Oral History Interview

With

FREDERICK J. LAWTON

Consultant and adviser to the Senate's Select Committee on Government Organization, 1937-39; Administrative Assistant to the President, 1948; Assistant Director, Bureau of the Budget, 1949; Director, Bureau of the Budget, 1950-53.

Washington, D.C.
June 17 and July 9, 1963

by Charles T. Morrissey, Harry S. Truman Library

The Harry S. Truman Library
Independence, Missouri
March, 1964

NOTICE

This is a transcript of a tape-recorded interview conducted for the Harry S. Truman Library. A draft of this transcript was edited by the interviewee but only minor emendations were made; therefore, the reader should remember that this is essentially a transcript of the spoken, rather than the written, word.

[1]

Oral History Interview
with
FREDERICK J. LAWTON

Washington, D. C.
June 17, 1963

by Charles T. Morrissey, Harry S. Truman Library

MORRISSEY: Let's begin, Mr. Lawton, by having me ask you: do you recall your first meeting with Mr. Truman?

MR. LAWTON: The first time that I met him was during the consideration of the Roosevelt Reorganization Program in 1938 ('38 and '39). I was working with the Senate Select Committee on Organization which was at that time, chaired by Senator [James F.] Byrnes. During the debate on that we had arrived at one rather crucial vote when everybody was being brought back into town to vote and I met him in the Capitol, in the cloak room, actually. Byrnes had stopped to talk to him about the vote on the Bill and I happened to be with Byrnes and just simply was introduced; I didn't take any part in that conversation. The only conversation

[2]

I actually had with him before he was President, was during the time that the Truman Committee was making studies of defense expenditures. This particular one involved the CANOL Project in Canada. The Budget Bureau had just made a survey of that project and the Committee was anxious to borrow a copy of the Budget report. We felt there were a few conditions attached to its use that we wanted to be sure of, so my conversation was with respect to lending the report to the Committee, and the use which the Committee intended to make of it. It was again a rather brief conversation and simply confined to that particular point. The first time that I began meeting with him on a regular sort of basis was after [James] Webb had been appointed Budget Director and I went over a number of times to conferences with the President, with Mr. Webb.

MORRISSEY: Did you have any dealings with Senator Truman about his involvement with railroad reorganization legislation or civil aeronautics legislation?

LAWTON: No, not at that time. Most of our activities in the Budget Bureau dealt with the clearance of legisla-

[3]

tion, and advising the agencies concerned as to the administration's position on the legislation.

MORRISSEY: Did you have any other dealings with Senator Truman when he was heading the Truman Committee in addition to the CANOL Project?

LAWTON: No, I didn't; some of the others did.

MORRISSEY: Could you tell me something about Mr. Truman's attitudes towards budgeting?

LAWTON: Because of his experience on the Senate appropriations committee, he had a pretty good understanding of the process and it was a matter in which he was rather deeply and genuinely interested. He went into budgetary problems in quite a bit of detail, wanted to know more than just the brief, general picture; he wanted to get into the reasoning behind recommendations--wanted to get a complete grasp of the picture. As a matter of fact, he spent a considerable portion of each budget season on going over, item by item, the requests of agencies. The Budget Bureau prepares a rather detailed statement covering each appropriation and the reasons for the

[4]

Budget's action on the agency request. It's summarized, but still it covers all the salient points that are in the budgetary requests to enable the President to make an informed judgment. In the case of controversial issues, he's usually given a pro and con picture of each item.

MORRISSEY: Who would give this pro and con picture?

LAWTON: Well, the Director and one or two of his principal staff people would usually be there, ordinarily the Director, the Assistant Director and the Chief of the Estimates Division, or as it is now called, the Office of Budgetary Review.

MORRISSEY: You refer to the budget season. When is this?

LAWTON: Well, actually, there are two. In the late spring (May, June) we used to make a preview of the following year before we actually requested estimates from the agencies. We'd get a picture, generally, of what they were thinking about and a preview also of the economic outlook and the revenue likely to result from it. We presented to the President a sort of capsule preliminary

[5]

view of what the next budget might look like so that he could establish some guidelines for the submission of estimates. Those guidelines were based on the pricing policy to be used, whether we would permit any increase in cost because of a possible rise in prices, things of that sort. Of course, we were in a period following the close of World War II, and the redevelopment of industry and national economy, so that there was a changing price situation. Also the question of whether in general areas, such as public works, whether we would permit any beginnings of new programs or whether we would hold the line to the completion of projects already under way.

MORRISSEY: What would prompt the President to begin a new program in one case, but "hold the line" in another?

LAWTON: Well, in the immediate post-war area, there was the question of the scarcity of construction materials, steel, concrete, things of that sort. Most of the available material was assigned for use of industry in catching up on its backlog of construction that had been postponed during the war period. If we were going to get new plants underway, the Government shouldn't be in the field competing. The competition from new Government

[6]

programs at the same time as industry was in the market for it would push prices up too quickly and too high. Actually we had a moratorium for a while on the use of construction materials even on going projects. Later on, when business had satisfied its needs for plant expansion, then the Government could begin to move in selectively on its own deferred needs for construction. It could begin to catch up on the backlog of deferred public works--flood control, reclamation, things of that sort that had been held up during the war period because of the necessity of converting material to war effort. Then it was a question of balancing the Government's use so that it would not distort the economy. It's a question, really, of timing, when you could best meet the needs which the Government had for construction purposes. The same is true of new programs in fields which were non-users of material, but were necessary to achieve social gains. Their timing was dependent, to some degree on the readiness of plans, but to a larger degree, from the budget point of view, on the availability of funds. At the time of the Marshall Plan, we had a large new program beginning, and we had a tax problem to balance with it.

[7]

MORRISSEY: Could you enlarge on this?

LAWTON: As you began to recover, your economy began to build up, the tax rates began to be more productive than they had been before, and there was money available to meet the requirements of aid, particularly, because that aid itself to a great degree, was helping to spur on our own economy. The purchases of a great many of the materials were being made in the United States; the money was being spent here, even though the product was going abroad. There was an impetus to the American economy in the orders that were being placed here and the goods that were being purchased here.

MORRISSEY: Do you have any prominent recollections of the part the Bureau of the Budget played in the formation of the Marshall Plan?

LAWTON: There were several committees that were involved in the plan, outside the Budget Bureau. The Budget Bureau did some facilitating work; we loaned personnel to some of the committees. But it was mostly a liaison function; a function of being aware of what was going on and a function of providing information as to

[8]

organization and finances.

MORRISSEY: Let me go back a bit and ask how you came to be an adviser to this Senate Select Committee on Government Organization in the later thirties?

LAWTON: The Budget Bureau was a central organization responsible to the President. It was one of the few staff organizations that existed at the time and the committee, headed up by Louis Brownlow (the President's committee), that had made the reorganization study and report, was anxious to have someone work with the Senate committee, who had a grasp of what had gone on, and be a point of contact between their committee and the Senate committee. The Senate committee had asked the Committee on Administrative Management to make arrangements for someone to come down and serve as a staff consultant and adviser for the committee. The staff of the President's committee was an ad hoc group that had been drawn together from universities and other places for development of the report, and they were not available for any long time liaison operation. I was then an administrative officer in the Budget Bureau, and probably the freest at that particular moment for assignment because I didn't have

[9]

a specific field of estimates to worry about. I was, at that time, head of what was called the Financial Records Division. After the budget had been prepared and was submitted to Congress, I was more available for other types of assignments. I served on different sorts of spot jobs for about half of every year. I would have these special assignments, studies of various sorts that the Budget was undertaking. So I was, perhaps, the most natural selectee for that sort of a job. I went to the Senate committee and worked with them while they were conducting hearings. There was a committee in the Senate, and one in the House and together they formed a joint committee. They conducted part of the hearings jointly and then they divided it up and conducted other hearings separately.

MORRISSEY: What did you do when your assignment with this committee was completed?

LAWTON: I went with them in February, 1937, and in September, after the adjournment of Congress, the committee was out of session for a while, so I came back to the Budget for the work on the succeeding year's budget. When the Budget was submitted, I went back down to the committee after

[10]

the opening of the session, to get the bill ready and help in drafting the committee report. Then I was down there during the debate on the bill. In 1938 a bill was passed in the Senate but it was defeated in the House. Then in late '38, we started off on a somewhat new approach to the problem and the committees had several people working on a different approach. I went back to the Budget again in the fall of '38 and then in '39, I went back to the committee again. In the spring they had decided on a new form of legislation. After the House had passed the bill I went back and worked for the Senate committee until the bill was enacted. When it was signed, I came back and worked on the organization within the Budget Bureau that was being established to carry out reorganization activities. We began immediately to expand the Budget Bureau staff and, working with some of the Brownlow Committee members, we began drafting reorganization plans.

MORRISSEY: What was your capacity when you first had dealings with Mr. Truman when he was President?

LAWTON: I was the executive assistant to the director.

MORRISSEY: And the director at that time was...?

[11]

LAWTON: Webb.

MORRISSEY: And a moment ago you mentioned some other people besides yourself who had often consulted the President.

LAWTON: Well, the assistant director, whoever that might be at the time, first it was Paul Appleby and later Frank Pace and in between, I was acting assistant director for about a year.

MORRISSEY: You spoke a moment ago about a "moratorium" on new projects in the early budgets made when Mr. Truman first became President. Could you put dates to that moratorium, approximately?

LAWTON: Well, it was in 1946. It was on the basis of a recommendation of the Office of War Mobilization and Reconversion that this was done and we worked with them closely. [John] Steelman was heading that office at the time. It was done, not primarily from a budgetary point of view, but to effect national reconversion of the economy from wartime to peace time.

MORRISSEY: When would you say that reconversion was over and new starts were resumed?

[12]

LAWTON: Well,, on a rather selected basis there were certain projects that were begun in that '47-'48 period but it was a rather selective program. The biggest impetus that it got was in the time of Korea when we began to increase some power facilities for the Pacific Northwest for aluminum plants, and so on.

MORRISSEY: Had you worked with President Roosevelt on the preparation of the budget?

LAWTON: Very little because practically all of his discussion of the budget was generally with the director. Of course, during the first half of the Roosevelt Administration the Bureau of the Budget was in the Treasury Department and quite frequently the Secretary of the Treasury and the Director--both would go to the White House. In the war years, the budgetary actions other than those relating to the war effort itself were pretty much delegated to the Director and there was less consideration of non-military items by the President. Because of the pressure of the war activity the consideration of the other budgetary items were quite limited and only the most necessary were approved. After we were out of the war, President Tru-

[13]

man, because of his interest, went into the Budget much more thoroughly and as a result the Director would usually have with him one or two--the assistant and the staff person most familiar with details--so that any question that the President raised could be answered quickly.

MORRISSEY: Who was responsible for the coordination of the, I think, four messages the President would deliver at the beginning of each calendar year?

LAWTON: Well, over a period of time that varied, but usually it was the Special Counsel to the President who had the responsibility for coordination. We had loaned people from time to time to the White House office to do a lot of the staff work on the coordination, to make sure that the various points were covered, that there was no conflict and so on but the control was in the Special Counsel to the President. There was a lot of internal coordination in the sense that the messages were reviewed by the interested agencies. The State of the Union message for example would be given to the Budget to review as to the things that had any budgetary implications, and by

[14]

budgetary I mean both financial and legislative proposals. The Council of Economic Advisers (after that was established), had a big role to play, and the Budget and the Council had to work rather closely on their two messages because there was a lot of material in each message that related to the other office's interests and functions. There were certain tables in the Council of Economic Advisers' report that were prepared by the Budget Bureau. For example, the presentation of the Budget from an economic point of view which was on a calendar year basis was prepared especially for that report. The staffs of the two groups, the Budget and the Council worked very closely together in coordinating their messages and, of course, the White House staff also had a part in that.

MORRISSEY: Was there any particular person on the White House staff who would tend to become the coordinator from their viewpoint between the Council of Economic Advisers and the Bureau of the Budget?

LAWTON: Dr. Steelman had quite a bit to do with it primarily because he had the role of the Mobilization and Reconversion activity and later on he was sort of caretaker

[15]

to the National Security Resources Board. [Clark] Clifford and [Charles] Murphy, of course, while they were there, had certain prime responsibility for the State of the Union Message and the others had to dovetail in with the State of the Union. There had to be some consistency in the general program area between messages and budget actions were taken on the basis of what the President had recommended in the State of the Union.

MORRISSEY: In these efforts to assure consistency between all these messages, do you recall any instances where some inconsistency escaped your attention and got by?

LAWTON: Offhand, I don't, but I presume there were some. Sometimes one or the other groups was unhappy about the others phraseology--it might not be the content as much as the method of saying it or the emphasis, that caused a little difficulty. Occasionally, there were some surprises, last minute changes that were made, that called for some explanations.

MORRISSEY: Do you recall any of these?

LAWTON: I couldn't pinpoint the particular ones, I remember

[16]

just simply the fact that there would be some scurrying around at times.

MORRISSEY: To what extent would the Bureau of the Budget play the role of the conciliator between groups that would want different wording or different emphasis on some aspects of the Budget Message?

LAWTON: Well, there would be times we had to play that role between agencies of Government and the Budget's viewpoint. In other words, where you were dealing in the Budget Message with the program that related to a particular department, that department might press for a certain type of commitment--a certain strength of commitment--which you wanted to avoid at that time, or some other department wanted to have a different emphasis or a different slant on the program. For instance, we'd have problems between Agriculture and Interior on some of the war programs and particularly as they related to land use. We'd have problems sometimes between the Council of Economic Advisers and the Treasury on tax programs. In those cases we would try to work out a message that represented the President's point of view but yet didn't

[17]

do too much violence to the desires of the principal agencies that were most concerned.

MORRISSEY: How often would these conflicts come to the attention of the President and he would have to...

LAWTON: Not very often, because as far as the Budget Message was concerned in the preparation of the items that went into the Budget, they usually had been hashed out. There were, occasionally, problems. There were occasions when the Budget Director and the Cabinet officer had to sit down at the President's desk and the President would make the decision as to what was going to be done with the program; the rate at which it would be done; whether anything new would be included, or whether it would not. There were arguments in the cases of military departments on the question of construction--on procurement of hardware--those sorts of things. There was always a meeting of the Director and the Secretary of Defense and the Service Secretaries and the Joint Chiefs before a final decision was made on the military budget during the Korean period. In those cases, the issues were settled before they actually got into any message stage.

[18]

It became then a question of how you said it, the emphasis you put on it. Usually you could reconcile those. There was no question of the President getting into it. His decisions were made on the substance of what was to go into the budget, the items that were to go into it. And the problem of describing them was a matter that you could work out. If there was any real conflict--usually the Secretary of the Department and the Director managed to arrive at an agreement, rather than bother the President.

MORRISSEY: What prompted Mr. Truman, do you think, to involve himself so deeply in the budget-making process?

LAWTON: Well, I think that it was a natural interest in it and secondly that what you do program-wise, you are going to do with money. You've got to decide where you're going to spend and how you're going to spend. You decide what you're going to ask for; what you're going to eliminate and determine your program on that basis. Now there are some things, of course, that aren't involved as much as others in the budgetary scheme but by and large, the question of what you do and the rate at which you do it, is going to be decided by how much money is

[19]

available to you, and to make it available you first sell your budget to Congress. In short, it was his own interest in the budget process and the realization that this was a point of control, which he could determine the type and the rate and the speed at which things would be done.

MORRISSEY: Do you recall that he would refer often to his own experience as a county judge in Missouri or as a senator on the subcommittee for appropriations for the military, as I recall?

LAWTON: Well, he referred to it occasionally in connection with one item or another, but we had an early experience with him after President Roosevelt died. We did a very "hurry-up" job on going back over his record and did a compilation of his views on a wide variety of subjects all of which had budgetary implications--budgetary interests. They were programs in which legislation was pending and so forth, so we tried to get a dossier of his likes and dislikes, of the things that he favored and the things that he didn't favor. We did a rather complete review of speeches, committee statements and

[20]

so on, actions in committee, votes, and prepared a fairly thick document on his thinking program-wise. It so happened that soon after that was completed there was a piece of legislation that came up and we, because of actions he had taken and a speech he had made on the subject, recalled it to his particular attention. We pointed out that he had said certain things at certain times about this subject. And he said, "Where did you get that?"

"We did a little quick study on your background."

He said, "Well, remember one thing, those statements, those actions, were taken as a Senator from Missouri; I was representing at that time my state and its interests." He said, "Now, I'm representing forty-eight states whose interests may be different, so you can't be sure from the past of what the approach will be now. You give me your recommendations from the national point of view. By the way, I'd like to see that document."

So we gave him a copy of it. We, incidentally, had loaned it to one of the current biographers who was writing about him at the time. I think it was [Frank] McNaughton of *Time* Magazine, and he used some of it in his book, *This Man Truman*.

[21]

MORRISSEY: To what extent would Mr. Truman focus his attention on the expenditures of funds after the budget had been planned as well as planning the appropriations in the budget when it was being drawn up?

LAWTON: Generally, in some of the major programs, military and atomic energy, there were several occasions when Congress had made changes in the budget and at that time, there were some rather thorough discussions as to what we would do with the appropriation that had been granted. When we made the apportionments of appropriations, which are required to be done prior to the beginning of the fiscal year we would review the major program changes at that time with him and establish reserves. I suppose the most famous one was when he impounded $800,000,000 of contract authorization for the seventy group air force. He decided he wouldn't spend the money.

MORRISSEY: Could you enlarge on that last incident?

LAWTON: Well, he had recommended a fifty-five group air force. Congress had finally decided to appropriate for construction of planes for a seventy group air force and

[22]

he said that he still believed it wasn't necessary and he wasn't going to spend the money and directed the impoundment of those funds. There were other occasions when reserves of substantial sizes, because of current conditions, were established in different types of appropriations. A review was made in connection with the preview of the next budget. We would review the apportionment of the funds and, if there were changing conditions, we might recommend in some cases that reserves be set up and in other cases that the funds be apportioned more heavily in the first and second quarter, with the prospect of having either to curtail programs or ask for a supplemental appropriation at a later date.

MORRISSEY: Did it bother the President to have some people who were fighting one another for larger appropriations in the budget, to fight their battles by "leaking" to the press?

LAWTON: Well., I suppose that, naturally, it bothered him because it indicated something less than a full sense of their administrative responsibilities, but he recognized that those sorts of things would happen and

[23]

took steps when he could to correct them.

MORRISSEY: Do you recall the President commenting on civilian versus military development of atomic energy?

LAWTON: No, I don't. I wasn't involved in the early stages of that too heavily.

MORRISSEY: What would the President do if he received conflicting advice from the Bureau of the Budget and the Council of Economic Advisers? If that did happen, how would he resolve the problem?

LAWTON: Frequently he would get some advice from third parties or some outside advice. He would turn to some people on the White House staff to get a separate view for him, to consult with other groups. I'm sure that at times he'd use Dr. Steelman in that fashion. Of course, one of his problems was that there were several sets of conflicts, conflicts within the Council or between the viewpoints of different members of the Council which were not always in accord. The Budget might be on one side or the other or in an in-between position. I know that he felt that conflicting advice was not

[24]

something that needed to be wholly condemned. He told me at one time in connection with the recommendation that had been proposed that there be a single economic adviser rather than a group--a council--that he didn't want to be confined to one person for his economic advice. He wanted to get the various viewpoints, he wanted to get the pros and cons of the different viewpoints on economics--the different theories. He felt he'd be handicapped with a single adviser who would be channeling all of this advice, with one viewpoint. And I think that he did one thing that a President has to do and that is to not be confined to his own staff or to a particular department's point of view. You have to get a variety of viewpoints, and you have to get it from whatever sources you chose. You shouldn't lose contact with people outside of Government and their viewpoints on the matters that concern Governmental programs.

MORRISSEY: Do you recall any instances when he would go to people outside the Government to get this variety of viewpoints?

LAWTON :Well, not in a specific instance, but he did--from

[25]

time to time--consult with different groups. He would consult with labor people and he'd consult with industry people. He established several committees of various sorts to bring an outside viewpoint to bear; in the field of medical care he had one or two committees that he used to consult with rather than get all this advice from the medical people within Government.

MORRISSEY: Would it surprise you sometimes to have advice come to the President which, in your opinion, was well considered and well formulated and then have him not accept it and do something contrary to the recommendation that he was given?

LAWTON: Well, no, I wouldn't say it would surprise me because the President has always a wider view to consider than anybody that has a niche in the pyramid going up. As you move up the line in the consideration of any problem, there are more viewpoints, more aspects that you have to consider. The Director of the Budget has to consider far more than the head of the division that's handling a particular group of estimates or a particular group of departments. The division head's interest is narrower; he is looking at it from the point of view that is encompassed within his sphere of activity. He makes

[26]

his judgments on the basis of what he has to do, his responsibilities. As you move up there are other tangent responsibilities that have to be considered and other aspects. As I say, when you move up to the top of the pyramid, he has a wider viewpoint to take; he's also the political head. He's got to decide in a great many cases whether, from the viewpoint of national policy as a while, from the viewpoint of politics, if you will, this is feasible to do now--will you lose more than you'll gain by taking this advice at this particular moment; is it something you can ever do because of the practicalities of the situation, the public viewpoint, the political viewpoint. I always felt that there were certain things that the President, in his top capacity, top administrative capacity, had to consider and viewpoints that he had to weigh that might lead him to make a different judgment.

One example of that was a reorganization proposal that had been made concerning the District of Columbia. It was more or less of a city manager, elected council type reorganization, doing away with the commissioners and so on. We'd been working on it and had prepared it and it had gotten a lot of comment in the press

[27]

back and forth. The commissioners were generally opposed to it. The President got advice from a number of residents in the District of Columbia, people whose judgment he respected as to whether this particular program represented the best administrative set up for the District. It had been a successful approach in a number of different cities. There wasn't anything particularly wrong with any of the aspects of this organization, the build-up of the organization, the way that it would function except one--namely its acceptability to the people who had responsible positions in the District. I'm talking now about business leaders, community leaders and the President simply felt that the game wasn't worth the candle. It would be an improvement, but it wouldn't be enough of an improvement to warrant the dissatisfaction and the problems that it would create. He made the judgment, he announced it rather suddenly; we were at a meeting on a different subject and two of the District Commissioners were there. He just simply said, "I've decided I will not go through with this plan."

MORRISSEY: Let me stop here. The tape is running out.

[28]

Second Oral History interview with Frederick J. Lawton, Washington, D. C., July 9, 1963.
By Charles T. Morrissey, Harry S. Truman Library.

MORRISSEY: Mr. Lawton, you served as a White House aide from the spring of 1948 to January, 1949?

LAWTON: Until September, 1948. Five months.

MORRISSEY: What were your duties?

LAWTON: The principal duties were to keep an eye on the beginnings of the Marshall Plan or the Economic Cooperation Administration and try to smooth out any difficulties that might arise between the State, Commerce, and ECA. The law provided that if there was a dispute between them over matters of policy, the President would have to settle it. My job was really to try to see that he didn't have anything to settle.

MORRISSEY: Why were you chosen for this particular job?

LAWTON: I suppose because I was a neutral, more or less, from the Budget Bureau. Anyone from one of the three departments, of course, would have been in some difficulty by association. We had done some general work in connection with the establishment of the organi-

[29]

zation and the review of the various proposals and in the initial administrative set-up. It was, I suppose, logical that someone from an agency that had had some contact with it but had no interest--no vested interest one way or the other should be picked for the job. Otherwise--I don't know any reason.

MORRISSEY: Do you have any specific recollections about the beginnings of the Marshall Plan?

LAWTON: Well, I know that in the early stages of it, of course, everyone had an idea then that it could be done with a relatively small force; ours wasn't as limited as Paul Hoffman thought when he started. It soon became apparent, that since we were going to do a great deal of the buying in this country, involving relationships with the various producers and suppliers, there was a great deal more work at home than had been originally anticipated. Of course, one of the immediate headaches was trying to recruit people. I know that in the early days of recruitment, it was really a question of the Administrator's ability to persuade, not only the individuals, but the organizations, corporations, for which they worked to make them available. I was amazed

[30]

at the selling job that Mr. Hoffman did. He was his own personnel officer in recruiting the mission heads and did a tremendous job of it.

MORRISSEY: Offhand, do you know how Mr. Hoffman came to direct ECA?

LAWTON: Not definitely, I know that he had been out in the Far East at the particular time the bill had passed. He came back and I know that I sat in on one meeting with him over in the East Wing of the White House that John Steelman initiated. We had several people from the Budget there, going over the background of some general ideas on the kind of organization, the size of organization we'd have to have. We gathered together along with Donald Dawson with a cadre of people that we borrowed from various agencies who had the ability along different lines of administration, to really get his organization in being and going. The personnel man, an accountant, a budget man, a man in charge of general administrative work who was Don Stone from the Budget Bureau. At that particular time, Mr. Hoffman was still negotiating with his company to be able to break loose and come to Washington.

[31]

MORRISEEY: What were the major problems involved between State, Commerce, and ECA that you were concerned with?

LAWTON: Actually very few developed. There was the usual problem of communications between the various groups on matters in which they were interested; in other words, between the country desks--the desk dealing with the particular country--in the State Department, and the program area in ECA, so that they'd be aware quickly and promptly of what was going on. The education, you might say, of the ambassadors as to their relationships with the ECA mission heads providing services and facilities to get them started. There were awkward difficulties that are inherent in any new organization. There weren't basic difficulties because after all, the Marshall Plan was the idea of the Secretary of State and the Under Secretary. The Commerce Department had worked quite heavily on it and, of course, [W. Averell] Harriman later became the--he was then in the Commerce Department--roving Ambassador for ECA. I think that it was fortunate that the three parties mainly concerned all had the same aims, ambitions, and ideas and they weren't going to let minor

[32]

difficulties get in their way.

MORRISSEY: Did you have any observations at that time about the Presidential campaign that was beginning to get going?

LAWTON: Of course, I suppose everyone realized that it was a tough fight. I was involved in activities in connection with the Marshall Plan. After the nomination there came the famous Turnip Day session of Congress and then I got thrown into the legislative program that was coming up, primarily because I had experience in a lot of the items that were in the program. By that time it was apparent that there weren't going to be any real major problems in the foreign aid set-up so that I did quite a bit of work in connection with the legislation that was in the program for the Special Session. Other than the anti-inflation which Paul Porter was handling, there was an excess profits tax bill and the refugee programs, public works are several of the other items. I was a sort of coordinator of the material as it came from the departments into the President, and then, of course, the preparation of the drafts of legislation that were going to the Congress.

[33]

MORRISSEY: Were you involved in any way with the President's decision to call the special session of Congress?

LAWTON: No.

MORRISSEY: Who did you work with on the White House staff during this period?

LAWTON: No one very specifically because I stayed out--as far as I could--of any other field. This was a new program which nobody on the staff had handled before so that the dealings that I did have were relatively few and they were with the President. Mostly I was keeping in fairly close contact with the Commerce, State, and with ECA.

MORRISSEY: Did you deal directly with anybody in Congress during this special session?

LAWTON: No, the normal legislative people in charge of legislation there in the White House, the Special Counsel and so on, were doing most of the contact. Mine was with the departments in getting the material ready.

MORRISSEY: I see. What was Mr. Truman's attitude toward

[34]

foreign aid? Do you recall his speaking about it at any time?

LAWTON: He believed first that it was an essential step in preventing the spread of communism; second, that it was actually a line of defense for us, that we needed a strong and viable Europe to prevent a threat to our own country from spreading Communism. At the time that the foreign aid program was established, Italy was close to the verge; France was in financially horrible shape; Germany, of course, was struggling; there was a shortage of food at that particular time; they were operating on a very low calorie diet. In Germany was the only people that were above practically a starvation diet--were the ones who were working at heavy physical labor--miners and people of that sort. His attitude was, of course, in part the humanitarian point of view. Then, as always he a regard for what you might call, the little man and here were millions of them who were in terrible straits.

MORRISSEY: These countries you mention are all in Western Europe. Did he feel the same way towards countries elsewhere in the world?

LAWTON: At that time, of course, that was where particular

[35]

problems were. There were some emerging ones, but the ECA wasn't equipped to move into the Far East at that time. There were some special programs that had to be operated there. The Army had the responsibility in Korea and, of course, the occupation of Japan, and the rehabilitation of the Philippines were being treated on a separate sort of basis. The emphasis and the real danger of collapse was in Western Europe at the time. That was the place that had been on a higher plane of living; the talent was there--it was necessary to get it going--the opportunity was greater there to make a quick and important contribution to the rehabilitation of most of the world, as a matter of fact.

MORRISSEY: When you were in the White House, was there much attention given to the likelihood of a Presidential transition between November, 1948, and January, 1949?

LAWTON: There was some thought of it, of course, but I would say that the attitude there was one of, "We've got a struggle; we've got a chance and we're going to make it pay off." They were thinking in the backs of their minds of a transition, but actually it was sort of a "dirty" word under the circumstances and at that

[36]

particular time. It's rather difficult to get excited about transition when you're an active candidate, also when your boss is an active candidate.

MORRISSEY: Did the Dewey people have a representative in Washington at that time anticipating a possible transition?

LAWTON: I believe they did. I know that for a while, his state budget director was down here. Whether he was down as an actual representative--they were certainly looking over the situation.

MORRISSEY: What was your relationship with the Hoover Commission?

LAWTON: The Budget had furnished a lot of information to the first Hoover Commission--background information of various sorts. Whatever type of informational services they wanted, we'd endeavor to supply for them, give them the sources, tell them who were the people they should contact about different phases of it. We had talked to Mr. Hoover generally about our views on Government organization--the Presidency, and so on, that being his particular field, Then I was also a

[37]

member of an advisory group to their task force on budgeting and accounting. There were three of us that were active in this sort of advisory capacity with the Hoover Commission's group which were headed by several well-known accountants from some of the large firms.

MORRISSEY: Who were the other two on this advisory board?

LAWTON: Well, [Edward] Bartelt, the Fiscal Assistant Secretary of the Treasury, and Walter Frese of the General Accounting Office. [T.] Coleman Andrews was the chairman of their task force and we had all known Coleman when he was in the General Accounting Office.

MORRISSEY: Why did you leave the White House in September--did you say?--1948?

LAWTON: Well, so few problems had appeared and there didn't seem to be need for a special person to work with them; it could be handled by one of the others in addition to their own work. The other reason was that in September, they began the budget session and I went back to work on what was the 1950 budget, which was then, of course, in preparation. I could be most helpful if I started

[38]

right at the beginning of the budget cycle. The intention initially had been that I would just be over there to help get things started and then come back to the budget.

MORRISSEY: Did President Truman himself ever express in your presence any viewpoint about the operation of the Presidency or on Government organization?

LAWTON: He would express various viewpoints as to the role of the President. As you know in discussing it--he frequently separated himself on a personal basis from the position as President. He had a great deal of respect for the office. He believed that a good many things were due the office and the person holding the office, that would not be due to the man himself in his personal capacity. In other words, that there was an institutional role there that should be respected, regardless of what your opinion was of the individual who occupied the position. He felt that the President had to be a person who was willing to make decisions and face up to the consequences of those decisions; that the President's role was a role to act and not temporize. If there was a situation where you felt a

[39]

certain course of action was the required course of action, you went ahead and took it regardless of what the immediate consequences might be. He felt that, in general, if you were very sure you were right, time would back you up, and that the temporary irritation would pass. He did a good many things that were not too popular with different groups but they were things that he felt the situation required to be done and he was willing to go ahead and do it and buck the criticism if any came. He felt that the President had a right to expect and demand loyalty and support from his subordinates and that if they weren't willing to give it or were leery about giving it, the President ought to get some new subordinates. He also felt--expressed the feeling several times--that the President couldn't confine himself to a relatively small number of advisers; that he couldn't get all of his information from one source, that he had to have his own direct approaches to a variety of opinion among the American people. As a consequence, he was probably by far the best politician of any of the people around him.

MORRISSEY: Do you have any recollection of any specific

[40]

instance which might illustrate some of these points you've just been making?

LAWTON: Well, there's one I think I mentioned before in connection with the reorganization of the District of Columbia Government. All of the people who were engaged in the political science field and the field of public administration, government organization, were for a more strongly centralized government with a sort of city manager council-type that would have one man responsible to the President, and I think perhaps that for a time the President himself felt that what amounted really to a single-headed organization, would probably be better than the three man commission. But he got a pretty wide cross section of opinion from a lot of leaders in the community, whose viewpoint he respected; some business people, some people who were in the local government area, others who were just people who knew the local Washington situation. Acting on their advice and contrary to the advice of the staff and all of the technical people, he thought that the time was not right and that he would do better with an internal reorganization under the commissioner type

[41]

of government than he could with the other. That was using sources, a wide variety of sources, and making a decision based on a judgment of other than staff. Some of the changes he made Cabinet-wise, were because he felt that some of the people had not supported him the way that he expected support; that they were lukewarm.

MORRISSEY: Tell me about these press conferences that the President would hold exclusively about the budget.

LAWTON: The Budget press conference was really a briefing. The opening statement that came from the President was a statement in some detail as to what his position was. Then questions from the newsmen followed. It was the President's exposition of the reasons for decisions and actions that he had taken in the budget, both on the revenue side and on the expenditure side. At the conferences, usually there were the financial writers in addition to the people that normally cover the White House. A number of out-of-town writers were there at those--generally syndicated columnists on the financial page. The President generally used charts displayed on easels so that he could refer to them to make a point. He would generally cover basic points of interest

[42]

in the budget--major recommendations that were being made and the status of the financial picture; the explanation of why a surplus or a deficit. He would give some indication of where he was headed. And then he would proceed to answer questions. The questions differed widely according to the interests of the particular newspaperman or his paper that were involved. They covered the whole gamut of the programs, why some programs were increasing, why some were being cut back, why some new ones were being initiated, his legislative recommendations that he had indicated in the budget; the general situation of the economy, the basis for the tax estimates, what sort of national income he was assuming, what sort of corporate income, the question of prices. Of course, there were also questions of more or less sectional or local interest--a particular dam, a particular project of some sort, an agricultural program of one kind or another. And in answering those, the President, of course, had the support of the Director, the Secretary of the Treasury and some of the Budget staff. But he would normally handle from eighty-five to ninety per cent of the questions himself. That was a result of two things: first, the fact that he'd had

[43]

numerous conferences on every phase of the budget during the preparatory season. It's from the first of November until the end of December. At the end of December, the director would be over there at least twice a week with various parts of the budget and going over them in some detail with the President, getting his reactions to recommendations and his decisions. The President, after drafts of the Budget Message had been submitted to him, indicated the changes he wanted, and finally approved a message. When it came back from the printer, there was a preparatory session--briefing session with the President. The Budget Director and a couple of his top staff, one on economics and one on expenditures and the Secretary of the Treasury, dealing with the Revenue picture, would give the President a list of questions that were likely to be raised in the press conference and answers that would be responsive to those questions. They would sit down with the President and go over them. A good many times he said, "Well, I know what I want to say there," and he'd indicate what his viewpoint was, and what type of answer he would give to a certain question without waiting to read the

[44]

answers we had prepared. Usually his were a little bit more to the point; ours were too decorative.

MORRISSEY: How long before the press conference on the budget would this pre-press conference session be held?

LAWTON: Depending on when the press conference was scheduled, whether it was Friday or Saturday or Monday--it would be a day or two ahead. Either the afternoon before, if it was an afternoon press conference he might do it the afternoon before, or if it was a morning press conference, it might be the second afternoon before. After going over the material in the briefing session, he'd take it home with him. His copy of the Budget Message was keyed to these questions and answers so that he could as he read over the Budget Message again, he could see where a question would be apt to come and see the proposed answer. If he had any final questions the next morning we were always available. In addition, for the really detailed items in the budget, specific projects, things of that sort of a minor nature that some newspapers are interested in sectionally--the Budget would have a staff that was available to provide supplementary in-

[45]

formation. If the press conference was on a Saturday morning, we'd have a staff there Saturday and Sunday so that they could write their story, because the release would be the day it went to Congress.

MORRISSEY: You mentioned a moment ago, Mr. Lawton, a representative from the expenditures side and somebody from the revenue side who would confer with the President and before the President would meet the press about the budget. Do you remember who these people were?

LAWTON: There were different ones. [J.] Weldon Jones, who was head of the fiscal division in the Bureau was there, usually, and either [Leo C.] Martin or [William] McCandless, who were the head of the office of budgetary review or, as it was formerly known, the estimates division. The Secretary of the Treasury, John Snyder, had the interest in the revenue side.

MORRISSEY: What would cause the President in some cases to continue projects already underway or to begin new projects on flood control or reclamation or something else?

LAWTON: In those areas the reason for it differed at various

[46]

times. At certain times, there was a need for additional power facilities. Of course, a good many of the dams, had reclamation, power and flood control all together; they were multi-purpose dams. A great many of our big dams were on that basis so that it might be the need for power, it might be because of an increasingly bad flood situation, such as happened on the Missouri River, and on the Columbia. If it was a multi-purpose dam--you really had to go ahead with the three programs at the same time or else it would be extremely costly to add facilities later. In other words, you could put a low dam in for certain for navigation requirements, you'd need a higher dam for storage for power or storage for reclamation. In the case of reclamation projects the economic feasibility of the programs was a fact. If you could put the water on the land at a reasonable rate and secure repayment, with the time limit, you had a reason for going ahead, assuming that the budget situation generally was in fairly decent shape. If you had a shortage of materials and a shortage of funds, naturally, you held back on these programs except those of an extremely urgent

[47]

nature which, where the demand was such that you had to. For example, in a flood control situation--when you might have to make a correction or risk the loss of a great many more dollars than you could possibly spend on it. In several years, the President had decided that there would be no new starts because our power situation was reasonably taken care of, that is, the hydro-electric power situation was reasonably taken care of. Then with the surplus of food supplies, you didn't need any additional reclamation and there was no particular flood problem.

MORRISSEY: What years were those, do you recall?

LAWTON: You had some of those years immediately after World War II when you had material shortages for which you didn't want to divert material to Government programs and away from industrial programs. Of course, you had enough electric power to carry out your production for World War II. Then in the anticipated slow down of production, you didn't need any more power immediately. The power needs were a few years further off. In '47 and '48 there were hold-backs on those programs. When the cycle of projects turned downward, we had begun to think about a program

[48]

for a stable, annual rate of input in the public works programs. But just about that time, Korea came along and we then had to take those power projects that were necessary for the production of aluminum and things of that sort, particularly in the Pacific Northwest, and move ahead with those programs and projects and hold back on the others. We had built very few yacht basins or things of that sort. We did finally have to put in some navigation programs for improving the locks along several of the tributaries of the Mississippi because the barges had changed in size. The boats to go through the locks were longer than the locks so it made it a rather rough situation. Going up the Tennessee River you had to half-load a boat. On an oil barge you had to load it well below the limit in order so that it would ride high enough on the water to clear the locks.

MORRISSEY: Could you elaborate a bit on the impact of the Korean War on budget making?

LAWTON: Well, the program, of course, had to shift rather immediately to a high production program in the national defense area. Immediately after the beginning of the fiscal year you had to start in on a supplemental

[49]

appropriation program and a tax program for the requirements of Korea. We had a lot of material after World War II but a lot of it was obsolete. We had some old planes, but we immediately had to push orders for new, more modern planes. We were gradually taking the bazookas off the production line, and loading them in an airplane at the factory gate and sending them to Korea. We had to rehabilitate a great deal of shipping in order to get supplies. We had a tremendously long supply line that we had to maintain--something we didn't have in World War II. The supply line was considerably longer and, of course, there were less supplies on the ground. In Korea we had the problem of getting enough boat space, cargo space to get the material over there. Then of course, we had to grab all the air space that we could commandeer from airlines and that sort of thing. The budgetary problem was then to make sure that you had programmed the needs to get them as early as possible but, of course, you have long lead time on a lot of items. You really had to finance for a year or two ahead. Your heavy years for deliveries were going to be not the first year but really the second

[50]

year of the program--the second and third years.

MORRISSEY: What was the President's attitude towards stockpiling?

LAWTON: The attitude was to do our best to get material from sources that were apt to dry up on us as quickly as possible; from sources that were apt to remain open to get it on the current basis so that we could stay far enough ahead of the demand or possible demand for it--but not to overload. In all of this stockpiling, you have a problem--in some cases--of maintaining the economy of the supplying country. In certain situations it was important to their economy that they have a place to sell their materials and products. In those cases, stockpiling was a partial substitute for foreign aid. Where we could get good material that was surplus to the country and in lieu of furnishing aid, it was, of course, to our mutual advantage.

MORRISSEY: Richard Neustadt has written in his book about *Presidential Power*, that Mr. Truman would use budgets sometimes to project his Fair Deal aims beyond the prospects for enactment by Congress. Does this correlate

[51]

with what you recall?

LAWTON: In some of those cases, the President made a great many legislative proposals in budgets and in those budgets it was the practice to price the cost of the legislative program. Now if he recommended it, we put a price tag in on it. We didn't put it in on the basis of the prospect of enactment or the prospect of enactment of something considerably less. We put in what the program, as he recommended it, would cost, assuming a certain date of enactment. In other words, for something that would be enacted during the year and then be effective for "X" months in the fiscal year we included the amount necessary for "X" months, depending on the program again, the financing could vary. Some programs that would be gradual in building up would start with a lower amount the first year and a higher amount the second. Now in any program that involved heavy construction, you could normally figure ten to fifteen percent in the first year, thirty to thirty-five percent in the second and third years and then tailing off in the fourth year. Your planning had to be done first and then your contract let, but you had to have the authorization and

[52]

the money before you could really begin letting the contract. By that time, you were well into the succeeding year in the different kinds of programs. If it were a program that was going to involve the hiring of a number of individuals, we would phase it on the basis of the possibilities of getting "X" number of people in a certain number of months. You might end up the year with a program of that sort, with a payroll that would require an outlay, just for example, of a million dollars but you would have started off with a hundred thousand for the first year because you'd be putting people on and getting equipment, materials and so forth on a gradual basis.

MORRISSEY: How did Charles Ross look upon these press conferences in which the President would explain his budget?

LAWTON: Periodically, he used to try to persuade the President to abandon them and let the Budget handle it. He just thought it was too much of an exercise for the amount that you got out of it, from a Presidential point of view. In other words, the President didn't get as much good out of it as the effort that he put into it and the

[53]

effort that others put into it. Ross felt there should be a much briefer type of release--a general statement on the President's part with the details being answered by the Budget. This would have conserved the President's time and been more of a balance between his time and the value of the conference. The President wouldn't agree--he liked to do it and I think, in part, he wanted to demonstrate that this was his budget, that he knew what was in it, that these were conscious decisions and not the recommendations of someone else that he just simply adopted, that he had been into it rather thoroughly and in addition that he had a very definite interest in knowing what was going on.

MORRISSEY: Would you agree then that the President very definitely did know what was in his budget?

LAWTON: Oh, yes. There's no question about that. He might not have been able to explain every minor detail, but the major items in it, the philosophy of it and the direction in which it was headed, that he was thoroughly conscious of. The decisions, in fact, were his because in the presentation of budget recommendations, we tried our best to give him the whole picture—

[54]

both sides of the picture so that he could make a choice. One of the writers on the subject has described a budget as being "a conscious, informed choice between alternatives." Well, that's what we tried to let him make.

MORRISSEY: Who is this writer?

LAWTON: Arthur Smithies of Harvard.

MORRISSEY: In one of the lectures you gave in the spring of, 1953, as part of the Jump series over at the Department of Agriculture, you mentioned that a President's budget must be aware of public opinion as well as Congressional opinion. Could you elaborate on this a bit and explain what this entails? [The Jump-McKillop Lectures in Public Administration. Lawton’s lecture was delivered on April 9, 1953. It was published as “Legislative-Executive Relationships in

Budgeting as Viewed by the Executive," in *Public Administration*, pages 169-176, vol. 13, no. 3 (Summer, 1953)]

LAWTON: I think the programs that are announced in a budget must be ones that are basically acceptable to a large segment of the public. They must be ones that will further the public's interest as that interest is expressed in the reactions of the public, generally the press, and it must meet a public need if it's to gain acceptance. If the public generally is opposed to the

[55]

programs--the types of programs--that are included in the budget, they're going to make their viewpoint felt with their representatives in the Congress and it in turn will result in a defeat of programs to which the public has opposition. It's useless to put into a budget, for example, a farm program to which the majority of farmers are opposed. It has no chance of really succeeding and will react adversely to the President and the Administration. To continue a program to which there is fairly well expressed public distaste, is (should there by any chance be any success in getting the money) would be almost a waste of that money. The same thing is true, of course, of a program that on the other side demands revenues that are going to be a real burden on the taxpayer to finance a program in which he has no interest. After all, the President's job in the budget is to carry out programs that are for the national good. If there's a tremendous opposition to them it's rather difficult to see how they can basically be good for the public. It may be that the public doesn't know what would be best, but nevertheless, you're far better off trying to do an educational job and then submit, rather than to submit

[56]

an item or a proposal in the face of a great deal of opposition.

MORRISSEY: Would it be difficult for the President to decide that something he felt was necessary and should go into the budget, but which was unpopular by some segments of the public, should go in or should <u>not</u> go in?

LAWTON: Practically any program that has controversial elements in it is going to have some opposition. It may be great or small but what I was referring to generally, at that point and that talk, was a program in which the public--the majority of the public--clearly was <u>not</u> in favor of the program. It diminishes, of course, any possibility of its real success and can create more problems and more difficulties than you can possibly solve. It may be that it simply calls for a deferral, but it can make or break sometimes, the success of other programs in which the administration is likewise interested.

MORRISSEY: Can you recall any specific example to illustrate this point?

LAWTON: Well, I think while there was recognition

[57]

that we still needed price controls, the demise of OPA was probably cheered at the time by a vast majority of the American people and the fact that an attempt to resurrect it would probably have been doomed to failure and I think would have doomed the administration to failure. The President did veto the first attempt to cut it off and when it was later successful there was no point in trying to propose that reenactment of the program.

MORRISSEY: From your viewpoint, when the President was confronted with a piece of legislation he didn't like, and the possibility of veto arose, what would prompt him to make a veto in some cases, and in other cases, not veto the legislation but try to work it out administratively?

LAWTON: Basically, the President has to view a piece of legislation which the Congress enacted, particularly if it was enacted by an overwhelming vote, on the basis of the general reaction to a veto. You have a piece of legislation that a good many people are for, the Congress is overwhelmingly for, and you have to think whether your viewpoint is absolutely the correct one

[58]

that action in negating that piece of legislation is going to be for the general good or whether it's going to create an atmosphere of opposition. It depends a great deal on how important the particular piece of legislation may be. If it's an average, run-of-the mill item that Congress is strongly for, the President has to weigh pretty carefully whether he wants to use up his currency in vetoing the act. Another thing, of course, that he may take into consideration is whether his veto is going to stick, and if he's going to be defeated in the veto, then he's got to think pretty carefully as to whether the principle that he's fighting for is of such importance that he has to risk the resentment that comes from a veto, and go ahead and establish his principle and continue to fight for it. As I say, if it's foredoomed to be reenacted over his veto, then it's got to be an absolutely basic principle for him to go ahead and in any event veto it. Now, in a good many cases, the President has to make a decision on the basis of the greatest general good to be attained. Can he attain as much benefit by issuing a blast against the legislation, even though he signs it,

[59]

as he could if he vetoed it and then had it reenacted. In a good many cases, he's better off indicating his opposition and if he can handle it administratively, using that means of tempering the legislation than making an issue on a case that he's going to lose and where the ultimate principle involved is not extremely vital.

MORRISSEY: Do you recall any occasions when the decision to veto or not to veto was unusually difficult?

LAWTON: Well, offhand, I can't pinpoint them. I know there were a good many cases where there was a lot of discussion back and forth. There were a lot of people recommending vetoes. In some cases, of course, where you have a rider on the appropriations bill, it's rather difficult to veto the whole bill in order to get the item that you're aiming at. Some of those that would have been vetoed, if they'd been individual items: the seventy group Air Force was one, ten per cent saving requirement in the budget was another. There were several items of that sort that where the issue would have been easy, had it not been involved in the whole appropriation bill which meant that you had to veto everything in it, in

[60]

order to get one item.

MORRISSEY: Did the President have any friends in Congress that he would look to support his budget proposals and try to see them through enactment?

LAWTON: Well, there were, of course, a number that were friends and supporters, not necessarily a hundred per cent in every particular item, but I think, generally, Senator Hayden would be in support of most of the viewpoints the President had in the budget. And there were a number of Senators and Congressmen who would be generally in support of his ideas. There would be some that would be, of course, generally in the opposite side and some would be in support of some ideas and against others. I think Paul Douglas, would be an example of that, who had proposed economy measures on a number of public works items at various times, but for social programs, would be extremely strong in support.

MORRISSEY: What was the controversy involving a transfer of the Comptroller of the Currency to the Treasury Department?

LAWTON: The reorganization plan that you referred to was

[61]

a part of the general thesis of the Hoover Commission recommendations that the powers of the department should be vested in the Secretary rather than in subordinate bureau heads within the department and the secretary in turn would be able to exercise those powers through the bureau or delegate them back to the bureau head; but basically, he would have the right to organize this department in the way that best suited the situation. The proposals to centralize the authority in the various departments, were enacted with respect to several of the departments--Department of Agriculture, for example. In the case of the Comptroller of the Currency, there was opposition to it on the part of the banking fraternity who felt that they would be more able to influence the Comptroller than the Secretary. In any event, they were satisfied with the status quo and as in every reorganization, there was one segment of opposition which is bound to crop up and that is those who are in favor of leaving things as they are.

MORRISSEY: When there were differences of opinion about what should go in the budget, would these differences be thrashed out before the President or beneath the Pres-

[62]

dent and then brought to his attention after they had been resolved?

LAWTON: Ordinarily, the Director of the Budget and the agency head concerned, conferred about disagreements in the contents of the budget first. There is, in effect, an appellate process, that after the initial allocation of funds is sent to the agency even though the President has seen it and has agreed to it, there is room for an appeal. If the appeal is of a minor nature, or at least, not vital nature, the Director and the Cabinet officer concerned (if they can agree) will make the necessary change. If it's a major consequence or if there's still division of opinions between the parties concerned, it's very frequently settled by the President and the two contending parties. I've sat at the President's desk with a Cabinet officer a number of times and presented my side of the case; he has presented his, and the President has made the decision. The one major difference in the treatment of those items was in the case of the Defense Department partly because of the National Security Act of 1948. The Chiefs of Staff and the Secretaries of the three

[63]

services had the opportunity of presenting their case to the President directly and this was done before a final decision was made. In other words, they were given a tentative allocation, which was so designated, and then usually there was a discussion of some points, between the Director and the secretaries, and then on major issues, the meeting at the President's office took place before he made his final decision. Even though there was no basic opposition, still he had the opportunity to listen to the Chiefs of Staff and to the secretaries as to their viewpoints on the budget. Occasionally, in particular programs, there has been a discussion with the President and the Cabinet officer or agency head involved and the Director of the Budget before the decision was made, when a particular or peculiar problem had arisen.

MORRISSEY: How were you involved in the transition in late 1952 and January 1953, from the Truman Administration to the Eisenhower Administration?

LAWTON: We had discussed, early in the summer, as a matter of fact, the problems of transition. The President having indicated he would not be a candidate--there would

[64]

be the transition, either to a President of the same party or a President of the opposite party. So we had outlined our ideas for the program concerning the information that was needed in connection with the budget--that would be needed by any incoming administration. We had composed a certain time schedule of giving information to the incoming administration and we had indicated certain things that might be done even in advance of election for both the candidates. When President Eisenhower was elected, one of the first messages he got after the message of congratulations, was a request to name someone to sit in with the Budget Bureau, because the budget was then mid-way in the course of preparation. We were just arriving at the point where we were about to make decisions on the principal items in the budget, so President Eisenhower responded and it was in mid-November that [Joseph M.] Dodge was sent to Washington--to the Bureau of the Budget. We furnished him with office space and with one person who acted as sort of liaison man with all the other staff of the Bureau. He was told he was free to discuss budgetary matters with any of the Budget staff, with the heads of the various divisions, who had the responsibilities for

[65]

different segments of the Budget or with the people who had the general responsibility for putting the figures together and making estimates of expenditures and revenue and with the people who had an interest in the economic side of it. He was invited to sit in on the review sessions where the Director talked to staff and made up his mind as to his recommendations. He was given free access to any information we had that was available. He, as I say, could take part in any of the discussions that he wanted, provided that he indicated no viewpoint as to whether one amount or another was correct. In other words, no decision--making responsibility was his, no attempt to influence any decisions. As a matter of fact, that was exactly the way Dodge wanted it because he didn't want to take any responsibilities for the contents of the budget. Both groups had the same viewpoint, that he was to listen, get information, ask questions, and not participate in the decision process. It was thoroughly, agreeable to both sides, thoroughly understood by both sides and thoroughly followed by both sides.

MORRISSEY: As one who worked very closely with President

[66]

Truman and has had ample opportunity to observe the Presidency, do you have any opinions about how you think the Presidency might be changed, or reformed perhaps is a better word, is there any aspect of the Presidency you think demands too much of his time or attention--that it might be well to make some changes in that office?

LAWTON: I think one of the things about the Presidency that makes it somewhat unique as an office is that you've got to gear its operations to the habits, temperament, likes and dislikes of the man that occupies it. You can't regiment him to a definite fixed mode of operation, that is going to irritate him and make him unhappy and ineffective or less effective than he would be under a different set up. I don't think that you can say that one form of internal organization is the best; I think it has got to be a flexible form of organization; it's got to be organized around the President. It's got to be organized to supplement and complement his personality, his method of doing business, his habits of work. It's rather difficult to make a comparison, but the way in which a person

[67]

has worked during the bulk of his public career or his private career that preceded the public career, is going to pretty well continue. As I say, you can't suddenly convert him to a completely different type of person. A person who has had experience as a legislator is an individual doing a job as an individual. He has a staff, of course, but it's a personal staff. He is going to operate differently than a person who has had an area of responsibility, a command type responsibility where he's had major staff assistance to bring material up to him and make an ultimate decision. In other words, he wants his office organized in a different way, in a chain of command type of organization. Obviously, I'm talking about the difference between President Eisenhower and President Truman. The use of the Cabinet by President Eisenhower, for example, was completely different from its use by President Roosevelt and also different, to a degree, from its use by President Truman. Of course, obviously, it's different from its current usage. In one case you have regular meetings with an agenda, secretariat, and in other cases, the meetings may have been, in some cases frequent, but not nearly as regular with no planned agenda or with the matters

[68]

of the current moment being brought up but not with formalized decisions being made and handed down. Presently, of course, you don't have nearly as many Cabinet meetings and items are discussed more with the individual Cabinet officers. As I say, their method of doing business, one that would be successful with one President, would completely hamstring another President. I think that one thing the President does need is adequate staff assistance, but he has to be careful on both sides; he can't have too little, but certainly can't have too much either. He's got a group of department heads on whom he should place some reliance; they're operating major programs for him; he has to rely on their judgment if he tries to duplicate it with the staff that really has no public responsibility and yet is making decisions, it could put him in a dangerous position. Generally, I favor the authority going with the responsibility and I believe the President should have staff assistants enough to facilitate his operation but not enough to come between him and his Cabinet.

MORRISSEY: Do you have any recollections of any specific incidents that characterize Mr. Truman as the man you

[69]

know him to be? Any anecdotes or anything similar to that?

LAWTON: No particular anecdote that would be an illustrative type of thing. I know that generally he was easy of access; he was easy to talk to; he was generally willing to take the bitter with the sweet. I recall one case where there was a public works project--two of them as a matter of fact--flood control projects that two of his closest friends in the, Senate and two of his good supporters had been anxious to get, or anxious to have him put in the budget. He, of course, wanted to help if it could be done without upsetting the things generally. The projects--the two of them were good. They met all of our normal criteria and all of our normal requirements. The cost-benefit ratio was fine. I asked him to wait and told him that I'd like to find out how many others were in the same boat and what it would mean to us. So I found out--got the information from the Corps of Engineers on this laid-out criteria and said, "Now, how many exactly fit this criteria, or better?"

They found twenty-five of them. I said, "Now here's what you're faced with. Here are projects that are

[70]

as good and a few that are better and if you do these two, there's no answer as to why you didn't do the others. If you do them, here's what it will cost you and what it will do to your budget--you haven't got any basis for an exception for the two.

"He just looked at me and said, "Well, damn you, you're right." He said, "Leave them out."

His main expression to me--"If it's the right thing to do, we'll do it." That, of course, sometimes, wasn't the easiest thing to do. But the one thing that was really important to us in the Budget Bureau is that fortunately for us, when we'd given him the facts and he'd made the decision, he stuck with it and stuck with us. It could have been rather difficult if we had to do some of the arguing with Congressional sources completely on our own in issues where things were really troublesome and hot. At one point, we were cutting back a veterans' hospital construction program because of the fact that so few--only ten per cent or eleven per cent of the beds were occupied by service connected cases. We had a tremendous lot of pressure against the cut--the President had as well, but he stood up against it and helped us to make it stick. He was

[71]

always willing to hear your view even though it wasn't quite what he hoped it would be. He encouraged you to lay the cards on the table.

MORRISSEY: Is there any other aspect of Mr. Truman or of the Truman Presidency you'd like to comment on?

LAWTON: Not offhand, no.

MORRISSEY: Well, thank you very much, Mr. Lawton.

[72]

INDEX

[73]