you're describing from substantive advocacy is the degree of subtlety.

MCDONALD: Well, I can argue the other side. I could say that there's no way, if I were in the White House again, that I would permit anyone to control the process if I thought they were going to have the last word for the President on what his action should be. I would never let them control the process. I would fight to avoid the process being formed. If the process was formed, I would bypass the process all the way. If I subject myself to the process, I have to believe that it's going to be a fairly honest and neutral administration along the way. But if your point is to say, "No, I really didn't want a consensus. I wanted my idea period. I want to decide what the President endorses," then you've got to fight all the way. That one is not neutral.

KETTL: Do you suspect there would have been any changes during a second term in your perception of your role and the way in which you operated?

MCDONALD: No. It would have been re-emphasized, but it also meant that there was not any reluctance when I saw that the options were not there. I would have continued to say, "Mr. President, here's a point of view." There's a difference between saying, "Mr. President, here's a point of view," and going in after the meeting and saying, "Mr. President, you ought to sign this paper that describes my point of view," which is not an uncommon thing to do in the White House.

ROCKMAN: Did you have follow-up actions to demonstrate to people this fair process—for example, when the decision memo about how you were playing an outspoken role went to the President?

MCDONALD: There was no way I could convince people of my fairness. They were going to see, and they were going to have their own antennae up. It had to be perceived as being realistic. If it was not, why, there was no way I could convince them.

ROCKMAN: But neither was the paper that went to the President, assuming that it was a paper and not an oral briefing. It was not re-circulated back to the staff so that they could see it.

MCDONALD: It was, but not for that reason. It was re-circulated to staff because they needed to know the results of the President's decision. It may have been circulated to them even before it went to the President in order that it appropriately incorporated their views. We also would not hesitate, if it was a controversial situation, to stack on a whole group of other memoranda in a supporting file that would circulate. I don't think the President ever opened them. But it made a lot of people feel better.

MAGLEBY: I'd like to shift gears a little bit from the role of staff to executive behavior. Before you came on board in the White House in the first period of the Carter Presidency, the President was acting in effect as Chief of Staff. He was the arbiter. That rekindled some of the journalistic accounts of the early Carter Presidency that accused him of being too concerned with specific details and not getting a clear perspective of the forest because he was focused on the tress. To what extent do you think that was a fair criticism of the Carter Presidency?

MCDONALD: I don't think it was a fair criticism. I think the President was an intelligent person who wanted to know what he was talking about. Consequently, he read his briefing materials. He was usually one of the best-informed individuals in a discussion. He asked the most penetrating questions. That's the way a President ought to operate. I don't think he should say, "Well, you know, I really don't know anything about this. When you guys come to a conclusion, let me know because I'd like to sign it since I'm President." That's not my idea of a President of the United States.

There was the problem of over ambition in the Carter administration that complicated the issue. The administration was continually moving on a far broader plane of confrontational issues than the power of the office permitted it to resolve issues within a narrow time frame. Although we were trying to improve this, it would have been one of the major problems. The administration never did reconcile itself to the fact that it had to choose between needed programs, and that it needed to select a hierarchy of priorities. It always fought on all flanks simultaneously. Consequently, its forces were dispersed on any individual issue. You'd stop and say, "You know, the President is right. This is exactly the way it ought to be done." But under our system, several flanks just need to hold the fort while there's a pincer movement concentrating on a select group of problems. This rarely happened within the Carter administration. The comprehension of the President was, unfortunately, too great. He understood that everything needed to be done, so let's do it. That's logical, that's reasonable, that's rational, why shouldn't we do it?

Unfortunately, that created an adverse image which confounded the Congress. The Congress had never been handed by any Chief Executive of this nation the amount of work that it was

by Jimmy Carter. They were good things, good initiatives, but the Congress was inundated. They would turn around, and there would be 15 new proposals one day, and before they could call the subcommittee hearings, they had 32 more. They were looking for political cover. They were normally unwilling to fight on many fronts at the same time. They didn't have the courage of their convictions, or they understood the political dangers better, one of the two.

ROWNY: In early 1977, Congress had already handled for several years a number of important issues, like energy. In the first six months there were probably 10 or 12 major, massive programs that were put before the Congress. Since the proposals all had to go through the same group of people, they couldn't possibly have been digested very quickly. The energy program spanned almost the entire Congress, and the environmental program was going to include solid waste for the first time. It was indigestible. It all made a great deal of sense, but it completely overwhelmed the Congress. When it was put forward, it had the effect of creating the expectation that it could be done. And then when only a few things came out—which were all you could have hoped for anyway, given the institution—the perception was that the proposals were not successful. If you had come in with the ones originally that came through in the end, it would have been viewed as a tremendous success. So the fact that all those were thrown out so quickly at the beginning created a number of problems later.

MCDONALD: This is a problem, I think, that the President suffered right until the end. It's going to be more interesting for historians to say what he really did do, instead of studying the perception of what he didn't do. He was moving on a dramatically wide series of fronts. The thing that attracted me to him was that on an issue-by-issue basis, I thought his judgment was extremely good. He had chosen a relatively moderate posture that was appropriate for the circumstance and for the issue. The thing that was not moderate was the quantity of them to be digested at one time.

And that's the problem with having a President who's smart, and who can comprehend and get on top of that many issues. Even though the Congress could not digest that many issues, you could throw him up before a press conference without a note, and he would deal with them in detail. He would take the proposals right back to the principles as well as to the specifics, and he understood them. You'd go in two months later and say, "But Mr. President, here's the way we were thinking," and he said, "No, that's a fundamental change. We haven't debated that, we haven't discussed that, I'm not ready for that. That sort of compromise would really undermine what we're trying to do."

If anything, his comprehension complicated the process. He was too ambitious for too much in too short a time on too many fronts. Since he could comprehend so many proposals, and since they appeared to be obvious, rational, logical, and timely to do so, he said, "Let do it." That was a major tactical error. It was based on all the good faith in the world, but the situation required making some decisions and saying, "I'm sorry, we're simply not going to do that this year."

Instead, he had to relinquish a major program or agree to have it held over when he found himself caught in a congressional bottleneck. Instead of envisioning the bottleneck and knowing which initiatives high on the scheme of his own priorities could go through, he tried

to ram and widen the bottleneck. The reason for the public impression that Carter did not get along with the Congress was because he was always pressing that bottleneck, and the Congress was trying to hold it back because they literally couldn't keep up with him.

When you looked at what came through, as Tip O'Neill was saying back in January, no one could remember the House passing so many Presidential initiatives. There were only a very few that had moved through the process that the House did not endorse. The public perception of the poor Carter record of accomplishments in the Congress was vastly different from the inside perception because we and the congressional leadership were seeing these things come through. The members of the Congress were frustrated because they couldn't even keep up with the list, much less understand the substance of what was coming through. The press was naturally interested in the ones that were held up, blocked, or cut off.

There was another problem on the congressional side, which was the attempt to operate too close to the tactics of movement in order to try to help in clearing the bottleneck. The administration found itself taking a position on one side or the other on issues at the subcommittee level or the committee level in both houses. The administration took positions four different times before the proposal got to conference—and the conference won—instead of taking a more strategic view of saying, "Look, this is what we want, we don't really care how you guys get this."

Each time the press would say, "Carter loses"—for example, the windfall profits tax. The first eight to ten headlines were about Carter loses. It's only that he got it in the end. For each headline about our successes, there were eight or ten negative ones because of the tactical play. But the way it came out, each of the tactical plays worked to strengthen the compromised position. If one goes back and reads the general press reaction in July of '79 and from that says what were the odds for the success of Carter's energy program—which the President had announced after the domestic summit—one would say they would be one in ten.

As a matter of fact, it all came through except for the normalization board—and a normalization board would have also come through if that had not been chosen by the Republicans as the issue on which they could mount a campaign. That Republican action insured that he would not have a ceremony at which he could sign both the synfuels act and the energy bill at the same time. That would have been a total sweep of the whole energy program, a success the Republicans could not grant.

In fact, some of the Republicans who had been steering the bill through the conference committee were actually crushed that the caucus chose that issue to block. It had nothing to do with the substance of the bill. It had nothing to do with their real view. It was a straight political expression in a political year. But it was a phenomenal expression.

During that period of time, we did tend to focus on a more selective basis than at any other time. We had daily meetings to select our focus. Michael had massive charts on programs, sub-bills, and sub-task forces so that there was a tailored organization involving most of the administration. It was a coup, and it will be looked upon as really a major coup. That was not the pattern that was typically followed. Even then those who didn't have the energy bill as

their personal primary priority resented that it was blocking whatever their special activity was. This is, I guess, always the case, but there needs to be a disciplinary process to determine the overall set of priorities and to stick with them.

YOUNG: I've got four questions, and I'll take the privilege of the chair by putting one forward first. Your earlier game warden answer to the gatekeeper question and your answer about the management of the documentary, and, to a certain extent, the personal access to the President, went along with the discussion about the role and Chief of Staff. Both areas of our discussion were focused on where you stood in terms of the preserve, and in terms of the management of access to the President. I'm really referring to your helping with the budgeting of time. Is time a kind of material to be budgeted within the overall completeness of staff work and its options? Look not at the incoming side, but at the outgoing side. Would you talk a bit about the follow-up procedure after a decision was made or after a program was under way? Was that more difficult or not than the preparation? What kind of procedures, activity, implementation, and execution were involved in following up after a decision?

MCDONALD: Let me comment on the beginning part and then move on to the other parts. The concept of how we wanted to influence the game preserve was very simple. The only way to economize was to shift from an individual to a collective approach. For example, if one can move from individual access to the President to a meeting of six, you save the President five appointments. And yet nobody can say that they weren't there with the President. You've accomplished another coordination effort because everybody's individual position has been heard. The President can immediately react, which means you save the organization an enormous amount of time.

The same thing happened with paperwork. Instead of having the President read those six different papers—all of which really presented not the case or a common body of fact, but reflected a position of advocacy that selected the material to be presented to the President—you transform all that into a single memorandum. You indicate differences of points of view, and common points of view based on the acceptance of at least the base case with variations. Then you could add whatever personal memorandum on the back that individuals would like for flavor. Then the President had the format for taking a considered decision. The shift from individual to collective had an enormous payoff and leverage time-wise concerning the effectiveness of the teams, coordination in the working of a team, and in making things work more smoothly than they would have if you had gotten every spoke going its individual way. The President had a single memorandum after seeing each one of these groups. Without that, you would have had six groups going in different directions with six different impressions of what the President wants because they've only discussed one aspect of the problem with him.

MOSHER: Who's qualified to write that summary?

MCDONALD: No one. It's always a compromise. The choice of who writes and drafts the memorandum calls for the exercise of some discretion. That does not go up the line to the President. The process that we followed was that somebody drafted it, and then the contributors got together to have another shot at the memorandum. They would say, "Now wait a minute, this does not present the views correctly. We don't accept the base case." But

we fought that out at a lower level before it got to the President. Six different people would draft a single memorandum instead of handing the President memorandum from Charlie Schultze, memorandum to the Secretary of the Treasury, memorandum to the head of OMB [Office of Management and Budget], memorandum to the head of DPS [Department of Public Safety], etc. Each one may want to put nuances in the memorandum which, from the President's point of view, wouldn't mean a thing. We tried to devise a framework within which he could see the problem, have a hope of understanding the points of common interest, and then see the highlighted points of disagreement for which he needed to serve as arbitrator. It's a very simple concept of game keeping without being repressive.

In organization terms, it's an extremely simple concept. There was only random follow-up by those with particular interests, the Chief of Staff, or by anyone from the staff director's office. The President decided, and the papers went out. It was assumed that everyone in the government was there for the same purpose. It was assumed that Cabinet members were attuned to the same things the President was, and it was assumed that orders would be followed. Occasionally, because of a particular interest in a problem or an issue, or if things didn't move as fast as someone thought they should, someone would follow up. That was essentially the follow up program that we saw.

We tried to keep a running list of priorities of what was going on. We tried to think through a series of steps that were at least necessary to launch a program. That might involve a series of follow up memoranda, it might involve a series of central talking points that would be distributed to key spokespersons throughout the administration, or it might be a series of follow-up meetings on a regular schedule every two weeks or once a month. It might be a required report by a group or by individuals within a designated period of time to the President about what he wanted to know by the end of the month, how you were faring, what you had done, or what the odds were for a program's success. With relatively simple mechanisms of that sort, one could have an extension of influence far beyond the decision point.

The problem with policymakers is they're bored once their policy is accepted by the President. They have accomplished their objective, and having won the intellectual argument, whether it ever becomes reality is almost irrelevant. I have found very few policymakers who are willing to go to the effort or self-discipline, or to develop the time necessary to follow through. There needs to be some mundane administrative mechanism to see that the job is actually carried out.

KETTL: You've talked a bit about the importance of having such a mechanism, and have sketched it out in general, but would you fill us in a little bit more on the mechanics of how some of this works? For example, Anne Wexler mentioned that you had made extensive use of computer printouts, that you had put things into the machine, had things pegged for certain actions by certain dates, and prepared certain charts. Could you speak a little bit about the kinds of mechanics that you used?

MCDONALD: There was nothing revolutionary, but, for example, I gave out a copy of the calendar. One of the things that bothered me about the White House was reacting every day to everyday pressures. It was like an automobile driving down a country road without lights at night. You'd hit a rock, bounce in a ditch, you'd bounce off, then you'd get back on the road,

and you'd keep going as fast as you could. But no one had any pretence of seeing what was ahead.

We attempted to collect information from the major agencies, departments, and senior staff members. From the information, we built a system of monitoring for some six weeks ahead of time the approximately 300 most likely events, decisions, judgments, and involvements that the President might have. We would add about 50 a week, and we'd drop about 50 a week. This was all computerized, and we usually brought it all up to date on Thursdays if we could. That gave us a tracking device. Then we could see about when they would be ripe for Presidential involvement.

This probably automatically triggers the question of who's doing this, who's involved, what agencies should be involved, what material does the President need, and at about what time? The way we managed these questions was with the method by which we would manage almost any human activity involving multidimensional variables. We would meet so that we would also see the juxtaposition of events and say, "Well, this is totally illogical to come out at this point in time. It's totally contradictory with the posture or this position, or it's not going to be able to be explained by then."

One could then begin to determine what would be a logical set of events, a scenario that would appear to be from a single administration rather than from 20 or 30 isolated points of view. That began to add coherence. We sat down with the deputies because the senior staff had too many important things to do to keep up with this. We would sit down with the deputies and say, "Now here's what's going on." We would have a weekly meeting to see who's doing what.

On my control sheet, I wanted to know who was the prime interlocutor to the White House. I wanted to know which department or agency was involved with an issue. That gave me exactly the person that Mike or I needed to call. Whether they were at the first, second, third, fourth, fifth levels of the organization, Mike or I could ask, "How's this coming along? Where does the Secretary of Energy stand on this? When are we going to be talking with the congressional liaison about the initial committee chairman contacts? Where do we stand on the congressional work? Is it necessary to talk with the Council of Economic Advisors? Has there been a meeting of an interagency group to discuss and develop the options? Who's going to write the memorandums? Is this moving on a timetable so that we still expect this to come the last half of the month, or is it spilling over? Is it coming earlier? What are going to be the implications of other things that are on the table that week? What would be the implications of the President's presence or absence at the meetings? Does he need to go?"

It's a very mundane way to run a henhouse. But to my knowledge, no White House has ever had a mechanism of this sort before. There is now a considerable interest by both the Meese and the Baker staff over who controls this computer-based mechanism.

ROWNY: We'd also spew the computer copy out and have it sorted by agency and contributing unit. We could send an automative note back to the Secretary of Energy saying, "Here are the six items on our calendar we are anticipating coming through from your unit, as

per your discussions with various White House staff members." That also has a certain influence. When they'd come through and bypass the system, they'd say, "But we really have to have this decision by Tuesday morning," which they obviously did not. It had not been reported in six weeks' time.

"You mean, Mr. Secretary, you have just discovered this is a decision we need right now?" After a few discussions of that type, you began to get a recognition that there may be an easier way—which is in their own self interest—to get something logical to the President's attention. That cleans out just an awful lot of volume in the President's in-box. The calendar is one of our programs that we turned over to the newcomers. They were fascinated by it. The last time I met with them, they had not yet agreed about who was in charge of the calendar. Both Meese and Baker thought it would be a logical part of their duties. That might point out another problem.

There was considerable competition between their staffs over this, because if you're going to be taking a car trip, and you're the only one with the map, and nobody else knows the road, you're in better shape—at least better than the one sitting in the other seat. This issue became the first road map on the reality basis of what was going on. That was translated in the meetings and the discussions with the deputy about these issues. We would go beyond that and say, "Here are the events. What do you know about them? What's going to happen?"

Out of those questions would spill a series of issues. They triggered this issue, this issue, and this issue. "Who's looking after that? Who's following through?" And they'd say, "Well, nobody." And I'd say, "Well, if this group sitting around the table can't figure out who in the White House is the chief spokesperson on that issue, don't you think we've got a problem? Maybe we ought to assign somebody, or we ought to find them." That would usually contribute to the clarification of lead responsibility. It's the same thing when the deputy was sitting around the table. We would say, "Well now, who should be involved?" And they'd say, "Well, this unit or that unit of so and so, ok?" So we'd end up with a group, which would deal with those few issues. We would say, "Now, within what time frame do you reasonably believe that we would know the outcome?"

These issues would be put on a tickler file so that the next week when we'd go back to our meeting, those issues would come up, and we'd say, "Ok now, so and so, how are you faring on this? Are your departments, agencies, or offices taking the lead?" That became a rolling control device or a coordinating expedition activity. That was one set of tools. There are others about which we could talk. We might just stop for now.

HAIDER: That monthly schedule printout on which you had the release of the economic indicators included floor prices, the GNP [Gross National Product] unemployment rates, etc. That has to be a real problem for the President. There's no evening newspaper reporter who can intelligently report on it. They don't know what these figures mean. Is that printout for a particular assembly, or is that information on it just simply to get information to the President?

MCDONALD: No, no, no, no. You wanted to know the moves of the general public. Even if you would not know the specific figures, you would know the general trend. For example, you

wouldn't want to schedule an economic speech for the night before the indicators came out. Because chances are, you'd be wrong. If you were doing it at random, it might have been logical to accept the invitation to speak to the New York Economic Club on the night before the monthly economic indicators were released.

Unless somebody was putting these pieces together at the last minute, somebody would say, "By the way, did you know that Commerce is going to do this issue, or the Labor Department tomorrow is going to be talking about unemployment?" But if you just had this information out in front of the President and his speechwriters, he could say, "Now, look at the other events." The world, the public, and the press were going to be analyzing the President's statements, so he needed to be aware of these 15 things that are going to be spewing out this week in some place or another, Presidential involvement or not. He could begin to think of a spectrum within which this event would fit.

Does that mean it needs to be a Rose Garden event involving two hundred and fifty people, or should the President quietly sign it after midnight in his pajamas before going to bed? There could be two totally different, contrasting approaches with the issue. That gave an opportunity to begin consistent reflection on the perceptions of what was going on. We could look a little more closely at what the substance of policy should be. Otherwise, one can't assume that there's any relevance of policy to the general economic trends. Then one is always asking, "Well gee whiz, here's the Labor Department making this recommendation on the same day that the Council of Economic Advisors is coming out with a totally different forecast. This group can't get their act together, can they?" The printout helped us and had just enormous value in making sure that one hand knew what the other was doing.

YOUNG: It strikes me that what you were doing here was managing parochialism and myopia.

MCDONALD: From a process point of view. [laughter]

YOUNG: Yes. You were exposing people to elements of the environment, and connecting events in the universe that they would not ordinarily connect.

MCDONALD: But that meant that if I did my job well, I was hardly noticed. You could see that the senior staff wouldn't be bothered at all. The only thing that he would know would be that he would occasionally be invited to comment on something, see something, or participate in something that might have been overlooked before. This meant that I obviously had to be neutral, or he wouldn't have been invited in. It meant that if he needed attention to be given to something, he had a place to call. Who was the person who would give some attention to it so that he could call on the service unit? To the degree that the system worked and ran, I was doing nothing. I was having no influence. "What do you do around here?" some might ask. It is to the degree that one is inconspicuous—not only in the press, but also in the house—that expedites that ability to really see that the system runs.

YOUNG: So an article that comes out labeling you as the blue chip mechanic is fine publicity as far as you're concerned?

MCDONALD: Yes. If it had said, "This is the blue chip policy developer," why, it would probably kill me. A mechanic does not have a very noble trade and is not really concerned with substance at all. If the article said I was neutral and had no power, that was fine. If I was called a blue chip mechanic, that's fine. A mechanic is totally innocuous. [laughter]

YOUNG: We begin to understand.

MCDONALD: Really, I hope that I will be backed up. If the other staff people say, "What did he do? I didn't really realize that he did anything. At least he wasn't involved with anything that I know of," then I'll be satisfied.

MOSHER: To what extent can the President or you control what was going to be on the agenda within a one-, two-, or three-month period?

MCDONALD: I would say that one could control maybe half to two thirds. There's at least a third to a half of the issues on an agenda, depending on the circumstance, over which no one has control. The uncontrolled issues would come through a confluence of events that just have to be dealt with. But the difference is whether one accepts that as the norm so that everything would be allowed to be coincidental, or whether we would try to isolate those events and decisions that are genuinely within the President's influence if not direct control. It's within his control whether he goes with a program to Congress this week, next week, or ever. It's within his control whether he decides to replace a major member of the administration or he accepts a speech or not. It's really a decision. What he says is a decision. There's really more control if one is willing to exercise the discipline to take that control, or if one is willing to assume the irritating aspect of resolving conflict by decision and by rational argument rather than by response. Not many politicians are willing to do that.

For example, on the morning of December 11, I argued for about thirty minutes with Jim Baker and Ed Meese. They were going to spend the day with Governor Reagan at that time. I said, "I know what your agenda's going to look like. It's going to be dealing with people, people, people." They said, "That's right." I said, "This is the wrong day to deal with people. You have one priority today, and that is to agree among the three of you on how you plan to resolve conflict, how you're going to make decisions about the transition team, the appointment process, and in moving for a final position. If you all will clarify that, you'll have a totally different tone to your transition. You'll enter the White House with a new force. You'll have a greater influence over the Presidency in the first few months than you otherwise would have."

They responded, "Well, we're not quite sure. We're not really in office yet. We have to wait until the twentieth until we can do it." Well, you saw exactly what happened. The transition was out of control. There were multiple transition teams. There was no decision over who was going to be in the transition team, what they were going to recommend, or how recommendations would have been treated. There's still an indecisive process of designating and clearing appointees. It's almost an individually tailored process. There have been a number of recent articles with the press exploring the very circuitous route. These articles

basically show the new administration's attempt to come almost coincidentally to a consensus without management of the process. You can to do that, but you would not necessarily come to the best decision or to do it within an appropriate time frame.

This also leads to the fact that [Alexander] Haig, who had experience, immediately led with an enormous attack. Now he has had to move back, but his attack was inevitable. When you leave great voids, people are going to step in. The first few Cabinet meetings were, I understand, fully debacles. The guys on the Cabinet who knew absolutely nothing about the subject were the only ones who'd talk about it. And so the number of Cabinet meetings decreased from five a week to one a week, and each had less publicity on what actually happened within the whole Cabinet. That's an inevitable process, but there was no point in learning that from scratch. It had all been described for anyone who was willing to be a student of the situation.

MOSHER: Going back to my earlier question, do you find a significant difference between foreign affairs, national security on the one hand, and domestic affairs on the other?

MCDONALD: No sir. Except that foreign affairs are simpler.

MOSHER: Simpler?

MCDONALD: Yes.

MOSHER: More predictable?

MCDONALD: They're more predictable, and they're also easier to get a political consensus to support. It's easy to come up with a foreign policy situation with American citizens behind you. It's almost impossible to come up with a consensus for an economic program. If we look at the great failure of the President, it's not in the foreign affairs areas, it's in the fact that it's almost impossible to manage this society with the tools we have. The difficulty to manage society is probably good. I'm frankly delighted. It means that they are not going to be able to act too arbitrarily in terms of how our way of life evolves. Our forebears had the foresight to build a welcomed safeguard into the system.

It's frustrating, but domestic policy is far more complicated, far more difficult, far more nuanced, far more speculative than foreign policy. Foreign policy is really fairly cut and dried. I would say that it's very cut and dried in the Middle East. That doesn't mean that you've got a solution, but you do know all the players, exactly how they fit and how they're going to react. We really don't have a choice in terms of what our policy is going to be in the Middle East. And it's not any different now than it was before. We also know that we are going to be in direct conflict with our European allies on whatever policy we pursue. We go in with a record that has little success in the Middle East. That doesn't mean that we have an answer. But it means that there's no great complexity in terms of what our latitude is, what our actions should be, what we can or cannot do, or where we can hope to come out. Now that may not follow all the rhetoric we choose to use, but in terms of real substantive latitude, we have don't have much choice.

HAIDER: Does this mean that the election of a President of the United States has more bearing on the citizens of El Salvador, for instance, than it does no the citizens of the United States?

MCDONALD: The President actually has far less impact on our society, on our way of life, and what we're doing than we think. On a short-term basis I'd say it's almost nil. On a cumulative basis it's fundamental. It's like learning a language. As an adult, if you start to learn a language it's the lowest priority to take that lesson any individual day. But cumulatively, over the year, it may be your highest priority. The influence of the U.S. Presidency on American day-to-day life is small, unless he's going to start a war and decides that he's going to hit the trigger. But again, that differentiates between the levels of Presidential power. The power of the President is a negative power. It's not a positive power. On the destructive side, there's enormous power; on the positive side, it's all trying to climb the same icy slope without proper equipment. So it's easy to slide back down; it's very hard to make steady upward progress. That's one of the frustrations which Presidents have.

Within my lifetime we've had nine Presidents. Only one has left office after two complete terms in good health. And he did not fight public pressure for his job as President. We have an enormous gap between what the public perception is of the President and what actually can be accomplished. Only those who go out in boxes are heroes of their own generation. I don't know of any other way you can go out a hero. Within my lifetime we haven't seen heroes go out any other way. People say in political discussions, "I really want to run for this office," and I say, "Why? You think that's going to make you a national hero? You think people are going to love you? Are you going to be popular? No, you're going to be a living bomb until you're assassinated."

A hundred years from now he may be a great man, but let me tell you, do you think Abe Lincoln felt too good about life or the way he was viewed even the afternoon before he was assassinated? He probably thought his public image was one of having marginal success. The public was still worrying whether his wife was a spy for the Confederacy, and whether he was loyal to the Union. Most of the people thought he was relatively incompetent and totally psychologically unfit to occupy the Presidency. Historically we look back on him as not having served too badly. But that didn't give him much more satisfaction than the impressionist painters did.

ROCKMAN: This pictures the American chief executive as laboring under outsize public expectations and relatively inhibited powers. Do you see this as an institutional problem of the American Presidency, as has been written about by [Lloyd] Cutler? Do you see this as a problem affecting chief executives in other types of political systems?

MCDONALD: I don't think it is a problem. I think we have had a pendulum swing from what our forefathers intended the role of government to be. We have shifted to expect from government what I'm not sure we want from government. But nevertheless we have very high expectations of what government can and should do. This was never expected earlier. One of the ideas that Jefferson had in the closing months of his second term was to try to spend as much time as he could at Monticello. There was a difficult economic condition, and it was a

tough time to be President. But nobody expected him to do anything about it or have control over it. It just happened to be the curse of the times during which he had to be in office. The economy just wasn't going favorably at that moment. Still, he sensed the burden of responsibility.

It's only been in modern times, since the Roosevelt era, that there has been an increasing public perception that the Presidency could and should do things that could determine the economic results. My own suspicion is that we have an exaggerated expectation of what the system can produce. I'm not sure that we would be willing to accept the loss of personal latitude and liberty required for efficient government. For example, the Cutler proposition is not at all practical. It made an interesting article. It got Lloyd some publicity, but I cannot imagine a constituency within our ideology as Americans that would be willing to say, "I'm from the third district of Connecticut. Oh, the Democrats have designated so and so from Utah to be a candidate. Ah, that's interesting, that's very nice. I'm glad we can do that, and he will naturally support the Prime Minister." That's baloney.

Our constituents believe that they have a vested interest in the idea that the individual is primordial in terms of his political life, and that his allegiance is to his individual interest and to his district, not to any party, and not to any President, and not to any ideology. That's totally contradictory to the parliamentary system. To say that we should think about pursuing Cutler's proposals is to say that we really don't believe in democracy as it has evolved in this country. We don't want any part of it. We really want to transfer that individual level of interest and the personalization of interest to some other mechanism know as the "party." I don't see that as happening. I don't even think it's desirable. I think it makes an interesting but totally academic debate.

The only kind of government that I want to see controlling the sacrifice of individual liberty for the sake of a central authority is one in which individuals have the central authority. I see nothing wrong with that form of government. But if individuals are not going to have the central authority, I'm not sure that, as a citizen, I want to delegate to anybody else or to any other particular group. In other words, I want to retain my right of opposition as a loyal citizen, and I want to do everything within my power to block their stupid moves whenever I deem them as such. And if that doesn't create a very efficient system, then that is entirely in line with my concept of how one expresses individual liberty.

There's a higher criterion for government than efficiency. If someone says, "No, I'm really interested in efficiency," I'm asking, "Efficiency to do what?" As long as Lloyd was general counsel for the President, he might be stronger or more efficient than he is now no longer as the general counsel. [laughter] But my suspicion is he will learn more and far better as a partner in his law firm than with the system we have. He's not going to be general counsel, and I don't think badly of Lloyd personally, because I'm a good friend of his and have utmost respect for his professionalism. He made enormous contributions to the Presidency. We all had to work together and reinforce each other. But my comments would be related to his article. Lloyd wanted be provocative, as I think he succeeded in being.

ROCKMAN: Whether fairly or not, one of the aspects of the Carter Presidency that was most heavily criticized, especially early on in the term, was the legislative liaison. I'd particularly like to hear from Mr. Rowny on this issue since he was on the Hill at the time. We have talked about some of the managerial devices that were installed to bring more coordination to this operation and about some of the problems. Assuming that some of criticism of the legislative liaison was fair, to what extent are there managerial limits on improving legislative liaison, and what kinds of characteristics might have been missing in the early operation?

ROWNY: In my view as an outsider at the time, I shared the view that congressional liaison was very poor. I thought it was bad under Nixon, and it couldn't possibly get any worse. But I do think that right at the outset of the administration it was probably at its low point. And the reason that was the case is that those who were involved early in congressional liaison were not much involved in advising the policymakers. We had full-blown, complete, four-part harmony ideas thrown out, and saw them for the first time when they were proposed to the Congress.

The more effective way of going about it is to first ask the Congress exactly what they would like to see. Construct a package and then point out that their idea is in it. Their idea is not the whole thrust of the package, but it's in there. By this means it's possible to build a consensus from the backwards forward—pre-consultation, which was one factor by which we finally submitted that piece of legislation. Nobody even opened it because they didn't care at all. They already knew, due to our previous trade negotiations, that all their ideas were included in the legislation.

MCDONALD: It was a thousand-page document handed to Congress.

ROWNY: But if you want to set up a confrontational mode, don't ask them ahead of time what they want to see. Then develop on your own a complete idea, and point it out. Then, even if it's two thousand pages, they'll rip every page to shreds. The way we avoided that was by means of pre-consultation. I think that changed a great deal over time.

Another factor was the crisis orientation towards almost every little tactical move, as Al alluded to earlier. Part of the idea of planning was to be able to see ahead those things that could be predicted. This meant imagining what was going to happen two or three weeks from a certain time. On the inside of the White House, we did not have to treat it as a crisis if we knew about it ahead of time. Then it was not a crisis. The temptation is to be sucked into treating everything as a crisis, waiting until it finally becomes a crisis issue, before working on it. By prior planning and a few exercises in trying to generate priorities, we were able to put the treatment of issues into a little bit better perspective. That also brings up the question of tactics and the sequencing of the President's being involved in congressional matters. Again, it was a great temptation to bring the President in at a very early stage on the subcommittee level, as soon as a little roadblock developed on a particular piece of legislation. In Washington, you have a limited amount of political capital, and you need to husband it very carefully. If you spend it very quickly, you debase the currency.

MOSHER: "You" meaning the President?

ROWNY: "You" meaning the White House staff and the President. Over time we moved the President a little bit back from the process of the day-to-day battling on issues. This is one area where the initial perception was perhaps an accurate one. There were a lot of mistakes made. By the time, however, of the third or fourth year, the actual performance had changed drastically. The perception had not changed drastically, though. The perception had changed in large measure among many people on the Hill. They felt that this President was enormously effective. He would often have colloquies with large numbers of the Congress, sixty or a hundred people at once, and brief them on a particular issue. They felt completely comfortable with his understanding and his basic thrust. I heard meetings of that sort described in emotional terms. What a warm feeling they had for him. Many of them had affection for him during the third and fourth years because of the way he engaged them in the process.

YOUNG: Where did the consistent theme of a poisonous nature of the relation between the President and the Congress begin?

MCDONALD: That theme was simply not true. It was carried forward from an early perception. The congressional perception of the President was improving all the time. The dynamics of the relationship and some personality difficulties colored the whole situation. For example, during the campaign there were a lot of problems between Frank Moore and some of the members of the Congress. There were complaints about administrative responses.

The circle of Carter's friends carried over a feeling from their experience in state government. In the state, a leader can go to the people and bypass the legislative system, thereby putting an enormous squeeze on the legislature. A state senator is a part-time grocer, drugstore operator, clerk, or a notary republic from Hickstown, and he's in the state capital for ninety days out of the year. You can catch him in the squeeze. But when you're in Washington, you're dealing with pros. Many of them have been there a decade or more. They have their own staff, they have their own full-time advising groups, they have their own infrastructure of professional advisees, and they're not going to be moved by general appeals.

FDR learned that lesson from the Congress, which was a lesson of which new Presidents might take note. In a meeting with Jack Watson a month before the President took office, I was told by Jack that the President said, "Don't worry." For example, the specific issue with reorganization. As a head of one of the biggest and most prestigious consultant firms in the world, I'd had some experience on organization. I said, "I really don't think this is the President's priority. It can kill him politically."

To reorganize the executive branch is to reorganize the Congress. I don't think the Congress is ready to be reorganized in terms of their power structure by a new President—you know, right off the bat. But we did it in Georgia. We went to the people. The people insisted on it. Well, I said I really think that the President would be much better advised to take the three or four policy areas in which he wants to have impact and concentrate on those and do some tidying up of the organization.

But the only time that anybody would want to try to reorganize the federal government would be at the beginning of a second term—certainly not at the beginning of a first term. Then you can make anybody mad that you want to. You go to the people—ideally in the sixth or seventh year of a Presidency—let everybody take his stakes. But in the first term, what you're really trying to do gets all confused. The President of the United States can only go to that well once or twice, and then only on his knees. The attitude that we would bypass Congress was an early failing or difficulty. That is not a practical alternative. I hope that the Reagan group doesn't have that point of view, or they would go into shock.

Let me go back to an outline and mention these congressional items. The first involves the questions of the strategy of the relationship. It includes the questions of the sub points of attitude, and whether to direct or override. Other questions involve the risk inherent in making choices and need for intellectual leadership. Those are the distinct strategic choices that have to be made. On the MTN one, we ran a syndicated risk since it was too politically confrontational to ever win. We got into a knockdown, drag-out fight with Congress, we lost. We knew that we could not get an overwhelmingly positive vote.

Eventually, we got an overwhelmingly positive vote with only four Senators voting against us and only seven or eight members of the House voting against us. Originally only 55 percent of the Congress was in favor of what we offered. The results of the voting were no reflection of the fragile coalition. With 45 percent against us originally, we could have lost most of the close votes within a very narrow range. Unless one differentiates that from the overall vote, it's never a 100 percent gain. One had to understand nuances in order to manage a hard situation.

The strategy of the relationship between the executive and legislative branches is critical. The strategy of the relationship of the first Carter years was not good. It was wrong in its attitudes. It was wrong in its participative aspect. The view was that we would go with the most rational, intelligent, and brilliant program; and we did. The first energy program is a masterpiece of intellectual thinking. It just happened to be totally irrelevant in our political process. It would have avoided the 1979 OPEC [Organization of Petroleum Exporting Countries] price increases. It would have been damn good for the country, but we didn't have the political wherewithal to do anything, even though [James R.] Schlesinger and Carter tried. One problem was, who would save the automotive industry?

Whether or not it would have been good for the country was not the basis by which it was judged. Look how much better off we'd have been if we had gas-guzzler taxes so that the market would not have continued for three years buying big vehicles because it was economically advantageous to do so. Imagine if we'd gone in at that point with the gasoline tax, which would have continued to encourage conservation, instead of going the other way and freezing it in the control situation. The controls created inflation, which meant that we subsidized gasoline that was cheaper than we had had in the previous year. We've done all the wrong things economically. These mistakes were a result of our rational thinking process. We lost by that strategy.

The second point deals with lead time. Mike earlier made the point about whether you had a short term view or whether you had a longer term view of a situation—whether you had two weeks, a month, or a day. And one of the indications of the Carter group is that they took that final judgment by the hour. Nobody could fine-tune it that way. You couldn't tune a congressional relationship that way, and you couldn't fine-tune the economy that way. If Congress had tried, they would have screwed everything up. The liaison people, who also tried to do it that way, got caught in the manipulative corners.

One needs a little broader view—which leads us to the question of whether you're going to have a relationship based on broader strategy, leaving the tactics to others, or whether you're going to move tactically yourself. You would take a position from the White House without relating it to the amendments being considered by the subcommittee studying the proposal. Our group frequently got sucked into doing that. We thought that we ought to do all the windfall profit tax in this range. We told Congress, "Now how you guys get there, we really couldn't care. But this is where we're going, and we will continue to hammer away at a goal instead of trying to work it through every system."

The fourth element deals with the question of recognizing and dealing with a bottleneck. How do you play the need for selectivity and priority? Again, that was not handled as well as it might have been.

The next point deals with where the lead falls, in the White House or in the departments. Again, we could learn a great lesson from FDR. Somebody asked him about his labor reform bill. He said, "I think you should see Madam [Frances] Perkins, she has a real problem." Can you imagine Jimmy Carter saying, "Gee, you ought to see Ray Marshall about that," and, "Oh, Ray, he's really fighting those tigers off, isn't he? I feel sorry for him." The White House always plays the second lieutenant role. It's being the first one up to get shot at. The Cabinet officers would wait behind the colonels and see how tough the battle was. The President has his neck out the first time. It would have been a more productive relationship to go back to the ideas involved in these five items. I don't care if we're fighting with 55 others. All I can say is good luck. Sure I support them; I favor them; but that's your battle. Use your wits, use your constituency to carry them through.

The next point deals with how you handle the administration of the relationship. That's a massive factory job. The White House will average more than 100 individual letters from members of Congress a week to the President of the United States. congressional members require a positive policy response because they use the White House to calculate their political risk. Any time they get a hot potato, they send a letter to the White House. For example, a Congressman from southern Illinois sends a copy of his letter to the President of the United States to his constituents. In his letter, he says, "Mr. President, my constituency is concerned about this issue, and I would like an elaboration of your program on how you propose to deal with and correct this gross injustice." You can't send a form letter back to that Congressman. He's already syndicated it and probably reproduced the letter in a news bulletin. He's given a copy to the local press and maybe read it over radio or television.

I would even hesitate to count how many responses must be made to just telephone calls. We got a hundred letters a week. Members of Congress sent close to a hundred a day to somebody in the White House complex, and each one expected that his request had to be the first priority on the President's agenda. The President, he thought, had to respond to his request.

Then there's a question of favorites. The President makes a comment about a state, say Colorado. He says, "Well, I was thinking about Colorado the other day." Before he thinks out loud about Colorado, he better talk to both of the Senators and to about three of that state's representatives, so that they can make comments and say, "Yes, that's right, the President and I were talking about this on the phone last Tuesday." If the President doesn't first consult them, he makes enemies. Every time he moves out, he has to touch base in order to foresee a storm situation. He'd better make sure that the right people are on Air Force One, and he'd better include the right people from the congressional group.

That has to be weighed with what else he's asking them to do at that time. If he's going to have a steak dinner, or if he's going to have a country music festival on the South Lawn, those both involve very careful tactical choices about the relationships of favors for the Congress. Who's there and who's not doesn't happen accidentally. Declaring an emergency in a certain area—his reaction if he does not declare an emergency—speaking engagements, and the focus of attention all are utilizations of his power.

Finally, I would mention the area of communications and White House briefings. Appearances before the various research groups and advance discussions of subjects of general staff interest are important. This deals with congressional liaison, not the individual level yet. I'm still dealing with the "mechanics" of thinking through how the process really does work. It's not helpful if nobody thinks about these mechanics, or if someone says, "This process needs careful thinking, but maybe we will and maybe we won't take care of it." It's a major organizational job to think through and manage the process regardless of individuals.

There was another element that one needs to keep in mind. The head of a congressional liaison activity has to be aware of congressional power. He must be able to sit down eyeball to eyeball with members of Congress and demonstrate that they both will have trouble unless they come out on the same side. But a messenger cannot sit in that policy level world where Congressmen really know that you're talking for the President. Liaison staff are able to deflect back and forth and are able to have an influence in the thinking since they are interpreting the views of Congress for the President. Part of the effect isn't lost.

That's just at the top level. At the second level, the congressional liaison staff members have two other dimensions that they have to go through. One is the contact on a broad basis with the whole membership, by institution, by the House, and by the Senate. The third level is the staff relationships that are maintained by somebody because that's where the initiatives and legislation are introduced. Somebody needs to have thought through an outline similar to this kind, and take policy decisions on how they can run the show. Otherwise, they're not going to have very good congressional relations.

Now most people don't think of it in quite that format. It's not whether I agree with their politics or not, but they ought to manage relations well. A more enlightened Presidency would follow the pattern of leaving out all personalities and individuals. That would have been one of the areas in which I would have strongly recommended that the President rethink the concept of the relationship, had we gone into the second term. I think he would have been interested to reflect on those redefinitions. I don't know what his decision would have been, but there would have been different ways of thinking about it.

ROWNY: There's the historical basis against which we're measuring all this. I think we have to remember that in the early 1970s, the Congress made radical major departures in reorganizing itself. It killed the seniority system. It put major emphasis on distributing the power through subcommittees. The staff of which I was a member exploded in numbers and in influence, particularly on the Senate side. Then you were dealing not only with the power of numbers, because of what happened in Watergate. Those fundamental reforms changed the nature of the game.

The President of the United States no longer has the option to sit down with a dozen people in the Oval Office and work out the legislative program for the year. On every issue there are many individual points of view to reconcile. You have to put a coalition together for every single issue. In doing so, you deal with all these different power centers, treating them in an appropriately sensitive way. This is a major institutional and historical change. This change has to be measured against the institutions between the Presidency and the Congress.

MCDONALD: One other historical dimension is just assumed by a lot of people. The reform of Congress and Watergate changed the nature of the relationship between the Executive and Legislative branches so that now they are at an historical point of confrontation. There is a degree of innate animosity between the two branches. It has nothing to do with people in there, and it has nothing to do with the policies. It had been excused by one party being in control of the White House and another party being in control of Congress throughout 1974, 1975, and 1976. That was really not the problem. The problem is that everybody was staking out their terrain and moving in their troops.

The awkward thing that the Carter administration found in the first year was that it had to move through the minority leaders—not the majority leaders—of committees to get action. The chairperson in the committees, which were comprised of members of their own parties, lost their control over their members as soon as they became too closely identified with the White House. We were caught in a classic struggle. We had to capitalize on this in the MTN. For example, in the Ways and Means Committee, we first submitted our vote within the Republican Party before we even approached the Democratic majority. We always could count our Republican proxies first, and we'd have a deal saying, "Okay, here are the issues that are coming up." We could count that side of the aisle. Then we would start working on the majority from the Executive Branch, in just exactly the opposite way. Only by following that pattern could we have any hope of avoiding what would be a political bi-play and could we get a bipartisan vote. Usually it would be a split Democratic vote. If we could get the balance, it would be very heavy with the Republican votes.

That was the history of the Carter successes and failures. The failures would end up on party grounds because the chairpersons could not deliver in a fight with the White House against the institution. This is going to continue. It's going to last at least another term or two before who has what power begins to settle out again. The White House staff will have to be reinforced and strengthened before we get rebalanced. The Justice Committee in the Senate had 120 full-time staff people. That's more than 25 percent of the whole White House staff right there on basically one narrow issue. When you're in a struggle for people's minds, to a degree, you're fighting with resources in one way or another. One person or two people in the White House staff cannot counter large committees or satisfactorily influence events. That's another historical equation to keep in mind.

YOUNG: The White House staff members felt that the changes in Congress had led to a new situation in which all they could do was to throw up their hands in despair, saying, "Well, the situation is effectively beyond control." Your initial presentation didn't suggest that feeling. Two of the things you were reeling off were fascinating. One was how much you had thought about it and how much you knew about it. And the second thing was how strikingly uppermost all of those things were in the minds of some of the people who were on Eisenhower's liaison staff. A special staff operation began with Eisenhower. How was touch lost with these important realities about congressional liaison?

MCDONALD: Could I comment on both of those different points? An always-relative question in our society has been whether anything can be done. I thought that things could be done, so I'm not in the "despair school." However, the ratio of what can be done now in comparison with other phases in our history is lower. Three major movements that have occurred within this decade have changed the level of probable accomplishment. How you define those boundaries, not how you operate within them, is what we should talk about.

The three major movements involve the reform of the Congress, the defrocking of the Presidency because of Watergate, the fragmentation of the political system because of special interest groups, and the elevation of special interest groups from amateur collections of interested citizens to professionally staffed, full-time, paid, and organized operations that work within our political system. Another dimension of what has happened within our nation is the expression of pluralism and our desire to express ourselves to the people that is on a different level from any other society in the history of mankind. The willingness of our government to listen could also be added.

Because of the next dimension, we say within our internal framework, "But our international equation is also totally different." Our position is now one of first among equals. It's not one of superiority. That requires a totally different leadership mode than controlling the decision-making power and our people's ideology. I don't believe the new administration recognizes that this shift is taking place. But the shift is very real and was emphasized in the conflict in Vietnam. People simply won't hold to the old concept, nor will they pay the price to maintain the old relationship. Although this different de facto relationship is not really understood by most Americans, it has to be understood by a White House that's going to be effective.

Economic policy has to be related to the complex ramifications of an interdependent world. Since World War II, we've moved from a position where we could entertain isolationism as an option. That's no longer an option with our present standard of living. It's not an option with the present level of technology, the world market, and the weapons systems. The price of interdependency has not yet been evaluated or recognized by the general public. Everybody says, "Isn't interdependence a great thing? Isn't it wonderful?" Well, it's like having three wives. It may be wonderful, but there may be some awful moments. We're sensing that same situation within the international field.

We've also looked at the difference between the have-nots and the haves in the international field. The have-nots all of a sudden had the resources that are necessary for our own existence. That has never happened before in history. The have-nots have generally been have-nots. Now we have have-nots that have oil and a few other minerals that are necessary to run our society. These changes in the political structure and the changes within our own society are the result of a social revolution that took place in the sixties and seventies which transformed our position in the world environment. We have redefined the world environment and the relationships between the haves and have-nots.

To further complicate the deal, without moving into the realm of theology, we have had diametrically opposing trends since World War II between the policies that we have pursued for humane, political, or economic reasons. These policies have taken diametrically opposite positions. We have been steering nations into smaller and smaller states. We have built states on the concept of sovereignty, which is no longer based on the earlier premises of being able to defend, feed, and provide for people. Almost no state can serve those functions now. We have an exaggerated concept of identity, and an exaggerated search for identity and sovereignty. At the same time that we have had this exaggerated search, we have moved technologically and economically toward a single, worldwide market, a single accepted standard of living, and a single communication format in which the whole world is exposed instantaneously through one medium or another to the best standard of living. Even in the least privileged countries, those watching TV every night have been exposed.

How does one operate the White House, where supposedly the most powerful man in the world is, so that cohesion is produced? How can others have a genuine appreciation of where we stand on various curves at any one time? Are they going to be playing a game in which their concepts and their ideology may be absolutely out of sync with the realities of what will come out on the other side? An explanation of where we stand doesn't lend itself to a 30-second TV commentary, which is what rules our country's public opinion. But that's the game plan within which our government has operated the international environment. Hopefully, the new Presidential team is thinking in those dimensions and has some comprehension of how they will influence the world environment.

MOSHER: Are they thinking in those dimensions?

MCDONALD: They may get there, but I hope they don't take too many years. I don't think our team was thinking that way either. We had only a certain number who were moving in that direction.

YOUNG: One of your most discouraging assessments is that there are risks in having a smart President.

MCDONALD: There are. I am really opposed to it. [laughter] Our primary system now has fortunately gotten to the point where it's so onerous that any intelligent person would not subject himself to it. So we do have some safeguards built in.

KETTL: You talked about a system that was designed to keep everything facing the President from rising to the crisis level. The White House becomes a factory that is capable of producing the greater number of products of a regular job shop. It produces regular products on a regular basis.

MCDONALD: There are no regular products and no regular basis, but it is an organized job shop.

KETTL: What happens when the job shop is interrupted by a crisis that imposes its agenda on it, as happened because of the crisis in Iran? What separated the first from the second of your several different types of Presidencies was the imposition of an agenda from the outside. What happens to your job shop in the middle of a crisis?

MCDONALD: You have to reassess all of your priorities in your work flow and involvements. Who does what and when are also reassessed. That's why I interrupted you and said it was a factory. The concept of a factory is of an entity that's producing a known product on a fairly regular basis in a repetitive fashion. The Presidency is an entity dealing in a remote group of unique products, some of which are art forms. They're producing a painting today, a sculpture tomorrow, and a great architectural design the next day. I think of that more as a job shop. Each issue has to be tailored to how it's done, and to whether you have the resources and the time.

How does one follow through in a quasi-organized and disciplined and systematic fashion to deal with that reality? The alternative is to just simply react by premonition. You have a brain trust in which everybody says, "Now, what do you think we ought to do today?" There's too much of that in government. There's a love for opinion instead of analysis, a preference for prejudice over factual submissions. If you had any sense of priority, that tendency is defeated. Without solely relying on opinion, you still have to swing your resources from week to week and even from day to day. You may need a sculptor there, an architectural format there, and a new landscaped garden here. Eighty percent of them have to work on the landscaped garden, and twenty-five percent would work elsewhere. You have to move the others so they aren't stepped on by everybody who is bringing the trees in and out.

That's roughly the way the President did it. It was not very neat. But that means somebody has got to know what's going on throughout the yard. Somebody who's in a pretty strong position must play as a neutral broker. There's only one person who can play that role, and that's the President. It's a little hard for him to keep everybody informed, so they do step on each other sometimes.

KETTL: Can you give some explanation of what this means for crisis management? How were your role and the role of the President affected by the Iranian crisis?

MCDONALD: That crisis almost forces me into a fully domestic orientation, because he and some of his advisors became almost totally consumed with the Iranian situation. Hamilton was sucked in almost completely by that issue. I was concerned with how the rest of the government would operate. We still had a lot of things going on. We had to differentiate between Iran and everything else, as a couple of members of the press actually observed. That meant that somebody had to be preoccupied with everything. My job started to entail almost everything else. There was just a little bit of interfacing whenever the Iranian situation required resources, time, or involvement.

I was also involved in formulating the President's pronouncements. I took a relatively active role in his first major public appearance by advocating a strong perspective speech. I personally wrote and drafted it because I wanted it to synthesize everything that he was doing. The tendency was to deal with events on an individual basis, never pulling the whole picture together. I thought that he should do that, and he agreed. It became a very successful communication vehicle, which helped to gain the country's support for what he was trying to do in the early days. Of course, his program dragged on for so many months that he couldn't hold that support for more than 30 days. The speech gave us a very fine uplift. It was a reassuring, confident speech, and it brought some perspective to the picture.

My role in that was entirely indirect. Hamilton was directly involved in that area. He ran it on a regular basis. During a period of time, I chaired four or five senior staff meetings. Frequently, I chaired five out of five in a given week. I was trying to pull together and coordinate our ideas and see that other things were moving ahead. We were still fighting to get the energy bills through. We were still worrying about economic policy. We were trying to get those items moving. Any number of things related to the campaign had to be done.

KETTL: So the picture that the media painted of the President and Jordan, in particular, being almost totally occupied with the Iranian crisis was an accurate one?

MCDONALD: They were not totally occupied with it, but if you take ten to twelve hours a day out of your time and thought, it leaves a hole. The Presidency is a 24-hour a day job. It's not only an eight-hour to ten-hour a day job. He was on the phone or in the office at 5:30 every morning. He speeded through mail and was as interested in his job then as ever. After regular business hours, he carried on other meetings. Foreign affairs might occupy a quarter to a third of his time on a normal basis. Iran occupied about three quarters. That never meant that he was out of touch with other problems, but it meant that he was on an hourly-by-hourly discussion and involvement pattern, searching for all thoughts about ways by which the situation might be eliminated. It would be an interesting story to tell, one of the few instances in which a modern government had been dealing with what was, in effect, a terrorist government. There was a lack of decision-making apparati on the other side. That's one international problem that we don't know quite how to deal with yet.

YOUNG: Does this go back to what you discussed earlier, that the difficulty of setting priorities, while most severe at the outset of the administration, was a problem continuing through the four years? As Don Kettl asked, was the President really too much involved in detail? You said, "No, that wasn't the problem; that's the way it came out."

MCDONALD: I think we narrowed it. If one looks at a cone, and we started 100 percent apart, I think we might have gotten it down to about 60 percent apart. So we made enormous progress. But that was an uphill fight. It would have been an uphill fight the second term, too. It would have continued to narrow with constant pressure from staff.

This is one of the problems of achieving a broadly gauged, comprehensive understanding of an intelligent President. He doesn't understand why the rest of the world isn't just as bright as he is. He became frustrated with the Congress because they couldn't see the logic of what he wanted. He couldn't believe even to the last day of the term their inability to understand the realities of the energy question. He generally couldn't believe that they could act so totally unpatriotically as to block the import tax on gasoline. He said, "I'm taking the whole political heat for that in an election year. All they have to do is nothing; but no, they can't even do nothing. They have to step in to do something that is totally against the national interest in order to get some private political gain." He never did have much tolerance for that, which sometimes complicated his relationship with Congress.

He also liked to see things neat and clean. He thought things should be done right on an across-the-board basis. For example, he insisted on vetoing a salary increase for doctors in the Veterans Administration 90 days before the election. Sure, it was a lousy piece of legislation. It was not in the national interest. It would cause problems for doctors in other federal agencies. It would hurt the nation by attracting officers in the medical profession and in the military. Look at all they do.

Congress passed it with such a resounding margin that I argued, "It's absolutely useless to veto that measure. It's a question of the world or the density of the country. It will diminish the strength and power of the Office of the President if it's vetoed, and be overrun by a great majority," which was eventually the case. It's maybe the first time ever that the Senate unanimously overruled a Presidential veto of a President of the same party as the Senate majority. But the veto was the right thing to do; it was a neat thing to do; it was a proper thing to do, and managerially he was correct. If you look at the issue, he was totally correct.

This is why I made a strong case to my successors to say, "No! Action is not the primary criterion for the President of the United States. The primary criterion has to be to preserve and strengthen the power of the Office." If that's not the preoccupation, one is always losing. Everything Carter did in that situation was losing. There was no way he could block it; there was no way he could prevent it; there was no way he could get the right thing done. He could erode part of the opportunity that he and others within that office have to strengthen the office's power. That's hardly the argument. If he disagreed with his policy advisors, he slept on it, and he took his decision later. The ironic thing was that he took the intelligent decision;

he took the correct decision; he took the rational decision; and it might be that it was the wrong decision.

YOUNG: Some people will interpret the same thing as indicating that we had a President here who either was inattentive to the political realities or didn't understand them. There were some strictures on talking about "small" politics, as you noted.

MCDONALD: He had a nose for politics as good as anybody's. He would have never gotten there without it. You didn't have to explain to him what the electoral consequences of what he was doing were. He had obviously made up his mind that whether he had one term or two terms, the decisions he took would be the decisions that he thought were correct, letting the political consequences be what they may.

There was not an adequate distinction between the small "p" politics and big "P" politics. There's not a new group now. Some of these distinctions have been transmitted to the new President, who said, "Here's the way to go. We're not going to deal with...." He's talking about little "p" politics. They're not clear on the difference between the two yet. In his attempt to be objective, to be fair, to be rational, and to exercise his duties in every case to the best of his ability, Carter felt perfectly comfortable. It hurt him a little bit, but I don't think he lost a minute's sleep that night because of having been over-ridden 100 percent by the Senate. Now, I did! He must have said with a totally clean conscience, "That's the kind of President I'm going to be, and that's the kind of President I want to be." And that's the kind of President he was. I hope history records some of the elements of that because that makes him a rather unique individual.

The Vice-President and I were both very anxious once for the President to take a certain point of view. We'd done the necessary staff work and were sure enough we had a coin-tosser. Exactly one side of the table was going to be this way, and the other side of the table was going to be that way, and the President was going to listen quietly and politely to both sides and then say, "Fine, send a memorandum in, and I'll check off the way it's going to be." He would never get in a fight with you, and he would not take a quick decision there. He was always thoughtful. He would listen to the arguments and say, "Fine." Then he would look at the condensed arguments in the memorandum, and he'd tell you his decision.

You'd get it right back. It didn't take him long. He never vacillated on decisions. He loved to make them. He'd make them on anything. Just make sure they were posed really well, in writing and firm. If I would ever say of a proposal, "One of the great things about this is that it's not only right substantively, but it makes political sense," Fritz would turn around and say, "For God's sake, don't mention that. That will turn him against us." Fritz was serious in saying, "Don't mention that," because Carter might then think that the other arguments were not really standing on their own. He would think that they were really put forward because we wanted to do it for little "p" political reasons.

THOMPSON: How could he have taken these stands when he came into office saying that the one person who had influenced him more than any other thinker on questions of right was Reinhold Niebuhr? All through the writings of Niebuhr, one finds the notion of prudently

trying to bring together what is morally desirable with what is politically possible. Yet Anne Wexler and everybody who has been here has said that this concept seemed not to dominate his thinking at all.

MCDONALD: Carter's concept or interpretation of prudence would be cast in terms of moderation and non-extremism. One of his great political assets was that he ironically ended up very close to where the American people are as to their views, which is very close to the middle-road position. I think he was a truly moderate President. That's what he meant by prudence.

He was not a great risk-taker, but that didn't mean that he took the concept of moderation to mean that you pragmatically departed from your ethical principles for the sake of expediency. He didn't take moderation that far. To the contrary, once he used his principles to make a decision, he let the devil take the hindmost. But in the process of coming to that decision, he thought he was always exercising a sense of equity, a sense of balance, and a sense of prudence. This sense usually meant he would come out as a moderate. He was a very pragmatic individual in terms of the way he went about making decisions. He'd say, "I absolutely agree with Reinhold Niebuhr right down the line." The intellectual interpretation of moderation is different from the practice of moderation or from the way the process worked.

MOSHER: Wasn't Carter saying what Harry Truman said, "You leave the politics to me. I want you to tell me what you think is the best thing to do, but I'll take politics and the political results into consideration."

MCDONALD: I don't think that was the case. He would take into account the political tactic, in the capital "P" sense, of how you govern and get support for something he really wanted to do. But his eyes would glaze over when you talked about reelection politics. When you consider his inattention to reelection politics, he may have done us an enormous disservice, because it's going to be a long time before a President decides to avoid a tax cut in a leap year regardless of whether our economy is up or down. It was the first time since World War II that a President has said during a reelection campaign, "I'm sorry we're not going to have a tax cut this year."

Carter was hanging on. The people couldn't believe it, because they have always had a proposed four-year tax cut. The President wouldn't let them have their biggest goodie, even though he was running. You don't advocate a ten-cent gas import tax in the political heat of a campaign. You don't embargo the farmers' crops. I could go on and on with a series of situations. You don't deny the steel industry any immediate concessions of the kind they want. You throw the steel issue out a month before the Pennsylvania primary.

The denial to the steel industry cost him the state of Pennsylvania, absolutely no doubt about it. I disagreed with him that we should not make an advantageous political decision, and I also disagreed with his trade decision. His was a purist, economist decision. The CEA was very much in favor of it; the Treasury was very much in favor of it; and the Justice Department was very much in favor of it. I was not, as a trade official. I thought it was lousy trade and lousy

politics, but it was purist economic follow-through, which he became convinced was the way to go.

The Vice President couldn't believe that a month before the Pennsylvania primary, Carter had cut out the Pennsylvania steel industry. You've got to be looking for trouble, and he was. Senator [Robert] Byrd didn't believe that Carter was going to change the UN vote after he found out that the UN representative was not voting in line with Carter's instruction. Byrd thought it would be better to live with it. In politics, any time you change a situation, whether it's an error or not, you develop three oppositions. But by living with one situation, you have only one opposition. The ones who were in favor of what you would begin with become an enemy, the ones who were an enemy the first time don't believe why you changed it, and the third group—who were totally uninterested—think you're incompetent. So you've increased your opposition by threefold.

As a perfect illustration of his concentration on large "P" politics, he said, "Sorry, they made an error. They didn't follow instructions," and as soon as I saw that, I told them, "Straighten it out, put it correct." It killed him politically in New York state, and probably cost him the Presidency. Before the changed UN vote, he was 20 points ahead in the New York state Democratic primary polls, and that was less than ten days before the primary. It was absolutely disastrous politically in terms of its reelection content.

MOSHER: You said earlier that Carter was a wonderful politician, and that it was almost a miracle that he got himself elected for the first term.

MCDONALD: He was a wonderful politician, but it was not his prime objective as President of the United States to be reelected. His prime objective was to be a good President of the United States, and that's a different set of criteria. If his prime objective had been to be reelected, he would have been reelected. He could have done any number of things, which he refused to do, in order to have been reelected.

YOUNG: I can see rings of revision over the next 20 years. This is absolutely fascinating because the professional watchers of politics flunked him on competence and acting confidently. Those who look at politics say that there must be something wrong with his political sense if he does not husband his power. They criticized him by saying, "He throws it away." And what you're saying is that he knew what he was doing and exactly what the consequences of it might be, but didn't care.

MCDONALD: It was not that he didn't care. He had taken his choice, and in his mind I'm sure that he consistently acted on the basis of principle. Having weighed those criteria, he didn't change it. He lived by them. Now, with losing his bid for reelection, he has paid the ultimate price. If external circumstances such as the Iranian situation had not been what they were, he would not have paid the ultimate price. He would have snuck it off, in which case he would have been regarded, firstly, as one hell of a politician, and then as a President. But he lost the game because the last, unfortunate plays were crucial. History will judge the Carter administration based on the results.

YOUNG: What was the expectation about the outcome of the election? Was he not expecting to win?

MCDONALD: No, he was expecting to win right up through Saturday night.

YOUNG: But if you take it as far back as the Camp David summit.

MCDONALD: He thought he would have to make changes to win, but he always felt he would sneak through. He felt it was a calculated risk. He thought it would be close, but he firmly believed he would win. He was not discouraged nor was he downhearted. He was not depressed when I went in and told him about the votes. He laughed and said, "That's right, you're certainly not joining me when I'm on the big winning streak."

He would talk politics in his discussions with his own staff and the Cabinet, and in the sessions in the residence. He said, "Relax and join the race. Have a good time in this thing. It's not life or death. We're going to do the best we absolutely can. We're going to run this thing right down to the end. We're going to see what happens, and I think we can pull it off." When he went to bed in Chicago that Saturday night, he still thought he was going to pull it off. When he got a call about three o'clock in the morning about the terms of the Iranian parliament, he knew there was no way that he could act responsibly and still be President. The events were out of his hands. He was in a little bit of a Tolstoy situation, because it was all blowing.

That comes down to what happened in the last period of time. I was at the White House that Sunday, and the President had to make a statement. We knew that 17 percent of the American people weren't all sympathetic with the terms of the Iranian parliament, and the real mood of the country was to say, "By God, we will not take this." No responsible President could respond to that one. He had to enjoin negotiations because we were dealing in rhetoric, we were dealing in perceptions; we were not dealing with substance. If he had not enjoined negotiations, we would have found ourselves dealing with substance because they would have moved from rhetoric to perhaps a trial or execution, or God knows what else at that point because we were dealing with an irrational government.

Our real problem was how we could live with and manage the perception problem to some degree, without triggering a totally substantive problem of some magnitude at this stage of the game. The unfortunate thing was that we were within about 72 hours of the election. It was absolutely clear that history is going to look at it as the finest Presidential statement. It formed the basis on which we were able to get the hostages out. The American people seemed pleased with the statement at the end of the day. We knew that the statement was going to be negative, so we wanted to be as low-key as possible. That's why we wanted the shortest possible statement.

We wanted to get him on the road, and to get him back to campaigning immediately afterwards. We wanted to do a plain background from the Press Room in two minutes, instead of a big Oval Office speech. So we downplayed everything we could. We got it out and tried to minimize the negative impact, but the game was gone. Iran was the thing that would

influence so many people. It was the event that triggered a general frustration level because of other things.

Everybody said, "What the hell." That's exactly what happened. It was just like a match in a powder keg. We could see it immediately in almost every question area, except for the individuals. Interestingly enough, [Patrick] Caddell's poll observed right at the last minute that there was not change in the popular rating of candidates. But the general level of frustration changed dramatically. The American people generally do not vote for anything, they vote against something. All that had to shift was about four points. As that turn began, it picked up another two points along the way. When those changed from a positive to a negative, we went from about a one or a one and a half percent victory, to about a ten percent loss. That's exactly what happened on Sunday and Monday. It was also accentuated by the fact that that was the anniversary of the Iranian taking of our hostages. Every major television station did an hour-and-a-half to two-hour documentary that night, rehashing the whole emotional process. All America was re-embarrassed again.

YOUNG: And on the front page of even the local paper on Monday morning, there was a picture of an Iranian trashing the American seal on the Embassy. I don't know how old the picture was.

MCDONALD: The events were as you said. When he woke up in Chicago on Sunday morning, the game was over. It was just a question of how to try to play it out with dignity, character, and responsibility. It was like being in those WW II German tanks that were so close to Moscow that they could see the smoke coming out of the chimneys, but had no way to get there.

HAIDER: Let me return to a common perception. The President did make some very tough decisions. The issues forced him to call them on the merits of various solutions, but he didn't seem to connect some decisions to other decisions. He didn't seem to see that decision A drove him to decision B, C, and D. If you raise the minimum wage, you increase unemployment.

Is this an accurate perception, or was it a function of staffing at the time? In those decision memos, did no one broaden them sufficiently to say, "Mr. President, if you make this decision, there are four or five other decisions that this is going to trigger, influence, or affect." Or was it the man himself? Did he like to make each decision without sensitivity to repercussions of other decisions?

MCDONALD: I think that he was quite sensitive to the interrelationship of decisions. The method he used was analogous to maintaining a lawn. He would see the sprigs that came up higher, and then he would try to cut them so that he didn't hit the grass in general. He just cut off the higher ones. Occasionally he'd swat a little lower than the public preferred, and he would sink. It's not that precise a science. I think he knew what he was trying to do was affected by all the decisions he made. There's not a single decision that can be taken in the complex that I describe that does not affect the others.

It's like sticks: You throw out one, and four or five may very well jumble. He knew that very well, but he also knew that he had to keep moving. He had to continue, and he was forever taking trade-offs. He thought he was making decisions on equitable judgments. He thought that he was exercising prudence, and that he was exercising moderation, while still trying to keep moving. That's why he forced himself into a mode that was not at all popular.

Let's go back to the political context with a small "p." The simplest thing in the world for him to have done to bring the Democratic Party back together would have been to advocate a tax cut and a re-employment program similar to the one that Kennedy advocated. From his point of view, that would have been an act of total irresponsibility. There was absolutely no way that those proposals could have been passed by Congress or have any impact at all on the economic situation. It would have only increased the rate of inflation and would have later been looked upon as just as politically expedient as Nixon's acts in 1972. He basically said, "I'm not going to carry that burden into history. I'm not going to get reelected by deliberately doing what I think is against the interest of our country."

Yet politically he could have pulled the party together, and he could have had a totally different situation. His attitude of being an outsider could have been shifted into that. He could have been a darling in Congress. Everybody could have gone home saying, "Look what heroes we are. We've come in with a tax cut, isn't that wonderful, right in the middle of recession." Historians can judge him any way they want to, but that was not the way he wanted to be judged. That was not the way he wanted to be reelected. In terms of his priorities, he acted as if a President did not have a reelection opportunity.

YOUNG: If I read it once I read it two hundred times over the last at least 18 months of the Presidency that every decision was being driven by an election consideration. That was the standard interpretation throughout the media. How in the world could that perception get so widespread when the President you're portraying was exactly in the reverse situation?

MCDONALD: That was one of the interesting things to me. The 7:00 evening news commented at the tail of every White House story, "The political implications of the President's act today were—" That was usually news and frequently had absolutely nothing to do with reality. It may have been different from one network to the next. But politics is far more exciting than economics. With election politics, you're really dealing with the nitty-gritty of selfish interest. Action is a very good story. The press did a gross injustice to the American people in that. The journalists were reading politics into everything. This is one reason I favor a six-year, one-term Presidency. I do not believe that any President in today's instant media environment will be permitted to take any sort of a statesman's position within the last year and be given credit for it.

For example, I was amazed to read columns saying what a politically ingenious device this foreign embargo is. The reaction to the embargo announcement that the State Department guys got back from their Russian counterparts in Moscow was, "Doesn't this man know he's got an Iowa primary?" That was the same attitude in the White House, but he said that that's what we ought to do, and that's what we did.

YOUNG: I can't recall another Presidency in which this became so much of an issue. The reporters on the White House lawn with the evening report every night, and on every network, were saying that the reasons why he's doing this are political. This is something new. That didn't happen with Kennedy.

MCDONALD: It didn't happen with Kennedy because we didn't have the same degree of public skepticism about the Presidency at that time. Since Watergate, the Presidency does not have the legitimacy of truth in the public mind. Instead of front reaction being, "Ah, we'll accept the President's word until we look differently," the press reaction now is that you come out and make a Presidential statement and they say, "What did he mean? It must be the opposite of that." There is a general level of cynicism and skepticism. I don't say that's good, bad, or indifferent. I'm just saying that it's a reality. And as soon as the honeymoon period is over, and as soon as Reagan stumbles a few times, they'll pick up on his situation and say, "Look at how he's maneuvering and going."

Politics is a great story. You can always get it through the editors. You can always get it on the front page. There's no way that you can factually prove it or disprove it, and you cannot be sued for liable. And if you are in a highly competitive situation like the media, it's a lot more fun to report the political implications of a new economic move than it is to say what the impact of that economic program is.

I don't know how you change that, but for the whole last year, all that our White House press corps was interested in was what the political ramifications of programs were. That's what their speculation and their preoccupation were about. I was amused to hear what the latest speculation would be in the nightly news, because political ramifications were part of making decisions. To the contrary, this guy acted knowingly in many politically disadvantageous ways. Somebody is going to have to write what the situation actually was.

YOUNG: It's irony on top of irony, because for the first half of his administration he was taken to task for being no politician, and for the last half it for being all politician. Nobody noticed that switch in the press.

MCDONALD: There were many instances of political awkwardness in the first year, for instance, the economic program, the $50 per person tax cut. That's a very interesting case because I was outside the administration, but came in just at the tail end. As I was mentioning during lunch, I think the President was very unfortunate in that the economy turned around 90 days before it should have. That the economy had turned around had absolutely nothing to do with him or what he had done, but if it had turned 90 days later, he would have been a great President who was looked upon as an economic genius. But unfortunately, the economy turned, and there was no way that he could stay with the earlier program. He had to shift because he was dealing with a new reality. The upturns were faster than anyone had expected.

Based on our experience in 1974 or 1975, one of the biggest recessions since 1930, no reasonable economist or business leader expected it to turn out like that. All of his advisors and all of the so-called knowledgeable group said, "You've got to do something about employment. Now we're worried about inflation, but we're going to have civil riots unless you

do something on unemployment." He was convinced that he had to turn his attention to that because we were on such a slow recovery pattern. The pressure built up. That also took the connotation of personalities, [Michael] Blumenthal vs. Schultze for power, which was not it at all. There were different bets on what the upturn was going to be, and there were different judgments on when that upturn would come. It came embarrassingly early by 90 days, from the President's point of view. That was a question of circumstances over which there was no control. He had to shift his gears. It's just like when you're out sailing and the wind shifts on you. You'd better decide how you're going to realign to the wind. Even though he had been advocating a very hard course, he was caught with a wind change and he had no option but to shift. But that shift is not appreciated.

Public reluctance to needed governmental shifts required by changing circumstances could take us into the whole area of economics: the non-ability of the government to fine-tune our economic equation. There is the illusion of an economist that one can fine-tune the economy, and a perception of the public that one has absolute control over it. Government deals in a never-never land in that area, what I think the new administration is also going to experience. Ninety days later and he would have been the hero of Iran. It's just that things turned up in an unpredictably faster fashion than any economist, businessman, or anybody else thought, and he got caught.

ROCKMAN: The other case that I was going to bring up was the UN vote shortly before the New York primary, about which you have talked briefly. Again, from an outside perception, it would appear that the change was one to help the situation in the New York primary rather than harm it, given the original vote against Israel's preference.

MCDONALD: It cost him the Jewish vote.

ROCKMAN: Yes, but the no-vote could have presumably cost him more unless he understood that he would have created three enemies where before he had only one.

MCDONALD: He had one that was doubtful. They might have thought that was a one-shooter. Harry decided, "Ah, this is the real scene, and we should cover it up." We had no credibility with the Jewish community after that. Every time when I was out making speeches, they would ask, "What is the President really saying?" It absolutely ended his credibility with the Jewish community. Amazing! That was it. They never forgave him.

The State Department did him a great disservice. The President laid out a series of criteria. The State Department was very anxious to cut Israel down to size, for whatever reasons. The President said that the only way he would consider moving was under a certain set of restraints: that all mention of Jerusalem be eliminated from the resolution.

YOUNG: That was at the outset?

MCDONALD: Yes, at the outset. He instructed them at his foreign policy breakfast that Friday, which I did not attend, but of which I learned from discussions with Hamilton and others. The President said, "Here's what it is." The Secretary of State was there, and he got a

call from the U.S. Ambassador to the UN Saturday before the roll call. The Secretary said, "Mr. President, I think we have conformed to all of your constraints. Here's the way we're going to vote." He said, "Well, if you've conformed to everything that we've said, and I've given my instructions, that's fine." Well, it turned out there were three mentions of Jerusalem in the preamble alone, not even considering the resolution. It wasn't even approaching the criteria that the President had set. As it turned out, those centrally responsible in the State Department had not read the final resolution.

One can imagine the political consequences of this. [Edward] Kennedy would have been out of the race had he lost the New York primary. The support of the Jewish community would have been different because the Jewish community had no impact on the Presidential election. It split for the first time ever—51, 49%; 51.5, 48.5%. It became a neutral element in the final Presidential election, and that would not have been the case had the UN vote happened differently. There's no way I can say that the President was responsible for the circumstances that developed. That was really a case of the bureaucracy insisting that it have power over the Presidency and over the monitoring of Presidential constraints.

Yes. The State Department wanted that vote just like that. The State Department was very much anxious to have that vote.

MOSHER: Including Muskie?

MCDONALD: I don't know. Vance—and this is not a fair statement—was a party to the State Department policy-making mechanism. I don't know of many instances in which his personal view was different from the department's view. I can assure you that the department view is very anti-Israeli on those whole series of situations. They are much more in tune with European view than they have been with the U.S. Presidency's view. They literally cut the President's throat on that situation. That's an oversimplification, but that cost him the equivalent of the Democratic Party. It gave Kennedy the room to be out on the road castigating Carter for six months.

Carter was not the hero he could have been, nor did he have an immediate primary victory so that he could have consolidated his position. He was fighting a defensive battle in a period of gross public frustration and within a very complex economic equation. He took an unpopular political decision on the tax equation, among others, and his own party was cutting him down every day. The UN vote became the trigger. You could say that one event changed his prospects for reelection.

I agree that on that Saturday night, a state like Mississippi with seven electoral votes, or a state like Connecticut with seven electoral votes could have changed the results. Seven or eight electoral votes would change the results. That's how close it was. It could almost be pulled back out of the fire, but the election had no business in being close to the fire. It was irrelevant for the major principal positions that the President took. That's what made it so substantively irrelevant, though it was a political disaster. That's what bothers me. One reason I'm in favor of a stronger NSC is because I think that the State Department admirably represents other governments. [laughter]

THOMPSON: You have described the McDonald process but have said two or three times that it was not operative. How would the UN vote have been different with or without the McDonald process? You weren't involved in the foreign policy area. You mentioned that you went to and around the water's edge, but that you never were involved.

I wanted to ask some questions about the committee, the task force, the subcommittee, and the kind of process that goes on at NSC. You have other problems of two fiefdoms battling one another, and that there is no neutral in that struggle, unless the neutral is the President. If what you described earlier about the national front had operated on the international front, would any of these problems have been avoided?

MCDONALD: My guess is no. I would like to have said yes because I would like to think that that pressure would have made somebody read the resolution, in which case they would have known that they would have been directly in violation of the Presidential stricture. If the pressure had accomplished that, I think that would be wise. But the Secretary of State and the other top guys of the State said that they didn't really know the President called on Monday. They probably were aware. The President discovered they weren't aware of his directives. I'm not so sure we would have caught that error, but I would have hoped that we might have had someone in the top echelon who should have been checking to see if the President's instructions were being carried out.

YOUNG: Where was the National Security Advisor during all this?

MCDONALD: The NSC had completed the policy discussion, so there was no interest in the follow-up. It was the State Department's job to do it. We came to our policy decisions. We had our understandings. We knew exactly what we were going to do.

THOMPSON: I get an awful sense of opposites here, also because of the decision to admit the Shah [Reza Pahlevi, Shah of Iran]. The opposites seem to have been operating. In that case, the State Department said that the White House made its own deal with Kissinger, but that David Rockefeller pushed and shoved to get the Shah admitted.

MCDONALD: The State Department is the best rationalization unit I have ever come across.

YOUNG: How did the actual language of the resolution come to the President's attention?

MCDONALD: Some Jewish leaders telephoned him on Monday and said, "Mr. President, how could you have done this to us? You promised us you wouldn't." And he said, "I promised you I wouldn't, and I didn't. You have to read the language." And they said, "Mr. President, we are reading the language." He said, "Well, look and see." And they said, "Didn't you read the language?" He said, "No. I assumed the Secretary of State would have read it. I asked him to look after it." The Deputy Secretary of State assumed that the Undersecretary who was on duty that day would have read the language. The Undersecretary assumed that the Assistant Secretary would have, etc. etc. My suspicion was that the gap occurred because of the momentum of the House direction and the way that their vote originally went. There was a

solid consensus at the State Department that should be bound by Presidential directive regardless of what they thought.

ROCKMAN: I'm a little curious as to how you envision a stronger NSC. This is exactly the kind of issue for which it was originally designed. It was meant to ensure coordination across several kinds of agencies and to coordinate the tasks of implementation of policy.

MCDONALD: The NSC has not really been more than lightly monitored at the policy and decision-making levels. It's predominately involved in the process of coordinating the decisions between the federal and the state governments, and between other elements of the government as may be necessary. Once the Presidential decision is taken, the NSC assumes about 95 percent of its implementation. They assume that the Defense Department and the State Department are totally competent in carrying out the President's instruction. The Defense Department had more congressional liaison staff than the NSC has in the total office corps. If you look at the relative powers of the agencies, you would never worry about the execution of policy. You would never expect that any direct instruction from the President would not be followed. So I really don't fault the NSC at all. They thought their job was done. They got the news on Sunday with just as much amazement as I did or anybody else. The President was equally amazed the next morning when we all discovered what the wording was.

THOMPSON: You don't think that Andy Goodpaster or Gordon Gray or somebody who was a little more neutral would have better coordinated action?

MCDONALD: I really don't. The State Department had in its mind how they wanted that situation to go. The Presidential directive had been stretched to every degree of imagination to see if the State Department could still exercise its original preference. I really lay the blame dead on the State Department.

HAIDER: My guess might be pretty presumptuous, but in that kind of situation, Harry Truman would have fired a Secretary of State. For Carter, firing the Secretary was never even an option.

MCDONALD: It was an option, but I don't think it was ever considered. The President was also an understanding person. He didn't think it was a matter of bad faith on the part of Cy, and I don't think it was a matter of bad faith either. It was not a question of bad faith on the part of the Secretary, and the Secretary admitted that it was his fault, as it was. His department had not followed the instruction that had been personally given to him by the President of the United States. The least he could do is to say, "It's my fault."

Now, did anybody believe him? Not a soul. Do you want to say he should have been responsible, or that he should have been hung by the heels? The President was magnanimous in this as in the Iranian situation. His magnanimity in the latter situation was demonstrated by his taking Cy to Wiesbaden with him. I don't think FDR would have sent Cy a Christmas card. But again, Jimmy Carter's an understanding person. He just suffered an unfortunate set of circumstances. He said, "Our job now is not to worry about what happened in the past. Let's

put it right. Let's do it the way it ought to be done." There is almost nothing that confuses Washington more than a rational act done with good intentions. [laughter]

KETTL: You argued earlier that the President really can't do much more than manage the Executive Office, but at the same time there's a real problem of pressure in the White House to merely make decisions and leave their execution up to the agencies. In the UN vote we see exactly what some of the implications might be. It presented the President some extraordinarily serious problems. To what degree can or should either the Executive Office—or the staff more narrowly—get involved with the implementation of Presidential policy at the agency level?

MCDONALD: Only to the extent of monitoring, in making some sort of performance judgments, reporting them back, and putting pressure on where needed. They have no direct role, except to launch the process and the monitoring afterward. If the White House does not engineer a launch**,** frequently the project is not launched. Most agencies look at the world from their individual perspectives, and the President's point of view includes nearly all of these different activities. He sees what he can trade off between foreign, domestic, and economic issues.

The President, if he comes in with the correct frame of mind, rarely has an identical view to any department's point of view. Almost by definition, his view has to be a more moderate one. In other words, it's just like my four children coming in saying, "But *I* want the candy." There can be no equitable distribution. None gets the optimum result. They will distribute all the candy fairly as long as I'm watching, but the minute I'm not watching, the bigger one is going to get the bigger handful.

I'm afraid that a little of that happens in the bureaucratic realm. Maybe you've heard it. One moves to take advantage of a vacuum, and another comes right after. So I think the launching of the implementation is an important White House role. "Launching" does not necessarily mean doing it, but it does mean making sure that the job is done. The White House participates in the design and engineering of the launch, which includes the public spectacle of the chief officers and the chief bureaucrats being shown right out there on television. They must be seen publicly because until they're accounted for, or until they have their own personal reputations at stake, proposals don't count for a thing. It's the President's program, not theirs.

Once you begin to focus attention on them, then the monitoring has to be done not in terms of how well the President's program is doing, but in terms of how well Charlie Duncan's program is doing, or Bill Miller's program is doing, or Assistant Secretary Burke's program is doing. That's how you get results.

If you look at our telephone list or our call list, we had a sort of a circular file. At the end of the day, when the President would decide something, we would say in ten days we need to check on this, or in five days we need to do this. Occasionally, we would sit down and say, "Now, how are you planning to launch this? Is there anything we can do? Is there anything the

White House has in the way of resources that will help you? Are there any other departments you need to cooperate with you?"

We would try to get a launch of sorts in which they would be as out-front and public as possible. We would also consider whether the President should drop him a note saying, "Please delay your launching day." We would decide whether to make the launch in Des Moines, or ideally do it in the principal's hometown, so that he would be grossly embarrassed with all of his friends if it didn't work. Then, you just make sure that there is some follow-up involved. Again, that is not dissimilar from any other group. One has to realize, though, that you do not have a hierarchy here. There's no power to really do all that I have described except the hidden power of thoughts held by others that you may be powerful.

YOUNG: And the power of exposure.

MCDONALD: Right. But the thing to do is get them out front. Then you get very fine implementation.

YOUNG: In your discussion, OMB has not figured very importantly. Why would that be?

MCDONALD: Because we really haven't discussed the elements in which OMB is directly involved. OMB has a number of important roles in looking at the deployment of the resources between units and in the translation of Presidential priorities into budgetary terms. It also has an integration function in the reconciliation of policy differences. It also has a reaching attitude of trying to be a policy influencer, which again we tried to confine.

We looked upon OMB as a part of the White House. We treated OMB as if it was an element of the President's personal staff, not as a separate entity, or not as a distant member of the Executive Office of the President. In fact, Jim McIntyre always had one of his deputies sitting in on our meetings. Jim attended the senior staff meeting or John White, his deputy, did. We gradually moved to the point where we invited Jim to join us at our 10 o'clock report to the President by the White House senior staff as well. So we cooperated with OMB as another arm of the White House, not as a separate entity. Therefore, when I'm talking about the White House, I'm assuming that OMB, in terms of its essential role, is there. But we did not look on it as separate. It is part of the way the President gets his job done.

MOSHER: McIntyre never had an office in the White House, did he?

MCDONALD: It depends on what you define as the White House. He had an office in the Executive Office of the President, which is within the seventeen-acre complex.

MOSHER: I thought he was in the Old Executive Office building.

MCDONALD: That's right. I define that as the White House, the seventeen-acre complex.

MOSHER: A couple of his predecessors had offices in the White House proper.

MCDONALD: That may be.

MOSHER: Shultz.

MCDONALD: I don't think that made any difference, to be honest with you. The President doesn't wander the halls anymore. I think there really is an illusion about that complex and how important the location of an office is. Jim was a few minutes away, just as close as Charlie Schultze.

MOSHER: I was talking about George Shultz, not Charlie.

MCDONALD: I understand, but I'm not sure McIntyre's influence would have been any greater, and his involvement would not have been any closer.

MOSHER: There was a difference, I think, not so much for the White House as for OMB itself. In fact, the separation was felt within OMB. There was the feeling that this guy wasn't really running OMB, he was advising the President.

MCDONALD: Well, I don't know. I think Jim tried to bridge that difference, but I don't know how the inside of OMB was affected. I know that we felt more comfortable with him being on top of that group. If he had been over in the White House, we would be wondering who was running OMB. I felt pretty comfortable with it because we were continually on the phone, I was continually in and out of his office for meetings, and he was in and out of my office. In many situations we were really very closely tied in, just as closely as anyone else in the senior staff that I mentioned before. He was on top of his own operation as well, and he had full access. We did not look on them really as a segmented function, but as a normal, proper, and very tough tool for dealing with the President's priorities and programs. We certainly didn't think about OMB like we did the Secretary of Treasury, the Cabinet officers, or separate agencies. Conceptually, we thought it was an integral part of the White House unit, which I very strongly favor. It's a powerful unit within that group, and if it's not kept there, I think it will probably be duplicated somewhere else within the White House.

HAIDER: To follow Fritz's comment, there was still, even in the end, the feeling in the departments and the agencies that the white House spoke with many tongues. There was a recognition of a domestic policy staff view, a CEA view, an OMB view, the immediate White House staff view, and maybe a science advisor view. There was still no way of reconciling these views. Each of them had position papers, and somebody tabulated how they aligned on one side of an issue versus another one. But no one integrated these views. Would you say this was erroneous?

MCDONALD: It was erroneous, but once you create a perception—

HAIDER: Well, how did your process change it?

MCDONALD: When the preacher's wife is not running around, it's a little hard to prove she's not. I think that it's one of those situations. I think the White House really did move into

a very strong, integrated position. I also think it's true that the White House does speak with many tongues. In every preliminary situation, each group is going to have a different point of view.

Let's take the trade issue. I could have told the new administration how those units were going to vote regardless of who they put in charge of them. The Council on Economic Advisers, whether it's [Murray] Weidenbaum or Schultze, is dead opposed to voluntary restraints on Japanese autos. The Secretary of Treasury is going to be opposed to it. I don't care whether it's [Donald] Regan or [G. William] Miller. It's the bureaucratic forces behind them. The Justice Department is going to be opposed, too. The State Department is going to be opposed.

So you know where those votes are. But you also know that the FTR will be trying to bridge the difference and synthesize their views as closely to the President's policy as he can. You know, they could go ahead and change the whip, change the people in those offices, but you have those bureaucrats who will not change. Each one of the people in the agencies has a strong position based on which unit he or she belongs to.

Now, you say that the White House is speaking with many tongues. Right. That's a part of the process until a finalization is made by the President. The problem is that Washington is not really interested in what the President's decision is. They are only interested in anticipating that decision, because the bureaucracy likes to be on the right side first. And it's always risky when you can't tell which is the right side early, so there's always a demand for the final answer when you still are in the deliberative process of weighing positions and weighing power centers. I suspect that tendency will continue, because there's no way to avoid it. The new administration's discussions of moving all the Cabinet officers into the Old Executive Office Building were ridiculous. Basically, there's an assumption that the Cabinet officers have the latitude to individually conform their departments to the President's thinking.

Well, that's a concept of the Presidency so foreign to our system that I couldn't believe it would be espoused, but it was. It was seriously considered by several people. But that's just an expression of lack of knowledge of how the system does work and will work regardless of who's there. It's just like the admiral of a fleet who moves into battle and says, "I would like all the captains of my ships to please come over to the flagship, and I would like to leave the lieutenant commanders to run the battle." That's fine, but you probably will not have your most seasoned commanders in charge, or even those who might even be a little more loyal.

ROCKMAN: This is a general question on another line. What was the nature of the President's relationship with his party? How deep were the troubles, and why do you think they arose?

MCDONALD: The troubles were profound because the party itself is in a state of flux. The party simply does not know where it is. And since the party does not know where it is, it is very hard to identify with it. You can't get there from here because there is no here. That's the first problem.

The second problem is that the President believed in independence, just as he did in taking positions on principle. He believed that he would be in a stronger position by being independent, making no commitments to people, and keeping his options open. From an operating point of view, and as a President taking objective decisions, he's right. In terms of practical politics and the big "P" politics of governing, I have questions. No one could ever really count 100 percent on Jimmy Carter. He was an independent individual right up to the last day, and he still is. He reserved for himself the right to take the final judgment, to weigh the issues, and he really wasn't in bed with anybody. So there are two obvious problems—his independence and the party's own fluidity.

The third thing is that Jimmy Carter is not an ideologue, which makes him a little bit of a foreigner in the Democratic Party. The Democratic Party is not so much concerned about the exercise of power as in the expression of its philosophies. It's not good at the exercise of power, but it's very good at the debate. This is why it is almost impossible to organize a Democratic caucus in Congress. What is a Democratic caucus? It's a laugh! It's a group of people under such a broad banner that they can only barely identify with any aspect of that banner a fair part of the time. They feel absolutely no compulsion to coalesce except for monetary contributions and periodically to identify with each other, not on an issue-by-issue basis.

He's a moderate, and a moderate has great liabilities in the Democratic Party, particularly if he is perceived as a moderate. The fact of the matter is that FDR was one of the great pragmatists, moderates of our time. He was not an extremist at all. He was a moderate. He was not even a short-term operator. His total focus on fundamentally changing institutional relationships gives definition to the long-term process, not the short-term process**.** He was perceived as an instantaneous, policy-changing extremist. There couldn't have been a bigger gap between perception and reality, in my view.

That was not the case of Jimmy Carter. He was perceived as a moderate. The moderate label made him an alien to both wings of the Democratic Party. It brought him to the right of the economic policy of the central coalition, and it brought him to the left of the right wing in military policy. Neither side liked his position. He was not a main-liner with any of the party's philosophies. There was no way that the whole party could say he's one of us. He was clearly not one of them.

There was also the overriding factor that he did not owe the Presidency to the Democratic Party, and they fought him right down to the last day. He owed them nothing, and there's nothing that makes a political party feel less valuable than to have been irrelevant to the success of one of its leaders. He knew that and they knew that, so there was a built-in animosity. My suspicion is Jimmy Carter will become in the future a more valuable Democrat than he was as President. He will probably play a very strong role in speaking and in supporting party activity, and may in time be revered as one of the great Democrats.

But at the time of the election, Democratic machines didn't identify with him. Democratic politicians didn't understand him. Democratic fundraisers didn't know how to adjust to him. Nobody was sure they had Jimmy Carter in their pocket. Was he an outsider? Sure. By those

criteria, he was an outsider. In his own mind, he was an independent person, and therefore an independent President. He thought that was what a President should be, not the political leader of his party in the party's struggle. If anything, he detested the party just about like Thomas Jefferson did, and he sort of lamented that people segmented themselves into these political cliques which interfered in the thought process of determining what was in the best interest of the nation. He just happened to be about 200 years too far down the path.

ROWNY: I think part of the reason, too, for some of the problems that Jimmy Carter had with the party was due to the changes in the Democratic Party that took place and allowed him to be nominated and elected. The whole notion that a majority of the delegates would not be selected by the local political parties was a fundamental change. Jimmy Carter took as his chief delegate hunter somebody who had no experience, who had left the Democratic National Committee because they weren't doing anything exciting. This kid then went out and rounded up people who were committed to Jimmy Carter no matter what their party affiliation had been in the past. This contributed to the idea that he had his delegates out there. He had made the party, so they could go against the party. By the time they won, they didn't own the party at all. It was up to Strauss, in fact, to get back with Jimmy Carter rather than vice versa. So, part of why this split came about was that the Democratic Party changed the nominating process.

MCDONALD: I would say that there is a similarity between Eisenhower's relationship with the Republican Party machine, which he disdained, and Jimmy Carter. Jimmy Carter liked the individuals—he was really strong on the mayors and Governors. The mayors loved him. But that was the closest he got to the machine. He really didn't have much time for the ward guys or anybody who came in and said, "Now, you have to do this because this is going to get us votes." He would not listen to that. That's not what it took to get elected. He already proved that he could get elected one or another way. To do it twice wouldn't be that rewarding.

YOUNG: With Eisenhower, that guy wouldn't have gotten into his office.

MCDONALD: In Carter's he could get to the office, but I'm not sure that the reaction wouldn't have been negative. We might have been better off keeping him out. But if he had gotten in, he would have gotten the picture very quickly. Hamilton saw to that. Probably signed by an automatic machine.

THOMPSON: Given the slice of that Presidency, which you influenced so significantly, there are four or five things that I'd like to know about Al McDonald in this process with the idea of lessons for the future on this, and the whole issue of personality versus performance. At the Rockefeller Foundation we hired some of your competitors from time to time, Price Waterhouse and others. And without exception, whenever they went to Colombia, or Bogotá, or wherever, to look at some institution we were supporting, it was the individual who seemed to get the thing together and not the method. Ninety-nine percent of the staff of the Foundation were skeptical about the method, but the right individual could make it work. I wondered in terms of your role: Is this something that's unique and something you brought because of a combination of political insight and management knowledge? Or is it something where one can lay down the principles pretty quickly?

The second question is almost the opposite side. It's the thing that some of the journalists have written about the surrogate President idea. When you were talking about not dealing with Iran but all that was left, one could read into that the interpretation of some of the journalists that here's a fellow who—partly because the President gets 90 percent of it secondhand—has a major policy impact even though he may not want it. The journalists will play around with that.

The third question concerns the method itself, the process. Whenever we tried to have meetings in the private sector, early morning meetings, they tended to degenerate if you cut too low in the number of people you involved. They degenerated into seminars, with some people who had been waiting for months to get their say in. There's always the possibility that the sudden elevation of the person down the line to a position of power is one that he hasn't earned, but that he can exploit. I remember the pictures that used to appear in the papers before you arrived on the numbers of people who were in the room on foreign policy discussions, and compared those to the Kissinger-[Gerald] Ford meetings with just a few other people.

The last question plagues anybody who tries to make sense of the whole foreign policy area. What are the possibilities and what are the limits of the kind of thing you have described? Where, when the eyes and ears are three thousand miles away? Several people who came to the Miller Center said in the end they had so little knowledge of nuclear weapons that they had to depend on two or three people who had the knowledge. So you get people from the outside for these discussions and become dependent on them. And yet I don't know whether you can be dependent. There seems to be something in this area in getting your perspectives on yourself, on the method, and on the impact that you had.

MCDONALD: I would make one comment on the tools, and that is one can always exaggerate the value of the tools in the context in a business organization or in a governmental organization. I used to say that I never bought a house based on what kind of hammer the carpenter used. I would assume that he used one, but I was really interested not in the tool itself but in the result it helped to create.

The second point I'd make is that no tool—except the few automatic ones we have now—really operated by itself. I can take [Vincent] Van Gogh's brushes and all his paints, but I couldn't quite operate in the same handicraft manner that he did. So, there has to be a webbing in between as the individuals use the tools and their understanding of the tools. I have the impression that Van Gogh's brushes were an extension of his hand, of his mind, and his being. He felt through that brush. It was not a tool, it was an integral part of him. So I wouldn't know how to divorce the two, because there's always the element of interdependence. I'm always worried when people say, "Now I've got the tool, I've got control." The problem is how the tool is actually used.

I was only interested in how the tools were tailored to the job as I saw it. Some elements of it are fundamental, and I think that a large part of them are applicable to the situation. I think they are adaptable, but we floated and changed our tools all the time. They were continuously

in evolution, and we had no sense of proprietorship. It didn't bother us at all to throw that one out and start in with another one because, again, looking at this big job shop, every situation and every issue had to be tailored. And this tailoring included some adaptation of the tools. We didn't have a routine job. We had no standard products.

So it does take flexibility, and I would not say the tools are important in themselves, only if I apply them to a problem. A computer tool might be developed in dealing with congressional liaison. You can press a button and get a vote count based on what the Congress feels on an issue at that point in time. That's an important element of government, and I really think you must have that computer regardless of how people interpret its printouts or how they feed into it. It certainly was better than the system that we first saw in the White House, where you called members of the CR [congressional Relations] group in. After an hour of discussion with the CR group, you could come up with a relative consensus. The computer system was better because it showed which groups were going to tilt and allowed us to target individual members of Congress.

The calendar of events was a valuable thing, too. There were some senior staff members who looked at it but didn't pay any attention to it. It had more influence on the deputy group because we used it as a coordination device. One of the reasons I think it was effective was that many of them didn't know it was in operation.

YOUNG: I think we probably have to adjourn now until tomorrow morning. Thank you very much, Al and Mike.

March 14, 1981

YOUNG: Al and I had a chat about what is to be covered this morning. I told him that we had very broadly outlined two kinds of topics. We had thought this whole morning would be devoted to President Carter and the Carter Presidency to gain a sort of deep perspective on it and anticipate history's judgment, perhaps. But we also had a sense of the gaps in our understanding of the range of responsibilities that Al McDonald and Mike Rowny had. I told Al that the more we learn, the more mystified we get. It's clear, because of the nature of his role and the sensitivity with which it was played at that juncture in the administration, I suspect, that we're not going to get a very clear elucidation of the full nature of his role from other staff members. So that's the second topic we would like to cover this morning, just in a general sense. Al has suggested that he take—if it's agreeable to you—about 45 minutes to go over these points. He would like to begin, I think, with some comments to clear up some possible misapprehensions and make a little bit of an extension on the subject of "Carter: The President" and "The Carter Presidency." Then, he will go on to those subjects concerning his own role and so on.

MCDONALD: If I could depart from the case discussion format we normally use at the Harvard Business School and request your permission to use about 45 minutes for a quasi-lecture, to fill in a few unclarified points. I was reflecting a little bit since our discussion last night on some gaps I sensed that might still need filling. I would want in this presentation to

fill these gaps or at least to contribute to many topics you can verify elsewhere. My suspicion is that when the Carter archives become available, it might be amusing to thumb through my particular portion of the files. I think they will reveal a fairly unusual role in the White House, and some of the memoranda, exchanges, tools, and the composition of those files could be of great interest to future scholars. I don't think there is any great evidence there in terms of needs among individuals, but in terms of how the White House attempted to move within the last 18 months, within restraints that I mentioned yesterday, it will be interesting.

So, with your forbearance, I'll touch very crisply, but very superficially, on some of the peaks I think need to be brought out. Many of these topics we could explore for hours and probably should, but I will incur the risk of superficiality by simply touching them. I'll deal with them almost in outline form, not attempt to either justify them or present the evidence to support them necessarily. I would simply like to indicate that these remarks are a series of my own conclusions that you might want to explore in the future. You can agree or disagree, but I would like to expose those areas to you because they might be of interest to you later on. I feel somewhat responsible to share these with you because as far as my role was concerned, and the way the role was played, very few would know what I did. I would also like to suggest some names of people with whom I had closer relationships who could give you a different flavor. But I'm afraid they would only be describing a leg of the elephant, or a trunk, or a tail.

To the degree that I have made any progress at all, it was due not only to being quiet with the press, it was also due to being quiet inside. If one demands personal attention and recognition within a highly politicized situation like the White House, he becomes a part of the problem. My objective was to move the group ahead, not personal recognition, not to get my way. My dedication was to serve the President of the United States and see that the institution of the Presidency was as responsive as possible to this particular President. What that meant to me and what happened to me was really insignificant, and whether anyone else knew it, including the President, was irrelevant, because frequently he did not either.

I say he didn't have the slightest idea of my work most of the time because things worked well, the way they ought to. It's only when things work not so well that one gets the attention at the top. So I only mention that as a way of introduction, but I would like to touch these points. I would like to make just a few personal comments on Jimmy Carter, the man and the President. They are so superficial that I'm almost embarrassed to offer them, and I will do so only as a way to incite some questions.

I want to talk a little bit about the image of Carter as a politician, particularly during the last year, and the contradictions that the group sensed. I would also like to mention some of the factors that I would bridge between the public's perception of the man and how the man saw the situation and how he operated. Third, I want to talk just a minute about my role in terms of perceptions and relationships, my task as I saw it, and how I tried to work.

Fourth, I will cite the key contact points who would know most about my role within the White House complex. They would be in the Cabinet, Executive Branch contacts within the Congress, and we might even think about some outsiders. I'll just make a quick list of those three major categories to show you our relationships and exposures. Then, I thought that for an

illustration of my role, I would make some points on substantive interventions—the times I departed from what I considered to be my honest broker role. They can be classified under two headings; one political and one policy. Again, these are illustrative, and a more comprehensive evaluation may not break them down this way.

Fifth, I thought I would mention the difference of perspective between Lloyd Cutler and myself in terms of the manageability of the institution and of the government. I'll talk for a minute about management tools. Finally, I'd like to conclude with a few comments on what we attempted to do as a legacy to our successor in terms of passing on the experience we had in the office. I think we made—from my perspective anyway—a unique effort in that regard, particularly with a situation in which one party was passing the Presidency to another party.

We might also mention a further dimension in that the in-coming party had just upset a sitting President. So, if you look at these stages of degree, those are the attitudinal environments within which one approached the transition program. I think Jimmy Carter was one of the reasons that we leaned as far as we did. His statement to the public was one that he continually reiterated and that he wanted to leave with. Once the public had decided, he wanted to make every move he could to facilitate the effective transfer of power and to prepare his successor and his successor's associates in every way he could to operate effectively. The President felt that even though he disagreed policy-wise with Mr. Reagan, there was no reason to undermine, detain, or delay his ability to govern. He would fight the policy issues later in an appropriate form and at an appropriate time, but there was to be no expression of bitterness. I think this reflects something of the man. His attitude was not universally shared by his colleagues and his staff, but there were few of us, I think, who tried to take him literally in that regard.

That's a lot of introduction and a lot of outline. But I think these are points that from our discussion yesterday seemed to be fairly important to the group, and I thought you might want them on the record, even superficially.

As a person, you have to know that I speak with a bias about Jimmy Carter. I admired him as a person, I admired him as a President, and I regretted very much the fact that he was not reelected. My regret had nothing to do with my personal interest, as I had turned in my resignation to him before the election. I volunteered to help in the shaping of his second term. I had advocated to him that I could be far more influential, not as a fighter for terrain, but as the equivalent of an objective outsider who was totally knowledgeable about the inside. I would represent his interests in the reshaping of a second term only if I removed myself from the fight. I then could not be accused of self-interest, nor could I be viewed as part of the normal political struggle to fill the vacuums. I could reiterate the point that I'm here to represent the President and the President's best interest. If their arguments related to how the President would fare better under one situation versus another, then I would be open to it. However, if they were interested in how they would fare better at the President's expense, then they were going to have a little bit more difficult time with me. So that's the way I had tried to position myself before the election, and that's the way I had envisaged the transition.

I had accumulated a set of notes during my 18 months in the White House as a student of management. I had told the President beforehand that I would have a series of specific proposals on how he should move ahead in forming a team for the second term. I gave him, in the meantime, a detailed report on the progress we had made as well as the constraints under which we had operated in the first term, for his own information and just before the election. As I also mentioned, I sent him a memorandum suggesting a sequence by which he could look forward to a second term and manage the transition period in a way that would be different from the way Presidents typically have, either those reelected or those newly elected. So I think you should see that perspective.

I then took those notes and instead of immediately putting them as direct proposals for Jimmy Carter, I tried to reinterpret them as a series of memoranda reflecting our experiences and suggestions to the new team. I delivered them as personal notes, not syndicated at all within the White House staff, never even circulated. Their existence was never even known by White House staff, or probably by the President, although there is a copy in his archives. They were an individual expression. I did not want them syndicated, since I did not want a common point of view. I wanted a direct communication—of the same kind that I had intended for Jimmy Carter—to go to the new administration. They could be either accepted, rejected, considered, or laughed at by the Reagan people; it made no difference. But I wanted to have made the effort and to have made the effort as conscientiously as I could at a critical point.

About Carter as a person and some of his strengths. I admit I start with a bias of admiration and affection for an extraordinary, intelligent individual. He had an excellent conceptual grasp and an excellent analytical capability to read a paper and ask the three questions on which it either stood or fell. He was an enormous absorber of information, probably not of the quality or volume of Bob McNamara, who can sort of thumb through 400 pages and ask you about the questions you missed. But for a President of the United States, or for the head of a major organization, I know of very few others who could handle the mass of paper that he did without experiencing great stress or indecisiveness. He had an excellent conceptual grasp—even of areas he did not have as a part of his academic background. He understood. He understood the basics, he understood them rapidly, and he wanted to understand them. He refused to take decisions until he understood what was at stake, understood the risk, and understood the implications of his actions.

He was an extremely compassionate person, too. His religion almost carried through into practical application, a little further than a President might normally want it to. It was reflected in his treatment of the staff, in his personal relationships with other people, in his programs, and in the way he worded his messages. There were some instances where he was ridiculed for hyperbole, but in fact, from his point of view, he was really understating the situation in terms of how he actually felt. You can consider that good, bad, or indifferent, but that was the man.

He was totally selfless. I know of no way that he utilized the Presidency to his self-advantage. There was no summer White House. There was no purchase of retirement property. There was no government development of any private installation, much less one in Florida and one in California. The few times that they were able to get to Plains, according to Rosalynn, it was hard on her because she had to do the cooking and the laundry for the family there. And

usually all the children and all the family came together at the same time. Normally she did not have any help, although occasionally somebody would come in part-time. So it was just a physical strain for her to be back in Plains. There was also all the publicity, the visitors, and the routine. The places where they took hideout vacations were strictly to get away.

I avoided making a trip down to Sapelo Island. It was a particularly isolated place where the state of Georgia has an old house that one of the tobacco heirs had given to the state. It's an antebellum house in which there's a semblance of plumbing and some modern conveniences, but comfort is not necessarily its forte. The heat was absolutely stifling! His trip there was right after the convention, and I remember a group went down with the Vice President for a discussion with him one day, and their greatest thrill was to get back on the airplane and head out. Six hours was about as much of a vacation as they could stand. His objective was not luxury, but just to get a few minutes of quiet away with his family. So he was almost a selfless person who was extraordinarily dedicated to his job and his task.

I mention this because it relates to his perception of what the White House was. That's why he would not take actions beyond the stage of moderation or prudence to the stage of expediency to get things done. His view was almost a squared-view of principle as it related to action. He was anti-political instead of political as a President, totally different from what he was as an initial candidate, in my conception. When he took the oath of office, he had sworn on a Bible, and to him that meant something. My suspicion is that he never regretted that, but he knew it was a price that he paid. Such thoughts would have never even crossed the mind of an FDR, or even a Truman, and it would have been laughable to Nixon. But again, this is an element of the individual and his personality.

He was an extremely conscientious individual as reflected by his hours and his workload. As I said yesterday, you could be interrupted at any point in the day or night. He was not like General [Charles] de Gaulle who told his aide, "You can disturb me between seven p.m. and seven a.m. only in case of an atomic attack." If there was something the President should know, you could call him at two o'clock in the morning without fear. By six o'clock he was already up, so it didn't make any difference because you could call him in the office. He was normally in the office by 5:30 each morning. I can remember either *Time* or *Newsweek* said, "We'd like to get a picture of you one morning, Mr. President, coming over from the mansion to your office." He said, "Fine, any morning." And they said, "What time should we meet you?" He said, "Oh, about 5:25." They said, "Well, maybe we'd rather have a picture of you in the Oval Office."

In his normal day before his first appointment, usually about 7:15, he had already worked an hour and forty-five minutes in his office cleaning his box. I can remember being in a ten o'clock briefing one morning and saying, "Mr. President, you will find in your box a memo on this subject and what we've done about it." And he looked at me and he said, "It's fine, Al." I said, "What do you mean?" He said, "Oh, I sent that back to you," and he had. The close of business at the White House was at five a.m. the following morning! Jimmy Carter would hand his decision to the guard in the security room, and it would be returned to your office before you arrived for work. So that would close the business of the previous day's work as far

as the staff was concerned. By 7:00 or 7:30 when they got back in, they probably would have his response.

In terms of decision-making, I think his judgment was good. If I look at his record on individual issues and weigh them in terms of the relationship of variables, my view is that he took the positions that a lot of us would have preferred in a nonpolitical environment or a Jeffersonian kind of system. I think one of the ironies of the past election is that he was very close to what the middle road of American public opinion was. The irony of his defeat is that he was far closer to what the American people really wanted, the way they really think—and the way, frankly, we'll end up—than he was perceived to be.

He was a moderate, as I said yesterday, but he was a moderate who pays a price. He was always attacked from both extremes. I can remember discussing one of the economic programs following the sixteenth of March speech in the Oval Office. He said, "Well, how do you think our economic program is being received?" I said, "Oh, very well, Mr. President. The left column of the *Wall Street Journal* absolutely cut it to pieces this morning as being ineffective, and the right column said it was far too strong. So we're right on target." And that was generally the position where Jimmy Carter ended up. It's very hard to build emotion in the middle, as our European friends have discovered. Pragmatism and moderation are not necessarily attractive in a democratic environment, even though that's the tendency of the group. Ideology is far more electric, and it's far more charismatic to be a little closer to the French, at least on certain issues.

He was not. He was unemotional in the way he took decisions. He took them methodically, analytically, thoughtfully, and responsibly, but emotionally only in a few areas. One was human rights. I am sure he cringes when he reads some of the current press reports on changes in attitudes. He believed that we had to be a beacon for a whole world in which we were the only hope, not that we could bring them instantaneous relief, but that the world had to have some aspiration and its peoples had to know that somebody, somewhere, understood their situation. They had to know there was a receptive people at some powerful point in the world.

The Germans detested him for it because it was not pragmatic, and they wanted to develop relationships with their East German brothers. The Russians were absolutely out of their mind with this sort of thing, and most of the communist nations were, too. The extreme right was bitter because he gave them no quarter either. But it was not the kind of thing that our people really got that excited about because they were too immersed in their own frustrations as a society. He believed that world human rights was directly related to our own concept of social justice and equity within the United States.

He said it was absolutely unthinkable that we can have two different standards, one for citizens and another for non-citizens. It just didn't fit his pattern of logic. Consequently, he said if I believe in equality under the law and equality of opportunity for all people regardless of social, political, racial, sexual, economic status within our country, then I must aspire to the same principle in some direction on a worldwide basis. That was the core of his human rights policy. And he would get very emotional on this issue because it was not only a religious thing with him, it was also a pragmatic thing. He said we have no right to alienate the vast majority

of humankind. If we do, we will ultimately pay a price. We cannot follow a road of confrontation. So he said it was not only the right thing to do, but it was also the smart thing to do. He knew there were tactical problems on how we reoriented our policy and how we accommodated this principle on a day-to-day basis, but he said in the long term our direction had to be clear.

He was also emotional about peace. It almost broke his heart when this guard in the Islamabad Embassy was killed. This guard was the first member of the military to fall under fire during his Presidency. He actually kept a tally. Until that one—although it depends on definition—there had not been a single member of the U. S. military to die in combat or a conflict in his first three-plus years. It was the first time in 56 years of Presidential reigns that such a record had stood. It's not that he was unwilling to move as necessary, because he was militarily trained. He was an atomic engineer and understood exactly how they played, but he also believed we were playing with fire. He said, "This is not like playing with gunpowder. It's not the same as in George Washington's day with a skirmish at the end of the red flanks as they move on the other side of the river at Trenton. Once we start playing with the situation, no scientist in the world can tell us whether this fear can survive. We're dealing with a series of total unknowns. We have to be prepared in terms of a second-strike situation, but we must be dedicated to peace." And he was faulted on this.

But at the same time, if you look at his December speech on defense, he shifted from an annual or two-year view to the concept of a five-year defense project with an absolute increase of three to five percent regardless of inflation. He was moving to what he thought was an appropriate reallocation of resources for a stronger defense. He was absolutely convinced that the SALT II [Strategic Arms Limitation Talks] Treaty was essential for this country and essential for peace.

He was also totally supported on that by all of our allies. There's no sympathy at all for the Reagan position on the SALT II Treaty by the heads of any European states or the head of Japan. They were all convinced that SALT II was a good deal. They were also convinced that it was at least a step above what would have been done with the continuation of President Ford's negotiating posture. Of course, one can then fault the strategic judgment of going for a bigger bite, and in the Jimmy Carter Presidency, he was always going for the biggest bite.

He took too big a risk at times. He could have reached for a simpler, smaller, less comprehensive SALT II and gotten it passed earlier. He really combined SALT II and SALT III. When he threw that intellectual challenge to the Russians within the first six months, they had no way to respond within their apparatus or way of thinking. It set him back a year. He thought it was rational, it was logical, it was based on principle. If that's our common objective, then that's what we ought to do—totally foolish, of course, in the international negotiating environment. But, again, that was a mistake of strategy if one wants to consider negotiations in terms of what you can get versus what you are intending to do.

His view is that the SALT II failure will be an enormous costly mistake for the United States if we do not get that treaty or something close to it soon. He thinks there is no way we can avoid a suction-like series of military investments to an almost infinite end. From his point of

view, such an investment means we will not have the resources to do the things that we would like to do in terms of our society. He envisioned maintaining the relatively moderate role of government on the social side. He worried about this role, and it was one of the ideas that went behind his way of saying, "We'll be going down two different paths."

I mentioned human rights, and I mentioned his attitude toward peace. On the domestic scene, I will mention his concern over social equity. If you wanted your heart torn out, you had to watch Jimmy Carter speak in a black church. I don't know if any of you have ever done so, but I'll tell you that the emphasis, the movement, and the feeling were electric. It just ripped those places apart. It was not something that could be staged, because he was not a good actor. In fact, he was a shy person. One of his problems was that he was not effusive, his desire to be independent may have been too strong.

He wouldn't go in and hug the members of the Senate and the House, for example. Even at a Christmas party, when we went through, it was a little cold. It was a formal reception by the President of the United States who was nice and sweet and easy-going. But it wasn't, "Hey, Jim! By God, I haven't seen you in thirty days! Why haven't you kept in touch? You didn't tell me you got a new colt down at the ranch." The contrast between Lyndon Johnson and Jimmy Carter was unbelievable. Unfortunately, Congress responds to an awful lot of loving because you don't go through their individual routines without an excessive need for ego support. It's the only way you live in the environment, and he did not supply very much of it. He expected them to act reciprocally toward him—just as conscientious, just as dedicated, just as principled, just as hard working, and just as political. It was not necessarily a correct assessment on his part.

The fourth area in which he had concern—which also emphasizes his personal independence––was the economy. He grew up in humble surroundings, he had made his own money, and he believed in very straightforward, simple, prudent financial situations. He thought people ought to pay their own way, and he thought people ought to work. But he thought one ought to help those who couldn't. He had no time for graft or privilege. He was an advocate of an equitable redistribution of wealth, not an extraordinary one, yet he did not believe in a royal society, either. He did believe in equality of opportunity, and he was willing to err on the side of leaning excessively in that direction. So, those were four themes, and there are maybe others I have left out. But those were four themes on which one could get Jimmy Carter excited. It you really wanted him to use expletives in a discussion, you just attack any one of those four. Occasionally some of his Navy training would override his religious strengths. Those moved him, and they moved him off dead center, and they were totally consistent, I think, with his attitude and the way he later performed.

Let me talk about politics for a minute and how that was viewed differently. I was thinking last night about the contrast between the man and his image, how can they be viewed differently. I am reminded of the fact that people are often judged by the company they keep, not by what they are. I think that's almost a perfect illustration of the Jimmy Carter situation, because I would have to say that the company he kept was very political. Their influence was far less than they would have liked, however. Again, just like in the Brzezinski/Vance situation, he wanted different views. Therefore, Pat Caddell could get a memorandum to the

President any time he wanted to. Jerry Rafshoon could walk in the Oval Office and any White House meeting—even though he was an outsider—without knocking. They were friends. They were drivers of those wagons and had been for years. There was no question about their loyalty, about their dedication, about their professional application to his best interest as they saw it.

It didn't mean he had to see it the same way they did, but it did mean that he had to hear, as I said, in his way. So, if you look at the people who were around him, you'll see what I mean. Hamilton Jordan's reputation was strictly as a political animal, not as a policy official. He was one of the people on whom Jimmy Carter counted for judgment. Hamilton was very political, but actually Hamilton was also very pragmatic. I probably knew him as well as anybody in the White House because I worked as closely with him as anyone. We had to interlink what we did on a daily basis, and we were extremely self-supporting in doing our jobs. I learned a lot about Hamilton, and I learned to respect him. He has one hell of a mind, and his sensitivity to people is the sharpest I have seen of anyone in his age group. It was evident when he later put together a volunteer organization of the kind that he did in the '80 campaign. It was easy to see the loyalty and the informal leadership that he had.

I'll give you an illustration. At seven o'clock on the night of November 4, after the election, we had assembled in the Cabinet Room. Hamilton, as you recall, had no official position at that time. He had worked without title in the campaign since Bob Strauss was the chairman. Jack Watson had been named Chief of Staff temporarily because the President needed a political front, if you would, during the campaign. Jack was there largely to talk to the mayors and to the Governors. Anyway, all the members of the senior staff and the Cabinet were assembled in the Roosevelt Room to get the news that the election is over, the President has lost, and here's the way it's going to be handled.

There was no question about how that meeting was going to be handled, or about who was going to call it to order. It was obviously going to be Hamilton. Sure, Muskie was sitting there, Brzezinski was sitting there, Carter was sitting there, and Pat Harris was sitting there. Bob Strauss was pacing around, Jack Watson was standing up behind, but the meeting didn't begin until Hamilton ambled in. All the seats were taken—normal, I guess, in the White House—and there was no place at the table. But that didn't bother Hamilton. It never did. He sort of ambled up to a corner between two chairs, didn't have his tie on, as usual. He had slept a little bit and was still very tired.

Without abruptly calling the meeting to order, he said, "Ladies and gentlemen, I asked you to come to review the situation." It was a perfect illustration of his informal leadership and the respect for Hamilton held by the central group within the government. I think he was one of the few that even the State Department admired. They thought he performed magnificently in situations on a high-risk basis for the President and for them. Someone had to do it, and better that someone else take the risk. Hamilton was the one who usually did, and they worked very well together.

The President was also surrounded by Jody. Jody was a political animal. Jody had grown up through the political court and been with him for ages. Jody was one of the great press

secretaries operating on an instantaneous basis that I know. He could extemporaneously articulate a position about as well as anybody I know, but I would fault Jody in not being a director of communications. He played his role totally by ear, and sometimes you could not get a commitment from Jody more than about three hours ahead of time. His idea of the communications process was, "How we are responding to this new cycle?" for we operated within a 12-hour circuit. And I think that was one of the reasons that Carter suffered in the public press.

I will mention a little later how I tried to influence that, but Jody was always on the phone, he was with the right people, his reactions were great, but they were instantaneous. We did not have a communications chief. He was assisted by Frank Moore. Frank Moore was a politico. Frank Moore could organize states and could organize primaries, but nobody thought of Frank as a heavyweight Washingtonian, congressional liaison guy. Now he was a great politician. He would help pull a caucus out of the bag, he would help line up school buses in Florida to carry this, that, and the other. That was Frank.

As for Bob Strauss, Bob's a great policy guy, but I think his reputation is predominantly in the political arena. Then there was Jack Watson. Jack Watson is a politician one hundred and ten percent of the time. His fingertips are antennas, and this is why he was very effective with the mayors and Governors. He could listen, he could talk with them, he could keep them on board. He is also a very brilliant guy, but he's first a politician. Pat Harris is a wonderful person, but also fairly active politically for a long time. Neil Goldschmidt was one of the brightest members of the Cabinet, absolutely superb, but again even better than Watson politically. Neil is a perfect illustration of a politician, a brilliant politician. He smells the public movement. He wakes up in the morning, looks out, and he sees it in the trees. He breathes it, it's his life.

As for Moon Landrieu, politics is the only occupation he has had for 30 years. Moon's a very bright, bright guy and was very good in housing, but he was a politician. I have not already mentioned about Sarah Weddington or Gene Eidenberg. So if you look at the small cadre that were in and out, those people who saw the President during the day, you'll see "politics." Pat Caddell could talk to the President anytime about anything. You could also tell Pat some information as one way to handle a public announcement. He would resent that, and I'm not being quite fair, but he would take an interpretation, and it would be out. You would read about it in the morning paper.

Not Jerry Rafshoon. He was a positioner. But again, Rafshoon was a politician. And between this political group and the aggressive press corps, a political question always received a political answer. If the press wanted a political angle on a story, they could get one simply by calling almost any one of those individuals, depending, of course, on what the issue was.

Now often Jimmy Carter did not share their political perspective at all, or their position. He operated just as independently of them as he did of the Democratic Party. They never really knew whether he would accept their advice. And when he did, it was because he thought it was the right thing to do, not because they had used shrewd political arguments on him. So he was more predictable than FDR. If you remember, Louie Howe said, "Well, you know, I don't

have the slightest idea how he's going to decide in this situation," because he didn't know the criteria under which FDR would make the decision.

The White House knew how Jimmy Carter was going to decide, and it was probably going to be counter to what they would recommend politically. This kind of decision-making meant that a lot of work needed to be done substantively to build a case for their direction when they wanted to do something for political reasons. But one can see the bridge in this if you accept, even to a degree, the proposition that a person is known by the company he keeps. Jimmy Carter was surrounded by some of the best and most obvious political types whose instincts are, and probably always will be, strictly political, at least more than most others.

I think there was another element I observed about the press. The American people differentiate expectations about a sitting President from other candidates. I didn't hear Kennedy accused of "playing politics." He had no standing except as a politician. Reagan was never accused of playing politics. What else was the game if it wasn't politics? But Jimmy Carter was accused because he was a sitting President. We do have a subtle difference in our expectations of a sitting President and his challengers in a reelection campaign, and my suspicion is that augmented a bit the political content of the staff. I'm talking a lot on these topics. Is this useful to you, or am I going into too much detail?

YOUNG: I think it is useful to have covered it and to highlight some of your points that were more implicit yesterday. I think we are all getting a grasp of the complexity of the man, and that's part of our purpose here, to understand the differences between the real person and the rejected person.

MCDONALD: Fine, then let me shift from him and his environment to my own role in the Carter White House. First of all, let me give you some hints about where my most important contacts were and those who would probably understand my role more than others. I'll just give these as a list. Within the White House there would be Hamilton. Hamilton probably knew my work better than anyone else. What he will say about it, I do not know, nor do I particularly care, but Hamilton knew what I was doing. I don't think Jack Watson ever fully understood because he was in a bridge situation, although we were working together very closely. We backed each other up.

As I told the President, my job was to play linebacker. When he designated his political chief as Chief of Staff, I said, "He can do whatever he wants to do, and I'm going to do the rest. The whole job is going to be done, don't you worry about it. I will adapt to the void. I'm not going to fight anyone for it or talk about territory frontiers. I'm going to be like a gaseous substance in a bottle. I may be thinly spread at times, but I will always fill up the remaining part of the bottle. The others can fill it up with fluid to any level they choose, and I'll fill the rest." Gap filling was my general working philosophy, and Hamilton would be the best person to describe it.

I would say that Anne Wexler was also pretty close to our operation because she and I were struggling for greater overall coordination. She was a more organized thinker than most of the members of the White House staff. She is one hell of a manager and organizer as well as being

a good politician and thinker. Anne and I reinforced each other's work, and I could count on her in terms of both her own work area as well as how she would operate without going public. If you look at the coordination by task forces, Anne and I were usually involved, and we would share the lead depending on our respective time schedules.

We co-chaired the task forces on inflation, on communications about the economy, and on energy conservation. Our respective roles on the task force depended on who was participating and what our respective schedules were. We were not competing for leadership, and we frequently consulted each other on agendas, timing, and the direction in which we should be going. Sometimes I just passed it off to Anne.

We worked with Stu Eizenstat to a lesser degree and in a more mundane fashion. I did not want Stu to be threatened by my work, and a lot of the area we worked was in the range of domestic affairs. So I tried to be helpful to Stu whenever I could. I tried to bring order into situations where he was totally overextended, since Stu's tendency was to be overextended. One of the reasons that the President was always overextended on domestic policy was because Stu is such an extraordinarily brilliant individual. If something needs to be done, he couldn't understand why it wasn't done. This feeling was also conveyed to a great extent to the member of his staff. Dick Moe, the Chief of Staff in the Vice President's office, was consulted on substantive and political terms, ironically enough. We talked and collaborated very closely.

Outside the White House but within the Cabinet, we consulted with Bill Miller on economic programs, with Neil Goldschmidt on transportation problems, with Philip Klutznick on trade and commercial-industrial problems or industrial revitalization, with Warren Christopher and David Newsom on the international side and the domestic implications of foreign policy. We frequently talked to them. We saw Ray Marshall on the labor issues. Ray would occasionally call and say, "Al, I need to get this memorandum to the President. When's the right time? How do we get it in? Here's the way I would like for it to end up. And how can we position it so it has its fairest hearing? I don't know how you guys operate over there, but how do you get into the black box and come out with hope?"

Reubin Askew spoke with us in the same way. Bob Bergland, Jim Williams, and Dale Hathaway were the main contacts on the Agriculture side because it was a very political, touchy area, particularly when we were dealing with the grain embargo. Finally, we saw Duncan and [John C.] Sawhill in the energy area. So, if you look at this list you can see that, although my role was inside the White House, my direct contacts and coordination points more frequently were with Cabinet heads than with insiders. However, we did contact the insiders through the mechanisms that we discussed yesterday morning.

I saw my role with the outsiders as trying to bring them into the government so they could effectively operate in the task forces and in our planned movements. I wanted to develop a coordinated basis through which we could get their views on Presidential speeches and get their ideas and input on policy. I used the speech mechanism frequently as a way of involving them on an issue in which they should have participated.

The same thing was true in congressional relations, too. On the Democratic side, our contacts were John Brademas, Jim Wright, and Jim Jones, who's now heading the Budget Committee, and an interesting, younger group of the House. The group was composed of sophomores and freshmen representatives who could have been built into an extraordinary coalition in a second term. They were dying to be led and organized, but I could never get Frank Moore to take the organizational step to give them status and support. They were frequently invited down for a meal with the President in which the President would chat with them for an hour or two and deal with their questions. They loved it. No freshmen or sophomore group in Congress had ever had access to the President of the United States like the access that Jimmy Carter gave them. It gave them power and influence; it meant that they were part of the game. And all it would have taken was an organized effort to motivate and direct that group.

The group was made up of guys like Don Bonker from Washington, Bill Nelson from Florida and Tony Coelho of California. I just mention those three because I worked a lot with them. They were the influential leaders of the regional sectors within the younger group. On the Senate side, [Lloyd] Bentsen and [Abraham] Ribicoff worked quite closely with us in both trade and economic issues. On the Republican side, we contacted [Barber] Conable, whom I had worked closely with in the Trade Center, and Jack Kemp, who—except for policy matters—was a very close family friend. Jack and Joanne Kemp are very close personally with us, although philosophically Jack and I have a few differences. But on trade matters we found our interests concurrent, and so Jack made one of the most forceful speeches on the House floor in support of the trade bill.

We saw [Guy] Vander Jagt of Michigan and Bill Frenzel from Minnesota. Working with Bill was tough because he's right under the wing of the Vice President and the Minnesota Democratic Party, so my relationship with him was always a delicate one. The Vice President and his staff just hated Frenzel. They thought he was a nothing. But he was extraordinarily valuable to us and frequently had all the proxies we needed with the Republicans on the Ways and Means Committee. We had talked earlier about some issues in which we had concurrent interests on a bipartisan basis. We discussed the substance of the situation, not the politics.

I even went to meet with him in his district one time, around the time I first went into the White House. I met with him and [David] Durenberger, who was also a very strong supporter from the Republican side on trade and economic matters in Minnesota. They were having a little problem, and I figured we had nothing to lose because the Republicans already had the House and both Senate seats from Minnesota. I'm sure the Vice President would have been livid to think that I was out there doing that, but they were extremely grateful. We had a good half-day session with the heads of all the major companies in Minnesota. It was one hell of a session, and the White House came out a lot better as a result.

But it was all done quietly. We didn't have any big deal with the press. We also worked with John Danforth, who headed the Senate Subcommittee on Trade. Jack and his wife are very good friends. I saw him frequently in and out of the White House, and he knew he could always call to get help if he needed it. We were usually on common ground. Senator [William] Roth was also very important to us in trade and on the Finance Committee. As soon as the Republicans took control of the Senate, Bill called me and said, "Al, help me think through

some candidates to staff my new committee." This is, I think, a reflection of our relationship. We have enormous mutual respect. I disagree with him just like I do with Jack Kemp on tax matters. I think they are dead wrong. But on trade and on many other things, we do agree. As people, they are very conscientious, dedicated individuals. We just happen to disagree on some things, but those disagreements do not interfere with our personal relationships, our mutual respect, our ability to do business together, or our ability to help each other in areas in which we do have a common interest. Well, those are just some illustrations of a network of influence.

Now, as I mentioned earlier, my operating technique to be effective as an honest broker had to be reconciled to the imponderables. First, I needed total access to the President: the ability to be able to walk in, to see him once, twice, or three times a day, to send him a note on anything I wanted to, to pick up the phone and call him. And I had to be able to do this without everybody knowing I did. Otherwise, I would have been viewed as a threat and as not being an honest broker on a policy issue.

There was a tightrope that I always walked. The job requires humility, because it is extraordinarily tempting to merchandise access. I would say the greatest temptation and the greatest failing of White House aides in a non-Rooseveltian disciplinary environment is their inability to discipline themselves in terms of how they use their access for personal advantage or to advance their personal views. It's heady stuff, but I had to balance those things in my job. I had to be unobtrusive inside as well as outside, but I couldn't be oblivious.

I chaired a majority of the morning meetings of the senior staff, so it was obvious that I was there. I was there physically, and it was my agenda, although Mike usually drafted it in his own handwriting after the Deputies meeting. They knew where the follow-up telephone calls would come from. They would either be from Mike or me, or someone we'd asked. They knew from where the process would be monitored.

But we did all these things in a low-key way without being threatening, and I think our attitude toward the press, our public posture, and our attitude of trying to be an honest broker in consulting everyone and being in touch are elements that are necessary. I don't think we overly intruded, but I do think we tried to move the herd a little closer to the corral. We brought them in to talk and to listen, and I don't think we bit many calves along the way, although I think they knew the dogs were there. That's the way we tried to operate. We were not competing for attention. We were not competing for internal recognition. We were not competing for honors with the President.

For example, I took a deliberate, low-key posture in the morning meetings with the President. I would only speak in one out of five of those meetings; and then I would make a cursory comment only when I felt very strongly about the situation. It was rare when I would get involved in a debate or a discussion. Occasionally I led the discussion—or chaired them—because Hamilton was not there or Jack was not there. As the discussion leader, I would go around the room for each one to give his or her report so as not to bias the outcome. The only things I would really comment on were those items that had been overlooked. Many times these were items that the participants didn't know about. But I tried to do it in a very low-key,

factual manner. In fact, I'm sure a lot of them, as they left the meeting, wondered what I was doing there. I was usually making notes for a follow-up list. I was going to follow up on what they thought and decided with their deputies and make sure they properly communicated with their deputies. So, it was in a coordinating sense that we were working.

Let me shift to some substantive interventions because although I have said I tried to be an honest broker, you will probably hear of instances in which I was not an honest broker, in which I moved into substance or politics. On those occasions, I thought it was necessary to expand the President's views, and presented myself as a non-political entity. If you look at my press, you'll see what I mean. I have no experience in politics. I have no sensitivity, no reflexes. I am not identified with political activity at all.

But a majority of my direct interventions were on the political side, and there was a consistent pattern among them. For example, I wrote the memorandum to the President which advocated that he not participate in the Iowa debate. Jody Powell wrote the memorandum recommending that he should. It was also signed by Hamilton, by Stu, and again by Hamilton. But I said, "As President of the United States, you can't be standing out in the cornfield making a political speech when the world is about to blow up around us. Even with today's modern communications, you can't deal with this problem because people's minds go physically where they are. You can't be shaking hands and preparing for that debate without concentrating your attention on it. Once you're there, you're a living part of the environment. I don't think, as President of the United States you should be there."

Now, I also avoided getting credit for that in the press. Jack Nelson, of the *Los Angeles Times,* called me an hour after the decision that the President wouldn't go was announced, and he said, "Al, congratulations! You've got your license. That's a fantastic coup you pulled off. How does it feel to be the President's chief political advisor?" I said, "I'm not sure what you mean, Jack, because I'm not up to date on what's going on in the political area."

John Osborn alluded to it differently. John called me and said, "What about this?" I said, "Oh, Jody and Hamilton were really taking the lead on that with Bob Strauss. It was a political question." The worst thing that could have happened to me at that point was a major front-page story on "Al McDonald, chief political advisor, wins over old-time political cronies." Such a development would have done a gross disservice to the President, and I would have undermined my position enormously with the group and the others. I would have had about 24 hours of ego satisfaction, and then I could have packed my bags in terms of effectiveness. We would have been in a totally confrontational mode in terms of who was going to run the campaign. But, nevertheless, you might be interested in reading that memorandum. It's in a file in the President's archives.

In terms of Presidential themes, I didn't think the group was coming up with accurate and politically effective expressions of what the President believed in and how he ought to position himself before the public. So I wrote a fairly extensive series of thoughts on Presidential themes that were Jimmy Carter, and that I thought had public appeal. A few of those were accepted, but they didn't coincide with the negative TV strategy of Jerry Rafshoon. They were more moderate, quasi-positive, and perhaps less attractive. Nevertheless, that memorandum

might be an interesting one for you to look at later, too. Again, I think some of my suggestions were used in speeches and announcements and in the President's town meetings and press conferences as a result of that memo. So in a sense it was useful.

On the Iran speech, I fought Jody's claim, "but there's not news in this." In terms of strategy, I thought the President's first major speech had to give a comprehensive view. The President had to give the American people the total perspective of his understanding of the situation and a recap of all of the steps he had taken. I didn't care if the speech was "not news." The President is always making news when he gives his coherent perspective. News is not just a new action announcement or a different mood. Anyway, we had a big argument over the speech, but, as I say, I finally drafted that speech. The President modified it as he always did, but my draft was essentially the speech that went before the AFL-CIO Congress in Washington. It received fantastic acclaim both by the AFL-CIO and by the press.

In terms of communications, I was worried about the fact that the President's image was largely determined by a random series of daily actions modified and presented for the 12-hour news cycle. I convened for a period of time a small task force to deal with Presidential communications and Presidential communications postures. Again, there are some items in the file. I am sure that you will see on those meeting agendas how we would look over major issues and say, "Is this something the President should be commenting on, or not? If not, who in the administration should, and what should be the central themes?" This process would lead to a series of talking points and to a series of speaking engagements. I would call Bill Miller, Charles Schultze, or Jim McIntyre on the economic side and say, "By the way, I think you ought to have a press conference before the end of the week, and here are some points we'd suggest you make in the meantime. What we will do is have four or five other members of the administration come out within 24 hours or 72 hours afterwards to reinforce your position." That's what I call coordination, and cumulatively it really has an impact.

The Carter Administration had the world's worst "merchandisers." They didn't think in those terms. There was almost a carryover of gratefulness for the press's attention in the early days as a non-candidate. I don't think they ever moved mentally to the point of being aggressive with the press. They should have coordinated the President's message and the President's perspective, and actively sought a way for the public to understand that perspective. But it was dealt with in an isolated, rifle-shot context. It never was treated as a holistic entity.

And I would say that this fragmented approach created some of the mystery about Jimmy Carter. The public had to piece together every bit of the puzzle. No one showed the people a picture of what the puzzle looked like when it was put together. The White House never even tried to draft one. So you didn't know whether you were doing a seascape or a landscape, or whether the tree that came out was on an island or on a mountain. And if you didn't see the bottom part and only saw the tree, then you had to judge what it was by the few pieces of the puzzle that you saw. It was a major void, I think, in the administration.

In terms of the campaign focus and the attitude the President would take, I didn't like his opening speech of the campaign. I wrote a note, but Hamilton didn't deliver it because it scared him—it was too strong, it was too immoderate. It highlighted his dedication to some of

the themes I thought he was emotional about. I wish he had followed those themes in that speech. I think he would have had a different reaction. Hamilton's reaction was, "Al, that's a great speech, but, gee, I hope Jimmy Carter doesn't give it."

I think one of the problems with Hamilton, Jody, and Jerry was that they were hyper-conservative, overly modest in the way they would put the President forward. This is one reason they would occasionally put the President forward and then recommend that he retreat. Remember "the moral equivalent of war." Since a few people made fun of it, they dropped it the second time. It became a farce because they dropped it. Yet, that's exactly what the President believed, and he should have said, "To hell with you guys. It's exactly what I believe; it's exactly what I have been saying, and I'm going to say it again. I don't care who laughs." But they'd say instead, "No, Mr. President, we ought to be a little bit more modest." So they would move him back.

For example, in his opening speech in Ohio, he said, "I think we're making the turn. I think we're seeing the light at the end of the tunnel." A few members of the press said, "Aw, that's baloney, that's political malarkey." The fact of the matter is that substantively he was right, and that's what he thought. That's what I thought. That's what a lot of his programs were geared toward. And I suspect that a lot of them will come to fruition because the Reagan moves will not take effect before the things already started have their own impact.

But because a few members of the press ridiculed an idea, everyone would step back and say, "Let's not use that theme anymore." And so you would find almost a pilot-test of ideas even though we believed in them. His advisors would lose their nerve and call such statements "too strong." The advisors would slide back a little bit and say, "Ah, you see, he uses hyperbole." But that really wasn't the case at all. If anything, he had understated his feelings on the situation. But the reaction pattern with his political advisory group was, I think, too conservative and too moderate.

Frequently I would say, "Mr. President, you have to be more aggressive on this. You have to attack, you have to merchandise, you have to fight for it. To hell with what they say. This is what you have to go for. Don't moderate it." In a few cases he followed this advice. On economics, I was very much interested in having him do a series of economic teach-ins. Along with Stu and some others, I recommended that he start those early. We did two radio speeches—one dealing with economics—but they were far too late. I advocated that he attack directly the economic issue with Reagan by saying, "This is the most important issue, and we do have an economically sounder proposition."

One of the political groups said, "Naw, the economy is nothing but a downside for him, let's stay away." And you'll notice even in the debate he didn't respond to it. You can't ignore the major issue before the country in a Presidential campaign. Jimmy Carter did have a program, he did have a posture, he did have a position. But again, I think his advisors did not encourage him, or inhibited him from going as far as he might have in presenting it.

I sent the President a note ten days before the election saying, "I think it's absolutely tragic the way the press is building momentum on the Iranian hostage solution. It's not possible for this

to happen before Election Day, or for it to be a positive force in the election." He was going up to New Jersey that day, and I said to Mike Rowny, "Make sure this memo gets on the helicopter before it goes." And fortunately we had an eight-column the next morning: "Carter says press far overplaying the Iranian prospect." But it evaporated quickly. By the afternoon the *Daily News* came out saying, "Settlement expected by Tuesday." That was ten days before the election.

The thing was totally out of control, and again Jody would not come on strong enough. He would say, "Well, we really don't know." The truth was we really didn't know, as he said, but in terms of management of expectations, we did not manage. The President made just one or two efforts, and then he followed through in his questions and answers. But the press had already built a myth that the game was over. In fact, the myth was that Carter was delaying the settlement to have a last minute crunch in the election. The stories couldn't have been more erroneous, but again it was a communications problem in terms of having a unified message and a perspective, not one pulled out every 12-hour period.

I opposed the imported oil levy, although I thought it was exactly what the country needed. At the time I thought it was not politically palatable, and I said, "The Congress will not buy it, no way, so don't put it in the package." The way you put balance in the package is to include the political variables. We could have generated the same amount of money with a luxury tax on furs, jewels, and perfumes and a surcharge on incomes over 50,000 bucks a year. It would have turned up some Democratic ears. Now, it was not as constructive in the long run in terms of the economy, but you come up with the same numerical result, and you have a political package that you can use for cohesion rather than fighting over the import tax.

Well, I lost that one. In fact, I was ridiculed by some of the CEA staff for interfering in the policy process in the second and third levels. If Carter had gone after the surcharge, he would have been infinitely better off, in my judgment, both in terms of a solid economic package in which we would have had less of a deficit by about $12-15 million, and in terms of a far more consistent economic theme for the Democratic Party. It would have helped him at the Convention and during the election.

As far as veto strategies are concerned, I talked about those a little bit yesterday. My message to the group was: "We must have a process now for determining early those items that the President may well veto and a system to send signals to the Hill. We can't wait until the legislation arrives here and do it at the last minute." I referred to one veto with the VA [Veterans Administration] yesterday.

The last one I'll mention on this subject is the concept of consultations and participation. The last thing a President needs to do with a domestic issue is announce a surprise. The Congress cannot absorb surprises, the public cannot absorb surprises, the Executive Branch cannot absorb surprises, and the press cannot understand surprises. We needed a gradual syndication of viewpoints toward a conclusion, but there was always a fight right up to the end because the policy people wanted to have an intellectual nugget that was pure and rational when it carried through.

Jim Schlesinger was an ideal illustration of that type, and I think his first energy program was a perfect example of the political impracticality of that approach. But it was advocated by a majority of the Economic Policy Group right up to the last minute. They wanted to meet as a small unit, and they resented open discussion. When Anne Wexler and I forced open the participative program for the March 16th economic speech—and we came out very well with two or three weeks lead time—they lamented at every movement. They said, "Why are you guys giving the act away, all the gain?"

But we had built a base of support for a very tough Presidential statement on the domestic issue, and on domestic issues that's the only way. It's different from the way you deal with international ones. You do those through private discussions and consultation with other governments. There's very little of public participation in the United States unless you're going to shift policies as happened with El Salvador. I think El Salvador should have had an open, public discussion before the President took the decision. Two members of the administration could have played second lieutenant to see who got killed first. The President could mediate instead of deciding, but that again involved a dramatic change of pace. Now, on domestic policy issues, I believe very strongly in strong participative apparatus, and that's what I recommended.

In terms of policy areas, I intervened predominantly in the economic program areas because I saw that as a major weakness in the President's approach. It was an area where we often fell short, so I monitored it constantly. I insisted on participating in the Economic Policy Group meetings informally for coordination purposes. I occasionally sent the President memoranda. You will find in his files an outline as of Christmas '79, saying: "Mr. President, here's what I think the general outline of your economic program should be for next year."

He sent a note back saying: "Great idea, I hope some of these get through." That brings me to a point I want to mention later about his own management style. In his August speech and the March 16th speech on the economic problems there was a lot of involvement on the substance of what he was doing economically. But it was being done shortsightedly, in my view. It lacked political sensitivity, and it was not necessarily based on good economics, although I think it ended up with what the country should have.

I also think it allowed a balanced perspective, but for a Democratic President to recommend a tax cut in which more than 50% would be directed toward investment through industry is almost contradictory to 25 years of Democratic Party philosophy. And it takes some explaining to get such a proposal around the corner, because in political terms it was a far more conservative posture than Kemp-Roth or even the conservative posture that Reagan held in the campaign. So we found ourselves juxtaposed with the parties with a hell of a communications problem in conveying our position. The problem was never mastered, obviously.

I interfered occasionally on trade policy, not because I disagreed with the trade policy theoretically, but because I disagreed with its political impracticability. On the steel situation, the President had absolutely no business doing away with the trigger-price mechanism just before the Pennsylvania primary, if ever. It was done on the principles of the purists—"They

have gotta remove all their suits or none of their suits." Well, the steel people had agreed to remove about 90% of their suits, and in my life experiences, that's a pretty good victory.

We did not know how to bring ourselves to accept a 90% victory, so the President paid a heavy price. I then spent about four to five months—maybe six—reinstituting and building a coalition to get that decision reviewed under a different context. It required a renegotiation with the industry and congressional leaders and with members of our own government. So the President was able to reinstitute the trigger-price mechanism about a month before the election, but unfortunately it was too late. The renegotiation process was too slow, but at least we headed the policy back where it should have been. There was no excuse for having booted it the first time.

So in that instance I directly intervened by writing an extraordinarily sharp and crisply termed memo, which Bob Strauss couldn't believe I'd write to the President of the United States. It was, I must admit, a violation of the honest broker rule. I told the President, "I think you are just out of your mind. You're playing purist economics out of a book. You're not talking pragmatically about trade policy operations in a democratic society. I have done some of that."

I also had discussions with Neil Goldschmidt and others about the auto situation and was appalled at the position our FTR took before Congress. His testimony was, "We will not request the Japanese to consider voluntary restraints, and indeed we would be opposed to such a request." God, the Japanese could not believe it! In a sense, we sucked the Japanese into the situation they are finding themselves in right now with Congress. Washington is going to ram something down their throats, when earlier we could have easily led them to a moderate curtailment to satisfy both parties. Trade policy handled by an economist has lost all touch with reality; it's heart surgery handled by a biologist. The economist may know everything about the policy and its workings, but there's something lacking in the skill of his fingers, and this is exactly what happened with auto import problems.

The last intervention I will mention occurred when the Attorney General instructed the OMB and the like to close down the government, and I thought that was probably an excessive recommendation.

YOUNG: This needs some explanation.

MCDONALD: The Congress established a new procedure whereby it is almost impossible for it to approve a continuing budget resolution within the limited time period. You might say that it's not institutionally probable that the Congress will have a continuing resolution. It may take 24 or 48 hours of stop the clock before they finally get it through. That's the process now. OMB, in thinking precisely, made the mistake of asking the Attorney General for an interpretation of what should be done to the government under those instances where there is no continuing resolution. Now, you must remember that the Attorney General and his Justice Department have been since Watergate a state within a state. It's no longer a member of the Executive Branch of the government. It has its own rules and regulations. And I think it's one of the great dangers that this country faces. I am anti-Justice Department. The State Department people are lovers compared to the Justice Department people.

Anyway, the Attorney General said, in his wisdom, "You have to close down the Executive Branch." Believe it or not, the process of closing down the Executive Branch was happening when I discovered it. I interrupted the meeting between the head of OMB, the head of the Domestic Policy staff, the President's General Counsel, the Attorney General, and their respective deputies over in McIntyre's office. I walked in, and I said, "No President worth his salt would close down the Executive Branch. I can't imagine it. This is carrying an interpretation of a narrow constitutional and statutory line beyond the point of absurdity." They turned around and said, "You have got to send out a cable right now saying people cannot show up tomorrow at federal offices or at the White House." I replied, "This is for the birds. Does Jimmy Carter want to go down in history as the guy who closed the government just before the election?" They said, "Well, this is the law." I said, "Look, I'm not a lawyer, but I'm a citizen, and I just won't permit it." Well, that always breaks up a meeting.

The President had already been briefed about what had to be done. And the President said, "Well, I'm not going to violate the law. I'm not going to be another Nixon, you know. You lawyers seem to be out of your minds, but do what you have to do." I said, "No, we are not going to do that at all. The Congress has not expressed any intention of closing down the government." We're talking about minor differences with the Congress between say, $520,000,000 and $523,000,000—that's the range of disagreement. The Attorney General thinks we should act on the basis of a zero budget. Furthermore, in my general reading of the Constitution, this would violate what in fact was a Presidential responsibility under his oath to carry out certain obligations. And in a modern society those obligations are now moved beyond the individual's responsibility per se. You might notice that the office has some semblance of an institution around it that must have some continuity, particularly during a bridge period.

We're only talking about 48 to 72 hours, and I'm not sure that Congress has the authority to close down the Executive Branch by its own overt decision. It can cut it to pieces, but I don't think the Congress can pass off the Executive—"By God, we're tired fooling of with the President! We'll leave him as an individual over there in his office, but we're doing away with the Executive Branch of the government!" I said, "If I were President of the United States, I think I would hire a private attorney, since the Attorney General wouldn't be around"—which he didn't like. "Since we would have no Attorney General and no Justice Department and no government lawyers, I would hire a private attorney to file suit in the Supreme Court under the 'balance of power' principle.

"I really don't think that the Legislative Branch can do away with the Executive Branch. It can make some changes or cut its budget. It has total budget control to narrow it down by nine-tenths, if it wanted. It could get away with a drastic reduction, but I just don't think Congress can stop the Executive tomorrow. I therefore do not believe that anything it could not do by overt action, it can do accidentally. Perhaps it's too logical or too rational. In either case, I won't have it. We're not going to send out the cable, we're not going to announce to the press that the government is closing up."

Well, the Attorney General said, "Oh, but we need to do that to get pressure on Congress." I said, "We've got 2.8 million employees out there with a stake in this situation, and you're telling them they have all been summarily dismissed as of midnight tonight. You know, I have problems understanding how you would conduct a personnel program over time to support an institution of this sort." Well, I've gone too deeply into that, but you might be amused to see the correspondence. I wrote Lloyd Cutler a very snappy note saying, "As General Counsel to the President, I hope that you will not fail this President. I do not think that history will look kindly on a General Counsel of the President who would endorse the closure of the Executive Branch."

So we had some consultations, and we changed the wording. But just a few days before the election, it came through again. Jim McIntyre said, "Well, we're under instruction. I go to prison unless we do this." I said, "Bull." There comes a time when the President of the United State has to defy the other power centers. I cannot imagine a President succumbing to a unit within the Executive Branch—maybe to the Legislative, maybe to the Judicial, but not to a sub-unit.

Lyndon Johnson would have called in the Attorney General and said, "Mr. Attorney General, this not acceptable, I would like another ruling on this." If the Attorney General said, "I am sorry, Mr. President," LBJ would have said, "Thank you for your service to your country. Call in the next guy." He would have continued until he found somebody in the Justice Department who would have been reasonable, and he would have been made him the Acting Attorney General.

We needed a new interpretation, and I said, "Should we have to go to that limit, we should do it." Well, that presents an extreme case in which I was not an honest broker, and there's a fair set of memoranda on that. I've taken far too long. I hope I haven't rambled too much, but I have tried to illustrate some of these points that I thought would be of interest to you.

THOMPSON: Was the difference with Cutler the kind of thing you just mentioned?

MCDONALD: Yes, and I'd like to return to that after I describe some of our management tools.

ROWNY: Anne Wexler and I put together a participative program schedule for the March 16 speech. It's in the President's archives. It includes the Economic Policy Group, the steering group, and the inflation consultations. There's a tab for agriculture, for Blacks, for educational leaders, for consumers, for the elderly, for religious groups, for state and local groups, for PIGs [Private Interest Groups], for health groups, for energy conservation groups, and for ethnic groups.

MCDONALD: It was really a separate program, but I think it offers an interesting illustration of a participative plan in terms of the way we worked. I don't think many people in the White House recognized that such a plan existed, but an awful lot of people coincidentally came in at appointed times for meetings and were briefed and consulted on reports we later sent to the President.

ROWNY: Our object was that ten days before the announcement of the program or before the final decision, the policymakers and the President would know where their support would lie with the whole range of interest groups in the country.

MOSHER: You did this with Anne Wexler?

ROWNY: You will notice the memorandum is a joint one—Wexler/McDonald. We often did that, depending on who thought of doing it first. We had almost a private coalition.

MCDONALD: You might be interested in a memorandum that's part of the Presidential papers, which is the organization chart of the White House. There were twenty individuals who were either assistants or special assistants to the President, who reported directly to him. There was no point of synthesis, coordination, or control. There's a second memo from Hamilton, a White House organization chart, that bears the President's "O.K., J." It's dated November 6, 1979.

He chose a little different title. Hierarchy does not mean the same in the White House as it means in government. And government's definition of hierarchy is one notch below what it means in the commercial and private sectors. The chart did not represent a fixed situation, but it was circulated to the group as an attempt to convey how we expected to operate. It can't be looked upon with the precision of an organization chart, but it does attempt to depict certain relationships and how individuals perform.

The *National Journal* came out very shortly after we began our operation. Likewise, it was an attention-getter, and it worked. There are also actual working agendas in the President's archives. I knocked out the issues of a deputies meeting on June 6, 1980, that showed the coordination links in terms of White House leads. The issues first of all received a designated White House lead person, then there was a brief description of the issues, and then a follow-up person was designated for each issue. I have never seen a White House document from an earlier administration or from this administration of that type, although there probably were some. Also included in our program schedule were printouts on the congressional tally.

An ideal one to look at would be the one on hospital cost containment. It shows how you play the odds when you go to a vote, because on that proposal we had only one window and one chance. We could either take it or we could forget it, so we had to look closely at where we would win. We lost by thirty votes under the tally, but we really lost it by about eight, because after the vote is known, there are always a few vote changes by those who politically position themselves. So the press reported a bigger loss than it actually was. It really was hairline until the decision was taken, so you might be interested in that. Our tally sheets showed the lineup by party and by state to give the reader an idea of the geographical pattern. We could have also done it by issue.

YOUNG: Was this information generated and categorized by your own staff?

MCDONALD: No, we only did the computer program and then set it up on the White House computer unit. The congressional liaison office took it from there. Frank even got to the point where occasionally the President would still be a little confused by his computer jargon. He said, "Well, we have a fair number of category one and a few in category four that we're working on." It never really got to be their language, but that type of thinking was what we were trying to build into the group.

QUESTION: Who gave you the information that was recorded? Was it mainly from congressional liaison?

MCDONALD: It came from congressional liaison and really whoever had it. It would mainly come from White House congressional liaison, but departmental congressional liaison would also send us information.

YOUNG: But it would feed through—

MCDONALD: It would feed through secretaries over at Moore's operation who would then keep us up to date with their latest count. We could say, "How do we stand right now?" and they could tell us which groups we had seen in the last week and so on.

ROWNY: In a legislative effort, we might have six different agencies assigned with us. So I would take the six congressional liaison people, split up the members of Congress among them, and assign each one the responsibility of contacting specific individuals. They were to find certain basic types of information: who cares how much about this issue, where's he from, what's the party, what's the committee, and so on. Then, when I got the information back each week, we put it back together, and we could see the rough degree of support or resistance. But, more importantly, we could see where it was, and we could target our limited resources toward the marginal areas.

The second time around, we just concentrated on the area that we could influence, and we kept targeting in smaller and smaller areas wherever our problems were. If they were for us, we left them alone. If they were dead against us, we left them alone. And over a period of six or eight weeks, we reassigned further contacts. We sent more information to smaller and smaller target groups and gradually got out projections to the point where three or four days before the vote, my readings were within about three percent of the situation that actually came out.

On hospital cost containment, for example, we determined that our problems were in the southern rim states, mostly among Democrats. Therefore, we targeted outreach programs strictly to local information in their districts through our media liaison group. In other situations, different problems arose, but the point was always to put your finger on the problem rather than to send all of your troops out and attack everyone in a massive way.

YOUNG: You mentioned "our office of media liaison." Was this in Jody Powell's shop?

MCDONALD: It was over in the old Executive Office of the President. As a matter of fact, it operated almost as an entity in itself.

YOUNG: I'm asking whether it regularly connected with a particular congressional—

MCDONALD: No. No. In fact, one of the things we did was to build that office's resources and responsibilities along with Wexler's help.

YOUNG: She mentioned this too.

MCDONALD: And we brought in Pat Bario, who was the head of that office.

ROWNY: She was a deputy.

MCDONALD: We really integrated Pat into the operation with her resources as a way to reach beyond what Jody and the Press Office were doing up front.

ROWNY: That's an example of how we coordinated a group through the deputy.

MCDONALD: But Jody never really knew what we were doing, and probably would have objected had he known.

ROWNY: Jody's operation was interested in different day-to-day matters, and then through that we coordinated these other functions.

MOSHER: How about Frank Moore?

MCDONALD: Frank Moore knew what was going on, but after making sure that Moore was informed, we focused on Bob Thomson, who's the guy we put in. He was the chief operating officer in congressional liaison. We said, "Here's what we are going to do, Frank. We're going to support your guys. I'll get together with Bob and some of the other fellows, and we'll work out the details." And he would say fine, and so we did. Bob was frequently in my office, probably several times a week.

MOSHER: Was this new? Because I had the impression that congressional liaison people were doing this all the time.

ROWNY: They were always doing vote counts. They were always getting together and asking about the location of our problems. But we coordinated across the board by bringing together other resources, like the public media office.

MCDONALD: We would also reach beyond the congressional liaison senior people to the lower levels of their group, and we would move beyond White House congressional liaison to congressional units within the departments, as Mike said. We had 30 or 40 members of the congressional liaison staff from departments who were working with us on the MTN. In addition, we would move into the public sector. For example, we had what we called the Wednesday Morning Group of 15 or 20 of the most influential lobbyists in town. We would take their soundings and find that our resource base was usually bigger than we expected.

YOUNG: Were you and Mike part of that group?

MCDONALD: No. It was strictly an internal device that Anne Wexler used to solidify her own position with that group and to have their continued support. The group grew out of one that we had organized with Bob Strauss to deal with the MTN. It was called the Washington Advisory Group, and Anne was in on that. She continued with that group after we were through and it became "her" Wednesday morning group, but the group was first assembled in the Roosevelt Room for the MTN.

YOUNG: On the congressional liaison, there are two points of interest. Anne Wexler contributed and other inputs contributed to your information gathering about different Congressmen. So, it came from a variety of sources?

ROWNY: Some of the best information lies outside the House. When a White House person goes to a Congressman and says, "Can we count on you?" we get a particular kind of response that may or may not be as reliable. As an outside lobbyist who is not interested in that issue, he may find the Congressman to be more honest and direct.

YOUNG: Yes, I thought you used other networks for this. This is really a little off the subject, but I assume that the congressional liaison group also heavily utilized the whip canvasses within the Congress as well?

MCDONALD: Yes, particularly in the House.

YOUNG: You made reference to the deputies and their coordinating function, which I think is very interesting. Clearly, the use of the deputies as a kind of coordinating mechanism was quite important for all the reasons you gave, with notice to the principals about the work being done by the deputies. Also, where there wasn't a deputy, you felt the need to install one. I think this is something new in the development of staff arrangements. I'm not aware of any previous White House consistently having deputies present in all the main groups, much less used in the way you did.

MCDONALD: I don't think they were, and all the principals did not have deputies when they arrived.

ROWNY: I never read anything about deputies as an organization tool.

YOUNG: It suggests that this was one way you could help, as a management consultant, an operation that needed to improve itself. It was a way you could introduce changes, discipline, and more system in the way work was done. Am I correct in this?

MCDONALD: Yes. For example, with David Rubenstein, Stu Eizenstat's assistant, if you look at my telephone reports, some days I talked to Dave four, five, or six times. There was hardly a day that Dave was not in my office for one meeting or two, sometimes three. I mentioned what was going on very carefully with him. I talked to Stu at the senior staff

meeting, and at the 10 o'clock meeting, and maybe once a week or every ten days, depending on the subject matter. I talked to Bert Carp quite frequently, through the staff on the other side, but again it was more discrete. Those discussions, frankly, were more effective—a lot less politics—and they gave us a control mechanism in which we really were in the lead. It was always clear when I was chairman of the deputies meeting and members of the senior staff were there. They also knew that I was chairing the senior staff meeting, so it was a certain implicit understanding.
YOUNG: No one resented the contact with the deputies?

MCDONALD: Well, we did it gradually and not surreptitiously. I would usually say, "By the way, Stu, I'll be talking to David about this, do you want to spend a lot of time on it or not? David will keep you informed." And we insisted that the deputies keep them informed, and we frequently would send invitations to the seniors and call the deputies to let them know about the meeting and suggest that it would be just as appropriate if the seniors came, too.

MOSHER: Did you mention yesterday that the deputies by and large are more experienced and bolder than the seniors?

MCDONALD: No, but more politically astute and with broader background and a more comprehensive experience base. Usually, they were more experienced in Washington politics and in running political campaigns out in the states. They were not a part of the initial Georgia mafia. They had a far broader focus and political antenna.

ROWNY: I might say they also had an inclination to management. Some of them, for example, were business school graduates.

MCDONALD: OMB, for example, had many graduates of Harvard Business School. We said, "Here's what we need to do," and we didn't have to explain what it was. They knew how to do that sort of thing.

ROWNY: What they were doing inside of their own offices was running their staffs. They were running a 20-person staff, and they needed to know all of those things. The principal was engaged in high policy matters or seeing people, and they needed to know these things for their own staff.

MCDONALD: And if they had to lead on an issue, they also wanted to know. They didn't want to be too far ahead. The whole inside group and the other departments would have to know that such and such had the lead and was expecting to hear from them. Each group would have to know that they would be the one reporting next time on how they were doing. And if they didn't have the lead, then they wanted to know who had the lead and said, "Well, now, if you have somebody who needed to be in on this, here's who you can get in touch with." But we knew who had been called to the meeting, who would chair the meetings, and who would be taking the following. It saved us a great deal of trouble later on.

YOUNG: As I see it, your initial role was sort of a reformer, moving from the spokes of the wheel to something else, and I'm hearing information that suggests the deputies group and the installation of some deputies was a very important tool for making that reform.

MCDONALD: The deputies offered us the greatest immediate operating leverage, other than the system of morning meetings with the senior staff, right up to the end. That established the word "priority." See, that set the framework to see that we were all doing the job, but for actually doing the job we had a different approach both in management of the policy process and in the execution and follow-up. And that was a direct approach, either with the Cabinet Secretary or his deputy. How many times did I meet with Randy Howe—three, four, five times a day? He was the administrative assistant to Bill Miller, and the economy being what it was, it became one of our top problems with Secretary Miller of the Treasury. As a result, Randy hardly moved or did anything or handled paper without us being involved.

ROWNY: He managed the agenda for the Economic Policy Group and the staff.

MCDONALD: Some of the policy members—and particularly the CEA group—resented our involvement enormously, because they wanted their own theoretical control. It was their policy area, and they felt we had no business getting involved in it. The lower-level staff enormously resented our involvement, and particularly the times when I waded in and said, "I think you guys are off track." But we persisted. They also objected to the whole concept of the consultative-participative arrangements.

I'd like to mention, before I forget, a series of sub-calendars that might be interesting in the archives. Once you establish that approach, you can break it and sort it by every interest and group. There's one on the energy conservation program. It just pulls together, in detail, those who were concerned with our program. There's one on policy platform activity. For an incumbent President, there's one hell of a coordination-management job as you move into the preparation of a party platform. The incumbent must make sure that there's some cohesion between what the party is going to mention in it and what the President can live with.

In the 1980 platform, that cohesion ended up extraordinarily close. The press, of course, played it differently, but the platform was really extraordinarily well handled. Stu Eizenstat was the chief spokesperson on that, and he did a masterful job. He was backed by David Rubenstein and the research director from the campaign side, Marty Prince. These three men really took the lead. But the problem was that all the other units were scared to death of the compromise they were going to have to make in the political arena. They would be reshaping the economic policy, reshaping the defense policy, and reshaping the relationship with another country.

So we tried to protect. In the archives, you'll find an agenda for a coordination meeting, which I called a policy and platform activity. There was no natural office to handle this area, and we did it to create the coordination between those who were responsible for the convention, the party, and the platform discussions, and those who made the policy decisions in the government. It could have been a source of great embarrassment.

Also in the archives are announcement scenarios, or outlines, that I think our successors have picked up. It shows an organization how you notify for the President of the United States. It describes the outside groups, the timing of events, the media responsibility, the interest groups who would have that program, state and local officials, campaign personnel notifications, foreign government negotiations, a schedule of key meetings, with whom and about what time, and who are the responsible people for these items before the President's announcement. Then it shows who's responsible for post-announcement follow-up with the media, press briefing, appearances by spokespersons, mailings and background rules, telephone situations, and then other communications follow-up with organizations, with labor, with special interest groups, with the Congress, and with others. All that's on three short pages, but it showed the coordination plan of how the President makes an announcement, as of a certain point in time. It showed the way we evolved to it, whereas previously he would just make an announcement and give a press statement. One sort of played it by ear, but this is the way we tried to move it.

Here's another memo on the wage-price program in which there was an enormous pressure coming with that incomes agreement. The agreement was a novel thing in our country between labor, business, and the government. To put all those pieces together required ten or twelve members of the administration. Because you didn't see activities under way, our memo showed how. There were eight different responsibilities—who was doing what in terms of preparations and materials, who was getting final okays of individuals, and how that fit into a very tight timeframe. We updated about every four hours and distributed it to the key principals so that they would be informed on how the process was going and how the scenario was altering at that stage of the game.

Again, there are copies of all these things in the archives, and they may or may not be of interest at some point in time. There's also an illustration of the Presidential speech planning schedule, which shows the date of the event, the description of the event, the length of the event, the product difficulty, the production difficulty—which was sort of a scheduling commitment for managing speechwriters—and a quick statement on the subject, which then became the object of a separate speech strategy. We introduced the system of sending to the President an outline of the strategy, so that he could react before the speechwriters really moved into draft form. It gave him an alert and early input point before it went to Clark.

The President could see that draft, the clearance group, which had to be tailored by subject matter, and what it was like, the deadline for the first draft to go to the clearance group, and then it showed the deadline for the final draft to go to the President. Then there was a list of names for the President to greet—and the last-minute advance man's telephone number was there so the President's secretary, just before he went in, could make sure that they had talked with him. That would give him clearance to say, "The Mayor of Toledo couldn't come, but his wife is here." Be sure to mention the Mayor of Blufton, because you met him six months ago at this occasion.

There's also a Ghant Chart in the files that shows in the most simplified possible way the handling of energy speeches and the interlinking of agencies. It was initially a damn near impossible task and eventually became an enormous victory. I think those who look at it

substantively or administratively at some later point in time will concede that it really was one hell of a job. We're proud of it.

There's a copy of the Presidential speech strategy with his notes, and it follows a standard format that we had introduced. It was itemized to the audience description, the purpose of the appearance, the general theme, the main topics to be covered, the plan that we wanted followed**,** and the length. On one I remember him asking, "Are we all on the same track? Check with Harold Brown. Look at a couple of his recent speeches." Again, so that he knew we were working and what the schedule was, his secretary had a weekly update of his calendar of speeches just as you saw it here. When he said, "Susan, anybody hear about this, and what are they doing?" she'd say, "Mr. President, here's what they're doing and who's doing it." That was an enormous relief.

I sent a supplemental memorandum on organizations to Meese and Baker. And I'll describe this one because it's a little different. In my concept of the White House there's a three-dimensional organizational structure that has to be at work. One is the flow of the policy thrust, of which there are three. I suggested organizational groups for those: first, National Security Council, covering foreign policy and defense; second, one dealing with domestic policy concerns, and third, one dealing with economic policy concerns.

My advice followed a route like this. Here are the institutional cross-links that I believe have to be involved in any process involving, first, legal counsel to make sure it's legal. In my discussion with Lloyd, I said, "We need an offensive General Counsel. We need to be operating at all times on the edge of perceived Presidential authority. So I don't want to be safe. I want to know how far we can go and not get into prison, and that's the attitude I want to come from the General Counsel's Office. I don't want tie-ups. If he's going to be President, he'll have to be aggressive, because we're in a historic fight with the Congress. We'll fight for one thing—power, that's all. So, let's not kid ourselves with legal terminology."

There's a second cross-link with OMB in terms of our exercise in money, which as I said yesterday, we just looked on as another White House office. In terms of the other cross-links—in public liaison, congressional liaison—somebody has to put all those units together. They look in straight arrows from their different cross perspectives, and the job of the Chief of Staff and the Staff Director is to make sure that their work results in some coherent whole. That's what I've tried to point out.

MOSHER: Is that the third dimension?

MCDONALD: Yes, that's a third dimension—how this fits together. How do you manage them so that they're not totally operating at cross-purposes? You must integrate their work so that they're not solving the problems of the world from the perspective of one box. Although they're all interlinked, one has to have a conceptual appreciation of that framework and the interlinks in order to serve the President well.

ROWNY: I'd like to mention just one other document that shows a little of the integration process at work. It's a memorandum to the President explaining how a complex series of

policies will come together that involved the economic policy group, and part of the NSC, and the energy coordinating group. It illustrates how all the pieces will come together and what the agendas are of the policy groups three weeks in advance of the deadline.

MCDONALD: But as you see, on many of these tools, they do walk by themselves. They are only visual illustrations of a conceptual framework for getting a job done, and they're very cursory in terms of expressing interrelationships. But they're a rapid way to perceive a continually changing format. They're a rapid way to use in a house that's a kaleidoscope. One's always turning the knob and always sitting in totally different vision. There are rapid ways to try to keep the elements in view rather than seeing them all just dribble out on the side out of control, which is the real problem of managing the Presidency and the institution.

The Presidency is like holding water in your hand. It runs out between the fingers, and this was an attempt to sort of web in between. While recognizing that there's going to be an awful lot of leakage, the web in between enabled you to hold the water a little bit longer.

Now this comes into one concluding thought, and then we go into your questions. I apologize for taking so long on some of these, but I thought they were important to convey some of our views. Jimmy Carter's concept of the Presidency was not a great deal different from what a Jefferson or a [Abraham] Lincoln would have had. He thought of the Presidency as an individual person, predominantly, operating in the best ways he could, exercising his best judgment. He evaluated things—and I may not be fair to him—in terms of how they affected his personal involvement in the equation, the timing of his personal involvement and his personal participation in it. He did not have an appropriate view, I don't think, of the institution of the Presidency, nor did he ever try to manage the institution of the Presidency.

And this is one reason there were some problems in terms of organization and in the choice of people. If you look for an explanation of why he chose the people he did, if you look for an explanation of some of the mistakes made originally, if you look at the initial organizational structure, if you look at the position of the White House staff vis-à-vis Cabinet, it was a personal service unit as far as he was concerned when he first named it. You know, "Why not name my friends, because they really don't have anything important to do but run a few errands for me, make a few speeches, and look after my politics—several things I don't want to handle. The business of the government would be done with me, the Cabinet and the Congress." And he looked on the White House not as organizational instrument and the prime fulcrum for getting leverage on the government, but he looked at it as a family, as a petite tribe, and not as a power instrument or as an initiating force.

Now he had to back away later to the point where it had to be on them. He had to build greater confidence, and he got to the point where unless he had a point of view from one of the White House staff, he was grossly skeptical of anything coming from the departments because he had been misled. And over a period of time, he came to see that their vision was typically a mile deep and an inch wide. And it really didn't bother the Interior Department a great deal, you know, if there was no space left in which industry could operate in the United States or in which the Defense could have installations. That was not their interest.

And Defense really didn't take much interest in the environment or what people would say. They were moving men and machinery and preparing for war or an emergency. On the economic situation, the Treasury had great concern over the handling of dead instruments and interest rates that the government would be paying and over tax policy. But it had about as much compassion as anybody could.

So there was a learning process in which he discovered that the world was not sufficiently conscientious or thoughtful or dedicated or intelligent to conceive the best interest of the nation first and then to pursue it. And so he backed into a recognition of the institution of the Presidency that Hamilton's designation and my appointment represented. Yet he always was a little reluctant to see that evolve too strongly, and I suspect I would have had some hard discussions with him in our transition to the second term. He probably would not have gone as far as I would have advocated in discipline.

He would have been an absolutely superb President in the Rooseveltian era if he could have been heard only on radio, and if he had had a press and a public with respect for the office. The pace of events did not permit him to assemble his four or five friends around him, have a cup of coffee, go jogging together and talk about it, and come back and think about it. Maybe take it up after prayer meeting again and decide where we ought to go. Under those circumstances, he would have been absolutely phenomenal.

So I think there was a gap in his appreciation of what the modern Presidency is, and I think there's a gap in Ronald Reagan's understanding. I don't think he has a concept at all of the Presidency. I don't think he has a concept of the environment in which our country now finds itself and which the President must operate. That's why I took the path I did as staff director.

In sum, the two elements that I think make great Presidents are first, the degree to which they have left the office stronger than they had inherited it—there's a certain human respect for the acquisition of power on a relative basis, even in our society. And second, that they handle themselves at least tolerably well during periods of great crisis. So, if one wants to be a great President, they better pick a time in which the country will have an enormous foreign crisis, not domestically, because a President cannot deal with a domestic crisis in a democracy.

MOSHER: The Civil War?

MCDONALD: The Civil War was not a totally domestic crisis, in my view. The regions had moved into a state of confrontation over the issue of separatism, and I think some of our Confederate friends would say that it was no longer a domestic issue. They didn't consider themselves as an integrated whole at that point in time. I think there can be a similar struggle on a domestic issue in terms of gross physical violence, if we had just an unbelievable string of riots. I think that's a situation where the public would back the President's assumption of a new level of decisiveness and strength.

But even if we look back to Lincoln's time, the country was not with him most of the time. Six months before he was reelected for the second term, it was a real question on whether he would be reelected. The draft riots are not necessarily one of the great chapters of American

patriotism, and the "payments in lieu of active service" was an expression of elitism that exceeded anything we conceived of in the Vietnam period. So, even when one looks at that period of time—as Lincoln and as his two Secretaries must have faced it because that was the total staff of the institution—it was a different game. I've rambled a lot, and I apologize, but I thought maybe some of these things would be of interest to you, and I didn't think I'd have another chance to convey them.

YOUNG: They certainly are, and I think you anticipated a great many of our questions and went beyond them.

KETTL: Perhaps Mike could discuss the role of the deputies, particularly as a coordinating mechanism. You previously sketched out basically three different kinds of groups with which coordination was important: Cabinet agencies, White House and liaison speechwriters, and the public liaison. You also discussed the economic, domestic, and National Security Council aspects of the White House. To what degree was the deputies' role either alike or different from those different groups?

ROWNY: I've described a few things about the deputies' role as it was differentiated from a principal role in the governmental scene. The principal was usually involved in a visible role. It usually meant being out there meeting people, talking to them, and giving speeches. Generally this was associated with a particular policy point of view. The deputies had a more modest role. They were certainly less visible, and, in fact, their effectiveness in many cases was proportional to their visibility. I'm not talking about the deputy secretary, because that's a principal role. I mean someone in an agency, or in the executive assistant position—a deputy in a White House policy group, or the secretariat for the policy group.

The important thing for these people is to know the full span of activities and individual interests in that particular area. For example, if I'm Randy Cale**,** and I'm secretary to the policy group, it's very important to know where all the individual units are within the Treasury, Commerce, and so on. All these units impinge on a particular decision, like the gasoline tax. The secretariat should be in a position to bring them along, share information, and sequence them properly in the evolution of a policy.

In that sense, all the deputies' positions are fairly similar. There's this mutual need for information flows. Among principals it's a little different. They have to maintain, to a certain extent, their individuality, and not be viewed as being subordinate to others within the Executive Branch. So the role is very prim. Maybe that's why there's not too much direct transferability when a deputy goes to a principal. It's a different type of personality. One has to exercise the role differently.

But once you get to the division of a deputy versus a principal, they're all engaged in basically the same kind of exercise. Maybe that's why we're a more cohesive group. We all realize we're in the same boat. We could all get together and say, "Your principal ought to sign off on this memorandum, see that this time, and be in this meeting with the President." There's no real need to protect the turf so much. Those deputies were much more interchangeable than the

principals were. There were a few cases in which the deputies switched around and played different roles, but the principals rarely did.

MCDONALD: I think that's a very good description. For example, you always saw David Aaron's policy platform for the United States position. Of course, his was the central input in the foreign policy, defense alternative. David would have been an exception to the group because he could have served also as a chairman. But he had an entirely different personality. You probably would not have heard of David. You would have thought he would have been an ideal NSC chairman. Because of his personality, he would have exercised his influence inside rather than outside. But I've also been at meetings in which all of a sudden he looked up to the admirals, secretaries, and the like, and said, "I don't understand why the cotton-pickin' Navy is exercising this group in this part of the world and why the State Department agrees with its exercise. The whole thing is stupid and lousy, and we shouldn't do the exercise."

But again, his public posture was such a contrast to the big personality that one would not have noted him in the same context. But he was frequently included in it and in the platform group. Christine Dodson or Les Denend gave the senior staff group briefings in the morning deputy meetings. Zbig gave an update, usually once a week, or after trips. Either David, Les, or Christine—depending on what their own work schedule was—were always invited in and were involved.

MOSHER: This question has to do with time. You previously talked about Presidencies in the last 18 months, and before that you mentioned something about the significance of the third year of the Presidency. Related to that is something you said previously about your favoring a single six-year term over the two four-year terms. In that connection, I was curious about your response to the standard objection to the six-year term, which is that the President is a lame duck from the time he's elected.

MCDONALD: The President is never a lame duck until his successor is named. When the successor is known and a new government is forming, a President is in effect a lame duck and then his influence declines very rapidly. During the first month after we lost the election, in November, we had a lot of influence. During December we had a fair amount. During January, we had none. After December 15, it was all over. But the threat that Carter would have been in there for another four years enhanced his position in no way that I know of during the time I served in the White House. In fact, it was a continual liability. I think it was an enormous distraction from his credibility, because it invited and nourished a public and a press cynicism for which there was absolutely no excuse.

The press failed to deal with the substantive nature of his Presidency. For example, I wrote the opening statement for one of his press conferences there. He opened with, "What I would like to review here, while we've got a perspective, is a few of the accomplishments of the last six months. This is what's been going on. Here's what we're pleased with." It was a very responsible thing for the Chief Executive Office to do for the nation. The press said, first of all, that it was a crass political statement. "Gee, whiz. Since when are you carrying ads for the campaign?" they asked.

Under what circumstances may a President speak in his fourth year at this stage? I know of none. I know of none except in the political forum. And so the fourth year was a total loss, not because the President was interested in reelection, but because of the Congress. The Congress admitted that year. They were not interested in big programs; they were interested in political cover. They didn't like his attitude on the tax situation. They didn't like a lot of his other attitudes because he made it more difficult to run the reelection campaign. But the tragedy was not one of being a lame duck. The tragedy was that the country refused to accept a legitimate President during the fourth year of a term during which the President stood for an election. That was a total waste.

Going back to my third year. If I had an easel, I'd try to draw a diagram. If you looked over a four-year period, I'd say that a Presidency begins at about thirty percent of planned efficiency, if we think in industrial terms of a start-up situation. You get a truck out, it doesn't quite have a left fender on it, the engine is, of course, not tuned, and it needs to wait in a lot because of some other things. You have to stop the line periodically because the blue fender comes out on the left side, and a red fender comes out on the right side. That's the way an administration starts. It's not manned.

The Reagan administration is not yet manned in this early period either. I was walking by the White House the day before yesterday to do an errand next door. The top parking places are not yet filled. Now those are prime places. There was a standing list once we were fully manned. We would double-park, and even principals could not hold parking spaces during the afternoon. Now they're empty. That's just one illustration of the fact that the place is not manned yet. One has to just look at the Justice Department. The United States government is going to court next week because there's no one in the Justice Department who can sign a negotiated agreement between lawyers. After the Attorney General and the Deputy General, there's absolutely no one for the next four levels. So it's going to court. Now, everybody regrets that, but there's no one to say grace over it at the Justice Department.

When will it be manned? If they follow the Carter pattern—which was much faster than this one—it would be six to eight months. This means that the first year would be very heavily geared to choosing people, getting people into position, and trying out ideas. During that first year, there were no major initiatives. The Reagan first year economic program is a can of worms. It's not well set up, not well thought out, not well syndicated, and it won't come through the way they're forwarding it, even if it is their primary focus. The chairman of the Council of Economic Advisors was named only at the last minute before it went in. There was no professional economist assigned to the team. That maybe doesn't matter, since I don't think that much of the economists. Carter had the misfortune of having four of them. For the sake of professionalism, I would have thought that there would have been a professional voice on the economic program, but there wasn't.

In any new administration there's a period of nine months to a year of sheer manning to get it started. There are false starts and pull-back trials. There's another six to nine months after the team is there learning how to work together and begin to operate efficiently. What's the relationship between Stockman and Baker? We won't know for fifteen months. The staff is worrying about that and struggling over it every day. It's interesting but not clear. Where is the

point of coordination in the White House of economic policy? It doesn't exist. That's not to be critical. That happens to be the reality as one looks at a new administration. So we're looking at 30 percent operational efficiency at the outset. We're looking at movement toward maybe 50 percent productivity by the end of the first year.

During the second year, we're saying the group operated with 60 to 70 percent effectiveness. And toward the end of the second year, one begins to say, "What are our standards? Are we operating within the cost that we really anticipate or are we not?" A varied analysis begins to mean something for the first time in the last six months of the second year of a President's administration. After that, they're done preparing. The third year is a window. During the third year in the first term, the Presidency is just about as effective as it can be.

If it was an airplane, we'd say the first year you take a few test runs, but you don't carry any passengers. The first half of the second year, you train your crews, but you don't have any paying passengers. Toward the middle and the latter part, you take all the mayors and friends and the airport officials on a few trips, but that's not a revenue producer. You begin on a limited schedule—like New York Air—to run whenever you can the last half of the second year. By the third year, you hope all the systems will run so that you can run your schedule. You're hoping that you're moving above your breaking-even point.

As you move toward the end of that third-year point, everybody says that now we can change the rules of the game. First of all, everything you do is done for political reasons. We don't believe anything you say in the post-Watergate era, whether it's about foreign, domestic, or economic policy. And the Congress has really no interest in what you're doing except to get out of town as soon as possible with all the credos they can, and with as much as they can to enrich their own campaign literature. That's a very crass synopsis, but in my view, from working during eight Presidential years, I think there are from 12 to 18 months of productive time in the first term of a Presidency.

I think there are about two years plus in the second term of a President. The fifth year is a readjustment. It's a re-identification point that takes only about nine months—instead of 12 to 18—to get into full operation. Then you have the thrust. By the middle of the seventh year, I think it turns down because there begins to be a retiring of the team that has been there and a little boredom with their program. There becomes the competition for the successive group. And then you've got the eight-year phenomenon in which the Congress is out to lunch.

An eight-year Presidency does not operate effectively for a maximum of three years. In a four-year term, you've got a maximum of a year and 18 months. In a six-year term, I think you would have a flying shot at two and a half to three years of lost time. Now, if I'm thinking again with my business hat on, that means that I can more than double the effectiveness of the Presidency within the framework of our system without changing the ideology of the relationship between branches of government. If nothing else, it would remove the Presidency from a cynical view. The press would not always say, "He's doing this for political reasons, or for small reelection politics." It doesn't make a hoot.

They would have to recognize then that the President's motivation had to be two-fold. One is the best interest of the country, and the other is his place in history. That was never the view in the Carter fourth year. That's the cycle of effectiveness. During the third year, they weren't saying, "Who is he?" "What did the chairman of that committee do?" "Is there an assistant secretary in this department?" "Do we have a policy position on the subject?" During the first phase, not one decision-making process produces a lasting policy. Each phase requires different attitudes. The starting phase requires one of management, of buildup. The "operational window" takes a different one. Then the sitting back to capture one's dream requires a different managerial style and a different set of perspectives about power.

YOUNG: You've referred to these changes in the four Presidencies and to different management styles. I believe you said that one of those phases in this Presidency was a crisis phase, then the campaign phase, and finally transition phase. Would it be possible for you to just say a few words briefly about what those different phases mean in terms of different management styles?

MCDONALD: During the third phase we wanted to go on the defensive. We had the ball. The President was the quarterback. We had the signals, and we were at about the forty-yard line. We had our first team in, and everybody was rested. Nobody was injured. The ball had come in. It was not the time to stall the play. So we were running hard. We moved fast to try to make sure everything was moved.

We tried to make sure we had the big proposals out there. We tried to get that energy legislation through. We set deadline after deadline, and we were hammering away. We wanted it before the end of the third year. We thought that we had it, too. We would give two weeks at a time, literally like a football line coming back and forth in order to get it through. On the defense, it was the same way. We wanted that end during the third year.

We wanted to reset the parameters of how we would think about defense budgeting into a five-year perspective. We wanted to resolve the MX missiles situation. The Iranian situation had not come through. If the Afghanistan situation had not squared that complexity, we wanted the SALT Treaty. We had Byrd's promise to bring the SALT Treaty in for debate by about November and December, before we moved into the election year. That's when we wanted it. Nothing would have pleased the President better than to have gone home for Christmas with SALT II signed and approved. That was what we needed, and that's what we wanted. Now, events in the world took some of those away from us. So we lost November and December for all practical purposes, and then we had to redirect a new set of responses when we vetoed the Olympics, imposed the embargo, and God knows what else.

The management of the crisis situation is like the situation when a disproportionate attention of one group of the team has to go to one focalized area. The rest of the world goes on. It's a question of how does one maintain equilibrium, perspective, and get the job done. It means that you have no real opportunity for initiative. You're fighting a defensive game except on that front. So you've got your big tough defensive line in there, and their instructions are to hold them to two yards and then they'll punt. You ground the ball if you catch it. Now, don't run with it, you'll probably fumble.

The whole attitude, the perspective on how we decided to manage it, and how we run it, and how we got it, was this: Now is not the time for offense. For weeks people would call and say, "Al, we've got this great one running, and we have this new initiative we're going to sign." I said, "That's wonderful, I'm delighted to see it." But what we did was to build another circuit in the meantime. We needed to have this group do it, and would you check it with this agency. We need to have a meeting with that group. And what we did was to design a system that had only one basic purpose: make sure it didn't get to the President. Hold them to two yards, but don't let him pass because he might hit it. We have nobody down at that end of the field in case it's intercepted.

So your whole focal point of how the house is managed, how you react, how you deal with people, and how your public perspective is formed, is submerged in that situation. The press is riding with you on a 12-hour cycle, visiting anything that happens by four o'clock that afternoon. It will be known by 80 million people by 7:30. Is that a time for great thought, analysis, or discussion? Bull! You're ducking bullets. You're aware that you're ducking bullets. You have no reflective opportunity. If you don't have the systems in place, you're going to be desolated.

The President has to be on top of it. That's the predominant thing on the schedules. The President's schedule is overridden. Everybody's schedule is overridden. Everybody is mad. I have to call up the Cook County Democratic Committee and say, "I'm sorry, the President is not in, the Vice President is not in, the Secretary of State is not in. The Secretary of Treasury may make it in, and if he doesn't, you know we can send the deputy head of OMB." That's the game plan.

Stage three is the election campaign. During that period of time we shifted our normal routine in the White House so that our meeting was at 9:00. I went to the 8:00 meeting at the campaign headquarters, outside of the White House. Their office was over at 20th and L. At 8:00 we met with Hamilton, Bob Strauss, Don Blight, Rafshoon, Caddell, and all the people the President shouldn't have been seen associating with in public that year. We talked about what was going on, how the public campaign was going, how they were running, and what the situation was.

I would share with them what we discussed at the senior staff meeting so that we—the government and the campaign—meshed in some reasonable format. They weren't going out on a campaign to say, "I'll tell you what we're going to do. By God, we're going to double the defense expenditure" on the same day we announced that we were going to cut it. There was the bridling, just like with the little calendar that we showed on bridling the platform. The policy groups made sure it was coherent. The initiative of running the government no longer existed during the campaign. There was no Congress to deal with. They were in and out and erratic. We were fighting a holding action, not a defensive one, but a holding action in terms of the government. What we wanted to avoid was major errors, major points of embarrassment.

For the last three weeks—or last month before the campaign—in my meeting with the deputies, I said, "Let me know of any new initiative you hear. Postpone them, move them." Then someone came in and said, "I want a conference for the aged in Topeka for the third of November. We've been working on this for seven years." I said, "I understand, but the third of November is going to be a busy day. We're not going to have a lot of time." And the government plugged in. Everybody was trying to get in their last programs.

At that point, we were trying to hold a stable situation. We were trying to keep the White House out of there. We were trying to keep the government in motion for its routine tasks. We tried to avoid policy initiatives. We tried to avoid policy fights and to avoid policy debates. We let those be carried on in the campaign. That's another effect, a totally different management style, a totally different set of priorities, and a totally different set of relationships with the key staff members. We really didn't need to see the key staff members. They could be out campaigning or doing anything. We ran it exclusively with the deputies.

During the transition, we ran the government with one deputy. The transition is like any teaching process. It's a combination of teaching the new team and liquidating a business. We asked, "Where can we sell off and get the greatest advantage on this? How can we move in and capitalize on what's been going on here? Where can we make a few last deals on a declining scale before we give all our products on the shelves away?" And so we tried to match the existing help to the new one, and manage the transition in a way in which as few people as possible would be indicted later. That's the four phases.

MOSHER: Obviously one of the great extravagances of our system of government is the transition business. We bring in a totally new and inexperienced team every four or eight years. There have been in the past some people who stayed on even when the party changed. One of the recommendations of the Academy Report on the Presidency was that the White House—not only the Executive Office of the President—utilize more senior executive service people who would stay on through a transition. There would be, therefore, more continuity, and more institutional memory. Do you have any thoughts on this?

MCDONALD: Yes, I don't think it's practical. At that level, there's a critical element within the group. For example, my secretary had been a totally professional government employee of the State Department and Foreign Service for 12 years until she unfortunately happened to cross my path in Geneva. She was hired. She was also barred from any opportunity with any other federal government department because she was contaminated by policy exposure to me. So it was not in confidence for her to be typing or dealing with papers of the new team.

To take that one notch higher, our chief accountant—who was the only one who could conduct an audit with the GAO [Government Accounting Office]—was eliminated the first week. The chief personnel officer, who had about fifteen years experience, was eliminated. Fortunately, the personnel group had their own mafia, so he knew exactly where he was going to land. Before they put the freeze in, he had already relocated his team, and he's well situated. He should still be in the White House, because he's one of the brightest personnel officers I've ever seen. He's totally professional and has no policy point of views. I'm not even sure what party he's a member of. But from their point of view, all of these people were spies.

MOSHER: Is there no way to alleviate this?

MCDONALD: If the people would change their minds, ideologies, and points of view, I guess so, but I don't know how within our system we can do it. We were just as open, just as forthright. I argued with them over another issue. I said, "Why don't you give these people six months and utilize them? What harm can they do you? They'll only help you." No, they'd rather have nobody there. They'd rather not have the files. They'd rather not have the institutional memory. They'd rather not be barred by that. That's why they're going through the trial and error of finding their own way. There's a sense in this country that one is endowed with special insights, special intelligence, and special prerogative, that brilliance all of a sudden comes forward, and everyone who was there before has been blanked out by his knowledge or ability or experience. I'm sorry, but that's the way it is. I wouldn't run my company that way, but everyone in the White House who knew anything about anything knew that's the way it was run. We shipped 17 trailer-loads of papers so that there would be no files available that could inhibit the new administration.

MOSHER: But you'd never run a company that way. Most American states don't run their transitions that way, including the state from which Reagan came. When he became Governor in California, there was very little turnover except at the very top.

MCDONALD: I must admit that I don't know how anyone could be more bi-partisan or more helpful in that situation that the professionals. The only reward they received for it was that they did not get a warning about the future until the Friday night before the Tuesday election. That was their reward. It's going to be a long time before a White House professional group will expose themselves again to a new administration.

MOSHER: You mean the Inauguration?

MCDONALD: Yes. On Friday night we got a call at 5:00 that eliminated another 50 to 100 of the career, non-political types. We were asked to please have them out by Tuesday noon. An administration can do what the Carter White House tried to do, which is to create a professional group that remains in the government for a long time. Establish them as the professional types who run the system and run the personnel system, and leave them there. But the incoming President has to have the ability to fire them in order to have sufficient control over personnel. Just how deep he goes is usually a personal matter, or the matter of the team coming in.

When the Carter group came in, the professional staff were essentially left there. The Carter group then dealt with them individually over a period of months. Some of them were still there when we left. In fact, some of the ones who got the ax were originally Republican appointees, who really became incensed. But that's the President's prerogative. Reagan wanted them all out. He wanted all the inspector generals out, and essentially all the ambassadors out. He didn't want to be contaminated with any of those people, and so he's not.

YOUNG: When in the future you look back on the accomplishments of the Carter Presidency, how do you imagine that you might evaluate them? What are some clues as to what is ordinarily not, but should be, studied about the Carter Presidency, besides you and your operation?

MCDONALD: Let me suggest three dimensions of this question. One is the innovations that were going on. There were three innovations in the Carter White House that deserve special attention. We introduced some new thoughts about the relationship between the federal, state, and local governments. Jack Watson initiated efforts that were followed by Gene Eidenberg and were a great success. It's a relationship between our levels of government that was almost unique in history. There was a continuing flow of information back and forth. Jack was interested for political reasons. I think the President was interested in doing it for execution reasons. I was interested in doing it for participatory reasons. But regardless of what the motivation was, it happened. It was good, and if the new team does not do it, then they've really missed a new turn of the wheel.

The second one was the recognition that became embodied in Anne's operation of public liaison. How does the White House respond to the fragmentation of the political fabric within the United States due to special interest groups? How does it respond to the movement from immature to professional staffs? We took that situation to a stage that has not existed before. Issues were communicated to the body of the American constituents and their selected representatives.

The third thing is what Mike and I were trying to introduce: embryonic stages for organizing and managing the institution of the Presidency in its larger sense. This involved an understanding of the environment and the appreciation of the concept of the Presidency. We could operate if we had an appreciation of latitudes. Ours was the most embryonic, because it had to operate under the greatest constraints. It could go full speed because it had direct political benefits as well as executional benefits. So it could go all-haul. Same way with our state and local situations. We had to move with more moderation because we were in a situation of reducing and influencing power centers. We were always on the verge of confrontation and conflict, so we had a little different set of constraints on those. Nevertheless, we established an expectation, even with our introductory levels. Future administrations can be judged by the press, by those who study, and by the archives, by how the office goes.

The Presidency moved in FDR's case from an individual to the beginning of a small group. Eisenhower thought he was organizing it. He was not. He was transferring a military organizational format to the White House, some of which was appropriate. I don't think that Sherman Adams was a good Chief of Staff in the White House sense of the word. He was dealing with substantive decisions of his own selection. He was not elected by the people of this country to make those decisions nor to decide what should be passed to the President. I don't like that job, and particularly don't like it in the hands of one individual. I would prefer the job to be set in a corporate situation because then there would be a common objective.

I don't see that common objective in the White House. There was a transformation of a solution rather than the transformation of the analytical process by which that solution was

determined appropriate for the military. What we attempted to do in the Nixon situation was improvised. In the Kennedy situation it was improvised, in the Truman situation it was improvised. Ford was in a totally reactive posture; we don't know what he really would have done. [Richard] Cheney was trying to bring order, but what can you do? He was even there half the time we were.

From one conceptual point of view, we have created the institution of the Presidency since 1936. Wouldn't it be nice if somebody thought about what has been created? That was the focal point of what we were going to do. These are three accomplishments of the Carter Administration that should be studied. All of these were heavily criticized when they were introduced because they were different and innovative. But they will leave a mark in time. Other administrations will be judged to a degree by what we've done, what we've started, and by the relationships that resulted from our efforts.

How the man and his mission are judged depends on what the standards are that historians and the American people will apply. If it's on the validity of his positions as proven over time and the introduction of moderate stances and complicated equations that were for the national good, then he will be judged quite well. There will be a realization of the changed place of the United States as a society in its relation to other countries. Unlike the American people, he took that into account and accepted it. The man was on the right track; he was moving in the right direction. He was a moderate whose posture was just about the one the scales would show.

He will be judged poorly on the grounds of how much he strengthened the office. He would have been judged well on those grounds had he had a second term. But he caught the pendulum swing when the public was still defrocking the former President. That curve of acceptability only changed in the middle, and he could not change too fast his own fashion in the middle. He would have moved with a different grain the second term. He acted magnificently on principle. Did he strengthen the office? Not appreciably. What strengthening of the office there was came from the public realization that it has to have stronger leadership, that it just can't tolerate anarchy in the Presidency even though it really was totally deceived by the Nixon accumulation of power.

So in terms of policy matters, in terms of what he actually accomplished, I think that both he and the economic direction he tried to introduce are going to look good. That he recognized economic problems and moved from a 3.8% compounded annual growth rate in 1960 on the federal budget under Kennedy and Johnson to a 3.2% under Nixon and Ford to a 2.1% under Carter is going to look good. That's a fantastic accomplishment in terms of exercising fiscal responsibility. The tax proposals and the timing of them are going to look better and better. People said that the proposal looked too rational for them, but that really was what we ought to be doing.

We had been preoccupied with the foreign affairs situations of the Persian Gulf, Iran, and Afghanistan. But for the first time since World War II, we're on friendly terms with the Chinese, the Japanese, and the Far East. We have the Panama Canal Treaty, which he didn't have to buy off because it was only a negative political one. We have the new potential for a

peer relationship of mutual respect with the Latin American nations. The movement in Africa, the support and the willingness to work as a team on the situation in South Africa, and the gradual movement in the Horn are all constructive efforts.

He can get high marks on his use of Andy Young. Our relationship in Young's areas is vastly different from and far more positive than when Carter went in. Every President for a decade had fought for the Europeans to take a higher proportion of the responsibility. It was only in Carter's last year that he was able to get through a commitment for real increases in defense spending by all NATO [North Atlantic Treaty Organization] allies. This was a major victory for his diplomacy and negotiation. In the trade field, he was the sponsor, author, and initiator of the most extensive economic pact ever negotiated.

So I don't think he will look too bad in a nominal situation over a period of time. He will be revered as a person who was honest—maybe too honest—and as a person who did move on principle. He did not move as expediently as he should have at times, but he moved consistently on principle and his standards. He did not have a crisis of the magnitude to make greatness. The environment was a transition period. Our relationship with other nations is going to be a hard study.

There are at least two dimensions of how I judge it. I would say he will be judged very negatively as a personality and actor in the modern-day media. He's not a television personality. He would have been great as a radio personality. He's even better to read. But on television, blah. But he was unmatched in dealing with a press conference. A town hall meeting was his forum, where he was literally unmatched. His ability and interest as a merchandiser, and his ability to conceive of an image and portray it, were very low. Otherwise, you wouldn't have seen him. He wouldn't have been exposed; he wouldn't have had the perceptions created by the company he kept. I think he was judged predominantly by the company he kept. He should have been more perceptive in that. He should have manipulated it; he should have managed it. That's what FDR did, and that's what others did. That's what Adlai Stevenson would have done almost instinctively. But I don't think it ever occurred to Jimmy Carter as being important.

That's a little bit rambling, but that's the way he will be judged. There will be a little bit of a lamentation about the shortness of his tenure. But we haven't heard the end of him. He will be coming back. Not as a political candidate, but as a real factor in the influence of the themes that he advocated, on things that he emotionally believes in. And I suspect we will be seeing him about, hearing him speak, and watching him debate. He will become increasingly a senior statesman of considered respect over a period of time—probably even better than [Herbert] Hoover. And nobody ever left office with greater domestic problems than Herbert Hoover. He died a national hero.

ROWNY: There are a couple of points concerning the measure of Carter. Energy is very obvious. I earlier talked about the original Carter energy plan of 1977. After that, you would not have thought that he could possibly have come up with an energy policy that would get through the Congress. We did not have an energy policy, and now we do. It took us from one economic era to another. It's an ideal bridge. No one else will be able to change it, and we'll

be very glad that we have it in place. Oil and natural gas as well as some other resources will be conserved.

Even the moves on nuclear power reflect a true, correct, economic interpretation. Though deregulation is not so obvious, it's fundamental to the economic system in the country. This President deregulated the economy in the infrastructure of the economy, transportation, airlines, trucking, and rail. Deregulation improved banking by taking off all these unrealistic credit restrictions on 5% passbook savings.

The third area, communications, is not complete, but it's set into motion. These areas are the base of the economy and had been more and more regulated over the years. During the Carter administration, we let loose. They were released, and as a result, they will change the basic efficiency of the economy over years. Plus there's the fact that the whole deregulation move was started, and now there's political momentum for it.

MCDONALD: How he got leverage in the economy was brilliant. Every one of the areas that was chosen was a leverage point. It touched all instances. It's completely different from the British and the French or the others. They started with the infrastructure industries that touched communication, finance, and transportation. It was the whole logistical touching point. And as they changed, they would touch everybody. It's a wave situation. My suspicion is that 20 or 30 years from now, it will be studied by economists who will ask, "When did the deterrent come?" It really came in the beginning of that deregulation movement.

Another element that would have fallen under the deregulation classification is the reform of the banking system. You can't go with that in an election year, but it was on the shelf and would have been shifted as a corollary to the first one in getting rid of the regulation changing some of the unreal restrictions that were left from an earlier age. Where he has introduced competition in the communications area, the results have ranged from good, better, to indifferent. ATT [American Telephone & Telegraph] is an entirely different element today. It has an entirely different level of animation than it had ten years ago. All you have to do is talk to one of their state chairmen. You see what happens is touching every company, every activity, and every state.

There's a spark that's ignited, which I think is constructive. It was intended to be the nucleus of what would later be the basis for the revitalization of industrialization. That would have been completed through fiscal reorientation by means of accelerated incentives for investments for general rebuilding. The beginning parts were done. Enough was done to show that point. The accents, the personalities, and the company that he kept are forgotten. Some of these things will stand out.

THOMPSON: I have a double question about you and the President. All the biographies like the [Robert] Sherwood one tend to say that people who have influence, such as [Edward M.] House on [Woodrow] Wilson, or [Harry] Hopkins on Roosevelt, were people who saw the President in a certain crucial moment. Hopkins saw Roosevelt just before the President went to sleep. That relationship doesn't seem to have existed with Carter. However, you're contributing whether the political list and the management skills were influential. My first

question is if his outlook as an engineer made him particularly respond to these contributions in a situation where he needed them.

The other question is a question about Carter that has to do with the emotional issues that you mentioned before. One of the reasons that the academic community began to depart fairly early from the ranks of administration supporters was because of what they thought was his moral and political theory naïveté, though many speak of the man of principle. I admire a man who can find his way through a maze of principles. It was June of 1977 when the State Department gave us some money to hold a conference on the problem of principles with Pat Darien, Joe Nye, and the other people who came down. In some of his later speeches, he expressed such fervor on these issues that you got the feeling that he acted as though there was only one principle in a given crisis.

Cy Vance came back and said nothing would deter the President from continuing a public human rights campaign regardless of its effect on SALT. Carter didn't even think it had an effect. And yet, everything in the diagram indicates that in other areas, the relationships of things are so clearly portrayed. You don't get that feeling in the President's view. Many of us who ought to have been his friends have written articles criticizing him on this ground. Somebody who now is dead said he had never in all his 50 years as a scholar found anybody whom he agreed with more on moral and political objectives, nor anyone with whom he disagreed more in terms of the way he related those moral objectives to policy. I don't know whether such criticism characterized Carter at all.

MCDONALD: Let me try to talk of two of those just briefly. I did have the advantage of coming in at the time the President was elected. I didn't owe him anything, and he wasn't giving me anything. In his mind, I was doing him a little bit of a favor because it would likely only be mud falling off on me in that situation. And so his manner was extremely grateful that I would be willing to come in, very appreciative of everything that was done. He understood what I was doing as an engineer in general terms, but was not interested in the detail because I don't think he ever understood or thought about the institution of the Presidency. I think it was a personal job, as they say. He was in the wrong century in terms of his concept of the Presidency.

I wish he could have gone through this book in 1976 and 1977 before he took office. It would have been a very exciting thing for him. It would have changed the nature of his first two years. My relationship with him was warm, but not intimate. It was one of mutual respect. I think he assumed that my wagon would probably be there—whether it would have much firepower when the going got rough was not assured. I'm not sure he ever had much conviction in it, because politicians in that situation are highly skeptical of newcomers. He later began to be enormously appreciative and had no earthly idea of the public positive reaction of the reentry of our fighters in that group.

He was absolutely amazed at how generally favorably the world received the fact that Lloyd, Hedley Donovan, and I arrived. In article after article, authors claimed that here's a new flavor, and it wasn't a flavor. He saw a different game. The new relationships gradually moved, even though we were different people operating in totally different situations. His eyes

were slightly opened to what was the institution of the Presidency and what that group could then do. He regretted that he had lacked access to those broader resources at an earlier point. He would have been amazed at your comment on the political side.

Except for the isolated instances and a few others in which I sent him a bullet memorandum, I did not engage in political discussion with him or with his associates. I didn't challenge them, threaten them, nor talk to them. My strategy was entirely an inside one, point by point, yes or no, but not as a political advisor. The only way I could serve him was with a political statement, maybe more than most of the other posts in the White House. I played myself as a nonpolitical administrative businessperson outside the game. And if you would ask him what my role was, he would say that it had nothing to do with politics. I wouldn't know anything about the politics, he hadn't been in politics, and he didn't understand politics.

I frequently focused on the two aspects for him—the mechanics of the result rather than on the conceptual framework of the result—because that's all he would know at that point in time. There's no point in having a philosophy discussion. The President of the United States had a lot of things on his mind. And one needs to cover it in six minutes, or eight minutes, or ten minutes, and not in a thirty-minute discussion. So he was generally unacquainted with the conceptual framework with which we operated. It was through the series of memoranda in the transition and moving into a second term that I wanted him to see the management of the institution at the present.

It was absolutely not within his priority range to deal with that in the last 18 months of the term. Even during the third year when we were on the offensive, he said, "You boys do it." Then we were caught in a crisis, then we were caught in the election, and then we were out. So there was never a window for him to think ahead. He had had his day. He had the first two and a half years to think about how to do that, and he had missed that turn. There was no way I could introduce it to him in the later circles of the game.

On your last point, would you be a bit more specific?

THOMPSON: You knit the energy and economy together, for instance. The public did not have a perception on some of these things. [James] Reston wrote a number of columns about Carter, as well as Nixon. He argued that they both tended to deal with things in watertight compartments. Therefore, support fairly quickly drifted away from Carter.

MCDONALD: It was communications data.

THOMPSON: Was it?

MCDONALD: I don't think that he ever dealt with it that way, but that was today's news. When you're focusing for fifteen seconds on the tube, you only get one lick. And you never get an introductory preamble that says, "Now I would like to describe the 27 parables that bear on each other slightly and in degrees." You get one shot, and the one shot has to be in a centrified format because you're shooting for an average audience with education level of

seventh and eighth grade with a low receptive capability. Good, better, indifferent: That's the way our society is today.

It was a major task to communicate the Presidential perspective that Carter favored. They did a great job on a day-to-day press. I think Jody was absolutely exemplary as a cycle-to-cycle press secretary. But it was no longer a joke at the time when they said that what Jimmy Carter's record is and what Jimmy Carter stands for is the biggest secret in Washington. That's no longer a joke. That was, in fact, a major criticism of something that was lacking. But that perspective was not communicated.

But in any group that sat down and talked with him, that communication was made. If they'd gone in and said, "Now, Mr. President, let us see this," they would have been absolutely impressed with his understanding of the network, with his movement, and the interrelationship and kinds of questions he would have asked. But again, it's the political phenomenon of being judged by the company you keep. There's a tendency on the part of the press, on the part of the public, to demand simplification, both of which inhibit adequate communication.

It's a little bit like the unweaving of the sweater. You pull every loose thread, and it changes the whole dimension. There's almost no way to explain that. That's one reason I advocated that he give three lectures on basic economics to the American people. The political groups said that would be death on wheels. But that's exactly what Reagan has decided to do, and he's received a fairly good response. But he has used the most simplistic terms possible and possibly even was wrong. But that's all right.

There were a lot of faults in the Carter Presidency. But there were more faults in the institution than in the man. It's regrettable that the man with his many qualifications, and with his outstanding intellect, and with his deep dedication, was not able to get the leverage out of his associates and the appreciation of the public that I think would have changed his position in history.

I hope that there will be, in time, studies that sufficiently credit him with what he deserves. If I have any direct criticism of the man, it's that he won the Presidency personally, and then he gave it to his friends. Too bad he didn't have it to use from the start.